

**AGENDA FOR A MEETING OF THE FINANCE AND OPERATIONAL PERFORMANCE
COMMITTEE TO BE HELD IN THE COUNCIL CHAMBER AT WAITAKERE CENTRAL,
6 HENDERSON VALLEY ROAD, HENDERSON, WAITAKERE, ON MONDAY,
10 MAY 2010, COMMENCING AT 9.30 AM**

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PART A - OPENING OF MEETING

1 APOLOGIES



2 URGENT BUSINESS

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 provides that where an item of business is not on the agenda, it may only be dealt with at the meeting if:

- (i) the Committee by resolution so decides; and
- (ii) the Chairman has explained at the beginning of the meeting (when open to the public) that the item will be raised for discussion and decision, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting.

The Committee may make a decision on a matter determined to be urgent.

NOTE: Urgent Business need not be dealt with now and may be delayed until later in the meeting.



3 CONFLICTS OF INTEREST

The Council has acknowledged in its Code of Conduct that Members need to be vigilant to stand aside from decision making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to check that no such conflicts arise in relation to any items on this agenda.



4 CONFIRMATION OF MINUTES

Meeting Minutes - Monday, 12 April 2010

RECOMMENDATION

It is recommended that the Finance and Operational Performance Committee resolve to:

Receive the minutes of the meeting of the Finance and Operational Performance Committee held on Monday, 12 April 2010, as circulated, and that they be taken as read and now be confirmed.



PART B - LEGAL AND CONSTITUTIONAL

5 AFFIXATION OF COMMON SEAL

RECOMMENDATIONS

It is recommended that the Finance and Operational Performance Committee resolve to:

1. **Receive** the Affixation of Common Seal report.
2. **Agree** that the action taken in affixing the Common Seal on the documents as set out in the agenda report be adopted.

EXECUTION OF DOCUMENTS: 1 to 26 April 2010

Nº	NAME	PARTICULARS
5007	WCC - Falls Hotel Preservation Trust	Head Lessor consent to sub-lease variation - Falls Hotel - Rule 44(2)
5008	WCC - PW Wilson	Authority and Instruction for an electronic transaction form - 42 AND 42a View Road, Henderson re s224(c), Consent Notice s221 RMA and drainage easement – RMA2008866
5009	WCC - JE and KE Ottaway	Memorandum of Encumbrance (Road Encroachment - 43 Glenesk Road, Piha)
5010	WCC - I and WL Wilson	Memorandum of Encumbrance (Road Encroachment - 483 Scenic Drive, Waitatarua)
5011	WCC - GR Springall and KM Ryan	Authority and Instruction for an electronic transaction form - 348A and 348B Royal Road, Massey re s224(c), Consent Notice s221 RMA and drainage easement - RMA2008-104
5012	WCC - Society of St. Vincent de Paul	Authority and Instruction for an electronic transaction form - 28 Totara Avenue, New Lynn - Council resolution 718/2007
5013	WCC - Voice of Christ Full Gospel Church Trust Board	Conservation Covenant - Resolution 2090/2003
5014	WCC - N Wei and J Sun	Authority and Instruction for an electronic transaction form - 6 Reiman Street, New Lynn re s224(c), Consent Notice s.221 RMA and drainage easement - RMA20064084
5015	WCC - Stephen Challis, Team Leader Customer Field Specialist	Warrant of Appointment and Evidence of Identity - No.WCC477
5016	WCC - Westpark Marina Limited and Westpark Village Limited	Deed of Sub-Lease - part Lot 7 DP 110480 and all Lot 2 DP 195238
5017	WCC - SL Marinovich and Macky Trustee Co Limited	Deed of Waiver under s.40 PWA - Council Resolutions 1219/2009 & 1575/2009 - 23 Totara Avenue, New Lynn
5018	WCC - New Zealand Health (2004) Limited	Conservation covenant - 116 Railside Avenue - Resolution 2090/2003
5019	WCC - CDL Land New Zealand Limited	Authority and Instruction for an electronic transaction form - 140A Don Buck Road, Massey - s224(c), Drainage and Right-of-way easements - RMA 2009818 (Stages 1 and 2)
5020	WCC - BL & P Jones	Encumbrance (road encroachment) - 69 Park Road, Titirangi

Nº	NAME	PARTICULARS
5021	WCC - ME & AM Nevin Kingsway West Limited	Authority and Instruction for an electronic transaction form - 185 Don Buck Road, Massey - s224(c), Consent Notice s221, drainage easement.

Report prepared by: Denis Sheard, Legal Services Manager.



PART C - FINANCE

6 OPERATING AND CAPITAL EXPENDITURE FORECAST REPORT AS AT 31 MARCH 2010

EXECUTIVE SUMMARY

An end of year financial forecast was completed by Managers for the period ending 31 March 2010. This report presents the results of this process.

A1-A27

Operational and capital expenditure forecasts, associated recommendations and individual results for Directorates are reported as attached at pages A1 to A27.

RECOMMENDATION

It is recommended that the Finance and Operational Performance Committee resolve to:

Receive the Operating and Capital Expenditure Forecast report as at 31 March 2010.

BACKGROUND

1. This report covers expenditure to 31 March 2010 and the forecast for the remainder of the year. The financial summary and associated notes are attached.

DECISION MAKING

2. There are no decisions required in respect of this report.

Issues

3. The operating surplus is \$2.7 million, an increase of \$470,000 on that reported in the previous month. The main reason for this is that the project contingencies are being released, particularly in the Asset Group, as tenders are awarded and work programmes nearing completion.

STRATEGIC CONTEXT

4. The Council's operating and capital expenditure delivers projects necessary to achieve the Council's strategic direction.

CONSULTATION

5. No consultation was required in respect of this report.

RESOURCES

6. This report has no resource implications.

IMPLEMENTATION ISSUES

7. There are no implementation issues in respect of this report.

AUCKLAND COUNCIL TRANSITION ISSUES

8. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Stephen Drumm, Associate Director of Finance.



7 PERFORMANCE REPORT FOR THE NINE MONTHS ENDED 31 MARCH 2010

EXECUTIVE SUMMARY

The purpose of this report is to inform the Finance and Operational Performance Committee on the performance measures for the nine months ended 31 March 2010.

RECOMMENDATION

It is recommended that the Finance and Operational Performance Committee resolve to:

Receive the Performance Report for the Nine Months Ended 31 March 2010.

BACKGROUND

1. Through the Long Term Council Community Plan and Annual Plan process, the Council approves its performance measures. A number of these measures are annual measures and are not reported at this stage. The measures for the full year are published in the Council's Annual Report and are subject to Audit.
2. If any further information is required in respect of this report, other than of a general nature, please contact the writer prior to the meeting to enable the query to be researched.
3. This report is for the nine months ended 31 March 2010 and is attached at pages A28 to A49.

A28-A49

DECISION MAKING

4. There are no decisions required in respect of this report.

Issues

5. Comments are made on measures where reported targets have not been met.

STRATEGIC CONTEXT

6. The Council's performance targets measure the performance of those operational areas that contribute to achieving the Council's strategic direction.

CONSULTATION

7. No consultation was required in respect of this report.

RESOURCES

8. This report has no resource implications.

IMPLEMENTATION ISSUES

9. There are no implementation issues in respect of this report.

AUCKLAND COUNCIL TRANSITION ISSUES

10. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Khee Mee Soo, Deputy Director: Finance.



8 STATUS OF SPECIAL FUNDS

EXECUTIVE SUMMARY

A50

The purpose of this report is to inform the Finance and Operational Performance Committee on the status of the Council's special funds as at 31 March 2010, as attached at page A50.

RECOMMENDATION

It is recommended that the Finance and Operational Performance Committee resolve to:

Receive the Status of Special Funds report.

BACKGROUND

1. Special funds are those funds held or designated by the Council for a specific purpose or purposes.

2. Special fund movements are recommended through the Long Term Council Community Plan and Annual Plan adoption process. Special funds are classified as either "Restricted Funds" or "Non-Restricted Funds". Restricted funds are those funds that have been received by the Council from a third party or parties and are to be used for a specific purpose or purposes. Non-restricted funds are funds established by a Council resolution to use and set aside its own funds and also to meet a specific purpose or purposes. Council can determine when non-restricted funds are no longer required and they can be transferred back to the general fund.
3. The special funds have been used to offset Council borrowings. This is part of the overall fund management strategy. Therefore any payments from the special funds will be drawn from Council overall cash or debt funds as appropriate. Interest is allocated to applicable funds at official cash rate for each month.

DECISION MAKING

4. There are no decisions required in respect of this report.

ISSUES

5. There are no major movements of the special funds between February 2010 and March 2010 other than receipts for the Land Subdivision Reserve Fund and minor interest allocations.
6. The distribution on the balance of the Auckland Regional Services Trust (ARST) Arts Fund is being reported separately under the Auckland Regional Services Trust Arts Fund and Waitakere Pacific Arts and Cultural Centre Report.

STRATEGIC CONTEXT

7. The Council uses special funds as provided for in the Long Term Council Community Plan and Annual Plan.

CONSULTATION

8. No consultation was required in respect of this report.

RESOURCES

9. This report has no resource implications.

IMPLEMENTATION ISSUES

10. There are no implementation issues in respect of this report.

AUCKLAND COUNCIL TRANSITION ISSUES

11. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Khee Mee Soo, Deputy Director: Finance.



9 BORROWING AND INVESTMENT REPORT

GLOSSARY

Long Term Council Community Plan (LTCCP)
Finance and Operational Performance Committee (the Committee)

EXECUTIVE SUMMARY

This is a monthly report to Council's Finance and Operational Performance Committee (the Committee) and is also a requirement of the Council's adopted Liability Management and Investment Policy. It provides information on the Council's borrowing and investment activities over the past month and also high level information on current financial market conditions. From time to time additional and more detailed information is requested on particular areas of interest by this Committee or other Committees.

RECOMMENDATIONS

It is recommended that the Finance and Operational Performance Committee resolve to:

1. **Receive** the Borrowing and Investment Report.
2. **Approve** the Borrowing and Investment Report.

BACKGROUND

1. The Council enters into treasury related financial contracts in the ordinary course of its business. It is the role of the Council's Funds Management section to manage such contracts and the impact that they have on the organisation. All funds management transactions are governed by the Liability Management and Investment Policy prepared in compliance with the Local Government Act 2002. As a requirement of that Policy this report informs the Committee on the current and future movements of the Council's debt and cash investments, and provides a general commentary of financial market conditions.

A51-A56

2. The relevant portfolio and graphs reflect the estimated position as at 31 March 2010 and are attached at pages A51 to A56.

DECISION MAKING

3. The Committee is requested to approve the Borrowing and Investment Report.

Issues

4. The Council's Funds Management function actively manages a large portfolio of various debt and investment instruments. The benefit of borrowing is that it enables the Council to carry out the projects identified in the Annual Plan and Long Term Council Community Plan (LTCCP), while spreading the costs for those projects over time to recognise the future benefits. Borrowing funds therefore assist the Council with its entire loans funded strategic initiatives. The Liability Management and Investment Policy requires that a report detailing the management of the portfolio be presented to the Committee on a regular basis. The report must include information on the following subjects:

- Cash/debt position;
- Forecasted borrowing profile;
- Interest rate profile;

- Risk management;
 - Material transactions; and
 - Market commentary.
5. This report addresses the requirement of the Policy and may include other information that is relevant to the Funds Management function.

Financial Implications

6. The active management of the treasury portfolio seeks to minimise the Council's borrowing costs and maximise investment returns of liquid assets. The Funds Management function is also charged with seeking investors, thus ensuring that there is sufficient liquidity available for the Council to continue its work programme. New Zealand financial markets are significantly volatile and therefore interest rate risk management is a key responsibility of the Funds Management function. Detailed financial information included within this report is intended to give assurance of the prudent management of the Council's portfolio.
7. The Council maintains a Standard and Poor's Credit Rating of A-1+ short term, and AA- long term (Stable Outlook).
8. The Council has adopted financial ratios included in its Liability Management and Investment Policy which provides limits on the level of debt and interest the Council will have. The following table shows the ratio limit, the 2007/2008 actual and the 2009/2010 budgeted levels.

Financial Ratio	Actual 2007/2008	Budget 2009/2010
Net Debt as a percentage of income	144.48%	212%
Net interest as a percentage of income	9.4%	12%
Net Interest as a percentage of rates	17.7%	20%

Interest Rates

9. The Reserve Bank of New Zealand left its Official Cash Rate unchanged at 2.50% after their Monetary Policy Statement on 28 April 2010 which again remains in line with both their own commentary and financial market expectations. However, the signals are beginning to strengthen now as the future increases. This has been suggested is as early as June 2010, though some have expectations of cash rate increases not occurring until September 2010.
10. With general expectations of the cash rate outcome, very little has occurred in the short term interest rates over the past month. Longer term rates have also remained relatively stable over the month with very little in the pipeline to change this.

Integrated Treasury Group Update

11. The Integrated Treasury Group has discussed the possibility of a further debt issue before 30 June 2010. This is likely to be a wholesale private placement. There are no details as to quantum as additional forecast information is required before a final strategy is agreed.

STRATEGIC CONTEXT

12. The management and use of borrowing and investments is aligned to all of the Council's strategic objectives, as adopted in both the LTCCP 2009-2019 and the Annual Plan 2009/2010.

CONSULTATION

13. This report includes data sourced by the Council's external treasury advisors, Asia Pacific Risk Management, and material, opinions or views sourced from various financial institutions.

RESOURCES

14. The Council, through its Annual Plan 2009/2010, provided for total new borrowings of \$230.585 million, including loans attributable to projects carried forward from previous years totalling \$114.412 million. Total interest cost has been provided in the Annual Plan 2009/2010 of \$31.839 million.

IMPLEMENTATION ISSUES

15. There are no implementation issues identified for this report.

AUCKLAND COUNCIL TRANSITION ISSUES

16. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Bruce Wilkin, Group Manager: Funds Management.



10 PAYMENTS APPROVED

EXECUTIVE SUMMARY

The purpose of this report is to advise the Finance and Operational Performance Committee of payments made by the Council.

A57-A66

A summary schedule of payments over \$5,000 made for the period 11 January 2010 to 9 April 2010 are attached at pages A57 to A66.

Payments have been provided for in accordance with approved budgets.

If a Finance and Operational Performance Committee member wishes to ask specific questions relating to any of these payments please direct them to the Associate Director: Finance prior to the meeting. This will enable a response to be adequately researched.

RECOMMENDATION

It is recommended that the Finance and Operational Performance Committee resolve to:

Receive the Payments Approved report.

BACKGROUND

1. All payments made by the Council are presented to this Committee on a progressive quarterly basis. Elected members are able to review the information provided and seek information or clarification in respect of any of those payments.

DECISION MAKING

2. No approvals or decisions are required.

STRATEGIC CONTEXT

3. The Council makes various payments as provided for in its Long Term Council Community Plan and Annual Plans. The Council follows good practice for procurement of goods and services and ensures that funding has been provided from appropriate sources.

CONSULTATION

4. No consultation was required in respect of this report.

RESOURCES

5. This report has no resource implications.

IMPLEMENTATION ISSUES

6. There are no implementation issues in respect of this report.

AUCKLAND COUNCIL TRANSITION ISSUES

7. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: John MacKenzie, Group Manager: Rates and Financial Transactions.



11 APPLICATION OF 2009-2010 OPERATIONAL SURPLUS AND CAPITAL SAVINGS

GLOSSARY

Draft Annual Plan 2010-2011	(draft Plan)
Long Term Council Community Plan 2009-2019	(LTCCP)
Finance and Operational Performance Committee	(the Committee)
Long Term Council Community Plan and Annual Plan Committee	(LTCCPAP Committee)

EXECUTIVE SUMMARY

The purpose of this report is to request the Finance and Operational Performance Committee (the Committee) to make a determination on priorities for the application of the forecast operational surplus and capital programme savings from the 2009-2010 financial year.

A list of potential projects that might be funded from the surplus and savings for initiation now or for addition to the draft Annual Plan 2010-2011 (draft Plan) was previously presented to the Long Term Council Community Plan and Annual Plan Committee (LTCCPAP Committee) at its meeting of 20 April 2010. This report provides an update on project options as a follow-up to the discussions and resolutions from that meeting.

This report needs to be considered in conjunction with the Funding Gap in Road Rehabilitation and Reconstruction Programme report also included on the Committee's agenda.

It is noted that the development and adoption of the draft Plan is subject to Auckland Transition Agency confirmation and the provisions of the Local Government (Auckland Council) Act 2009.

RECOMMENDATIONS

It is recommended that the Finance and Operational Performance Committee resolve to:

1. **Receive** the Application of 2009-2010 Operational Surplus and Capital Savings report.
2. **Agree** to resolve priorities for the application of the forecast operational surplus and capital programme savings from the 2009-2010 financial year that are within the Council's control.

BACKGROUND

1. The 2009-2010 financial year is year one of the Council's Long Term Council Community Plan 2009-2019 (LTCCP). Budget was provided for a number of projects identified for delivery in the Council's activity plans in order to variously contribute towards community outcomes, Council's strategic objectives, meeting the required level of service targets, meeting additional demand from growth and maintaining the service capacity and integrity of assets.
2. The operating surplus (excluding self-funding activities and other adjustments) largely comprises expenditure savings across a range of units but particularly from the Community Wellbeing and City Services directorates. Key components of the surplus include:

- Lower maintenance expenditure in the Transport Assets area reflecting programme adjustments in part influenced by New Zealand Transport Agency subsidy approvals;
 - Contract costs below budgeted levels for various maintenance contracts, the Solid Waste cartage and landfill contracts and for street light power;
 - Savings to budget driven by adjusted programmes and staffing costs (direct e.g. payroll and indirect e.g. learning and development) reflecting the transitional environment; and
 - Unexpended budgets where the budget was of a contingency nature and the contingent activity has not eventuated.
3. The operating surplus represents a surplus cash position as the surplus is a net position taking into account any external revenue variances (e.g. shortfall or excess in budgeted fees and charges income) while the rates-funded component of the budgeted expenditure is, in general, fully recovered.
4. A gross saving against the 2009/2010 financial year capital expenditure budgets (after carry forwards) in the order of \$9.1 million is currently forecast. The forecast surplus largely comprises lower than budgeted project expenditure in the City Services and Corporate and Business Services directorates. Key components of the forecast saving include:
- Reduced vehicle replacements recognising the transition environment;
 - Cancelled projects such as the Whenuapai Planning Project, the Waitakere Information Access Project and various asset management planning and system development projects reflecting the transition environment;
 - Surplus in the Wilsher Village Land Acquisition budget; and
 - Lower than budgeted project costs following updated project estimates and/or favourable contract pricing received through the tender process.
5. Capital savings represent a saving against budgeted debt levels which improves Council's current debt ratios against budget and reduces future budgeted interest costs all other things (e.g. the interest rate) being equal.
6. Updated forecasts of the operating surplus and capital savings will continue to be reported on a monthly basis to the Committee but the positions reported above are considered to be a reasonable indicator of the final year-end position subject to unforeseen circumstances arising.
7. Council has options on how to deal with the operating surplus and capital savings. The LTCCPAP Committee at its meeting of 20 April 2010 considered a range of potential projects that might be progressed by utilising the operating surplus and capital savings. The LTCCPAP Committee indicated a preference for applying these unexpended budgeted funds to specific projects subject to further detail being provided.
8. This report specifically responds to two resolutions passed by the LTCCPAP Committee as well as other items noted by Council officers during the LTCCPAP Committee meeting held on Tuesday, 20 April 2010 as follows:

“The Long Term Council Community Plan and Annual Plan Committee resolved to:

1. *Agree that additional funding of \$200,000 for operational costs be granted to Ecomatters Environment Trust and be included in the draft Annual Plan 2010/2011 to be applied as detailed on pages attached at A1 to A2 to be funded partially from Council's operating surplus.*

2. *Agree to grant an operating cost contribution of \$60,000 to Ecomatters Environment Trust from Council's operating surplus in the Annual Plan 2009/2010."*

494/2010

"The Long Term Council Community Plan and Annual Plan Committee resolved to:

1. **Receive** the 2009/2010 Operational Surplus and Capital Savings Options report.
2. **Agree** that an update on the status of the Sauerbier Collection be provided to the Culture and Community Committee.
3. **Agree** that the replacement playground at Kelman Reserve be added to the potential projects for funding from the capital savings form the 2009/2010 financial year.
4. **Agree** that Corban Estate deferred maintenance and renewals of \$1,000,000 be added to the list of potential projects to be funded from current year's surplus, divided into \$500,000 operating funding and \$500,000 capital funding.
5. **Agree** that the Ambrico Kiln project be added to the potential projects for funding from the capital savings from the 2009/2010 financial year for an estimated cost of \$100,000.
6. **Agree** that consideration of reinstating of minor parks budgets for Community Boards be considered for funding from current year's surplus.
7. **Agree** that a report on provision of kerbs and channelling be brought back to the Long Term Council Community Plan and Annual Plan Committee for consideration in the application of surplus.
8. **Agree** that a report on footpath construction and renewals (in particular, Parker Road, Oratia) be brought back to the Finance and Operational Performance Committee in June 2010 for final consideration of approval for additional funding from the savings from the 2009/2010 financial year."

495/2010

DECISION MAKING

Issues

Operational Surplus

A67-A68

9. A list of indicative projects for consideration for funding from the operating surplus (updated from the list presented at the LTCCPAP Committee on 20 April 2010) is attached at pages A67 to A68.
10. Specific items of note in respect of the list now presented to the Committee as updated from the list presented at, and the items of discussion at, the LTCCPAP Committee on 20 April 2010 are as follows:

- Inclusion of the contributions to operational costs for EcoMatters Trust for 2009/2010 (\$60,000) and 2010/2011 (up to \$200,000) in accordance with resolution 494/2010 of the LTCCPAP Committee 20 April 2010.
- A review of the project previously proposed for Supplements in Waitakere News in August, September and October 2010 to deliver a, legacy, historical overview of Waitakere City Council's achievements has determined that this can be delivered, if required, within existing budgets and so is no longer proposed in the list of potential projects for funding.
- The Learning and Development project estimate of \$433,000 as previously put forward was based on retaining unexpended approved budget based on actual expenditure to date (but not factoring in unit forecasts for future spend) as well as securing funding for additional initiatives. The updated request is for a total of \$231,500 offset by any forecast surplus in the budgeted corporate Learning and Development budget at year-end – an updated assessment of requirement will be presented to the Committee at its meeting. However \$116,000 of the proposal is to reimburse expenditure against the Human Resources budget to cover the cost of Transition Support for Tier 2, 3 and 4 managers and the cost of an Online Career tool for all staff and this is already an absorbed cost within the corporate surplus while being a component of the current Human Resources unit budget deficit. The net amount therefore proposed for surplus funding is \$115,500.
- The Corban Estate deferred works programme requirement of \$1 million was previously included on the basis of a 50/50 split between maintenance (operational expenditure) and renewal (capital expenditure). The Asset Management Group have now advised that the critical works proposed as informed by the recent condition assessment report would qualify as renewal or upgrade works and are therefore included for capital funding as further discussed below.
- In response to resolution number 6 of 495/2010 of the LTCCPAP Committee the proposal to consider reinstatement of the funding and associated processes for Community Board Minor Works on Parks Fund has been considered. The Community Board Minor Works on Parks Fund was not included in the LTCCP due to budget restraints. The 2008/2009 budget was \$127,000 which was allocated to the Community Boards based on a percentage split by population in each ward. Projects up to a cost of \$10,000 each were approved by the Community Boards based on community and Community Board Members submissions and either implemented by the Parks Asset team or paid out as a grant to a community group once the project had been actioned. Currently there is no staff capacity to undertake this project and additional resources will be required if this project was included in the draft Plan. If the inclusion of this project is supported then a sum of \$150,000 would be required to implement projects to a value of \$30,000. The project has been included on the list of potential projects but it is noted that this would be a one-off reinstatement and may be difficult to implement prior to disestablishment of the City's Community Boards.
- In response to discussion at the LTCCPAP Committee to include project funding for creating a photographic record of plaques and memorials throughout the City the Parks and Open Space Assets section has advised that they maintain a register comprising 111 plaques and monuments for which photographs, location and details are held. A booklet has been produced, similar to the Art register of external art assets, and placed in the Councillors lounge and the Community Board Members room. It is noted that the register is not full or complete as there may be existing plaques on parkland and in open spaces which are unknown. No further action is recommended on locating any unknown plaques as a comprehensive

inspection of all open spaces to identify any hidden plaques would cost approximately \$35,000 and there is no guarantee that more plaques will be located. An option would be to fund maintenance or replacement of plaques where these are not private or sponsored. A number of plaques need readjusting in their current position and provided with a mowing strip to protect the plaque and identify its location. The cost for these maintenance works is estimated at \$20,000 but would be an ongoing budget requirement and is therefore not included in the one-off project list relating to use of the 2009/2010 financial year forecast operational surplus.

11. While the LTCCPAP Committee previously indicated a preference for the operating surplus to be used to fund additional programmes of work the Committee may wish to consider other options for treatment of the indicated surplus such as applying it to the 2010/2011 financial year to offset the rates funding requirement in the draft Plan or retiring debt.

Capital Savings

12. As identified above capital savings in the 2009/2010 financial year have arisen from a number of unforeseen and fortuitous circumstances without impact to programme delivery to the community as agreed with the community through the LTCCP with the exception of projects cancelled in recognition of the transition environment.
13. Nevertheless, as the ongoing direct cost (e.g. interest) and indirect costs (eg maintenance and depreciation) of budgeted capital expenditures, was built into the LTCCP the Committee may wish to direct these savings to projects, such as:
 - Projects that have arisen due to unforeseen circumstances leading to a requirement for unbudgeted funding;
 - Projects that while essentially justifiable may not have made the cut-off point for funding when originally considering priorities within the desired funding envelope set in the Annual Plan 2009/2010 process;
 - Expenditure additional to that already contained in the draft Plan to deliver a slightly higher level of service within an activity, to accelerate delivery on community outcomes and strategies or to recognise new opportunities that were not apparent when Year 2 of the LTCCP was approved; and
 - Projects to alleviate deferred asset upgrades and renewals to achieve a slightly higher level of service now rather than later.
14. To the extent that capital savings within the 2009/2010 financial year have already been factored into forward interest cost estimates the addition of capital projects funded by those savings may lead to an increase in the interest cost within the draft Plan or later years of the LTCCP dependent on project timing.
15. In most cases the indirect costs of capital savings have not been recognised in adjustments to the draft Plan pending year-end asset valuation processes.
- A69-A78 16. A list of potential projects for consideration for taking up from capital savings (updated from the list presented at the LTCCPAP Committee on 20 April 2010) is included in the attachment at pages A69 to A78.
17. Specific items of note in respect of the list now presented to the Committee as updated from the list presented at, and the items of discussion at, the LTCCPAP Committee on 20 April 2010 are as follows:

- The Corban Estate deferred works programme requirement of \$1 million proposed as noted above are now put forward for capital funding in full. This is additional to a targeted 2009/2010 budget of \$300,000 capital expenditure for the engineering work needed to save the Barrel Room of the Still building (Category 2 heritage listing).
 - Removal of the Corban Estate - Henderson tram run project. The project definition remains preliminary with an early estimate of \$7,000,000 which places the project outside of the scope of this report.
 - Addition, as resolved by the LTCCPAP Committee, for conservation-based works to the Ambrico Kiln (\$100,000).
 - Addition, as resolved by the LTCCPAP Committee, of a provision for use of capital savings to be diverted to an accelerated programme of kerb and channelling and footpath construction and renewals – a priority list will be presented at the meeting.
 - Addition, in response to discussion at the LTCCPAP Committee, of a project for replacement of the playground at Kelman Reserve.
 - Addition, in response to discussion at the LTCCPAP Committee, of an item for a budget supplement to complete Te Atatu land legalisation requirements – this item will be reported on verbally at the meeting.
 - Addition, by officer request, of a project for replacement of the West Wave Learn to Swim Air Conditioning Unit. This proposal was not presented to the LTCCPAP Committee for consideration due to the previous proposal lacking sufficient supporting detail. The item is not included within current capital budgets in the draft Plan. Project estimates for other West Wave projects previously submitted have been further reviewed and updated.
 - Update, by officers, of a potential project for streetscape improvements for the corners of Great North Rd/Edsel Street and Great North Rd/Henderson Valley Rd (\$250,000). The proposal was previously identified incorrectly in the preliminary report to the LTCCPAP Committee as referring to completion of a cycleway link through the Corban Estate from Coronation Bridge. The intended proposal is for a carry forward of savings on the Great North Road Streetscape project to target areas closely adjoining the Oratia and Opanuku bridges which were not included in the original project scope but now appear deficient in contrast to the higher standard of urban design implemented in the overall streetscape upgrade.
 - In response to discussion at the LTCCPAP Committee to include project funding for progressing Stage 2 of the Sturges Road Drainage Extension Programme the Transport Assets section has advised that these works are currently included in the LTCCP for implementation during 2018/2019 at a cost of \$400,000. A decision to amend the LTCCP programme in respect of the timing of specific planned capital works would need to be undertaken under a separate decision making process.
 - In response to discussion at the LTCCPAP Committee to reinstate project funding for the portion of the School Travel Plan programme deferred due to New Zealand Transport Agency funding decisions the Transport Assets section has advised that the deferral affects the 2011/2012 programme. The programmes for the current financial year and the 2010/2011 year are fully funded and committed to and there is no capacity to undertake additional works which are undertaken in consultation with the community in localised clusters.
81. In addition to the above items, the previous report to the LTCCPAP Committee excluded a number of road rehabilitation and reconstruction projects submitted to consideration by the Transport Assets section due a lack of supporting detail at the time. Those projects are separately addressed in the Funding Gap in Road

Rehabilitation and Reconstruction Programme report also included on the Committee's agenda. In determining priorities for application of capital savings as per the recommendations of this report the projects proposed in the Funding Gap in Road Rehabilitation and Reconstruction Programme report should be considered in conjunction with the projects presented with this report.

19. While the LTCCPAP Committee previously indicated a preference for some capital savings to be used to fund additional programmes of work the Committee may also choose to take up the savings as a reduction to the City's budgeted debt levels and future financing costs.

Consideration of Community Views

20. All of the proposed projects that have been put forward are consistent with the community outcomes, strategies, and activity management plans including levels of service that are embodied in the LTCCP as consulted with the community in 2009.
21. In accordance with the provisions of the Local Government (Auckland Council) Act 2009 public consultation on the draft Plan is not expected to be required. Should any significant project be identified for funding from the operational surplus or capital savings that was not consistent with the LTCCP a consultation requirement may be triggered.

STRATEGIC CONTEXT

22. Council's work programme for the period 2009-2019 was established in the LTCCP. Budget was provided within the LTCCP for a number of projects identified for delivery in the Council's activity plans in order to variously contribute towards community outcomes, Council's strategic objectives, meeting the required level of service targets, meeting additional demand from growth and maintaining the service capacity and integrity of assets.
23. Decisions on the use of the forecast operational surplus and capital savings within the current financial year will include considerations on how best to deliver on community outcomes, Council's seven strategies and the performance goals and levels of service outlined in the LTCCP activity plans as well as legislative and audit requirements.

CONSULTATION

24. Consultation has taken place with staff representing all of the directorates within Council in preparation of this report to identify potential projects that may justify expenditure of the forecast operational surplus and capital savings from the 2009/2010 financial year.

RESOURCES

25. The addition of projects within either the current financial year or to the current draft Plan will require additional capacity to be found within the organisation or through use of external resources. Project estimates allow for the possible additional cost associated with building this additional capacity.

IMPLEMENTATION ISSUES

26. Other than Resources as referred to above and Auckland Council Transition Issues referred to below no additional implementation issues have been identified.

AUCKLAND COUNCIL TRANSITION ISSUES

30. The Local Government (Tamaki Makaurau Reorganisation) Act 2009 imposes restrictions on Waitakere City Council's decision making capabilities in respect of section 31(4)(b) and the decision to adopt or amend a long-term council community plan or to adopt an annual plan.
31. In addition the Local Government (Auckland Council) Act 2009 requires that the Council consult with the Auckland Transition Agency throughout the process of preparation of the Annual Plan.
32. Once a decision has been made on how the operational surplus and capital savings from the 2009/2010 financial year are to be dealt with confirmation by the Auckland Transition Agency is likely to be required.

Report prepared by: Andrew Crann, Senior Projects and Programme Manager.



PART D - GENERAL

12 COUNCIL CONTROLLED ORGANISATIONS - THIRD QUARTER REPORTING

GLOSSARY

Council Controlled Organisation/s	(CCO/s)
Auckland Film Studios Limited	(AFSL)
Waitakere City Holdings Limited	(WCHL)
Waitakere Enterprise Trust Board	(WE)
Waitakere Properties Limited	(WPL)
Statements of Intent	(SOIs)
Finance and Operational Performance Committee	(the Committee)
Auckland Transition Agency	(ATA)
Local Government (Auckland Law Reform) Bill	(Third Bill)

EXECUTIVE SUMMARY

The purpose of this report is to provide to the Finance and Operational Performance Committee (the Committee) details on the third quarter (January to March 2010) performance of Waitakere's Council Controlled Organisation (CCOs). An update is also provided for Auckland Film Studios Limited (AFSL), which is not classed as a CCO within the Local Government Act 2002.

The third quarter reporting and performance reviews have been completed for Waitakere City Holdings Limited (WCHL), Waitakere Enterprise Trust Board (WE) and Waitakere Properties Limited (WPL). WCHL has also received a performance update on the Joint Venture partnership Council has with AFSL. All entities continue to track well against the performance targets and requirements identified within their respective Statements of Intent (SOIs) and supporting documents (WE Activity Plan / Funding and Service Agreement and WPL Trust Deeds / Letters of Direction). Detailed performance reporting is available upon request.

The Chairman of the WCHL Board will be available at the meeting, to provide further comment or explanation as required.

RECOMMENDATIONS

It is recommended that the Finance and Operational Performance Committee resolve to:

1. **Receive** the Council Controlled Organisations – Third Quarter Reporting report.
2. **Agree** to support the ongoing operation of Waitakere City Holdings Limited through to 31 October 2010, with the anticipation that it will be disestablished by the new Auckland Council from 1 November 2010, as per timeframes proposed within the Local Government (Auckland Law Reform) Bill and associated work programmes.

BACKGROUND

1. Through their respective SOIs, WCHL, WPL and WE are required to provide quarterly financial and operational performance reports and commentary to Council. WCHL is responsible for providing leadership and a performance monitoring role for WE and WPL. WCHL also provides an overview of the performance of the Council's Joint Venture with AFSL which manages and operates the Henderson Valley Film Studios.
2. The Committee has the delegated responsibility to consider matters relevant to the governance and performance (of the boards) of the CCOs. This includes consideration of the third quarter performance reports for the group of entities represented by WCHL, and periodic evaluation of the performance of WCHL against key performance targets.

DECISION MAKING

3. The third quarter financial and operational performance reports for Waitakere's CCOs have all been received and reviewed by WCHL at its board meeting on 29 April 2010. Representatives of WPL, WE and AFSL were present to discuss key issues with the board members.

Waitakere City Holdings Limited

4. WCHL continues to operate in a fiscally sound manner and has sufficient working capital available to meet upcoming costs and continue with a 90 day term deposit through to 14 August 2010 for the \$1.48 million investment held by WCHL (it is noted that interest earned on this investment is subject to a 30% Resident Withholding Tax).
5. At the FOP meeting held on Monday, 12 April 2010, the pros and cons of potential early disestablishment for WCHL on 30 June 2010 were considered. Councillors indicated support for the ongoing operation of WCHL through to the end of the service of Waitakere City Council on 31 October 2010. The advocacy, commercial and strategic advice, leadership and governance, and additional "insurance" provided by the WCHL Board is valued and appreciated - these factors were considered to outweigh the minor costs and workload involved with continuing to operate the company through to the end of the transition period (\$21,500 for four months of board membership fees and minor costs for insurances, tax and bank fees). The WCHL Board endorsed this proposal and believes that projects such as advocating for the Hobsonville Marine Precinct provide a strong indicator for the added value and additional level of strategic direction and support that can be provided by the WCHL Board.

6. At the meeting of the Committee held on Monday, 12 April 2010, it was also agreed that the Director: Corporate and Business Services would further investigate and report back on the recommended timing and work programme for the disestablishment which is currently signalled to take place from 1 November 2010, as per timeframes proposed within the Local Government (Auckland Law Reform) Bill (Third Bill) and associated work programmes of the Auckland Transition Agency (ATA). At the meeting of the Committee held on Monday, 12 April 2010 it was resolved as follows:

“The Finance and Operational Performance Committee resolved to:

5. *Agree that the Director: Corporate and Business Services, with the Auckland Transition Agency and Waitakere City Holdings Limited, investigate and report back on the recommended timing and work programme for the disestablishment of Waitakere City Holdings Limited.”*

416/2010

7. The ATA has yet to focus efforts on the work programme for eventual disestablishment of entities identified for termination from 1 November 2010, with the current priority being on those entities which will be ongoing with the new CCOs. It is noted that if WCHL is not disestablished on 30 June 2010, there is no real advantage to Waitakere undertaking disestablishing work in the interim period 1 July 2010 to 31 October 2010. Any relevant issues will be addressed directly through the Investments / Tax work streams of the ATA. All efforts will continue to be made to ensure that the process for disestablishment is understood and that the company activities are all in order to support a smooth termination process.
8. WCHL have considered reports on the following pending actions for Council officers which will be formally reported to the 10 June 2010 meeting of the Committee:
- Council investment in WCHL and WPL (tax-efficient options to possibly extract this); and
 - Best use of land held under trust by WPL (10 Ambrico Place and Totara Avenue shops may brought back to Council in advance of amalgamation, in recognition of the critical role these properties have in the design and development outcomes associated with the New Lynn regeneration project).
9. The focus and requirement for both of these initiatives are substantively influenced by the Auckland Council transition process and associated work programmes. Essentially these initiatives will now be delivered by dedicated work streams of the ATA and the new Council. There is minimal added value in Council pre-empting or duplicating that work at this point in time.
10. Whilst the location and future management / development of strategic land holdings is still uncertain, it is envisaged that all land holdings will transfer directly across to the new Auckland Council which will then determine more specific location and future purpose for properties. The current strategy is therefore:
- Maintain the existing trust structures and WPL funding methodology through to 31 October 2010. The Council to provide an overview on the pros and cons of this mechanism and let the new Auckland Council determine how it wishes to proceed; and
 - “Gift wrap” current WPL Land Holdings by providing the context for broader value of investments and projects and highlight potential future use.

Waitakere Enterprise

11. Waitakere Enterprise continues to deliver services and programmes ahead of SOI targets for the year.
12. At 31 March 2010, WE was operating at a loss of \$53,985. For the purposes of year-end retained earnings projections, WE will be forecasting an overall loss due to non-recoverable costs associated with preparing for transition to the new Auckland Council. Any actual final losses will be met internally and no further funding will be sought from the Council. WE has established sufficient working capital and equity to cover these costs.
13. From July 2010, central government will no longer provide funding to support capability development for all small-medium enterprises (WE's current BIZ service and Enterprise Training Programmes). Instead, business assistance packages will be targeted at high growth potential clients, particularly those with export potential (central government target market of 3% of the total business population). WE updated their draft SOI to accommodate these funding changes and will be working to secure the regional partner role for delivery of a commercial model in this arena. WE has also working to ensure that service delivery to the existing audience of businesses in Waitakere with ambition to grow (a wider target than central government's proposed "high-growth potential and export potential" businesses) continues.
14. WE has recently supported Council in collating a 'Waitakere Employment Needs and Skill Development' paper in response to an information request for the Waitakere Education Sector Trust. It is interesting to note that Waitakere is not currently suffering a skills or labour shortage, nor a shortage of training places, but a significant shortage of employment vacancies. Responses to this issue will need to be focussed on utilising employee skills at appropriate levels within occupations, opening vacancies as quickly as possible, and encouraging employers to initiate industry training contracts and take on trainees. This report is available upon request to the Director: Corporate and Business Services.

Waitakere Properties Limited

15. The third quarter performance for WPL operations is reporting on track, with a current net profit of \$89,557 as at 31 March 2010. Annual performance targets are programmed for completion during the year ahead.
16. The Council monitors the performance of all WPL Trust Project accounts as a separate line item in the Council's Annual Plans. Year-end forecast recoveries from the overall WPL Trust Project portfolio are reduced for this year (primarily due to vacancies and rental reductions associated with the current economic climate). Whilst this portfolio of property management and development projects will still return an overall surplus to the Council (of \$162,032 as opposed to initial targeted recovery of \$366,625), this does not take account of 'sunk costs' within some of the existing Trust Project accounts. The Trust Project model puts the onus on WPL to address all costs associated with Trust Projects, with the expectation that economic, environmental and social objectives for Council will be achieved through project delivery. There is also an expectation that commercial returns will be optimised (budgeted development costs and revenues will be achieved, ensuring that net profit after tax target for company operations is breakeven or better). This is dependent upon the broader objectives outlined within the respective Declaration of Trust or Letter of Direction for each particular project. Project-specific priorities and costs are washed up at the end of the development cycle when the respective Trust Project account is closed.

- Rental recoveries are further reduced for the final quarter with the loss of Salthouse tenancy at Keeling Road. This site has substantive operational costs associated with it (management, power, rates, security, insurances), and it generated an annual revenue of \$374,000. Whilst there is an interested buyer for this site, a confirmed purchase offer has not been secured; and
- Current forecasts and accounts include contingencies for legal and operational costs associated with this portfolio.

17. Updates on the top priority development projects for WPL are outlined in the table below:

Project / Initiative	Status Update
<p>Yard 37 <i>(Hobsonville Marine Precinct)</i></p>	<ul style="list-style-type: none"> • Advocacy Planning in place for future project funding and delivery. • Financial model updated on basis of current economic climate and realistic land values, to achieve necessary levels of pre-sales for project to proceed to construction phase. • Ongoing implementation of marketing work programme.
<p>Great North Road <i>(Old New Lynn Hotel site)</i></p>	<ul style="list-style-type: none"> • WPL has updated the business plan for the proposed childcare facility at this site and will be seeking approval to proceed to construction phase in July 2010 at the Infrastructure and Works Committee Agenda Item on 5 May 2010 and the Finance and Operational Performance Committee on 10 May 2010. <ul style="list-style-type: none"> - Resource consent application has been 'limited notified' to the four adjacent landowners (3182 and 3174 Great North Road and 31 and 29 Arawa Street) – hearing possible if submissions are received in opposition. - Agreement to Lease secured with Kidicorp • Business Plan and further project details of interest to be provided to the Auckland Transition Agency. • Assuming Council and ATA approvals are granted in a timely manner, development is on track for being operational early 2011 and to be sold in 2011/2012.
<p>Wilsher Village <i>Housing for the Elderly Redevelopment (non-Trust Project)</i></p>	<ul style="list-style-type: none"> • Demolition of the vacant half of the site and reinstatement of shared community facilities at occupied half of site is scheduled for completion by 30 June 2010 (works led by Council's Asset Management team which is also ensuring that the ongoing needs of the existing residents continue to be met). • Resource Consent Application has been lodged and WPL has responded to further information requests – application to be fully publicly notified by the end of May 2010. • WPL to provide Councillors with workshop update on the development model within the next few months. • Package development proposal for handover and delivery by the new Auckland Council (land, funding, consents and business plan for delivery in place).

Auckland Film Studios Limited

18. AFSL has completed its draft financial statements for their year ending 31 March 2010 and the financial information is being audited. AFSL has been requested to produce an interim four month report for the period of April 2010 - July 2010, in advance of 31 October 2010. It is planned to combine this report with the audited 12 month AFSL report to 31 March 2010 (providing a 16 month result). Council officers understand that it is permissible, under the reporting standards, to have a three month gap i.e. AFSL accounts August to October 2010. As AFSL produces monthly management accounts which include a Profit and Loss Balance Sheet, provision of any additional information can readily be provided if and as required.
19. Application has been made to the council for the section 224(c) Certificate to allow the re-titling of the AFSL's site to proceed. AFSL is on target for the site being consolidated and new titles being obtained by 30 June 2010. The most significant issue for AFSL at this point is the ongoing occupancy of the studios and sufficient certainty of future cash flows to enable the studios to further progress development plans for Studio 6 (building consent has been granted – engineering peer review and construction tenders are underway however implementation will be dependent on guaranteed future revenues). Walt Disney New Zealand Limited had until 30 April 2010 to exercise a right for a further 11 month extension to 30 June 2011 but it has not made that commitment and is therefore scheduled to vacate upon expiration of the existing license on 31 July 2010. Accordingly AFSL is currently implementing an active marketing phase to attract new tenants.
20. The Development and Investment Group has successfully advocated for Vector to deliver fibre optic broadband capability directly to the AFSL as part of the contract to connect all amalgamating entities for the new Auckland Council. The studios will need to directly negotiate and advocate for tenants to fund final connectivity and commit to specific plans for broadband capacity. This supersedes the previous AFSL request to formalise an easement for fibre optic cables across the Council Civic Centre landholding to achieve this outcome.

STRATEGIC CONTEXT

21. CCOs of all types are used as vehicles to implement aspects of the Long Term Council Community Plan and Annual Plan 2009-2019. The Council has established WCHL, WPL, WE and other entities to assist the Council in meeting its strategic outcomes through a return on investment, involvement in strategic projects, economic development and in the support of service delivery. This includes investigating investment opportunities which have the potential to enhance employment opportunities or to stimulate economic growth, promoting investment in Waitakere.
22. WCHL has a responsibility to ensure that WPL and WE operate economically and efficiently, and in accordance with their agreed SOIs, to optimise returns (both financial and non-financial) within the parameters set by the Council.
23. The role and reporting structures for CCOs will be affected by outcomes from the Third Bill and amalgamation to one Auckland Council. Council and our CCOs provided formal submission on the Third Bill in February 2010. Formal Council Comment was also provided to the ATA in response to the discussion documents on Local Boards and CCOs in March 2010. Final decisions have yet to be confirmed – it is anticipated that further clarity will be provided through the detailed design and workforce planning in May 2010, and when the Third Bill is enacted mid-2010.

24. Council continues to work directly with our CCOs to ensure the ongoing information requirements of the ATA are met in a timely and proactive manner. Substantive financial and operational information has now been provided to the ATA for:
- WE (January 2010) – Economic Development, Tourism & Events CCO work stream;
 - WPL (March / April 2010) – Property Holdings CCO work stream; and
 - AFSL (April 2010) – Council Investments CCO, Joint Ventures and Tax work streams.
25. It is also proposed that Waitakere provide additional information in support of the strategic objectives and potential opportunities provided by our CCOs and their respective work programmes and projects (i.e. WPL Trust Model and Property Review Report and reports on the broader economic benefits of the Yard 37 and Film Studios projects).
26. Whilst CCO staff completed a “role mapping” exercise for the ATA in March 2010, CCOs have not yet been provided with any indication on the degree of change individual staff are likely to experience through the transition process. This is primarily because final decisions on the future of their CCO are yet to be made.

CONSULTATION

27. Engagement has occurred with the Chairmen and Chief Executives of WCHL, WPL, WE and AFSL. Representatives for WPL, WE and AFSL attended the WCHL Board Meetings on 29 April 2010 and provided an update on key operational issues and on their performance for the third quarter (January to March 2010).
28. Consultation has also been undertaken with staff across Council who engage directly with Waitakere’s CCOs – these include Democracy and Support Services, the Finance Directorate, Legal Services, Strategic Planning and the Development and Investment Group (formerly known as Strategic Projects).

RESOURCES

29. The resources required to support the WCHL Board in its operations and reporting requirements continue to be met through the prioritisation of work programmes for existing Council staff resources.

IMPLEMENTATION ISSUES

30. There are no implementation issues associated with this report.

AUCKLAND COUNCIL TRANSITION ISSUES

31. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

32. It is noted that whilst the project budgets have been approved, the ATA is likely to seek further details on the Great North Road development project (independent childcare facility), Wilsher Village and Hobsonville Marine Precinct, as these projects progress. It is also likely that they may request further information on proposed land sales and any re-appropriation of investment in CCOs.
33. Council officers continue to ensure that WCHL, WPL and WE are kept up to date with the transition processes.

Report prepared by: Jaine Lovell-Gadd, Director: Corporate and Business Services.



13 **AUCKLAND REGIONAL SERVICES TRUST ARTS FUND AND WAITAKERE PACIFIC ARTS AND CULTURAL CENTRE**

GLOSSARY

Auckland Regional Services Trust	(ARST)
Finance and Operational Performance Committee	(the Committee)
Regional Arts and Culture Funding Allocation Subcommittee	(RACFAS)
Waitakere Pacific Arts and Cultural Centre	(WPACC)
Waitakere Arts and Cultural Development Trust	(WACDT)

EXECUTIVE SUMMARY

The purpose of this report is to update the Finance and Operational Performance Committee (the Committee) on the status of accommodation for the Waitakere Pacific Arts and Cultural Centre (WPACC) at the Corban Estate and to recommend that further funds from the Auckland Regional Services Trust (ARST) Arts Fund, allocated for creating a "home for the Pacific Mamas", be approved in order to meet urgent accommodation needs.

Comprehensive development plans for the Corban Estate are currently on hold while issues of tenure and site maintenance are resolved with the Waitakere Arts and Cultural Development Trust (WACDT). It is critical that these wider issues are taken into account in planning for accommodation for the Pacific Mamas. However, all previous site development plans, including the most recent Corban Estate Creative Quarter partnership with Unitec, have confirmed that the current location of the Waitakere Pacific Arts and Cultural Centre (WPACC) is appropriate. The proposed accommodation for the WPACC is to purchase pre-built classrooms as provided for the Ministry of Education. These buildings are specifically designed as teaching spaces, can be customised to meet the precise requirements of the Pacific arts programmes and can be installed within a three month timeline. They will provide acceptable accommodation for more than 10 years. Failure to resolve the WPACC accommodation situation within this timeline threatens the future tenure of WPACC and of Pacific arts and cultural provision on the Corban Estate.

RECOMMENDATIONS

It is recommended that the Finance and Operational Performance Committee resolve to:

1. **Receive** the Auckland Regional Services Trust Arts Fund and Waitakere Pacific Arts and Cultural Centre report.

2. **Agree** that pursuant to Standing Order 27.18 resolution number 75/2010 from the Finance and Operational Performance Committee dated 8 February 2010 where it was resolved to:

“4. Agree to directly fund the upgrade of the existing tin sheds occupied by the Waitakere Pacific Arts and Culture Centre for all-weather use to a maximum sum of \$80,000 from the \$379,479 noted in recommendation 2 above.”

be revoked.

3. **Agree**, in reference to the provision of facilities for the Waitakere Pacific Arts and Cultural Centre, to directly fund the replacement of the existing tin sheds and portable buildings, occupied by the Waitakere Pacific Arts and Cultural Centre, with pre-built classrooms funded from the balance of the Auckland Regional Services Trust Arts Fund of \$341,041 (as at 28 February 2010), plus any accrued monthly interest, allocated by the Regional Arts and Culture Funding Allocation Subcommittee.
4. **Agree** that the project management of the replacement of the tin sheds and portacoms at the Waitakere Pacific Arts and Cultural Centre continues to be managed by Property Assets.

BACKGROUND

1. The proviso in the original resolution from the Regional Arts and Culture Funding Allocation Subcommittee (RACFAS) was that the amount allocated to the WPACC was to be used for the establishment of a purpose built facility to “accommodate the “Mamas” so they may pass on their knowledge to young Pacific Island artists.”
2. At the Committee meeting held on Monday, 8 February 2010 the following resolutions, relevant to the WPACC were approved:

“The Finance and Operational Performance Committee resolved to:

4. Agree to directly fund the upgrade of the existing tin sheds occupied by the Waitakere Pacific Arts and Cultural Centre for all-weather use to a maximum sum of \$80,000 from the \$339,479 noted in 2 above.

5. Agree to bring back a further report providing options for the disbursement of the balance of the allocated funding for the Waitakere Pacific Arts and Cultural Centre.”

75/2010

3. To date the \$80,000, as approved, has not been expended.

DECISION MAKING

Issues

4. This report does not offer options, but does make a recommendation for the replacement of the temporary buildings at the WPACC in order to urgently address the accommodation problems faced by the Pacific Mamas in delivering their cultural education programmes. The two tin sheds, which are the only space available for the accommodation of small and large groups of school children, are cold and damp in winter; one has been declined a certificate of compliance and the other requires significant refurbishment to be suitable as a winter teaching facility. It is described in the Corban Estate Condition Report as unsuitable for this purpose.

5. Further investigation of the proposition to spend \$80,000 of the allocated ARST Arts Fund, as approved, on upgrading the tin sheds for all-weather use has revealed that there are multiple building issues which would need addressing. The sheds were originally built for rough storage and require extensive upgrading to be safe and suitable for the Pacific Mamas to deliver their cultural education programmes. Furthermore, the office, kitchen and ablution areas of the WPACC are housed in relocatable portacombs which are also unsuitable. Given that the sheds are deteriorating and are structurally unsound, it is suggested that expenditure on upgrading the sheds will not provide value for money over the short and medium term. Therefore the \$80,000 approved by the Committee in February 2010 is no longer recommended as appropriate use of the funding and request that this amount be reallocated as per Resolution 3.
6. It is the recommendation of staff that, if possible, all buildings are replaced by pre-built classrooms and an administration centre specifically designed for educational facilities. This would meet the programme needs of the WPACC for the foreseeable future and would eliminate the problems currently being experienced.
7. It is estimated that the total budget of \$341,041, plus accrued interest, available for accommodation for the WPACC from the remainder of the ARST Arts Fund, is sufficient to undertake the bulk of this work. The estimated cost of replacing the two tin sheds with purpose built classrooms is \$250,000. The balance of approximately \$90,000, plus an additional sum from the sale of the second-hand portacombs, could then be attributed to the replacement or significant upgrading of the administration areas.
8. To date the work done to upgrade the existing buildings to a standard that is suitable for the activities of the Pacific Mamas has been undertaken by Property Assets in collaboration with the WPACC and the Arts Manager. It is recommended that the further replacement work is continued under this project management service and that it is funded directly from the ARST Arts Fund held by Council.
9. A draft Corban Estate Condition Report is in hand and confirms that the two tin sheds are not suitable for purpose. Structural assessments, along with infrastructural reviews support this conclusion. Detailed reports to follow.

STRATEGIC CONTEXT

10. The development and support of the Waitakere Pacific Arts and Cultural Centre is identified in the Arts and Cultural Strategy (2002) as a priority for the City.
11. The responsibility for the 'cultural wellbeing' of the City's residents is identified in the Local Government Act (2002).
12. The Waitakere Pacific Arts and Cultural Centre delivers on the following community outcomes:
 - Vibrant Arts and Culture; and
 - Strong Communities.

CONSULTATION

12. Property Assets has been fully consulted over the issues facing the WPACC and it is on the basis of their advice that the proposed replacement project is recommended.

13. The urgent need to upgrade the facilities at the WPACC has been under discussion with the Director of the WPACC and the Chair of the Pacific Mamas Arts and Cultural Trust and the proposal as outlined in this report is fully supported.

RESOURCES

14. This report has no resource implications.

IMPLEMENTATION ISSUES

15. There are no implementation issues in respect of this report.

AUCKLAND COUNCIL TRANSITION ISSUES

16. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Naomi McCleary, Manager: Arts.



14 AUCKLAND REGIONAL TRANSPORT NETWORK LIMITED – STATEMENT OF INTENT 1 JULY 2010 TO 30 JUNE 2013

GLOSSARY

Auckland Regional Transport Network Limited	(ARTNL)
Auckland Regional Transport Authority	(ARTA)
Council-Controlled Organisation	(CCO)
Draft Group Statement of Intent for the three year period 1 July 2010 to 30 June 2013	(draft SOI)

EXECUTIVE SUMMARY

The purpose of this report is to seek approval from the Finance and Operational Performance Committee on the draft Auckland Regional Transport Network Limited (ARTNL) Group Statement of Intent for the three year period 1 July 2010 to 30 June 2013 (draft SOI).

The draft SOI focuses on management of the Britomart Transport Centre until its assets are transferred to the Auckland Transport council-controlled organisation (CCO). The draft SOI is largely the same as the previous statement of intent.

In order to minimise costs, it is proposed to waive meetings of the Shareholders Representative Group and approve resolutions of shareholders by way of written resolution.

As part of the Auckland governance legislative programme of change, ARTNL is scheduled to be disestablished on 1 November 2010 and all property, rights and obligations (amongst other matters) will transfer to the Auckland Transport CCO on this date.

RECOMMENDATIONS

It is recommended that the Finance And Operational Performance Committee resolve to:

1. **Receive** the Auckland Regional Transport Network Limited - Statement of Intent 1 July 2010 to 30 June 2013 report.
2. **Agree** to waive the requirement that the Shareholders Representative Group of Auckland Regional Transport Network Limited meet to recommend that the shareholders approve the Auckland Regional Transport Network Limited Group Statement of Intent for the three year period 1 July 2010 to 30 June 2013.
3. **Approve** the Auckland Regional Transport Network Limited Group Statement of Intent for the three year period 1 July 2010 to 30 June 2013 in accordance with clause 7.2 of the Shareholders' Agreement and article 2.4.1(a) of Auckland Regional Transport Network Limited's constitution.
4. **Agree** that the Chief Executive Officer be delegated authority to sign the relevant shareholders' resolution approving the Auckland Regional Transport Network Limited Group Statement of Intent for the three year period 1 July 2010 to 30 June 2013 on behalf of Waitakere City Council and to support the Auckland City Council seeking confirmation of the Statement of Intent by the Auckland Transition Agency.

BACKGROUND

1. Waitakere City Council owns 14.18 per cent of the shares in ARTNL. The other shareholders are Manukau City Council and Auckland City Council.
2. ARTNL's ferry and metro train station assets transferred to the Auckland Regional Transport Authority (ARTA) on 1 October 2007. ARTNL's only function has been to manage the Britomart train station on behalf of Auckland City Council.
3. As part of the Auckland governance legislative programme of change, ARTNL is scheduled to be disestablished on 1 November 2010 and all property, rights and obligations (amongst other matters) will transfer to the Auckland Transport CCO on this date. Officers note that the issued and paid up capital of ARTNL as at 1 March 2010 was \$4,817,802.

A79-A88

4. ARTNL has provided its draft SOI (attached at pages A79 to A88) to its shareholders for consideration. ARTNL's focus in the previous year and the following year will be on ensuring continuity of operations at Britomart and cooperating with the transition to the Auckland Transport CCO.
5. ARTNL is required annually to produce a statement of intent setting out its objectives for the following three years. Under the shareholders' agreement, the ARTNL Shareholders Representative Group must consider each statement of intent and report to the shareholding councils with its decision whether it is to be approved or not approved. The shareholding councils must then pass or sign a resolution approving the statement of intent. The shareholding councils last year agreed to waive the requirement for the Shareholders Representative Group process and simply approved the statement of intent by written resolution.

DECISION MAKING

6. This report is seeking decisions on the following matters:
- (a) Approving shareholders resolutions by a written resolution rather than holding meetings of the Shareholders Representative Group and shareholders;
 - (b) Adopting the draft SOI; and
 - (c) Approving the Chief Executive Officer to sign resolutions to give effect to the above.

Issues

7. The Directors of ARTNL have submitted the draft SOI for the three-year period from 1 July 2010 to 30 June 2013 for shareholders' approval. This is largely the same as the Statement of Intent approved by the Council last year. The draft SOI reflects ARTNL's focus on ensuring continuity of operations and on an orderly transition of its assets and operations to Auckland Transport CCO, to be followed by a managed liquidation of ARTNL. ARTNL's performance measures relate mainly to the running of the company itself and to the management of the Britomart transport centre, which are unchanged from the previous statement of intent.
8. The shareholding councils last year agreed to waive the requirement that the ARTNL Shareholders Representative Group meet to consider and subsequently recommend to the shareholders, the approval or otherwise of the statement of intent. Given the currently limited functions of ARTNL and the proposed transfer on 1 November 2010, officers consider a waiver of these requirements is again appropriate.
9. Each of the shareholding councils have been requested to sign a resolution:
- (a) To waive the requirement for the Shareholders Representative Group to meet to recommend that the Shareholders approve the draft SOI; and
 - (b) To resolve to approve the draft SOI in accordance with clause 7.2 of the Shareholders' Agreement and article 2.4.1(a) of ARTNL's constitution.
- A89 10. An ARTNL shareholders' resolution to this effect has been drafted (attached at page A89) and it is recommended that the Chief Executive Officer be authorised to sign this resolution on behalf of Waitakere City Council.

Consideration of Community Views

11. The community interest in ARTNL is to ensure that its assets remain in public ownership. The ARTNL group is operated prudently and its annual report and draft SOI are publicly available. No consultation with the public is required.

Preferred Option

12. It is appropriate for the Chief Executive Officer to sign the proposed written shareholder resolutions rather than hold a physical shareholders meeting. The draft SOI is in order to be adopted.

STRATEGIC CONTEXT

13. The matters in this report relate to the Council's governance responsibilities. The financial management of ARTNL is important so that its assets can be transferred to the Auckland Transport CCO.

CONSULTATION

14. The Finance Directorate has been consulted in relation to this report. No community consultation is required to be undertaken in relation to the matters contained in this report as these relate to the exercise of statutory responsibilities of the Council as a shareholder.

RESOURCES

15. No financial resources are required in relation to the matters raised in this report other than staff time. The cost of a Shareholders Representative Group meeting would be avoided if the shareholders sign a written resolution. The Council has previously written down the value of its shares in ARTNL.

IMPLEMENTATION ISSUES

16. The shareholder resolutions will need to be signed and provided to ARTNL. The ARTNL Board can then issue the final statement of intent for the three year period 1 July 2010 to 30 June 2013.

AUCKLAND COUNCIL TRANSITION ISSUES

17. The Local Government (Tamaki Makaurau Reorganisation) Act 2009 imposes restrictions on Waitakere City Council's decision making capabilities in respect of agreeing to the statement of intent of a council-controlled organisation as per section 31(4)(n). The Auckland City Council as the major shareholder is expected to forward the approved statement of intent to the Auckland Transition Agency for written confirmation.

Report prepared by: Kevin Wright, Manager Transport Strategy.



PART E - REPORTS FROM THE SUBCOMMITTEES

15 CREATIVE COMMUNITIES SCHEME ALLOCATION SUBCOMMITTEE

THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS MEETING HELD ON FRIDAY, 23 APRIL 2010 AND RECONVENED ON MONDAY, 26 APRIL 2010

1 CREATIVE COMMUNITIES SCHEME ALLOCATION - SECOND ROUND 2008/2009

It is recommended that the Finance and Operational Performance Committee resolve to:

Approve the Creative Communities Scheme Allocation - Second Round 2009/2010, in accordance with criteria and available budget, as follows:

Applicant	Eligible	Funds Requested	Funds Allocated
C L A Smith	Yes	\$2,500.00	2,000.00
Filipino Society Incorporated	Yes	\$3,658.00	1,140.00
Te Taha Tu	Yes	\$5,000.00	2,000.00
Business Of Arts Seminar Series	Yes	\$3,996.00	2,000.00
Norwestern Cook Islands Women's Group	Yes	\$524.00	524.00
Netball Waitakere	No	\$5,000.00	0.00
Te Whanau O Waipareira Trust	Withdrawn	\$5,000.00	0.00
B Partridge	No	\$3,000.00	0.00
Titirangi Community Arts Council	Yes	\$4,768.00	3,000.00
Kelston Primary School	Yes	\$2,850.00	2,000.00
Titirangi R S A Incorporated	No	\$4,769.16	0.00
K Khadaverdian	Yes	\$2,997.20	2,000.00
Pen Collection Limited	No	\$5,000.00	0.00
Waitakere City Ladies Choir	Yes	\$3,239.00	2,000.00
C Tunks	Yes	\$2,950.00	1,800.00
Henderson Valley School	Yes	\$5,000.00	2,000.00
Waitakere Arts & Cultural Dev. Trust	Yes	\$1,600.00	1,200.00
Integrated Neurological Rehab Foundation	Yes	\$4,554.60	2,000.00
D M Sarten	No	\$5,000.00	0.00
Waitakere City Orchestra	Yes	\$4,898.00	2,000.00
Interacting Trust	Yes	\$4,500.00	2,000.00
Handweavers & Spinners Guild Auckland Inc.	Yes	\$776.48	775.00
Titirangi Theatre Inc.	No	\$4,000.00	0.00
Titirangi Theatre Inc.	No	\$3,950.00	0.00
Titirangi Theatre Inc	Yes	\$1,650.00	1,400.00
Lopdell House Society	Yes	\$1,951.55	1,400.00
Burundian Community In New Zealand Inc.	Yes	\$4,670.00	3,000.00
Chinese Cultural Troupe	No	\$1,025.00	0.00
Glendene School	Yes	\$1,725.66	1,500.00
Green Screen Foundation	No	\$5,000.00	0.00
Hohepa Auckland	Yes	\$3,038.24	2,000.00
R C Kewell	Yes	\$4,820.00	1500.00

Applicant	Eligible	Funds Requested	Funds Allocated
Latinz Cultural Trust	Yes	\$4,800.00	2,000.00
Living Water Worship Centre Church Youth	Ineligible	\$2,250.00	0.00
McCahon House Trust	No	\$3,000.00	0.00
The Pacifica Mamas Arts & Cultural Trust	Yes	\$3,000.00	2,200.00
Punanga Tauturu	Yes	\$4,418.66	2,049.00
Ranui Primary School	Yes	\$2,943.11	2,400.00
Renacer en Auckland	Yes	\$5,000.00	2,000.00
Tamariki Pasifika	Yes	\$4,264.00	2,000.00
Te Piatata Trust	Yes	\$3,370.00	2,300.00
United Sri Lanka Association	Yes	\$3,250.00	2,000.00
Waitakere Kiribati Community Association	Yes	\$3,476.00	2,000.00
Going West Trust	Yes	\$5,000.00	1,500.00
Total Funds Requested:		\$158,182.66	59,688.00

2 MATTERS CONSIDERED

A90-A97

The Subcommittee dealt with a number of items for which it has delegated powers to act and a copy of the minutes of the meetings is attached at pages A90 to A97.

It is recommended that the Finance and Operational Performance Committee resolve to:

Receive the meeting report of the Creative Communities Scheme Allocation Subcommittee held on Friday, 23 April 2010 and reconvened on Monday, 26 April 2010.

AK Corban, OBE, JP

CHAIRMAN



16 TENDERS SUBCOMMITTEE

THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORTS OF ITS MEETINGS HELD ON FRIDAY, 9 APRIL 2010 AND FRIDAY, 23 APRIL 2010

MATTERS CONSIDERED

A98-A105

The Subcommittee dealt with a number of items for which it has delegated powers to act and a copy of the minutes of the meetings is attached at pages A98 to A105.

It is recommended that the Finance and Operational Performance Committee resolve to:

Receive the meetings reports of the Tenders Subcommittee held on Friday, 9 April 2010 and Friday, 23 April 2010.

RI Clow

CHAIRMAN



PART F - PUBLIC EXCLUDED MATTER

17 POTENTIAL CONTRIBUTION TO LAND ACQUISITION

18 3176-3180 GREAT NORTH ROAD, NEW LYNN – OLD NEW LYNN HOTEL SITE REDEVELOPMENT

19 NEW LYNN TRANSIT ORIENTED DEVELOPMENT PROJECT – CHANGE TO SETTLEMENT OF NEW LYNN KINDERGARTEN AT 1 TOTARA AVENUE, NEW LYNN

20 NEW LYNN TRANSIT ORIENTED DEVELOPMENT PROJECT – ACQUISITION OF PLANTING STRIP EASEMENT AT CAMBRIDGE CLOTHING

These items will be considered in the Confidential Supplement of the agenda, and has been circulated to members separately with this agenda.

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of the proceedings of this meeting, namely, Potential Contribution to Land Acquisition; 3176-3180 Great North Road; New Lynn - Old New Lynn Hotel Site Redevelopment; New Lynn Transit Oriented Development Project - Change to Settlement of New Lynn Kindergarten at 1 Totara Avenue, New Lynn; New Lynn Update; and New Lynn Transit Oriented Development Project - Acquisition of Planting Strip Easement at Cambridge Clothing

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation of each of the matters, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each of the matters to be considered.	Reason for passing this resolution in relation to each of the matters.	Ground(s) under Section 48(1)(a) for the passing of this resolution.
<ul style="list-style-type: none"> Potential Contribution to Land Acquisition 	<p>The withholding of information is necessary in order to:</p> <p>Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</p>
<ul style="list-style-type: none"> 3176-3180 Great North Road, New Lynn - Old New Lynn Hotel Site Redevelopment 	<p>Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</p>
<ul style="list-style-type: none"> New Lynn Transit Oriented Development Project - Change to Settlement of New Lynn Kindergarten at 1 Totara Avenue, New Lynn 	<p>Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</p>

General subject of each of the matters to be considered.	Reason for passing this resolution in relation to each of the matters.	Ground(s) under Section 48(1)(a) for the passing of this resolution.
<ul style="list-style-type: none"> New Lynn Transit Oriented Development Project - Acquisition of Planting Strip Easement at Cambridge Clothing 	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 7(2) (i) of that Act which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public as follows:

- These reports contains information which if released could affect Council's negotiations.*

