

**AGENDA FOR AN ORDINARY MEETING OF THE CITY DEVELOPMENT COMMITTEE
TO BE HELD IN THE CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN,
WAITAKERE CITY, ON MONDAY, 8 APRIL 2002
COMMENCING AT 9.00 AM.**

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1 APOLOGIES



2 URGENT BUSINESS

Section 46A(7) and (7A) of the Local Government Official Information Act 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 item is a minor matter; and
- (ii) the Chairperson has explained at the beginning of the meeting (when open to the public) that the item will be raised for discussion, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting; and
- (iii) the Committee resolves to deal with the item.

No resolution, decision, or recommendation may be made in respect of the item except to refer the item to a subsequent meeting for further discussion.

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



3 CONFIRMATION OF MINUTES

Ordinary - Monday, 11 March 2002
Emergency - Tuesday, 12 March 2002

RECOMMENDATION

That the minutes of the Ordinary Meeting of the City Development Committee held on Monday, 11 March 2002 and the Emergency Meeting held on Tuesday, 12 March 2002, as circulated, be taken as read and now be confirmed.



4 **PRESENTATIONS**

A) **COMPETITIVE AUCKLAND**

Bryan Mogridge, Chairperson, Alistair Helm, Executive Director, Adam Barker, Project Manager, and Mattie Wall, Project Manager, from Competitive Auckland, will make a presentation on the work done to-date by Competitive Auckland.

B) **POLICE DISTRICT COMMANDER**

District Commander Superintendent Roger Carson will make a presentation on the commitment and community policing in Waitakere City.



5 **IMPLEMENTATION OF THE NORTHERN AND WESTERN SECTORS AGREEMENT**

PURPOSE OF THE REPORT

This report provides an update on the Northern and Western Sectors Agreement, and briefs Councillors on significant implementation issues.

BACKGROUND

The Memorandum of Understanding signed by the Regional Growth Forum members in November 1999 commits the partners to the strategy to develop sector-based plans to provide details on how the Regional Growth Strategy will be implemented at a local level. Sector agreements set out how local growth issues are addressed and how development in each of the sectors is aligned with the Regional Growth Strategy.

Four geographic sectors have been identified in the Regional Growth Strategy : Southern, Central, Western and Northern. A single Sector Agreement has been prepared for the Northern and Western sectors, as there is no definitive spatial "boundary" between the two sectors. There are also issues that are common to, or will affect how growth is to be managed in both sectors; and there are common signatories for the two sectors. This single document approach will ensure that issues are dealt with in a comprehensive and integrated manner, and cross boundary effects are taken into account in the development of growth management approaches for each sector.

A Waitakere City Councillor working party and a joint Northern and Western Sectors Agreement Councillor group was set up to provide political overview of the Sector Agreement work during the preparation of the agreement.

The Northern and Western Sectors Agreement was approved by Council on 13 August 2001 and endorsed by the Regional Growth Forum on 5 September 2001. The document was signed off by all Sector Partners (Waitakere City Council, North Shore City Council, Rodney District Council and the Auckland Regional Council) in October 2001.

The Sector Agreement is structured as follows:

- **Part I** - summary of the growth capacities of each Territorial Local Authority in the agreement and overview of key strategic issues for the Northern and Western Sectors;
- **Part II** - discussion of form, location, capacity and sequencing of growth, and implications for managing growth for individual Territorial Local Authority; agreed principles and actions by which Sector Partners will address the cross-boundary growth issues;
- Sector Agreement signatory page;
- **Part III** - background material which supports the preparation of the Sector Agreement for each Territorial Local Authority, including assessment of risks and contingencies; and
- Technical appendices - evaluation of individual Territorial Local Authority's growth pattern against the principles and outcomes of the Regional Growth Strategy.

The sector agreement process includes provision for regular review, while ongoing consultation and external decisions may also affect the sequencing of the growth areas. It is anticipated that the Northern and Western Sectors Agreement will be reviewed and updated every five years. An earlier review and update will be undertaken if on-going monitoring of growth and development indicates the need for doing so.

A copy of the document is circulated separately with the agenda item. The document can also be accessed from Council's web site:

<http://www.waitakere.govt.nz/AbtCnl/pp/pdf/sectoragrmntoct2001.pdf>

STRATEGIC CONTEXT

The Auckland Regional Growth Strategy (RGS) provides a vision for what Auckland could be like in 50 years' time with a population of two million. The purpose of the Regional Growth Strategy is to ensure growth is accommodated in a way that meets the best interests of the inhabitants of the Auckland region. Key principles of the strategy are:

- a compact urban form, with most growth within the existing metropolitan area focused round town centres and major transport routes to create higher density communities, with a variety of housing and mixed use activities to provide for employment, services and recreation;
- limited managed expansion into greenfield areas outside of current metropolitan urban limits where environmental quality, accessibility and infrastructure development criteria can be met; and
- protection of the coast and surrounding natural environment
- Waitakere City Council's Urban Development Strategy, which pre-dates the Regional Growth Strategy, is consistent with the above key principles.

The sector planning approach provides for flexibility to address local issues, while at the same time ensuring that the vision, outcomes and principles of the Regional Growth Strategy are met. Sector Agreements also ensure policy co-ordination across the region.

ISSUES

Upper Waitemata Harbour - Environmental Issues and Future Development

During the preparation of the Sector Agreement, concern was raised by the Auckland Regional Council about the impact of future development on land within the catchment on the carrying capacity of the Upper Waitemata Harbour. It was recognised that this issue would not be resolved before completion of the Sector Agreement, and the Sector Partners agreed to adopt a set of principles and actions in the implementation of the Sector Agreement and in growth management planning. Specifically, the Sector Partners have agreed to:

- participate in regional studies to investigate the environmental values and carrying capacity of the Upper Waitemata Harbour; and
- jointly develop appropriate policy framework and management approaches to guide future development in the Upper Waitemata Harbour.

On adopting the Northern and Western Sectors Agreement in August last year, Waitakere City Council passed the following resolution :

“That the Waitakere City Council develop a strong working relationship with the Auckland Regional Council to jointly scope and define the Upper Harbour Catchment Study.”

Following an informal discussion with officers of the Auckland Regional Council, Waitakere City Council wrote to the Regional Council in October last year, suggesting the setting up of an active participatory process with all stakeholders to discuss, scope and propose a methodology for the technical study and advance the necessary technical work. We also stressed that information was required to justify budget provisions when preparing next year’s Annual Plan.

The Auckland Regional Council has now proposed three technical studies to investigate what is the sustainable carrying capacity of the Upper Waitemata Harbour. An interim development control approach is also proposed to selectively allow development proposals to proceed and defer others until the comprehensive environmental assessment to determine the long-term sustainable development of the catchment and carrying capacity of the Upper Waitemata Harbour is completed.

The broad basis for the proposed interim development control approach is that development which is already provided for by current operative District Plans, or development which has strategic significance, will be allowed to proceed; while future development which is yet to be incorporated in District Plans will be put on hold. Under this approach, some 85% of the land area within the catchment of the Upper Waitemata Harbour will have a “permitted development” status. The remaining 15%, which all fall within the boundary of Waitakere City, will be in the “on hold” category, except for development which complies with the Proposed District Plan provisions for the Countryside Environment. Such an approach is inequitable for Waitakere City, especially when comprehensive catchment management plans which seek to reduce pollutant loadings to the Upper Waitemata Harbour have been prepared by Council for these future growth areas.

Council, through the Sector Agreement, has acknowledged that the Upper Waitemata Harbour is a sensitive and fragile environment, and the outcomes of the environmental studies may require the nature, scale and sequencing of development of Waitakere City's growth areas from Redhills to Hobsonville Peninsula to be modified. However, this does not mean re-litigation to confirm the status of the future growth areas, nor putting on hold key planning activities. The publicly notified Waiarohia Rural Structure Plan and comprehensive catchment management plans that have been lodged with the Auckland Regional Council should be allowed to run their course through established statutory procedure. Most importantly, the Waitakere City District Plan variation to promote the marine industry cluster at Hobsonville Peninsula, and the supporting Hobsonville Peninsula comprehensive catchment management plan, should not be delayed. A separate agenda item on the Hobsonville Peninsula District Plan Variation will be presented to the Environmental Management Committee meeting on 9 April 2002.

The Auckland Regional Council also seeks funding contributions to the studies from North Shore City Council, Rodney District Council, Waitakere City Council and Transit New Zealand. Given our commitment to joint action as articulated in the Sector Agreement, Council will be expected to contribute financially to these joint initiatives. However, an equitable contribution regime is yet to be developed and agreed.

Further discussions will be held with the Auckland Regional Council regarding the scope and content of the technical studies, interim development control approach and funding contributions. Officers will update Councillors on the latest discussions with the Auckland Regional Council at the City Development Committee meeting, and seek confirmation of Council's position regarding this issue.

Future Urban Growth Areas and the Metropolitan Urban Limit

To manage future urban expansion, Council has selected a compact city development scenario, with intensification of development in town centres and along transport corridors, and managed expansion into greenfield areas where strict environmental criteria can be met. Over the next 20 years, around 74% of population growth is expected to be accommodated within the existing urban area.

Future urban growth areas outside of the existing Metropolitan Urban Limits (MUL) have been identified and confirmed in the Sector Agreement to provide additional areas to accommodate population growth, and land for business development. These future growth areas are shown in Figure 6 (at the end of Part II) in the Sector Agreement.

These future urban growth areas are to meet demands for the next 50 years, and land will be progressively released.

The exact areas and timing of sequencing of Metropolitan Urban Limits changes will be determined through Council's planning programme and discussion with Auckland Regional Council, taking into account the process for and outcomes of the Upper Waitemata Harbour studies.

Following the Auckland Regional Council Strategic Policy Committee's decision in August last year, soil testing will need to be carried out to confirm the suitability of land for urban development before applications for Metropolitan Urban Limits changes are submitted. A scoping study of the Massey North, Hobsonville Corridor and Hobsonville Peninsula areas has been carried out, and the report has identified some potentially contaminated sites, including sites currently or formerly associated with vineyards, orchards, market gardens and glass houses. The report indicated that the risk of contamination of these areas is low, but this will likely need to be checked and confirmed. Further discussions will be held with the Auckland Regional Council to establish the extent and practicality of soil investigations prior to Metropolitan Urban Limits change.

Sequencing of development for Redhills, Massey North, Hobsonville Corridor and Hobsonville Peninsula

The sequencing of development for the future growth areas is based on the assessment of a number of criteria, including balance of growth capacities between the existing urban area and future urban growth areas, availability and costs of infrastructure services, environmental considerations, employment opportunities, the degree of support of passenger transport initiatives, market considerations and complexity of processes. An indicative sequencing of release of future growth areas to meet anticipated population growth requirements over the next 20 years is outlined in the Sector Agreement.

Sequence	Growth Areas
1 - 5 years	Babich, Penihana, existing airbase part of Hobsonville Peninsula
5 - 10 years	Massey North
10 - 20 years	50% of Hobsonville Corridor and 50 % of Hobsonville Peninsula outside of existing airbase
20 years +	Rest of Hobsonville Corridor and Hobsonville Peninsula and Redhills

This sequencing of release of future urban growth areas is to avoid an over generous supply of greenfield land which might stifle intensification initiatives. On the other hand, a too restrictive land supply may increase development costs and discourage development investments in Waitakere City.

The growth areas of Redhills, Massey North, Hobsonville Corridor and Hobsonville Peninsula are adjacent to each other, and are part of larger drainage catchments. It is anticipated that the extent of these growth areas, and the desirable sequencing of development will be refined during detailed planning which is programmed for later this year. However, planning for these areas will need to take into account the process for and outcomes of the Upper Waitemata Harbour studies. A separate agenda item on the planning for these future growth areas will be brought to Councillors for consideration and discussion as part of the Strategic Review process.

Sequencing of development for Redhills

The Redhills area forms part of the Ngongatepara catchment which straddles Waitakere City and Rodney District. During the preparation of the Northern and Western Sectors Agreement, the Redhills area was assessed, together with other future growth areas, to establish sequencing of future development to manage urban expansion into greenfield areas.

The Redhills area can be described as being in the “rural-urban fringe”. It is a transitional area between rural and urban development, and provides a buffer against urban sprawl. Adjacent areas in Rodney are identified as rural development areas. Development in the Redhills area will cross major environmental and infrastructure thresholds, and ad hoc development there could trigger further development pressures for rural residential development, potentially challenging the compact city urban form. The timing of development for the Redhills area as established in the Northern and Western Sectors Agreement is in the 20+ year time frame.

Green and McCahill Limited own a significant proportion of the land within the Redhills future growth area. The landowner wishes to see part of the Redhills area included in the first phase of urban expansion. He has argued that residential development in the Redhills area supports the town centre at Massey North. While there is some merit in this argument, development of the town centre at Massey North is not dependent on the urbanisation of the Redhills area. The catchment area of the town centre effectively extends to the whole of the West Harbour area, Hobsonville corridor, and the surrounding rural areas to the north, including parts of Rodney district.

Planning for the Massey North/Hobsonville Corridor area is programmed for later this year, and the Northern and Western Sectors Agreement recognises that it may be possible that part of Redhills could be considered for development as part of the Massey North area, which is proposed for development within the 5 to 10 year time frame. Council's intention is to invite the landowner to participate in the Massey North/Hobsonville Corridor planning process.

In the meantime, the landowner has commissioned studies to justify the early release of part of their land for urban development. The original intention was that Council officers would work with the landowner's consultants to provide a technical overview and advice to ensure that these studies would cover the issues to be addressed. However, the landowner did not take up this offer of working jointly with Council officers, and carried out the studies independently. Reports were submitted to Council in December 2001. Assessment of these reports by Council officers has confirmed that these reports have not adequately addressed the environmental issues associated with full or staged development in the catchment, nor has adequate strategic justification been provided to support advancing the sequencing of development in parts of Redhills.

The Redhills area (Ngongatepara catchment) drains into Brighams Creek at the head of the Upper Waitemata Harbour. Therefore, development in the Redhills area will also be subject to the process and outcomes of the proposed Upper Waitemata Harbour studies. Unless there are compelling social, economic or strategic reasons supported by sound environment assessment and management proposals, consideration should not be given to advancing the sequencing of development of Redhills, especially if other areas which have greater strategic significance have to be given up as a trade-off to maintain the balance of development capacities between greenfield expansion and intensification within the existing Metropolitan Urban Limits.

Development Proposals in the Interim and Managing Landowners Expectations

Although public consultation was undertaken during the preparation of the Auckland Regional Growth Strategy, there has been limited communications regarding the future urban growth areas on completion of the Sector Agreement. Council officers have received a number of enquiries related to the future urban development areas. Most of these enquiries have been triggered by property purchase negotiations with Transit New Zealand for the construction of the new SH18/16. The timing of confirming the urban status of the land through District Plan processes will have a significant influence on land values in the area.

There is a need to provide realistic and consistent information to the community about medium to long term future development opportunities, further planning processes and time frames to manage landowners' expectations. There is also a need to provide neutral advice to landowners/applicants about development opportunities under current plan provisions in the short term and their possible implications for the longer term. Responses to enquiries have stated that Council is working through some very complex issues regarding future development patterns, land use activities, and infrastructure service requirements; and there are also statutory processes to go through to formalise the change from the current Countryside Environment identification on the Waitakere City Proposed District Plan to one that provides for urban development. Therefore, it is difficult at this time to be more definite about the timing of the release of land for urban development. In the interim period, development proposals will be assessed against the current plan provisions for the Countryside Environment, but such development may create constraints for future development, and may not be able to optimise the longer term opportunities.

In view of possible constraints created by short term development proposals, Council may need to consider land purchase of strategic sites to ensure that future development opportunities are not compromised by development proposals in the interim. Key sites will be identified during detailed planning.

A communication strategy will be developed as part of the planning workshops for Massey North/Hobsonville Corridor programmed for later this year. Discussions will also be held with focus groups and landowners.

RESOURCES

There is currently no Annual Plan provision for the Upper Waitemata Harbour studies, as the proposal from the Auckland Regional Council was received after completion of the draft Annual Plan for 2002/2003. Supplementary provisions will need to be sought for Council's contribution to the studies. Resources have been sought through the 2002/2003 Annual Plan process for post Sector Agreement planning and consultation activities.

CONCLUSION

The location and indicative sequencing of the release of future urban growth areas has been identified in the Northern and Western Sectors Agreement.

The carrying capacity of the Upper Waitemata Harbour and the impacts of land development within the catchment on water quality is a major constraint on the planning for the future urban growth areas. Further discussions will be held with the Auckland Regional Council to agree on the scope of and process for the environmental studies, funding contributions, and an interim planning and management approach to assess and process development applications.

Detailed planning for the nature, scale and sequencing of the future urban growth areas will need to take account of the process for and outcomes of the Upper Harbour environmental studies.

RECOMMENDATIONS

1. That the information be received.
2. That the Committee re-confirm the broad approach to growth management contained in the Northern and Western Sectors Agreement.

3. That any proposed modifications to the sequencing of the future urban growth areas arising from detailed planning be reported back to the Committee for approval at the appropriate time.
4. That officers continue to work co-operatively with Auckland Regional Council officers to develop and agree the scope and process for the proposed Upper Waitemata Harbour studies.
5. That the Committee note there will be a need to make a funding contribution to the proposed Upper Waitemata Harbour studies, subject to an equitable formula and amount of contribution being negotiated and agreed with relevant contributing parties and that this will be brought back to the Annual Plan Special Committee for consideration.
6. That the Committee endorse the position that there be no re-litigation of the status of the future urban growth areas as confirmed through the Northern and Western Sectors Agreement and that this position be communicated in writing to the Auckland Regional Council.
7. That Waitakere City Council request in writing that the Auckland Regional Council action the Waiarohia and Totara comprehensive catchment management plans that have already been lodged, and the Hobsonville Peninsula comprehensive catchment management plan that will soon be lodged, according to normal statutory procedure.
8. That Waitakere Council request written confirmation that the Auckland Regional Council will not delay the proposed Waitakere City District Plan variation for the Hobsonville Peninsula marine industry cluster.
9. That Waitakere City Council request the Auckland Regional Council that the notified Waiarohia Rural Structure Plan be processed according to normal statutory procedure.

Report prepared by: Anne Cheng, Senior Analyst: Urban Policy.



6 UPDATE ON THE REGIONAL FERRY TERMINALS PROJECT

PURPOSE OF THE REPORT

This report provides information on the project's progress including ownership and governance options, negotiations with Ports of Auckland Limited for the purchase of its passenger ferry infrastructure assets and the development of a Business Plan for the proposed entity.

BACKGROUND

As reported to the February Council meeting, a team from Waitakere, Auckland, Manukau and North Shore cities are working on a joint regional project to acquire, upgrade and manage the passenger ferry facilities. The major objective of this project is to facilitate growth of the passenger ferry market, consistent with the objectives of the Auckland Regional Ferry Strategy. That strategy recognises that ferries are a key link in the regional transport network as defined in the Auckland Regional Land Transport Strategy. Ferries have a critical role in connecting the shoreline communities to the regional transport network. The downtown ferry terminal, linked to the Britomart transport interchange, connects rail, bus and ferry services within easy walking distance for commuters.

The project is based on extensive analysis and investigation into:

- the desirable and practical location for terminals within the Waitemata;
- the asset condition and development opportunities for these terminals,
- the valuation, legal and technical matters relevant to each terminal facility, particularly those currently owned by Ports of Auckland Limited;
- appropriate upgrades and improvements to wharves, passenger infrastructure and associated on-shore facilities for identified terminals;
- options for public governance, ownership and management of the infrastructure;
- development of a sustainable Business Plan for such an entity.

PROJECT PROGRESS

Funding Application to Infrastructure Auckland

A final funding application was lodged with Infrastructure Auckland in March 2002. The total application was for \$34.8 million for the purchase of critical assets and rights from Ports of Auckland Limited, and the first stage of upgrades to the passenger and ferry infrastructure at Downtown, Devonport, Northcote Point, Birkenhead, Half Moon Bay, Hobsonville, Bayswater, Stanley Bay and Orakei wharves. A copy of this application has been made available in the Councillors' Lounge.

Ports of Auckland Limited Negotiations

As there are no Ports of Auckland Limited. assets within Waitakere City, Waitakere is not directly involved in these negotiations. However, the outcomes of these negotiations will be critical to the development of a comprehensive ferry network for the Auckland Region. All issues between parties have now been resolved and settlement is expected on 30 June 2002.

The pre-conditions to the agreement include:

- full funding of the purchase price and development costs by Infrastructure Auckland;
- operational funding by the Auckland Regional Council being agreed prior to purchase;
- governance issues being resolved.

These will provide safeguards for the Council in this purchase.

Memorandum of Understanding

It is proposed that those Councils party to the Sale and Purchase agreement (Auckland, Manukau and North Shore) enter into a Memorandum of Understanding. This establishes the process by which the Councils work together. It ensures one Council does not commit the other to actions they (the other Councils) have not approved. It enables Councils to withdraw from the Ports acquisition, leaving the others to proceed (if they wish). The Memorandum of Understanding will require joint decisions around the satisfaction of conditions and governance issues.

Governance

The funding application to Infrastructure Auckland noted that the ownership and management of the passenger ferry assets would be transferred to a public entity. Discussion is underway on the most effective and appropriate form of governance for that entity. These discussions are aligned with the broader regional work underway on future transport governance options. Recent feedback from Infrastructure Auckland identifies their preference for ownership and management of the assets to be by Auckland Region Transport Network Limited (the regional transport LATE). North Shore City has expressed a preference for retaining individual council ownership of assets and is not currently a shareholder of Auckland Region Transport Network Limited.

However, North Shore City Council will be discussing governance issues at a full Council meeting in late March. Implications from any decisions made at this meeting will be reported to this Committee. Governance options were discussed at the Governance Workshop on 4 March, where politicians asked for additional information prior to indicating a preference. A further workshop will be held in early April and outcomes from this, including any governance preference will be reported to Council.

A1-A7

The key issue in respect of governance is to ensure that the ferry infrastructure assets acquired are managed as one integrated regional operation. A number of possible options for achieving this are under consideration, including a single passenger transport authority, the possibility of the assets being incorporated into Auckland Region Transport Network Limited (ARTNL) or a subsidiary LATE. Options being considered at the regional level are attached at pages A1 to A7. It would be appropriate for Council to indicate a preference. It is suggested that Options 1 and 3 are more consistent with Council's views in terms of overall passenger transport governance as they do not require Council to be directly involved in asset development.

Business Plan

As reported to the February Council meeting, a draft Business Plan has been developed. This will form an integral part of the development of the ferry services, ensuring better quality amenity and operation of the ferry wharves as well as deliver broader economic benefits to the region.

BUDGET IMPLICATIONS

The proposal assumes a 100% funding grant from Infrastructure Auckland for the capital expenditure. Council's involvement will be around the land based infrastructure to be developed at Hobsonville, possibly including roading and park and ride facilities.

CONCLUSION

Ferries form an important part of Auckland's transport network, and this regional project recognises that securing public ownership, upgrading facilities, and management of critical ferry infrastructure is a key to maintaining and building ferry patronage. Significant progress is being made towards development of the ferry network, however a decision on a governance option must be made prior to the project receiving funding from Infrastructure Auckland to enable development to commence.

RECOMMENDATIONS

1. That the information be received.
2. That Council indicate a preferred governance option for ferries.

Report prepared by: Glenda Lock, Project Manager: Transport Strategy.



7 ECONOMIC DEVELOPMENT PROJECTS UPDATE

PURPOSE OF THE REPORT

On Wednesday 27 March 2002, Mayor Bob Harvey hosted the Inaugural Organics Business Cluster Forum. This item is to introduce a verbal update to the Committee on the outcomes of the Forum.

BACKGROUND

As part of the Waitakere City Economic Development Strategy work the Organics Business Cluster Forum provided an opportunity for businesses in the organics sector to discuss and prioritise issues and consider possible benefits from forming an organics cluster in the Waitakere and Rodney areas.

Forum objective

To pull together a wide range of organisations, businesses, individuals, local government staff and others to focus on the future of the organics industry in the North Western area of the Auckland Region, and to assess and develop the potential for clustering tools to enhance the organics sector.

Outcomes sought

- identify issues (strengths, weaknesses, opportunities & threats) facing businesses and other stakeholders in this sector and suggest ways forward;
- identify possible roles for Council (including Enterprise Waitakere) in supporting the development of the organics sector;
- identify the roles of different stakeholder groups in relation to the development of the organics sector;
- communicate possible benefits of clustering methods for business development;
- prioritise areas for further action;
- gather information about businesses in the organics sector.

A8-A9

At the time of writing the final details of the programme for the day are still being put in place; however, the Draft Programme is attached at pages A8 to A9 for the Committee's information.

STRATEGIC CONTEXT

Economic development is a major strategic objective of Waitakere City Council. It is a continuing process that includes multiple methods to improve the prosperity and quality of life of Waitakere City residents.

There are two categories of economic development project underway. The first category includes major strategic projects that have been accorded a high priority by Council. These include ongoing projects such as town centre revitalisation, Hobsonville, transport infrastructure, etc. These are core to the long term sustainable economic development of the City. They each have their own reporting track to appropriate Council Committees.

The second category are those 'emerging' projects which are critical to economic development but often are either not seen as strongly linked to economic development, or they are still being defined and refined. The exploration of possible new clusters such as that of organic businesses falls into this category.

CONCLUSION

A verbal report on the Inaugural Organics Business Cluster Forum will be made to the Committee.

RECOMMENDATION

That the information be received.

Report prepared by: Max Harré, Senior Policy Analyst.



8 PROJECTS SPECIAL COMMITTEE

THE COMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS ORDINARY MEETING HELD ON WEDNESDAY, 6 MARCH 2002

MATTERS CONSIDERED

A10-A11

The Committee dealt with a number of items for which it has delegated powers to act and a copy of the minutes of the meeting is attached at pages A10 to A11.

The Committee Recommends:

That the Ordinary meeting report of the Projects Special Committee be received.

RP Dallow, QPM, JP

CHAIRPERSON



Governance Discussion Paper

1 Terms of Reference

At the ferry governance workshop it was requested that officers prepare a background paper outlining how each of the options would work in more detail and the benefits and disadvantages of each option. This paper provides more information on the governance options for the ferry wharves.

The options explored at the workshop were:

	Scenarios	Ownership	Development	Operation
1	TLA ownership, Entity Management	TLA/ARC	Entity	Entity
2	TLA ownership and development Entity management	TLA/ARC	TLA/ARC	Entity
3	Entity own, manage and operate	Entity	Entity	Entity
4	Joint Committee	TLA	TLA	Entity

It was agreed that the Joint Committee would not be explored further. For the purposes of this paper it is assumed that the entity is ARTNL. Options within ARTNL are discussed in Section 2.2 below. It is also assumed that any option should allow transition to any future regional transport governance body, as currently under discussion.

Section 3 discusses the governance issues for both ownership and management, and the pros and cons for each option.

2 Governance Options – How they would work

2.1 TLA/Entity Operations

In all of the options where there is a mixture of TLA/Entity ownership and management contractual relationships would govern how these operations would work. The contracts will be required to specify performance, particularly in relation to the delivery of outcomes. The more complex the ownership and management structure, the more expensive and potentially ineffectual the contractual governance relationships will be.

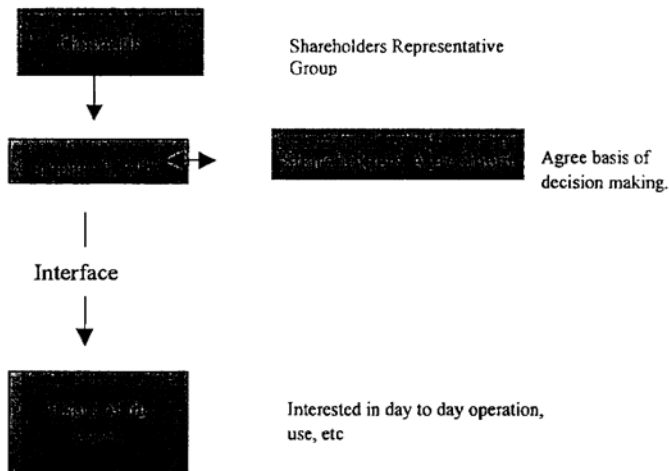
2.2 Entity Operations

There are a number of ways the entity/ARTNL could operate. These are discussed below.

a) ARTNL

Under this structure management and ownership of the ferry infrastructure would be transferred and incorporated into the day to day business of ARTNL. The role of ARTNL is evolving but its purpose is generally agreed to be to hold and develop passenger transport assets. The company is a LATE/CCO/Council Controlled Organisation (CCOs) with a Shareholders Representative Group and an independent board. The entitlement to vote and the number of votes should correspond to the shareholding

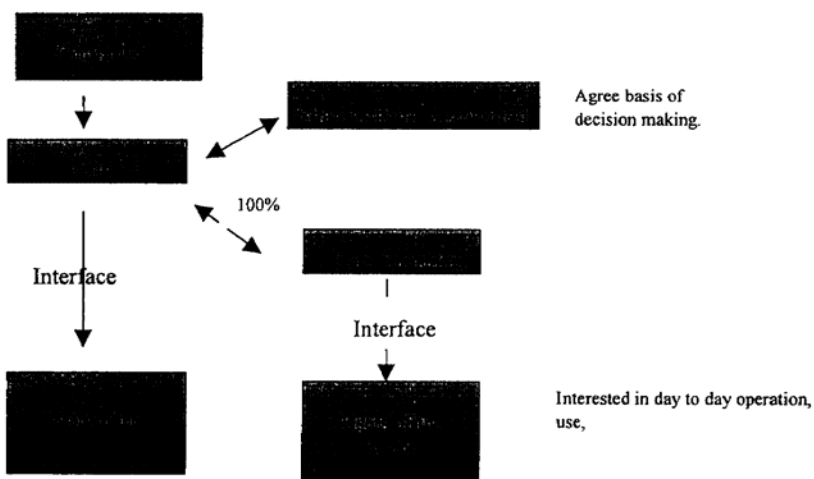
The ARTNL structure would be.



b) ARTNL/Subsidiary (100% owned)

Under this structure the ferry assets would be transferred to a 100% owned subsidiary company of ARTNL. As such it would still be classified as a LATE/CCO/CCO and ARTNL would become a holding company. ARTNL would be the owners of the subsidiary. This option allows for sole focus on the ferry business, while ensuring consistency with other regional transport initiatives. The relationship between ARTNL and its subsidiary would be managed through the Statement of Corporate Intent and Performance Measures, of which TAs would have control over. In addition, to reduce costs the Board or Board Members of ARTNL could be appointed as the Board of the subsidiary

The ARTNL/Subsidiary structure can be summarised as follows:

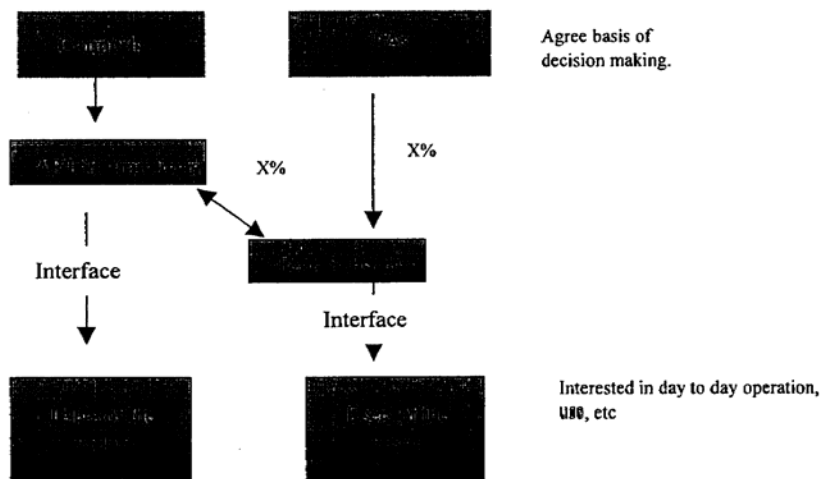


c) ARTNL and other Parties

There are several structures where ARTNL and other parties could enter into arrangements over ownership and management of the ferry assets.

Under one structure the new assets are transferred to a company in which ARTNL is a shareholder along with another party. In this case the company to which the new assets are transferred would be a LATE/CCO if 50% or more of the voting rights are held or controlled by ARTNL or by ARTNL and (directly or indirectly) by one or more local authorities. This new structure could either be a subsidiary company or a separate company.

The ARTNL/Other structure can be summarised as follows:



3 Governance Issues

To identify the most effective governance arrangement it is important to bear in mind the outcome envisioned for this project. The desired ferry outcome is integrated management of the ferry network and modern, well-maintained infrastructure. Integrated management is further defined as being total regional control of how the wharves are utilised, developed, accessed and maintained.

There are two key governance issues:

1. Who should own the wharves?
2. Who should develop, manage and operate the wharves.

3.1 Ownership Options

To achieve an integrated system, issues to do with the ownership of the Ports of Auckland wharves and with the individual territorial authorities were considered first in isolation of the management and operation of the wharves. This discussion assumes that wharves currently owned by individual TA's remain in their ownership.

The key ownership issues is:

- Should the POAL assets be transferred to an entity (ARTNL) or to the respective individual TAs?

The pros and cons of individual TA ownership or ARTNL ownership are provided in the table below.

Table 2: The Implications of TA or LATE/CCO Ownership of POAL's Assets

Criteria	Individual TAs	TA Jointly Owned LATE/CCO
<i>Political concern about privatisation, potential divestment, control and recognition</i>	<ul style="list-style-type: none"> ▪ Possibility of individual wharves being sold off resulting in issues with network integration ▪ No common maintenance standards 	<ul style="list-style-type: none"> ▪ Greater certainty about continued ownership ▪ Greater regional integration and development of network ▪ SCI process and performance measures can ensure triple bottom line accountabilities are realised
<i>Territorial Interface (with adjoining land uses)</i>	<ul style="list-style-type: none"> ▪ Slightly easier as within same structure 	<ul style="list-style-type: none"> ▪ More difficult as liaison between agencies
<i>Tax</i>	<ul style="list-style-type: none"> ▪ Unable to claim deductions against assets purchased and developed with a grant. Income from Port operations taxable 	<ul style="list-style-type: none"> ▪ Unable to claim deductions against assets purchased and developed with a grant. Income taxable
<i>Efficient management</i>	<ul style="list-style-type: none"> ▪ Greater fragmentation ▪ Opportunity to contract out management to a LATE/CCO 	<ul style="list-style-type: none"> ▪ Common structure ▪ Clear accountability
<i>Asset Management</i>	<ul style="list-style-type: none"> ▪ AMP required by legislation 	<ul style="list-style-type: none"> ▪ Best practice to have an AMP
<i>Property Management</i>	<ul style="list-style-type: none"> ▪ Fragmented. Operator license on management 	<ul style="list-style-type: none"> ▪ Focus on quality, licenses and integration
<i>Treatment of Depreciation</i>	<ul style="list-style-type: none"> ▪ FRS 3 requirement 	<ul style="list-style-type: none"> ▪ FRS 3 requirement
<i>Funding</i>	<ul style="list-style-type: none"> ▪ Funders have a negative view of TA ownership ▪ Has direct access to capital 	<ul style="list-style-type: none"> ▪ Funders have a positive view of LATE/CCO ownership, considered more public transport focussed ▪ Could be problems if additional access to capital is required
<i>Establishment and Administration Costs</i>	<ul style="list-style-type: none"> ▪ No establishment costs ▪ Some administration costs but not immediately transparent 	<ul style="list-style-type: none"> ▪ Potentially higher if newly established LATE/CCO is preferred ▪ Administration costs highlighted due to greater transparency
<i>Reporting</i>	<ul style="list-style-type: none"> ▪ Part of normal Council 	<ul style="list-style-type: none"> ▪ Greater, SCI, Quarterly and

<i>Requirements</i>	business	Annual Reports
<i>Liability and risk minimisation</i>	▪ Risk and liability only extend to each Council	▪ Risk shared by shareholding Councils in LATE/CCO

On the basis of the above assessment there are some advantages to the assets being owned by ARTNL.

3.2 Management/Operation Options

The benefits and disadvantages of the different LATE/CCO structures available to own the POAL assets and to undertake management contracts with the TAs for the operation of the remaining wharves. These are detailed in the table below.

Table 2: Pros and Cons of the LATE/CCO Structure

Governance Structure	PROS	CONS
<i>ARTNL</i>	<ul style="list-style-type: none"> ▪ Concern that ferry business would be overshadowed by rail business ▪ Indirectly requires North Shore to commit to ARTNL ▪ Ensures greater regional PT integration ▪ Consistency of approach with other regional transport initiatives 	<ul style="list-style-type: none"> ▪ Councils that have no interest in ferry business now have some risk and responsibility ▪ Indirectly requires North Shore to commit to ARTNL
<i>ARTNL/ Ferry Subsidiary Company</i>	<ul style="list-style-type: none"> ▪ Has the same benefits as a LATE/CCO ▪ ARTNL becomes a holding company ▪ Different directors can be appointed to the Ferry Co. Board (allows for specialist skill or TA representation) ▪ Reduces regional risk ▪ Allows for cross subsidies to occur if necessary and sharing of resources 	<ul style="list-style-type: none"> ▪ Additional administration/governance costs ▪ Additional entity

4 Conclusion

The Draft Business Plan (15 March 2002) presents financial projections which assume a single taxable entity will own all assets. Further work on the financial implications of difference ownership and management structures can be undertaken. The operating costs in the Business Plan indicate a level of Directors' fees and overheads consistent with the governance options currently under discussion.

It must also be noted that preliminary feedback from Infrastructure Auckland indicates that funding for the project will be conditional on requiring wharves to be part of an approved regional management entity.

This paper is based on discussions held with the participating Councils and the officers in the Regional Ferry Project Team, as well as preliminary discussions with ARTNL officers. Although there have been briefings on the Ferry Terminal Project to the ARTNL Shareholders Representative Group, the contents of this paper have not been formally discussed with the ARTNL Board or SRG.

A second workshop with the participating Councils and the ARC is planned for early April to discuss the governance issues in more detail.

Governance Options Chart

	Option 1	Option 2	Option 3
Description of Functionality/ benefits	TLA/ARC Own Entity Develop> Under Entity Manage> Contract to Owner	TLA Own TLA Develop TLA Manage	Entity Own Entity Develop Entity Manage
PRINCIPLES:			
Core Operations	Entity manage operations	Entity manage operations	Entity manage operations
Long term Governance	TA could transfer to Regional Authority, but will need renegotiation	TA could transfer to Regional Authority, but will need renegotiation	Able to transfer whole package to new regional body. Risk of being stuck with interim entity
Sustainable Management (Business/Assets)	- Ability to quality control/phase development - Risk contract breakdown btwn owner/entity before development completed	-Risk timing/quality of development - Risk TLA pull-out before hand-over to entity	Encourage more cohesive decision making Dedicated ferry management & development Consistent quality & management
Integrated Regional Network	Integrated development & management relies on agreement with owners	Risk unilateral veto by TLA Risk variable quality in development	Structural integrity Vertical integration
Accountable/Responsive	Risk entity responsiveness to TLA Concern about accountability of LATE Needs contracts between parties to enforce	Needs only operating contract Risk of TA responsiveness to regional aims	Concern about accountability of LATE Needs only 1 agreement between TA/Entity
Best Value: • Least Risk • Value to owners • Cost to ratepayers	*No Tax difference High Transaction Costs Duplication of Systems Same risk to shareholders	*No Tax difference High Transaction Costs Duplication of Systems Same risk to shareholders	** No Tax difference Corporatised structure may be more efficient scale of operating vs cost of operating a small specialist management group
Economic/Tourism	Better network response to market opportunities	Less able to expand/upgrade across network	Better able to expand/upgrade across network

Notes:

* TLA taxed on port activity, depreciation on assets not deductible for tax purposes if purchased with grant monies.

** Entity is a taxable company. Depreciation on assets not deductible if purchased with grant monies.

D R A F T

Agenda

Update: Themes & Issues

9:45	Registrations Tea, Coffee, biscuits.	
10: 00	Welcome & Introduction <ul style="list-style-type: none">• Eco City• Commitment to organics & clustering• Aims of this forum	Mayor Bob Harvey
10: 20	Exercise to establish who is present <ul style="list-style-type: none">• Break into <u>like</u> groups - growers, manufacturers, retailers, other business, govt, local govt, consumer	Facilitator Phil Griffiths
10:30	Update on Organics <ul style="list-style-type: none">• Trends - domestic• Identify key threats/ issues that need addressing.	Brendan Hoare - President of Soil & Health
10:45	Update on Organics <ul style="list-style-type: none">• Trends - international (export)• Identify key threats/ issues that need addressing.	Jon Manhire - CEO Organic Producers & Exporters NZ
11:00	Sector groups (growers, manufacturers, retailers, others) SWOT - identify key themes <ul style="list-style-type: none">• Have we got all the points	Facilitator Phil Griffiths
12:00	Feedback to group from the sector groups	Facilitator Phil Griffiths
12: 30	LUNCH - Available from 12:15	

D R A F T

1:15	Developing an Organics Cluster <ul style="list-style-type: none">• What is a cluster?• Examples from other sectors• What this organics cluster might look like	Nici Wickes - Enterprise Waitakere
1:30	One vision for an organic Cluster	Lisa Er - Managing Director of Er Co.
1:45	<ul style="list-style-type: none">• Have we got all the issues?• Have we got all the solutions up?• Priorities for action?• Resources available• Roles• Involvement• Next steps for each theme	Facilitator Phil Griffiths
2:45	Feedback - a word to describe the day	Facilitator Phil Griffiths
2:50	Fill out survey - need information on organics sector and growth potential	Rachel Brown - Director Auckland Environmental Business Network
2:55	Final word on "Where to from here"	Councillor Carolynne Stone
3:00	Finish & Close	Mayor Bob / Councillor Stone

**MINUTES OF AN ORDINARY MEETING OF THE PROJECTS SPECIAL COMMITTEE
HELD IN THE CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN,
WAITAKERE CITY, ON WEDNESDAY, 6 MARCH 2002
COMMENCING AT 9.07 AM.**

PRESENT: Councillors RP Dallow, QPM, JP (Chairperson)
JP Lawley (Deputy Chairperson)
DQ Battersby, JP
BA Brady, JP
JM Clews, QSO, JP
AC Fenton

IN ATTENDANCE: Director: City Services
Manager: Aquatic & Recreation Centre
Manager: Democracy & Support Services

1 APOLOGIES

307/2002
MOVED by Cr Clews, seconded Cr Brady:

That apologies from Councillors Russell and Stone for absence be received and sustained.

CARRIED

2 URGENT BUSINESS

There was no Urgent Business.

3 CONFIRMATION OF MINUTES

308/2002
MOVED by Cr Brady, seconded Cr Lawley:

That the minutes of the Inaugural Meeting of the Projects Special Committee held on Wednesday, 21 November 2001, as circulated, be taken as read and now be confirmed.

CARRIED

4 COMMITTEE DELEGATIONS - PROJECTS SPECIAL COMMITTEE

309/2002

MOVED by Cr Battersby, seconded Cr Fenton:

That the information be received.

CARRIED

Councillor Dallow noted that Committee approval for security vehicle access at Limeburners Bay needed to be actioned forthwith to prevent further environmental damage.

5 AQUATIC CENTRE UPGRADE

310/2002

MOVED by Cr Fenton, seconded Cr Brady:

1. That the information be received.
2. That the meeting be adjourned to enable the Committee to undertake a site visit to the Aquatic Centre Upgrade project.

CARRIED

9.35 am The meeting adjourned.

10.55 am The meeting reconvened.

10.56 am The Chairperson thanked members for their attendance and attention to business and declared the meeting closed.

CONFIRMED AT AN ORDINARY MEETING OF THE
PROJECTS SPECIAL COMMITTEE HELD ON

DATE:.....

CHAIRPERSON:.....

All