



NOTICE OF MEETING

FINANCE AND OPERATIONAL PERFORMANCE COMMITTEE

I hereby give notice that an Ordinary Meeting of the Finance and Operational Performance Committee will be held on:-

DATE: **Monday, 8 March 2004** **TIME:** **9.30 am**

VENUE: **Civic Centre, 6 Waipareira Avenue, Lincoln, Waitakere City**

to consider the business as set out herein and to take any necessary action connected therewith.

4 March 2004

Sharon Simiona
COMMITTEE SECRETARY

Telephone (09) 836 8000 extn 8820

MEMBERSHIP:

Councillors	JM	Clews, QSO, JP (Chairperson)
	BA	Brady, JP (Deputy Chairperson)
	DQ	Battersby, JP
	RP	Dallow, QPM, JP
	AC	Fenton
	OE	Hoskin, MNZM, JP
	PA	Hulse
	JP	Lawley
	GE	Nash, QSM, JP
	VS	Neeson, JP
	GB	Presland
	GW	Russell, JP
	CA	Stone
	DA	Yates, JP

Mayor Bob Harvey, QSO, JP (ex officio)

(Quorum 5 members)

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

(The reports and recommendations contained in all agendas are reports and recommendations only and are not to be construed, in any way, as Council policy until adopted.)

**AGENDA FOR AN ORDINARY MEETING OF THE FINANCE AND OPERATIONAL
PERFORMANCE COMMITTEE TO BE HELD IN THE CIVIC CENTRE,
6 WAIPAREIRA AVENUE, LINCOLN, WAITAKERE CITY, ON
MONDAY, 8 MARCH 2004 COMMENCING AT 9.30 AM.**

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AGENDA FOR AN ORDINARY MEETING OF THE FINANCE AND OPERATIONAL PERFORMANCE COMMITTEE TO BE HELD IN THE CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN, WAITAKERE CITY, ON MONDAY, 8 MARCH 2004 COMMENCING AT 9.30 AM.

1 APOLOGIES



2 URGENT BUSINESS

Section 46A(7) and (7A) 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 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, 9 February 2004

RECOMMENDATION

That the minutes of the Ordinary Meeting of the Finance and Operational Performance Committee held on Monday, 9 February 2004, as circulated, with the public excluded minutes attached in the confidential supplement, be taken as read and now be confirmed.



PART I - PRESENTATIONS

4 QUARTERLY REPORT OF WAITAKERE CITY HOLDINGS LIMITED AND SUBSIDIARIES

PURPOSE OF THE REPORT

The purpose of the report is to inform the Finance and Operational Performance Committee as to the performance of Waitakere City Holdings Limited, its subsidiaries and associated organisations for the second quarter of the current financial year (six months ended 31 December 2003).

BACKGROUND

Council, as shareholder, is required to receive, within two months of the end of the first half of the financial year, a report from its Holding Company in respect of the Company's operations for that six month period. That report, six monthly reports of the subsidiaries are now presented.

STRATEGIC CONTEXT

Council has a financial investment in its Holding Company and subsidiaries. These companies assist the Council in meeting its strategic outcomes by a return on investment, involvement in strategic projects, economic development and in the support of service delivery.

ISSUES

A1-A19

The Second Quarter (Half Yearly) Reports for the reporting entities are attached as follows: Techscape Limited pages A1 to A9; Waitakere Properties Limited pages A10 to A19. These should be read in conjunction with the presentations of the respective Board Chairpersons and Chief Executives scheduled for this Committee meeting.

Due to difficulties in establishing certain new contractual requirements, Techscape is projecting a lower than budgeted profit at year end. The company has indicated that it will meet its current year financial commitment to the Holding Company in respect of convertible note interest payments and in turn the Holding Company will meet its budgeted financial commitments to the Council in the current year.

A copy of the full Six Monthly Financial Statements in respect of Waitakere Properties Limited is available in the Councillors Lounge.

CONCLUSION

The second quarter reports for Techscape Limited and Waitakere Properties Limited are presented. Although issues of profitability have been raised in respect of Techscape Limited, the Holding Company will meet all of its current year budgeted obligations to Council. Any questions or queries should be directed to the respective Board Chairpersons and Chief Executives during the presentation of their reports.

RECOMMENDATION

That the Quarterly Report of Waitakere City Holdings Limited and Subsidiaries Report be received.

Report prepared by: Alec Third, Accountant: Waitakere City Holdings Limited.



5 WAITAKERE CITY HOLDINGS LIMITED AND SUBSIDIARIES 2004/2005 DRAFT STATEMENTS OF INTENT

PURPOSE OF THE REPORT

The purpose of the report is to present to the Finance and Operational Performance Committee the 2004/2005 Draft Statements of Intent in respect of Waitakere City Holdings Limited, Techscope Limited, Waitakere Properties Limited and the Waitakere Enterprise Trust Board.

BACKGROUND

The Local Government Act 2002 requires that the board of a council-controlled organisation must deliver to its shareholders a draft statement of intent on or before 1 March each year. The respective boards are required to deliver the completed statement of intent to the shareholders on or before 30 June each year. It should be noted that although the Waitakere Enterprise Trust Board has no legal link with the Holding Company, the Holding Company has been tasked by Council with a monitoring and advisory role over the Trust and in that capacity the respective Statement of Intent is tabled with this report.

A20-A69 The statements of intent are attached at pages A20 to A69.

STRATEGIC CONTEXT

Council has a financial investment in its Holding Company and subsidiaries. These companies assist the Council in meeting its strategic outcomes by a return on investment, involvement in strategic projects, economic development and in the support of service delivery.

ISSUES

The Finance and Operational Performance Committee is not required at this point to make any comment in respect of the tabled statements of intent. It is proposed that Councillors and Council Officers review the documents and report back to the April meeting of the Finance and Operational Performance Committee where appropriate comments can be formalised and forwarded to the Holding Company Board for consideration with a view to finalising the statements.

As representatives of Techscope Limited and Waitakere Properties Limited will be present at this meeting they may wish to take the opportunity to present their respective Statements of Intent and field any questions that Elected Members may have for them.

CONCLUSION

The 2004/2005 Draft Statements of Intent in respect of Waitakere City Holdings Limited, Techscope Limited, Waitakere Properties Limited and the Waitakere Enterprise Trust Board are tabled for the Finance and Operational Performance Committees consideration. The appropriate Council Officers will review the documents and bring back a report to the April meeting of the Finance and Operational Performance Committee and together with comments/issues raised by Elected Members present comments/amendments to the Holding Company board for consideration and action if required.

RECOMMENDATIONS

1. That the Waitakere City Holdings Limited and Subsidiaries Statements of Intent Report be received.
2. That a report be brought back to the next meeting of the Finance and Operational Performance Committee with recommendations as to amendments and comments, if any, to the statements of Intent.

Report prepared by: Alec Third, Group Manager: Financial Operations and Accountant:
Waitakere City Holdings Limited.



PART II - PROPERTY

6 COMMUNITY CENTRE SIX MONTHLY PERFORMANCE REPORT - JULY 2003 TO DECEMBER 2003

PURPOSE OF REPORT

The purpose of the report is to inform the Finance and Operational Performance Committee on the Community Centres six monthly performance for the 2003/2004 financial year and to update on current operations.

BACKGROUND

Council owns and manages six Community Centres that cater for a wide range of community groups and activities through the provision of bookable spaces and the facilitation of activities. Community Centres also play a role in hosting civic events, including the City's key festivals such as the Going West Literary Festival (including Storyfest) and the inaugural Moon Festival.

Community Centres also play host to a number of community events & festivals – examples include the Waitakere Secondary Schools Career Expo, Well-being Health Summit, Te Roopu Kapahaka O Te Atatu's annual friendly festival, Midwest Hot Rod show and other cultural events. Local and Central Government meetings and workshops, corporate conferences and functions, and many more one-off celebrations are also staged at the Community Centres.

The other major role of the Community Centres is to provide space for community groups to meet and participate in local activities.

STRATEGIC CONTEXT

The Centres contribute to Council's strategic and policy objectives within the Well-being Support pathway by providing accessible public buildings which contribute to a sense of belonging and foster community well-being. The First Call for Children policy also has significant relevance in identifying the need for provision of programmes within the centres for youth.

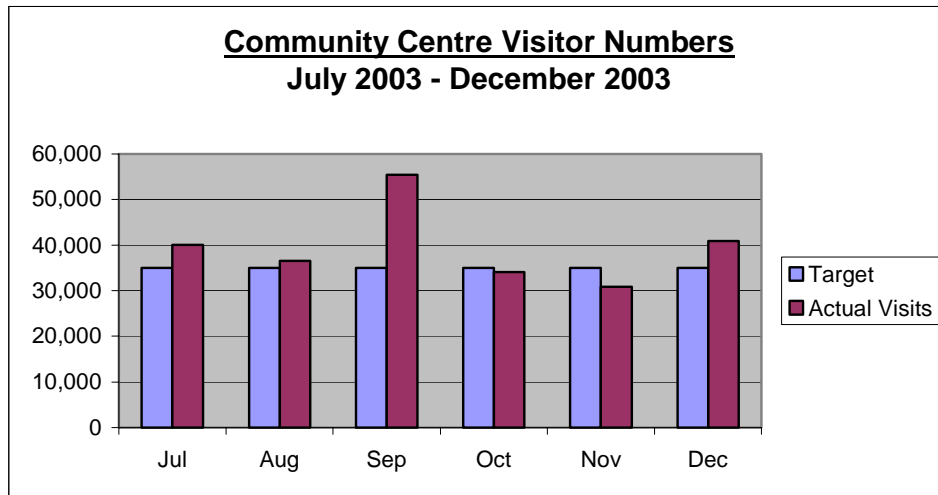
Council adopted a Community Facilities Plan in 2000, which outlines the strategies and actions to be undertaken over the next ten years on how Council will help to provide buildings for the general community to use.

ISSUES

Six Monthly Performance Measures

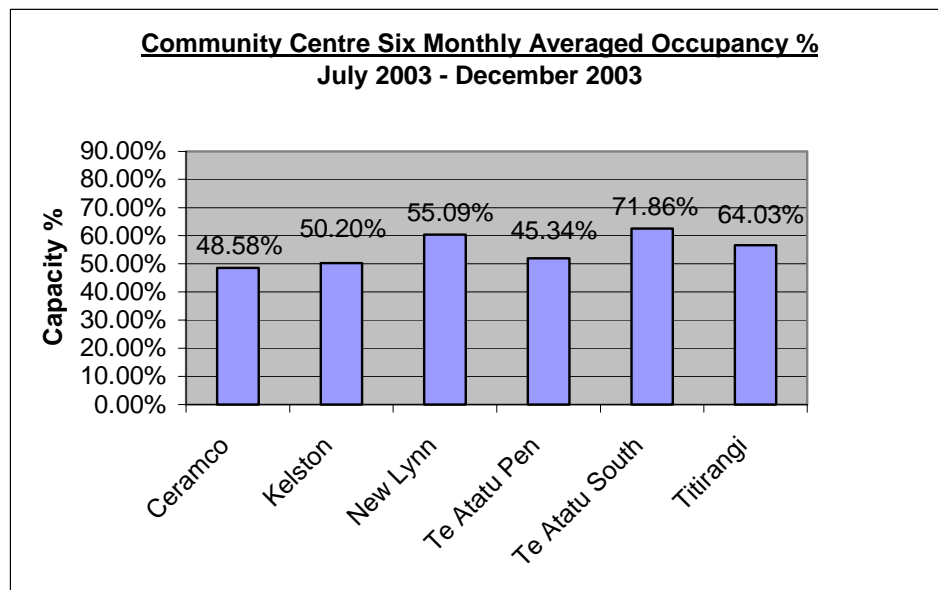
The key measures of community centre performances are number of visits, volume of occupancy, range of activity and achievement of financial targets.

Number of Visits



A total of 237,898 people have visited the Centres to attend some form of activity or event during July to December 2003. The target set for this period is 193,000 visitors, which we have exceeded considerably due to major events such as Going West and the Inaugural Moon Festival. However, this does not transfer to an increase in revenue, as the Centres charge per hour per room per Centre and not per person.

Six Monthly Averaged Occupancy



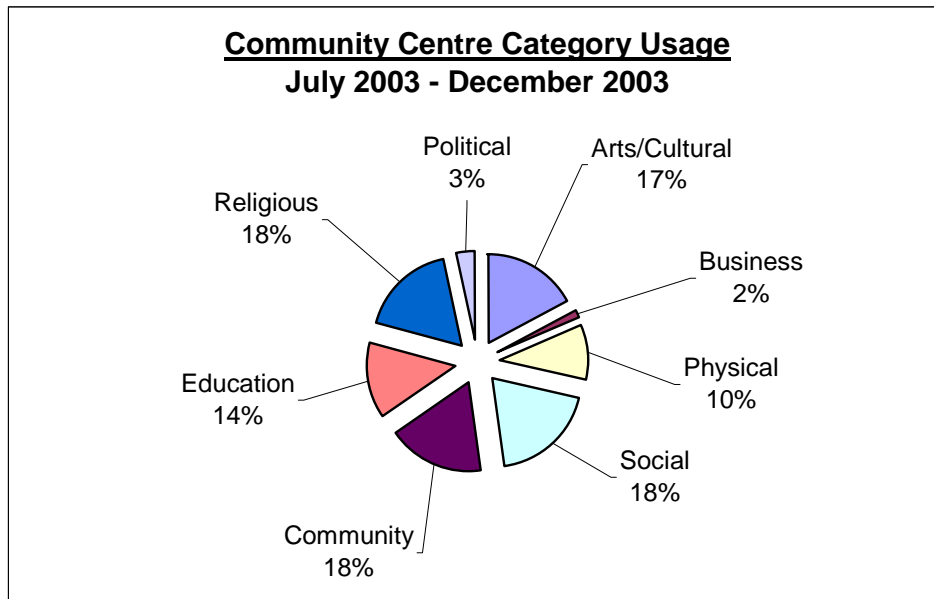
A70

The target occupancy (or overall percentage of room usage) set for 2003/2004 for all Community Centres is 55%. Kelston, New Lynn and Te Atatu Peninsula occupancy levels are affected by the low use of its smaller rooms. Te Atatu South and Titirangi have relatively high occupancy rates and are counted as one room centres as sound issues prevent more than one room being used at a time. The Main Halls in these affected Centres have a 62% occupancy rate. Attached at page A70 is a breakdown of the occupancy levels per room per Centre to illustrate this. Overall the Community Centres average occupancy is 50.05%.

Range of Activities

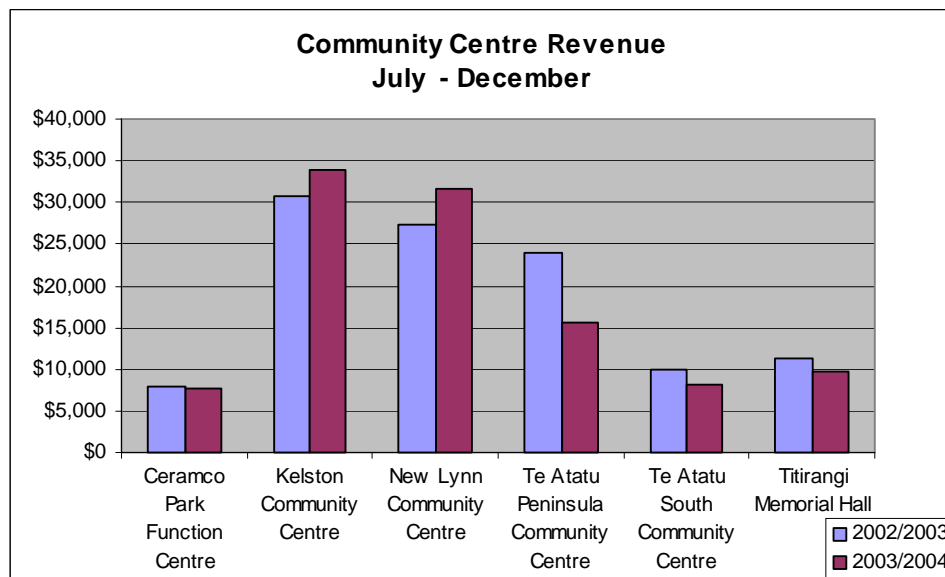
A71-A72

Each Centre offers core activities, however due to the different design and cultural mix of the community/area, the Centres attract different activities and develop distinct personalities. The following pie chart demonstrates the averaged proportion of different uses in all Centres. Attached at pages A71 to A72 are individual pie charts for each centre. These demonstrate that opportunities exist for expanding and decreasing some categories of usage in some centres to ensure a range of activities.



Financial

The actual revenue six monthly figures from 2002/2003 and 2003/2004 Community Centre hireage are as follows:



A73

Revenue generated by our major centres New Lynn and Kelston have increased in comparison to last financial year's figures however all the centres, excluding Ceramco, will fall short of budget this year, due to stretch targets not being realised. This is in contrast to visitor numbers, which show the centres as a whole exceeding target. Due to the nature of charging by the hour revenue does not necessarily mirror attendance trend. The total income for the Community Centres for this period was \$106,520, a slight drop in comparison to 2002/2003 figure of \$111,062. Attachment A73 presents this information in a table format.

Te Atatu Peninsula has decreased in revenue, which is mainly due to a dramatic decrease in socials being run out of Te Atatu Peninsula Community Centre on the weekends. In previous years this was a regular source of income for this Centre. The cost of hireage for socials is \$550 on Saturday evenings, however due to functions getting out of control, we have had to put into place extra measures such as security guards which has increased cost to hirers and resulted in hirers using alternative venues.

Developments

- Since the installation of the new security system in July 2003 at New Lynn Community Centre, there has been no sign of theft or damage to the facility.
- A new sound system is to be installed in the New Lynn Community Centre this financial year. Consultation work will be carried out beforehand to ensure that acoustic issues will be identified, as well as user groups needs.
- Community Centre staff will be undergoing training this year, covering first aid, customer service and computer training.
- Peak usage times in the weekends for casual hireage are mainly in the evenings from 5pm onwards Friday to Sunday. Friday evening and Saturday morning times that were previously available for casual hirers have been allocated to some regular hirers to ensure that financial targets per Centre are met. Council staff are monitoring booking schedules to ensure that weekend times (excluding Friday evenings and Saturday mornings) continue to be available to casual groups.
- Council staff met with the Waitakere Indian Association and delivered a presentation, which was well received. Their executive committee are looking at weekend hireage for their members for functions such as weddings and birthday parties. This will provide a valuable income source for the Community Centres.

Promotions and Publicity

Generic advertising for Community Centre activities currently consists of individual centre programme flyers (approximately 2,000 distributed per centre, per annum), posters and community signage and Council's website. The existing activity flyer is being redesigned to incorporate a site map and promote the different aspects of each Centre. Quarterly advertisements are also placed in the Western Leader.

The following work is also being carried out:

- New Ceramco Function Centre Brochure to be designed, promoting the centre as a conference facility to local businesses.
- Promote Centres to event co-ordinators and related businesses. (Ceramco Park Function Centre is being promoted through this avenue).
- Reprinting of New Lynn Community Centre Flyer – Eco Initiatives and Arts Projects.
- Investigate the development of a relationship with new immigrants through the provision of facilities and activities for this group.

CONCLUSION

For the period of June 2003 - December 2003 the following has been achieved:

- About 237,898 people visited Waitakere Community Centres. This exceeds our target for the period.
- Our Community Centres average occupancy rates are 50%, which is 5% under its target. This target is affected by the low use of its smaller rooms.
- A good balance has been achieved in the range of activities currently undertaken in Waitakere City Community Centres.
- A Generic Community Centre marketing and promotion initiative continues with a focus on promoting Ceramco Park Function Centre as a conference facility.
- The total income for the Community Centres for this period was \$106, 520. Major centres such as Kelston and New Lynn have increased in comparison to last financial year actual six monthly figures.

RECOMMENDATION

That the Community Centre Six Monthly Performance Report - July 2003 to December 2003 be received.

Report prepared by: Robert Matamu, Community Activity Facilitator: Leisure Services.



PART III - LEGAL AND CONSTITUTIONAL

7 AFFIXATION OF COMMON SEAL

EXECUTION OF DOCUMENTS: 2 February to 27 February 2004

No	NAME	PARTICULARS
2912	WCC - Beverly Mary Wright	Surrender of Drainage Easement in gross created by Transfer D468276.4 - CT NA122B/19 - 100-106 Pooks Road - SPW 21536
2913	WCC - R & B Newey	Fencing Agreement - CTs 68317 & 68318 - 19 Pisces Place - SPW 20164
2914	WCC - Brooke Kelly	Temporary Warrant of Appointment pursuant to s.13 of Dog Control Act 1996
2915	WCC - Brooke Kelly	Temporary Warrant of Appointment pursuant to s.8 of Impounding Act 1955
2916	WCC - Neil Construction Ltd	Fencing Agreement - CTs 96286-96288 - Lake Panorama Stage 2 - SPW 21284
2917	WCC - G & M Trew	Release of Uncompleted Works and Maintenance Bond D226822.10
2918	WCC - Waste Management NZ Ltd	Settlement Agreement - Redvale Contract & Concourse Arrangement (replacement)
2919	WCC - AT Kuan & MQ Liang	Drainage Easement in gross - CT 108263 - 14A Waimumu Road - SPW 21655
2920	WCC - Hoani Waititi Marae Trust & Her Majesty the Queen	Lease and easement - Parris Park - Resolution 4581/94

RECOMMENDATIONS

1. That the Affixation of Common Seal Report be received.
2. That the action taken in affixing the Common Seal on the documents as set out in the agenda report be adopted.

Report prepared by: Magdalene Conceicao, Executive Officer (Legal).



PART IV - FINANCE

8 OPERATING AND CAPITAL EXPENDITURE SUMMARIES

PURPOSE OF THE REPORT

The purpose of this report is to inform the Finance and Operational Performance Committee as to the level of the year to date operating and capital expenditure by Unit compared to budget.

BACKGROUND

A74 This report covers expenditure for the seven months ending 31 January 2004. The financial summaries are attached at page A74.

ISSUES

A full financial review, including forecasts through to the end of the year will next be carried out in March as part of the year's third quarter review.

If you require any further information in respect of this report, other than of a general nature, please contact either the writer or the Director: Finance prior to the meeting to enable the query to be researched.

RECOMMENDATION

That the Operating and Capital Expenditure Summaries Report be received.

Report prepared by: Bob Preston, Group Manager: Financial Management.



9 STATUS OF SPECIAL FUNDS

PURPOSE OF THE REPORT

The purpose of this report is to keep the Finance and Operational Performance Committee informed as to the status of Special Funds.

FUNDS

A75 The Special Fund balances as at 31 January 2004 and summary transactions for the first seven months of the current financial year are attached at page A75.

If you require any further information in respect of this report, other than of a general nature, please contact either the writer or the Director: Finance prior to the meeting to enable the query to be researched.

RECOMMENDATION

That the Status of Special Funds Report be received.

Report prepared by: Bob Preston, Group Manager: Financial Management.



10 **BORROWING AND INVESTMENT REPORT**

PURPOSE OF THE REPORT

Waitakere City Council enters into treasury related financial contracts in the ordinary course of its business. It is the role of 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 Council's debt and cash investments and provides a general commentary of financial market conditions.

A76-A81 The relevant portfolio and graphs are attached at pages A76 to A81.

STRATEGIC CONTEXT

Council's Fund Management function actively manages a large portfolio of various debt and investment instruments. The benefit of borrowing is that it enables Council to carry out the projects identified in the Annual Plan and Long Term Council Community Plan, while spreading the costs for those projects over time to recognise the future benefits. Borrowing funds therefore assists 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 Finance and Operational Performance 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
- Market commentary

This report addresses the requirement of the Policy and also, from time to time, includes other information that is relevant to the Funds Management function.

FINANCIAL IMPLICATIONS

The active management of the treasury portfolio seeks to minimise Council's borrowing costs and maximise investment returns of liquid assets. The Funds Management function is also charged in seeking investors, thus ensuring that there is sufficient liquidity available for the organisation to continue its work programme. New Zealand financial markets are significantly volatile and therefore interest rate management is also 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 Council's portfolio.

Council approved a new loans funded capital works programme for the 2003/2004 year, including carry forward projects from the 2002/2003 year, through the Long Term Council Community Plan of \$101.912 million. Interest expense is budgeted to be \$8.946 million.

Council approved through the Long Term Council Community Plan to borrow up to \$131.692 million to cover the loans funded work programme and for the refinancing of maturing loans.

Council has also resolved to obtain a Standard and Poors Credit Rating.

- “1. That approval is given to obtain a credit rating for Waitakere City Council.”

2970/2001

Completed

The Finance and Operational Performance Committee has since resolved to:

- execute a facility agreement with the ASB Bank for a term loan of \$15 million and offer \$3 million of security for interest rate risk management instruments, completed March 2003:

- “3. That authority is given to execute under seal the standard International Swap Dealers Association agreement with ASB Bank Limited, and the proposed facility agreement for the \$15m term loan subject to the Corporate Solicitor’s approval as to the form of the facility agreement.”

2592/2002

Completed

- renegotiate, as required, uncommitted bank facilities which are used to cover working capital requirements on a daily basis, currently totalling \$35 million:

- “1. That the information be received.
2. That the Director: Finance is delegated authority to act as Council’s authorised representative for the purposes of negotiating cash facilities agreements on the basis outlined in the agenda report.
3. That authority is given to execute under seal any facilities agreement which may be required by the parties scheduled, or any other registered bank, to continue these cash facilities or in relation to any such new facility, subject to the Corporate Solicitor’s approval as to form in each instance.”

2591/2002

Completed

- execute a facility agreement with the Bank of New Zealand for a 364 day committed cash advance facility of \$20 million, now completed but not drawn:

- “1. That the information be received.
2. That the Director: Finance is delegated authority to complete negotiations forming part of the said facilities documentation with the BNZ Bank.
3. That authority is given to execute under seal the proposed facility agreement for \$20 million with the BNZ, subject to the satisfactory review by Council’s external Solicitors.”

2840/2002

Completed

- renegotiate the ANZ committed cash advance facility to a value of \$50 million, and a further \$7.5 million in security for interest rate risk management instruments:

1. *That the information be received.*
2. *That the continuation of the existing facilities and facility limits as outlined in the agenda report to the meeting be approved.*
3. *That the terms and conditions applicable to the ANZ Banking Group (New Zealand) Limited facilities agreement be accepted to a limit of \$50 million term debt draw down and a limit of \$7.5 million risk management instruments for interest rate hedging and the common seal of Waitakere City Council be authorised to be affixed to that document.*
4. *That the Chief Executive and the Director: Finance be delegated authority to act as Councils authorised representatives for the purposes of the 'General Conditions' forming part of the said facilities agreement with the ANZ Banking Group (New Zealand) Limited."*

938/2002

Completed

- use the \$56,353,589.60 received from the sale of the UnitedNetworks Limited shares to repay debt:

"That the \$56,353,589.60 received from the sale of the UnitedNetworks Limited shares be applied in accordance with the Borrowing and Investment Policy to repay debt."

3612/2002

Completed

ESTIMATED SUMMARY OF BORROWING AND INVESTMENT MOVEMENTS, JANUARY 2004

Council's estimated gross term debt position has increased by \$2.238 million since December 2003 with an estimated closing balance at January month end of \$90.435 million. Estimated working capital borrowings of \$12.435 million as at 31 January 2004 have been funded using internal funds.

SIGNIFICANT FUNDING TRANSACTIONS ENTERED INTO DURING JANUARY 2004

- ARST Fund investment of \$1,186,600.65 for 42 days at 5.43%
- Sinking Fund investment of \$1,618,811.76 for 42 days at 5.42%
- Sinking Fund investment of \$2,430,174.66 for 42 days at 5.43%
- Sinking Fund investment of \$1,799,236.75 for 42 days at 5.42%

FINANCIAL MARKET COMMENTARY

Market Overview

The Reserve Bank of New Zealand increased the Official Cash Rate on 29 January 2004 from 5.00% to 5.25%. This increase was largely considered a surprise to many market commentators, who considered that the high New Zealand dollar was dampening the need to increase local interest rates. However, pressures within the New Zealand economy have continued to spell a possible breach to the Reserve Bank's policy of maintaining medium term inflation within the 1%-3% margin.

The 90-day bank bill has increased to levels around 5.60%, strongly supporting the market's expectation of a further increase of 0.25% on 11 March 2004. The Reserve Bank of Australia left their Cash Rate Target set at 5.25% at the 4 February 2004 meeting. The Reserve Bank of Australia signalled the following week, however, that it was likely that further increases may occur due to Australia's credit boom, which has been fuelled by the country's housing market. This position is not dissimilar from the situation New Zealand faces. Increases in New Zealand's Official Cash Rate will largely only affect local short to medium term interest rates.

Meanwhile the New Zealand dollar has continued its surge against the US dollar to reach levels not seen in almost seven years. The theory of interest rate parity suggests that further increases in the New Zealand Official Cash Rate should result in further appreciation of the New Zealand dollar as local interest rates are significantly greater than most western countries. However, the strong New Zealand dollar, while improving local purchasing power for imported goods, has an equally opposite effect on exports such as tourism and education.

Indicators have begun to show immigration decreasing from the high levels experienced over 2001 to 2003, which may have an impact on the current housing market.

The local 10-year bond swap rates have continued to trade between 6.30% and 6.50%, a trend that has persisted for some months. While the US Federal Reserve has signalled that a tightening in US monetary policy may be required sooner than previously expected, there has been little indication of just when that might happen. As reported in the past, an increase in US interest rates will have a subsequent increase in New Zealand longer term interest rates.

Upcoming Dates

Monetary Policy Statement	11 March 2004
Official Cash Rate Announcement	29 April 2004

CONCLUSION

All transactions covered by this report have complied with the requirements of Council's Liability Management and Investment Policy.

RECOMMENDATION

That the Borrowing and Investment Report be received.

Report prepared by: Bruce Wilkin, Funds Accountant.



11 PAYMENTS FOR APPROVAL

PURPOSE OF THE REPORT

The purpose of this report is to advise of payments made by the Council.

BACKGROUND

This report provides details of payments made to external suppliers in excess of \$5,000. In addition there is a summary listing, which aggregates payments made to various organisations and suppliers for the Finance and Operational Performance Committee's information. These payments have already been processed as allowed by delegations approved by the Council. If any Councillor requires information regarding the nature of any payment, that information can be provided.

PAYMENTS

A82 A summary schedule of payments made for the period 19 December 2003 to 12 February 2004 is attached at page A82.

A83-A85 A further schedule of all payments of \$5,000 and above, together with the reason for the payment, is attached at pages A83 to A85. If a Committee Member wishes to ask specific questions relating to any of these payments prior to the meeting, then such questions can be directed to the Director: Finance.

RECOMMENDATIONS

1. That the Payments for Approval Report be received.
2. That the contracts let and payments made be approved.

Report prepared by: Andrew Pollock, Director: Finance.



12 QUARTERLY PERFORMANCE REPORT - SECOND QUARTER 2003/2004

PURPOSE OF THE REPORT

This report enables the Finance and Operational Performance Committee to monitor achievement of the quarterly performance targets. This report includes performance results for the second quarter of the 2003/2004 Annual Plan.

BACKGROUND

The performance measures in the Annual Plan relate to the Council's strategic objectives for the City. These performance measures are reported when available on a quarterly basis.

STRATEGIC CONTEXT

The performance measures in the Annual Plan relate to strategic objectives and provide a way of measuring the extent to which the objectives are being achieved. This report provides an opportunity for the Finance and Operational Performance Committee to review performance results and identify any issues relating to meeting targets or the strategic objectives.

It should be noted that a review of these performance measures and targets took place in concurrence with the strategic review and development of Council's Long Term Council Community Plan (2003/2013). These revised measures are in place to be monitored over the 2003/2004 financial year.

ISSUES

Second Quarter Results (October – December 2003)

A86-A91

The performance results for the second quarter of 2003/2004 are summarised below. The complete list of the second quarter results for 2003/2004 is attached at pages A86 to A91. Of the 43 performance results reported in the second quarter of 2003/2004, 98% are on track to meet or exceed target, with one measure unreported (44 measures total).

Positive Results

- Increase in local jobs (4.0% from 2002 to 2003) is greater than rate of increase of eligible working population (2.5% per annum).
- Number of groups (casual & regular) using Council's community centres is increasing.
- Increasing number of visits to Massey Leisure Centre and West Wave Aquatic Centre.
- Increase in privately owned natural areas with management plans in place and being implemented.
- Increasing number of schools, businesses and community groups working with Council in litter abatement practises.
- All 'Three Water' results for the second quarter are meeting or exceeding targets.

Key Issues

- Pedestrian counts per hour on main streets in the town centres of Henderson and New Lynn are lower than the previous two years (measured at off peak times). Revitalisation programmes planned for these town centres are intended to stimulate more activity and attract people necessary for vibrant and safe town centres. Results are expected to increase once this type of work is completed. This performance measure should also aim to measure the town centres where considerable revitalisation work is currently being undertaken.
- Slightly less waste entering the Transfer Station (from within and outside the city) that is able to be diverted from landfill through reuse, recycling, recovery or composting initiatives. Additional staff will be recruited during the third quarter in order to increase the recycling effort and divert more waste away from landfill.

CONCLUSION

Of the performance measures reported in the second quarter, the majority are on track to meet target. The third quarter results will be reported to the Finance and Operational Committee in May 2004.

RECOMMENDATION

That the Quarterly Performance Report - Second Quarter 2003/2004 be received.

Report prepared by: Janelle Anthony, Strategic Planner: Monitoring.



13 DRAFT DEVELOPMENT AND FINANCIAL CONTRIBUTIONS POLICY

PURPOSE OF THE REPORT

This report brings the Draft Development and Financial Contributions Policy to the Finance and Operational Performance Committee for consideration in preparation for adoption and recommendation to Council for consultation as part of the Annual Plan 2004/2005. Council may wish to programme a workshop to consider the policy and associated schedules of payment in more detail before adoption of the final draft.

A92-A115 The draft Development and Financial Contributions Policy together with a summary of the policy are attached at pages A92 to A115.

BACKGROUND

The Local Government Act 2002 introduced comprehensive new provisions that will allow local authorities to recover, as development contributions, the capital expenditures relating to growth. The Local Government Act 2002 (Section 106) requires councils to adopt policies for contributions as part of the suite of Funding and financial policies (Section 102).

The Long Term Community Council Plan 2003 indicated that a policy would be developed by June 30 2004.

At Council meeting on 25 March, 2003, the Long Term Council Community Plan and Annual Plan Special Committee resolved:

That a development contributions policy be prepared during the next twelve months in order that the policy be adopted as an amendment to the Long Term Council Community Plan for the 2004/05 year.

That a detailed work programme to progress development contributions be presented to the Finance and Operational Performance and the Environmental Management Committees in June 2003.

568/2003

In June 2003, both the Finance and Operations Committee and the Environmental Management Committees approved the principles, objectives and timelines of this project.

That the Finance and Operational Performance Committee approve the principles, objectives and timelines of the Development and Financial Contributions Project as detailed in the report.

1141/2003

That the Environmental Management Committee approves the principles, objectives and timelines of the Development and Financial Contributions project as detailed in the agenda report.

1184/2003

Council has previously developed Financial Contributions as part of preparing the District Plan, and these sections of the District Plan still have appeals outstanding. Staff sought a mandate to approach appellants with a proposal that the Financial Contributions section of the District Plan be removed, with the proviso that Financial Contributions would continue to be taken for environmental effects, in November 2003. The resolutions of the Environmental Committee are as follows:

That without prejudice discussions be held with the appellants to the District Plan Financial Contribution provisions, with a view to achieving an agreement based on deleting the District Plan's financial contributions chapter, but retaining those provisions relating to mitigation of environmental effects.

That the outcome of the discussions around the District Plan Financial Contribution provision be reported back to the Environmental Management Committee.

4131/2003

This process is still underway, however staff are progressing this issue concurrently with preparing the new Development and Financial Contributions Policy in order to meet the statutory timeframes. Update reports will come to the Environmental Management Committee as progress is made.

Staff are proposing that reserves also be taken as Financial Contributions under the Resource Management Act.

STRATEGIC CONTEXT

With regard to the principles guiding development contributions policy, the Local Government Act 2002 provides a broad framework. The reasons for choosing development contributions and financial contributions are linked back to the revenue and financing policy and the requirements of section 101 (3). This section outlines the matters that need to be considered in developing the Revenue and Financing Policy, which includes development and financial contributions as a funding method.

They are:

- the community outcomes to which the activity primarily contributes;
- the distribution of benefits between the community and any identifiable part of the community and individuals;
- the period over which those benefits are expected to occur;
- the extent to which the actions or inactions of particular individuals or a group contributes to need to undertake the activity
- the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well being of the community.

This framework enables Councils to take into account the specific strategic goals under community outcomes and the overall impact of development contributions on the current and future social, economic, environmental and cultural well-being of the community.

Council has adopted (June 2003) the following objectives for the policy:

1. That Council can fairly, simply, predictably and robustly, both recover the costs of growth and mitigate the effects of growth.
2. That District Plan appeals regarding financial contributions are resolved.
3. That Monitoring and financial processes are established to assess progress and to assist implementation.
4. That a sustainable development approach will taken in accordance with the Local Government Act 2002 and Council's sustainable development priority in the Long Term Council Community Plan.

Development Contributions offer a funding mechanism for Council to achieve key community objectives for lively and effective urban living and working areas. When applied in accordance with Council's key strategic goals, Development Contributions will reflect the expected demands of growth and allow the level of amenity Council seeks to provide its workers, business people and residents. These new provisions allow for development contributions in respect of 'community infrastructure' such as halls and libraries.

The Development and Financial contributions policy is an important funding tool for the City because it provides the means by which some of the costs associated with growth can be allocated to those who cause the growth.

However, as the new provisions enable Councils to require contributions for a greater range of growth driven costs, the total cost, of contributions per household, to developers is likely to increase.

Draft Policy summary

The policy as proposed is consistent with the original objectives set by Council. In brief, the policy proposes that:

"Council may require development contributions from development where the effect, including the cumulative effect of development, is to require new or additional assets or assets of increased capacity, and as a consequence, the Council incurs capital expenditure. This includes capital expenditure Council has already incurred in anticipation of growth. The incurred capital expenditure itself must be to appropriately provide for community and network infrastructure, which provides for the social, economic, environmental and cultural well-being of the community.

The policy provides schedules for contributions for the following asset groups:

Network infrastructure:

- *Roading*
- *Public transport*
- *Water Supply*
- *Waste water*
- *Stormwater*

Community Infrastructure:

- *Town Centre Development,*
- *Infrastructure on Parks,*
- *Halls and libraries*
- *Leisure facilities*
- *Crematoria and cemetery roads*

Existing works (from 2001)”

For clarity, under the Local Government Act 2002 ‘community facilities’ are defined as reserves, community or network infrastructure. This draft policy requires development contributions for community and network infrastructure, while reserves will be taken under the Resource Management Act, pending further decisions regarding the most appropriate financial contributions rule in the District Plan.

ISSUES

Costs of growth

The costs of growth are a key issue for this city, as it is one of the fastest growth areas in the country as part of the Auckland region. While development contributions can and will contribute to the capital expenditure of the city, it is unlikely that ALL costs of growth can be recovered through this mechanism e.g. impacts of past growth, and the flow-on effect of more assets into the operational budgets. Note that the total capital expenditure budget includes renewals and other costs that cannot be attributed to costs of growth.

The policy has proposed the following principles to ensure that costs of growth are met by those who incur the cost:

- a) where capital works are required to meet growth then Waitakere City Council will recover the costs over time;
- b) current levels of service are taken as sufficient for the calculation of development contributions, except where an increased capacity is required to meet the demands of an increasing population, this will be considered a cost of growth (e.g. such as more park facilities in an established urban area); and
- c) where a backlog of work exists, then that cost component will be borne by rates, or Financial Contributions. If undertaking the backlog work increases the capacity of the infrastructure in order to facilitate growth, then the increased capacity component will be funded by developer contributions;

A two-stage policy development programme is being proposed. The introduction of the initial policy and a schedule by June 2004 based on the current Long Term Council Community Plan 2003 will of necessity be on the conservative side as unconfirmed future possible costs are not yet included in the Long Term Council Community Plan 2003. A second phase of development will see an updated Development and Financial Contributions Policy and Schedule, consistent with the Long Term Council Community Plan 2006, ready for adoption in June 2006. The two stage programme allows Council to ‘test drive’ the new policy and schedule as well as complete critical planning exercises in time to include the fine tuned future growth planning and costs being developed for the Long Term Council Community Plan 2006.

It is proposed that a three yearly revision process, timed to fit with the three yearly Long Term Council Community Plan process, will continue to capture future increased costs, and any changes in Long Term Council Community Plan projections.

Consultation

The project plan identifies key stakeholders as:

Stakeholder	Action
Funding partners e.g. Infrastructure Auckland, Transfund, Central Government Departments, Watercare Services	Draft policy will be sent for comment during Annual Plan 2004 consultation.
Developers	Workshop 27 November 2003, establish focus group, two sessions with focus group March/April 2004, and formal consultation process during Annual Plan 2004.
Councillors	<p>Council has adopted the project plan and key policy principles in June 2003.</p> <p>Draft Policy to Finance and Operations (9 Feb 2004).</p> <p>Workshop held 11 February 2004 with Long Term Council Community Plan/Annual Plan committee.</p> <p>Draft Policy to Finance and Operations, Environmental Management March 2004.</p> <p>Full policy and schedule to Council end March for adoption and consultation.</p> <p>Consult and consider as part of Annual Plan process March to June 2004.</p> <p>Other workshops as requested.</p>
Staff	<p>Staff are working in teams on the policy and schedule.</p> <p>A general staff workshop and information session will be held March 2004.</p> <p>Training will be rolled out during April to June 2004 to those staff directly implementing the Development Contributions regime.</p>

Council could expect some critical comment from the developer community. This will be mitigated by:

- Comparability - it is likely that there will be increased development costs across the whole region as each Council will be seeking to impose increased contributions;
- Consultation - prior consultation processes will enable staff to gauge the likely level of resistance prior to the statutory consultation period next year and work through issues as they arise.

Councillors have previously expressed an interest in participating in the developer focus group sessions and this is being arranged for late March and early April 2004.

Peer review process

Legal and technical reviews of the policy are planned into the project programme. There is also considerable regional co-operation in sharing information although in many cases, the circumstances are considerably different and a 'one-size-fits-all' approach is not possible.

Support for strategic objectives

Financial modelling, scheduled for February 2004, will indicate whether the lower cost of infrastructure associated with more intensive development is reflected in Waitakere's Development Contributions schedule. This work is intended to be complete by the end of March.

The Development Contributions Policy allows a partial remission of development contributions required for the provision of the three water services (water, waste water and storm water) on developments, which install water conservation devices. The rationale for this is that water conservation will result in wider environmental benefits and cost savings to the community.

In other cases, Council may consider negotiating credit to developers where developers have provided works or services that will appropriately reduce the cost to Council or which demonstrate support for sustainable city objectives, provided that Council is satisfied with the quality of such works or services.

It is proposed to include a comprehensive policy on the remission of development contributions when the current Development Contributions Policy will be reviewed and updated for operation from 1 July 2006. Some of this work is dependent on work currently underway such as the Growth Management Plan and the development of key strategy updates such as Heritage, Leisure and Parks.

Relationship with Financial Contributions

Waitakere City Council has a financial contributions policy developed under the provisions of the Resource Management Act 1991 and which is included in the District Plan. However, as these are subject to appeal, Council has been, in practice, collecting financial contributions under the transitional provisions in the Local Government Act 1974. Council has been concerned for some time that many of the costs associated with growth are not being fully met by our current financial contributions mechanisms.

For the sake of clarity in communications, the steering group is keen to ensure that consistent terminology is applied across the organisation.

- **Financial contributions** means those taken for reserves and for environmental mitigation under the RMA
- **Development Contributions** means those taken for community and network infrastructure under the Local Government Act for the costs of growth.

An agenda item went to Environmental Management on 11 November 2003 to gain a mandate to approach appellants to the District Plan Financial contribution provisions. It is expected that the negotiations will include an agreement to the proposed draft Development Contributions policy prior to the Financial Contributions policy in the District Plan being removed.

This process is running concurrently with the preparation of the Development and Financial Contributions policy in order to meet the statutory timeframes.

The Local Government Act 2002 does not provide a legislative basis for contributions to mitigate or offset environmental effects of development activity. This component of financial contributions therefore remains in the District Plan. There are other circumstances where works and services or a financial contribution may mitigate or offset adverse effects, which would otherwise be more than minor. In such cases, effects would normally be required to be avoided, remedied or mitigated on the site of the activity proposed. However if this is not possible, an opportunity is provided through the District Plan for works and services to be provided off-site, or for a financial contribution to be paid.

This opportunity is available at the applicant's initiative only. If offered by the applicant, and considered to adequately mitigate or offset the adverse effect, the works, services or financial contribution may be required as a condition of resource consent.

Reserve contributions

The Council will continue to collect financial contributions for reserves through sections 407 and 409 Resource Management Act, pending a decision either to assimilate contributions for reserves into development contributions; or to promote a plan change to include an appropriate financial contributions rule in the District Plan.

Cost of capital (post construction interest costs)

The policy proposes that these costs not be included in the 2004 policy in order to prevent the policy being challenged on this basis, but the policy retains the right to include these at any time in the future, for instance, when Audit New Zealand has provided clarification of the issues.

Review period

The policy can be reviewed at any time by using the Special Consultative Procedure process under the Local Government Act 2002. However, it is proposed at this time that the policy be reviewed in two years to ensure consistency with the Long Term Council Community Plan 2006. This will enable any new major infrastructure costs to be fully assessed in the development of the Long Term Council Community Plan 2006, and if appropriate, included in the Development Contributions Schedule at that time.

RESOURCES

This project is resourced under the Long Term Council Community Plan and Annual Plan 2003/2004. There is no project budget provision in the Annual Plan 2004/2005 as the main requirements will be staff time. Some funding may be required in the 2005/2006 year for final preparation of the second phase of the policy.

CONCLUSION

Financial contributions and Development Contributions are an important funding tool for the City because they are the means by which some of the costs associated with growth can be allocated to those who cause such costs.

A draft policy Development and Financial Contributions Policy has been developed which is consistent with the objectives and principles adopted by Council in June 2003. The draft policy proposes that Council take Development Contributions for network and community infrastructure to appropriately provide for the social, economic, environmental and cultural well-being of the community; and that Financial Contributions be taken under the Resource Management Act provisions for reserves and environmental effects.

This agenda item brings the draft policy to this committee for consideration prior to adoption by Council for consultation in the Annual Plan 2004/2005. Councillors may wish to programme a workshop to consider the policy and associated schedules of payment in more detail prior to adoption for consultation.

RECOMMENDATIONS

1. That the Draft Development and Financial Contributions Policy Report be received.
2. That the Draft Development and Financial Contributions Policy be recommended to Council for adoption and for consultation in the Draft Annual Plan 2004/2005, as follows:
 - a) that Council take Development Contributions for network and community infrastructure to appropriately provide for the social, economic, environmental and cultural well-being of the community, and
 - b) that Financial Contributions be taken under the Resource Management Act provisions for reserves and environmental effects.
3. That Council take development contributions from development where the effect, including the cumulative effect of development, is to require new or additional assets or assets of increased capacity, and as a consequence, the Council incurs capital expenditure. This includes capital expenditure Council has already incurred in anticipation of growth.
4. That where capital works are required to meet growth then Waitakere City Council will recover the costs over time.
5. That where an increased capacity is required to meet the needs of an increasing population this will be considered a cost of growth.
6. That where a backlog of work exists, then that cost component will be borne by rates, or Financial Contributions. If undertaking the backlog work increases the capacity of the infrastructure in order to facilitate growth, then the increased capacity component will be funded by developer contributions.

Report prepared by: Cathy Kenkel, Group Manager: Strategic Planning and Policy and Tony Miguel, Group Manager: Asset Management.



14 AUDIT NEW ZEALAND MANAGEMENT LETTERS FOR THE AUDIT YEAR ENDED 30 JUNE 2003

PURPOSE OF THE REPORT

The purpose of the report is to inform the Finance and Operational Performance Committee of the management letters issued during the course of the 2002/2003 audit by Audit New Zealand. The Director of the audit, Mr Allan Frost from Audit New Zealand will be in attendance to discuss aspects of the management letters the Finance and Operational Performance Committee may wish to raise.

BACKGROUND

The statutory audit of the Council is performed by Audit New Zealand. As part of their audit process, audit management letters are prepared for consideration and action by the Chief Executive. These management letters provide a summary of the scope and objectives of the audit, the audit opinion, the internal control environment, and the findings arising from the audit.

STRATEGIC CONTEXT

Council is established by and operates under the Local Government Act 2002. This Act requires Council to meet financial reporting and accountability obligations, including the requirement to be audited by the Office of the Auditor General.

Council also wishes to maintain public confidence in the organisation and the discharge of its functions, and indeed in the broader democratic and governance processes. Undergoing public audits and achieving satisfactory results in them helps to achieve this objective.

MATTERS RAISED

A116-A148 The interim and final management letters are attached at pages A116 to A148. The management letters are considered favourable with comments on the good management control environment, risk management and high quality of financial information. Some areas have been identified for attention. All issues raised have been discussed with Audit New Zealand and action has been completed or is being undertaken where appropriate. Regular meetings are held with the auditors to discuss all audit issues.

CONCLUSION

Matters raised in the management letters have been considered by senior management and, where appropriate, have been actioned or are progressing. Regular meetings are held with the audit team to report on progress.

RECOMMENDATION

That the Audit New Zealand Management Letters for the Audit Year Ended 30 June 2003 Report be received.

Report prepared by: Andrew Pollock, Director: Finance:



15 CITIZENS ADVICE BUREAU SIX MONTHLY REPORT JULY – DECEMBER 2003

PURPOSE OF THE REPORT

This item reports on the performance and achievements, for the period July to December 2003, of the four Citizens Advice Bureaux with whom Council has Service Agreements.

BACKGROUND

In 2003/2004 Council provided bulk funding of \$275,000 to WAICAB (Waitakere Citizens Advice Bureau Inc.) to administer the Citizens Advice Bureau services. This is administered under a three year contract. Waitakere Citizens Advice Bureau Inc. use the resources to ensure that each of the four Citizens Advice Bureaux provide information and advisory services to residents.

STRATEGIC CONTEXT

Council's relationship with Waitakere City's four Citizen's Advice Bureaux (CABx) has been significant since their establishment in the City. Waitakere Citizens Advice Bureau contributes to Council's Wellbeing Strategic direction through provision of information to residents.

Council adopted policy objectives, which are reflected in the contract objectives and performance measures of the funding agreement with the Citizens Advice Bureaux as follows:

1. Foster a continuing partnership between Council and the Bureaux, which strengthens communication and an exchange of information and support.
2. Provide and develop local information infrastructure for Waitakere City.
3. Enable access by a wide range of residents to Bureaux services and information.
4. Communicate accurate and helpful information to assist residents in their choices concerning education, health and housing, their rights and responsibilities, and their life-long learning.
5. Co-operate with other community organisations in an integrated approach to meeting similar goals.

ISSUES

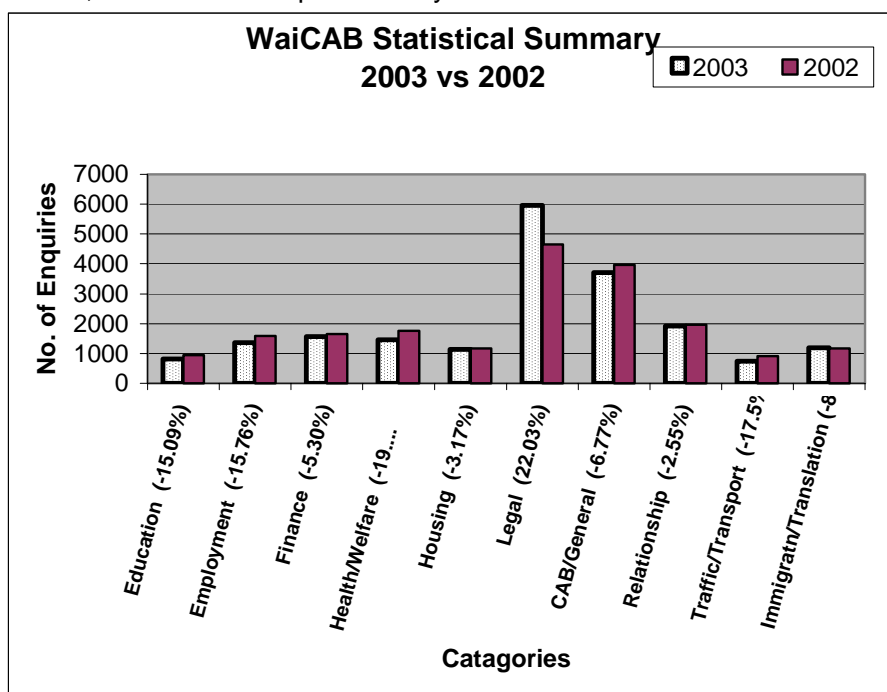
Summary of Performance

Waitakere Citizens Advice Bureau complied with all contract targets including:

- **Awareness and satisfaction** - (Omnibus survey) Awareness is very high with nearly all (97%) of the Waitakere City residents surveyed stating they have heard of the Citizens' Advice Bureau. Of those who claim to have heard of the Citizens' Advice Bureau, most (87%) indicate they are aware of services that are offered. Of those that use the service 94% indicated satisfaction.
- **Publicity and Council acknowledgement** - Media releases on behalf of Bureaux acknowledge the support of Waitakere City Council by a standard phrase at the conclusion of each story. Publicity has been strong with articles and advertisements in a number of local editorial vehicles and a regular presence in several of the ethnic papers.
- **Meeting National Membership standards** - Waitakere Citizens Advice Bureaux in Massey, Henderson and New Lynn all undertook their membership reviews in the first half of 2003. Glen Eden Bureau's review will be undertaken within the 1st quarter of 2004. All Bureaux comply with New Zealand Association of Citizens Advice Bureau standards, policies and practices.
- **Reporting requirements** - Six monthly and annual report schedules have been met. The three year strategic plan is to be completed in March.
- **Quality and accuracy of information and service by Bureaux is rated satisfactorily or higher by customers** - This will be measured through a number of vehicles which will include the Waitakere City Council's "Mystery Shopper Survey" scheduled this year and the Association's biennial review.
- **New migrant and ethnic communities are aware of the services available** - Waitakere Citizens Advice Bureau are working very closely with migrant groups within the City to increase awareness, e.g. Waitakere Ethnic Board and A.R.M.S. Demographic data is regularly collected and analysed.
- **Volunteers and staff of each Bureau are representative of the demographic of the community that they serve** - Bureaux are actively involved within their local ethnic communities and Waitakere Citizens Advice Bureau are currently working on policies to promote and recruit ethnic volunteers.
- **Increase in number of enquiries** - Figures are provided in the attached spreadsheet, which shows a 2.2% increase on the same period of July - December for the previous year. Two specific areas of significant growth are indicated in Legal-JP services, Lawyers, Courts, Immigration and motor vehicle enquiries.

- **Maintaining up to date and accurate information on the Waitakere Citizens Advice Bureau database** - Information is updated six monthly and annually for service and sports clubs. Target achieved.
- **Enhancing the Citizens Advice Bureaux e-community provision** - Electronic service delivery options will be reflected in the Strategic Plan due to Council at the end of March 2004.
- **Telephone information and advice service meets the minimum standards** - Telephones are answered within five to six rings in all bureaux. An after-hour message is received once the Bureaux have closed for the day and a call-divert system is in place.
- **Waitakere Citizens Advice Bureau participates in the development of regional initiatives for expanding Citizens Advice Bureau services to the community** - Waitakere Citizens Advice Bureau are currently working with the National Office and Citizens Advice Bureau Auckland on the Recruitment of Migrant Volunteers.
- **Ongoing development of Library and Bureaux collaboration** - Waitakere Citizens Advice Bureau and Libraries meet regularly, participate in strategic planning outcomes and will be jointly promoting Citizens Advice Bureau Awareness Week in the last week of March 2004.

An overall 2.2% increase was achieved during this period, compared with the same period last year. A total of 20,218 enquiries were fielded by the four bureau compared with 19,780 in the same period last year.



NOTE: *Immigration & Travel/Translation includes the following:*

- NZ Travel Tourism;
- International Travel Emigration;
- Overseas Trade;
- Immigration Citizen;
- Interpreters & Translating;
- Student Exchange.

While budgeting, accommodation and relationship problems have remained relatively stable there has been a considerable drop in the areas of welfare and employment issues. This may be due to the lower levels of unemployment. While physical numbers decrease in some areas, it is important to note that the complexity of the problems and the time spent on them seems to be on the increase. A majority of the complex issues can border on becoming case studies, which increases the timeframe spent with a client and often means on-going assistance.

The most significant increase has been in the requests for Justice of the Peace services. This service has become increasingly well known in the Waitakere communities and has been particularly well used by new immigrants, along with students needing certified copies of their academic achievements.

The other area of increase has been in immigration issues and this continues to grow and reflects the growing diversity of Waitakere City as a whole.

BUREAU REPORTS

	Number of Enquiries July – Dec 2003	Number of Enquiries July – Dec 2002
Massey	3753	3395
New Lynn	6815	6128
Glen Eden	3606	4047
Henderson	6044	6199

THREE YEAR CONTRACT

Waitakere City Council and Waitakere Citizens Advice Bureau now have a three year contract, in which annual targets are mutually negotiated, and the level of funding each year is approved through the annual plan process. Three year contracts provide stability and funding opportunities to non profit organisations such as the Citizens Advice Bureaux.

RELOCATION OF GLEN EDEN AND HENDERSON BUREAU

Glen Eden bureau have temporarily relocated to Glenmall, and Henderson bureau to Trading Place. Both bureaux have been involved in discussions around their site requirements at the new library developments.

RESOURCES

Current funding levels are enabling Waitakere Citizens Advice Bureau to achieve all targets indicated in the service agreement. The current contract funding is \$270,000. No further resources are required.

CONCLUSION

The Citizens Advice Bureaux have shown a modest increase in enquiries compared with the same period last year. All performance measures are being met, and all targets are on track for the year. The introduction of a Citizens Advice Bureau area manager has enabled more effective communication and planning with Council and the four bureaux. Temporary relocation for the Glen Eden and Henderson bureau has been secured. Consultation over the planning and design of the new Citizens Advice Bureau premises in Henderson, New Lynn and Glen Eden has been held with nominated representatives of the Citizens Advice Bureaux.

RECOMMENDATION

That the Citizens Advice Bureau Six Monthly Report July - December 2003 Report be received.

Report prepared by: Jo Brewster, Operations Team Leader: Waitakere Library and Information Service



PART V - GENERAL

16 WATER CARE SERVICES LIMITED STATEMENT OF CORPORATE INTENT

PURPOSE OF THE REPORT

The purpose of this report is to update the Finance and Operational Performance Committee on the 2004 governance process of the Watercare Services Limited (Watercare) Shareholders' Representative Group, particularly with regard to Watercare's next draft Statement of Corporate Intent.

BACKGROUND

Watercare, the provider of bulk water and wastewater services to much of the Auckland Region, is owned by the Territorial Local Authorities of Auckland. The Council's shareholding stands at 16.7%. The Council has two representatives on the Watercare Shareholders' Group, Councillors Clews and Lawley. The main functions of the Shareholders' Group are to appoint the Board of Watercare, to provide input to Watercare's Statement of Corporate Intent and monitor the performance of the Board against the Statement of Corporate Intent. An Officers' Group with representatives from the shareholder Territorial Authorities supports the Shareholders' Group.

The Shareholders' Representative Group governance process for 2004 is summarised in the following table:

Timeframe	Governance Tool	Status
January - February	The Shareholders' Group reviews Watercare's Asset Management Plans for 2004/2005 and consults with the Local Network Operators and Watercare, before formally commenting back to the Company.	The Shareholders' Group has reviewed the Asset Management Plans, with input from both the Local Network Operators and Watercare. Ecowater is conducting its own review to ensure Waitakere City interests are taken into account and will report its findings in March 2004.
March, April and May	The Shareholders' Group reviews Watercare's draft modifications and enhancements to its Statement of Corporate Intent. While Watercare creates the document, the Shareholders' Group has the right to finally determine the content.	The draft Statement of Corporate Intent will be released 1 March. The Shareholders' Group will consider it at its March and April meetings, with final approval in May.
March - April	The Shareholders' Group receives Watercare's Funding Plan, which is produced from the content of the Asset Management Plans, and is itself used as the basis for establishing the annual price for water and wastewater services. The Shareholders' Group negotiates with Watercare to establish, as far as it can, that the prices of Watercare's services are set as low as can be practically achieved.	Funding Plan is pending.

Timeframe	Governance Tool	Status
May - October	The Shareholders' Group engages an outside consultant to review the Board of Directors.	The Shareholders' Group has approved the Board review, which will include a review of Directors' fees.
July - October	The Shareholders' Group resolved in April 2003 to carry out a Cost Efficiency Review. The review includes an officer's report on regional initiatives and service standards and a consultant's assessment of capital and operating expenditures.	September 2003 - Ongoing
October - November	The Shareholders' Group sets priority areas for next year's draft Statement of Corporate Intent.	
October - December	The Shareholders' Group manages the appointment of any new directors to the Board.	

Other governance processes include:

- Quarterly performance reports and meetings with Watercare's Board to discuss any performance concerns on a face-to-face basis.
- Initiatives that assist in the governance of the Company or promote more efficient operation. Such projects include:
 - Monitoring the bulk Wastewater Contract with Local Network Operators
 - Reviewing the Shareholders' Agreement
 - Reviewing Watercare proposals for more efficient demand management

STRATEGIC CONTEXT

The Council's strategic goal of sustainable management of the three waters, water supply, wastewater and stormwater is integral to its relationship with Watercare and to its role on the Shareholders' Representative Group.

The Council has two major roles in connection with Watercare, one as shareholder/owner, the other as customer. The extent to which this Council can add strategic input to the governance of Watercare, through its ownership and governance role, heavily influences the extent to which it can supply retail services to the City's ratepayers that meet the Council's own strategic goals, and at the most efficient price possible.

ISSUES

On 1 March 2004, Watercare will make its draft Statement of Corporate Intent available to the Shareholders' Group for review. A workshop will be held with Waitakere City Councillors on 15 March 2004. It is recommended that the purpose of the workshop should be to ascertain the Council's position with regard to the draft Statement of Corporate Intent and to provide direction to the Council's Shareholder Representatives and Council Officers for input into Shareholder Group meetings. Council's views can be formally submitted to the Shareholders' Group by way of resolution at the April 2004 meeting of the Finance and Operational Performance Committee.

Shareholders' Group Priority Areas for Watercare's Statement of Corporate Intent

The Shareholders' Group resolved at its December 2003 meeting that officers convey the following priority areas to Watercare when preparing this year's draft Statement of Corporate Intent.

Cost Efficiency Review

The Shareholders' Group resolved in April 2003 to carry out a Cost Efficiency Work Programme between October 2003 and October 2004. The Programme includes an outside consultant's assessment of capital and operating expenditure. The Shareholders' Group has requested Watercare to include in its Statement of Corporate Intent a commitment to actioning recommendations from the Cost Efficiency review.

Renegotiation of Bulk Contracts

Both the water and wastewater contracts will expire on 30 June 2005. The Shareholders' Group has requested that Watercare commit to keeping the Shareholders' Group apprised of progress in renegotiating the contracts and the principal clauses in these contracts that are being negotiated.

Joint planning

The Shareholders' Group has requested that the Statement of Corporate Intent include a target to strengthen the joint planning provisions in the bulk water/wastewater contracts and build on current joint planning arrangements.

Drinking water standards

The Shareholders' Group has requested that Watercare keep the Shareholders' Representative Group apprised of progress in the development of new drinking water standards and the role Watercare is playing in this.

Pricing adjustment mechanism

Watercare has included reference to returning surpluses in its current Statement of Corporate Intent. The commitment to operating a price adjustment mechanism should continue to be in the new Statement of Corporate Intent.

Review of Auckland water legislation

The Shareholders' Group and the Chief Executives Forum have resolved to review the key legislative provisions affecting the water and wastewater industry in the Auckland region. The Shareholders' Group has proposed that Watercare include its intention to contribute to the review in a manner that is transparent and collaborative with the Shareholders' Group.

In the past several Councillors have voiced their opinion that Watercare Services Limited should not make any submissions to reviews of the legislation that govern the Company without the specific approval of the content of the submission by the Shareholders' Group.

Waitakere City Council may wish to consider advocating at the Shareholders' Group for a provision along these lines to be included in the Statement of Corporate Intent.

Working jointly with Local Network Operators

The Shareholders' Group has requested that Watercare should explore the possibility of undertaking shared services arrangements with the Local Network Operators.

Demand management

The Shareholders' Group has requested that Watercare consider opportunities for long-term savings through demand management in association with the Local Network Operators.

North Shore City Council's Resolutions

North Shore City Council has also suggested, through the Shareholders' Group, the following wording for the draft Statement of Corporate Intent:

Under Policies, Objectives and Targets, 'Financial Performance' performance targets:

"(a) To participate in the independent capital and operational cost efficiency review required by the Shareholders' Representative Group, so that it is completed as soon as possible."

Under 'Efficient Use of Water Resources' performance targets:

"(b.1) To lead the implementation of the Auckland Water Management Plan action plans and monitor and report quarterly on the achievement of the demand management targets."

That in section 2.3 'Values', the words *"Environmental awareness"* be replaced with the words *"Environmental sustainability"*.

That section 3.1 'Background', quote from the appropriate legislation in respect of Watercare Services Limited's triple bottom line duties.

That Watercare Services Limited investigates the benefits of lower chlorine levels, as now practised by Melbourne Water.

CONCLUSION

The Council has a 16.7% shareholding in Watercare, the provider of bulk water and wastewater services to much of the Auckland Region. The main functions of the Shareholders' Group are to appoint the Board of Watercare, to provide input to Watercare's Statement of Corporate Intent and monitor the performance of the Board against the Statement of Corporate Intent. The extent to which this Council can add strategic input to the governance of Watercare, through its ownership and governance role, heavily influences the extent to which it can supply retail services to the City's ratepayers that meet the Council's own strategic goals, and at the most efficient price possible.

On 1 March 2004, Watercare will make its draft Statement of Corporate Intent available to the Shareholders' Group for review. It is recommended that Councillors use an upcoming workshop to develop a response to the draft Statement of Corporate Intent in the context of the priority areas identified by the Shareholders' Representative Group, the North Shore City Council and any other areas that Councillors may raise at this meeting of the Finance and Operational Performance Committee or at the workshop.

RECOMMENDATIONS

1. That the Watercare Services Limited Statement of Corporate Intent Report be received.
2. That Councillors develop a response to the Watercare Services Limited draft Statement of Corporate Intent, in the workshop planned for 15 March 2004, taking into account the priority areas identified by the Shareholders' Representative Group and any other areas that Councillors may raise at this Committee meeting.
3. That Council confirm its position on Watercare's draft Statement of Corporate Intent at the April 2004 meeting of the Finance and Operational Performance Committee and convey this in writing to the Shareholders' Group.

Report prepared by: Annika Lane, Senior Analyst: Governance & Infrastructure.



17 EXEMPTION FOR REPORTING UNDER THE LOCAL GOVERNMENT ACT 2002 – WAITAKERE ARTS AND CULTURAL DEVELOPMENT TRUST

PURPOSE OF THE REPORT

The purpose of the report is to seek an exemption from Council for the Waitakere Arts and Cultural Development Trust to comply with the accountability and reporting requirements of the Local Government Act 2002 relating to Council Controlled Organisations.

BACKGROUND

The Local Government Act 2002 requires organisations that fit within the definition of a Council Controlled Organisation, Section 6 (1), to meet certain obligations contained within the Act.

The Council established the Waitakere Arts and Cultural Development Trust in September 1999. The Council has the power to directly appoint all of the 12 Trustees and this meets the definition of a Council Controlled Organisation within the Local Government Act 2002. The reporting requirements of the Act include the preparation of a Statement of Intent and a public Annual Report. However, the Act allows for an exemption to meet those requirements if the organisation is small and is not a Council Controlled Trading Organisation.

A149-A153 Correspondence from the Office of The Controller and Auditor-General on the reporting requirements of the Trust is attached at pages A149 to A153. Discussions have taken place with Audit New Zealand on the suitability of exempting the Trust from the Local Government Act 2002 reporting requirements.

STRATEGIC CONTEXT

The Council has the power to create or work with various entities to assist in meeting community outcomes and delivering its strategic objectives. These entities are able to secure alternative sources of funds and resources that compliment Council activities. The Council may support these entities by direct shareholding, funding or other means of assistance in kind. Where appropriate, formal documentation is prepared and the activities of the entity monitored and assessed by Council.

EXEMPTION FOR REPORTING COMPLIANCE UNDER THE LOCAL GOVERNMENT ACT 2002

Section 7(3) of the Local Government Act 2002 provides for Council Controlled Organisations to be exempted from meeting accountability and reporting requirements at the discretion of the Local Authority. An exemption may be granted by resolution of the Local Authority with regard to the following matters:

- the nature and scope of activities provided by the organisation; and
- the costs and benefits, if an exemption is granted, to the Local Authority, the Council Controlled Organisation, and the Community.

The Waitakere Arts and Cultural Development Trust receives funding from Council through the Annual Plan process. Funding for 2003/2004 is \$140,000 net of goods and services tax. The Trust reports to the Finance and Operational Performance Committee twice a year as part of its annual funding and service agreement. The nature of the financial operations of the Trust is immaterial to the preparation of the consolidated Annual Report of the Council. The financial operations of the Trust were not consolidated in the Council's 2002/2003 Annual Report on the grounds of materiality, as agreed with Audit New Zealand. There seems little benefit, if any, for a Statement of Intent to be prepared by the Trust at this point in time because of the size of Council funding provided and the adequate reporting and monitoring processes already in place. The preparation of a Statement of Intent would require additional cost to the Trust. If, at a later time, significant funding is provided to the Trust then the Committee could further consider the preparation of a Statement of Intent from the Trust. The Trust is required to prepare a set of financial statements each year.

CONCLUSION

The Waitakere Arts and Cultural Development Trust reports to Council as required under its funding and service agreement. Funding is provided on an annual basis, but the quantum of funding to the Trust is not considered significant enough in terms of Council's operations and reporting obligations to be consolidated in the Council's Annual Report. The preparation of a Statement of Intent would serve little purpose given the extent of the current detailed reporting. An exemption is therefore sought from Council from compliance with the accountability and reporting requirements of a Council Controlled Organisation under the Local Government Act 2002.

RECOMMENDATIONS

1. That the Exemption For Reporting Under The Local Government Act 2002 - Waitakere Arts and Cultural Development Trust Report be received.
2. That it be recommended to Council that the Waitakere Arts and Cultural Development Trust be granted an exemption under Section 7(3) of the Local Government Act 2002 on the basis that the financial operations of the Trust is not material for consolidation into the Council's Annual Report and that adequate current reporting processes are in place for the Trust to report to the Council.

Report prepared by: Andrew Pollock, Director: Finance.



18 **AUCKLAND WAR MEMORIAL MUSEUM AND MUSEUM OF TRANSPORT & TECHNOLOGY EXEMPTION FROM REQUIREMENT TO PRODUCE A STATEMENT OF INTENT**

PURPOSE OF THE REPORT

The purpose of this report is to seek approval from the Finance and Operational Performance Committee for the Auckland War Memorial Museum and the Museum of Transport and Technology Electoral College to apply for an exemption not to produce a Statement of Intent as required by the Local Government Act 2002.

BACKGROUND

The Auckland War Memorial Museum and the Museum of Transport and Technology fall within the definition of a council-controlled organisation as defined in the Local Government Act 2002. The Act requires that such organisations must prepare a statement of intent, which includes objectives and performance targets, and regularly report against those targets.

STRATEGIC CONTEXT

Council is a contributing member (two voting representatives) on the Electoral College. The Electoral College exercises a governance roll over the Boards, which administer the respective Museums. Both of these Museum facilities contribute to the preservation of cultural and heritage history on a regional basis.

ISSUES

The Boards of both Museums are required, by their own respective legislation, to prepare an annual plan and an annual report. The annual report includes an assessment of performance against the performance targets specified in the annual plan. It is considered that this reporting regime provides adequate accountability to its shareholders.

The Local Government Act 2002 provides for the Governor-General to, by Order in Council made on the recommendation of the Minister, exempt an organisation established under an enactment, from "council controlled organization" status. It is considered that because the Auckland War Memorial Museum and the Museum of Transport and Technology have comprehensive reporting procedures, which are required by their respective legislation, it is appropriate that these organisations should be exempted from council controlled organisation status.

CONCLUSION

As the Auckland War Memorial Museum and Museum of Transport and Technology are already subject, by their own respective legislation, to comprehensive annual planning and annual reporting requirements it would be an almost complete duplication of the process to require them, as council controlled organisations, to prepare and report against a Statement of Intent.

The Museum Electoral College, with the appropriate mandate from member Local Authorities, will make an application to the Minister to have the two Museum Boards exempt from the status of council controlled organisations as defined in the Local Government Act 2002 and in turn the requirement to prepare and report against a Statement of Intent.

RECOMMENDATIONS

1. That the Auckland War Memorial Museum and Museum of Transport & Technology Exemption from Requirement to Produce a Statement of Intent Report be received.
2. That the Finance and Operational Performance Committee give its approval to the Auckland War Memorial Museum and Museum of Transport and Technology Electoral College to proceed with the application to exempt the Auckland War Memorial Museum and Museum of Transport and Technology from council controlled organisation status as defined in the Local Government Act 2002.

Report prepared by: Alec Third, Group Manager: Financial Operations.



19 RATING MODELS 2004/2005 YEAR

PURPOSE OF THE REPORT

The purpose of this report is to present rating models showing the indicative impact on rates of the various options requested by the Finance and Operational Performance Committee at its 9 February 2004 meeting, based on the initial draft 2004/2005 Annual Plan.

BACKGROUND

Under the provisions of the Local Government Act 2002, and the Local Government (Rating) Act 2002, changes to rating differentials and the level of the Uniform Annual General Charge must be considered as part of the Annual Plan approval process.

STRATEGIC CONTEXT

Rates are levied under the provisions of the Local Government Act 2002, the Local Government (Rating) Act 2002, and the total rate requirement as contained in the Annual Plan is allocated between ratepayers in accordance with the revenue and financing policy adopted by the Council.

Rates provide the majority of Council's income used to provide the services identified in Council's Long Term Council Community Plan.

ISSUES

Uniform Annual General Charge

Based on the initial draft 2004/2005 Annual Plan rate requirement, and making some provision for growth in the number of Uniform Annual General Charges, it is estimated that the maximum level of the Charge that may be levied together with other Uniform Annual Charges to produce not more than 30% of the total rates levied, is between \$520 and \$530 inclusive of GST. This assumes that the level of other Uniform Annual Charges remain unchanged. For the purposes of the rating models presented in this report, a maximum Uniform Annual General Charge of \$520 has been used.

In the 2003/2004 year approximately 26.7% of total rates levied was derived from the Uniform Annual General Charge of \$460, together with other Uniform Annual Charges for Solid Waste, Harbourview Park, Rural Sewerage and Environment Monitoring. If the level of revenue from the Uniform Annual General Charge and other Uniform Annual Charges remained at approximately 26.7%, a Uniform Annual General Charge of approximately \$477 would be required.

Rates Models

A154-A162 Attached at pages A154 to A162 are rating models requested by the Committee. All models show the rates actually levied in the 2003/2004 year in column B on the land value in column A. Columns C, D and E show the effects of setting the Uniform Annual Charge at alternatively \$410, \$460, and \$520.

A154-A162 The models at pages A154 to A156 show the effects on rates of the initial draft Annual Plan on Inner Area residential properties at the current level of contribution from the business sector of 20.5%, a reduced level of contribution of 19.5% and an increased level of contribution of 21.5%, pages A157 to A159 show the effects of the same three levels of business sector contribution on Outer Area residential properties, and pages A160 to A162 show the effects of the same three levels of business sector contribution on business sector properties.

RECOMMENDATIONS

1. That the Rating Models 2004/2005 Year Report be received.
2. That the Finance and Operational Performance Committee advise which options of Uniform Annual General Charge and business sector contribution it wishes to be included in the draft 2004/2005 Annual Plan that will be adopted for public consultation.

Report prepared by: Andrew Pollock, Director: Finance.



20 BUSINESS SECTOR DIFFERENTIAL

PURPOSE OF THE REPORT

The purpose of this report is to advise the Finance and Operational Performance Committee of the review of the Business Sector rating differential based on the draft 2004/2005 Annual Plan.

BACKGROUND

Each year the Council conducts a review of the proportion of the total rate requirement that is to be met by the business sector, based on an analysis of the cost of providing services to the sector as contained in the Annual Plan, together its share of other general costs. This review, while a useful guide, is not a precise allocation of costs and is designed to only provide an indicative guide. For the 2003/2004 year, the Council resolved that 20.5% of the total rate requirement continues to be met from the business sector.

STRATEGIC CONTEXT

The Council funds a considerable proportion of its expenditure from rates. Differentials are applied in the rating system in an endeavour to equate the level of benefit from all of the Council's services to the total rates payable by properties within the residential and business sectors.

ISSUES

In the 2003/2004 year the direct costs to the business sector was estimated to be 19.5% of overall costs. However, after consideration of related factors and an allowance for indirect costs that are difficult to quantify, the Council determined the share of costs to be allocated to the business sector to be 20.5%.

Preliminary analysis to date of initial 2004/2005 draft Annual Plan shows that the indicative costs attributable to the business sector are approximately 19%. However, the related factors and other indirect costs are yet to be considered and may impact on the Council's consideration of this issue.

The Committee requested that rating models be presented showing the impacts of alternatively 19.5%, 20.5% and 21.5% of the total rate requirement being funded from the business sector. These rates models, based on the initial 2004/2005 draft Annual Plan are shown elsewhere in this agenda.

RECOMMENDATIONS

1. That the Business Sector Differential Report be received.
2. That the Finance and Operational Performance Committee determines the level of rates to be contributed from the business sector.

Report prepared by: Andrew Pollock, Director: Finance.



21 DRAFT POLICIES ON REMISSION OF RATES AND POSTPONEMENT OF RATES

PURPOSE OF THE REPORT

The purpose of this report is to present the proposed draft policies on rates remission and rates postponement to the Finance and Operational Performance Committee for consideration for recommendation to Council for consultation as part of the Annual Plan 2004/2005.

BACKGROUND

As the transitional provisions for rates postponement and rates remission under the Local Government (Rating) Act 2002 are valid only until 30 June 2004, Council is required to adopt a rates remission policy and a rates postponement policy as part of the Annual Plan process for 2004/2005. Consequently the policy will have to be approved in March 2004 for inclusion in the draft 2004/2005 Annual Plan. Any such policy adopted may be amended only as an amendment to the Long Term Council Community Plan.

At its meeting held on 6 October 2003, the Finance and Operational Performance Committee received a report on the issues concerning the development of rates remission policy and a rates postponement policy, with a recommendation of principles and rating conditions that will guide the development of such policies. Based on the recommendations of the report, the Committee resolved:

- “2. *That the Finance and Operational Performance Committee approve the following principles for the development of rates remission and rates postponement policies:*
 - *fairness and equity;*
 - *elimination or mitigation of disincentives to actions that clearly contribute to community outcomes;*
 - *consistency with the Council’s strategic goals;*
 - *efficiency and transparency.*

3. *That the Finance and Operational Performance Committee approves the following categories and conditions, identified on the basis of the principles stated above, for the purpose of developing rates postponement and remission policies:*
 - (i) *Land used by community groups and other not for profit organisations;*
 - (ii) *Farmland where rateable value is influenced by potential non-farm use;*
 - (iii) *Residential lands where rateable value is influenced by rezoning;*
 - (iv) *Land subject to special preservation conditions;*
 - (v) *Rates relief on the grounds of hardship;*
 - (vi) *Part remission of water charges where there is a leak;*
 - (vii) *Remission of penalties;*
 - (viii) *Remission of Uniform Annual General Charges;*
 - (ix) *Consultation with the Community through the Annual Plan process.*

4. *That the Finance and Operational Performance Committee approves for inclusion in the draft policies for remission and postponement of rates:*
 - a) *That the rates remission policy for community groups and other not for profit organisations explore the exclusion of targeted rates and charges for services provided from rates remission.*
 - b) *That the rates postponed on farmland in urban areas not be written off under the proposed policy.*
 - c) *That interest be charged on the rates postponed on farmland, and the full amount of the rates postponed including the interest charge capitalised be recovered from the landowner in the event of a sale or conversion of land to non-farm activity.*

- d) *That interest be charged on the rates postponed on residential properties in commercial and industrial areas, and the full amount of the rates postponed including the interest charge capitalised be recovered in the event of the property ceasing to be the residence of the landowner, or at the time that the property is sold.*
 - e) *That the properties with heritage features be considered for relief in the form of grants under a new policy that will include lands protected for natural resource and heritage conservation purposes. (If this is approved, rates on such land will not be based on special valuation to avoid “double dipping”).*
 - f) *That rates postponement be allowed in the event of extreme financial hardship experienced by individual ratepayers (natural persons), subject to an annual fee equivalent to the Council’s borrowing cost.*
 - g) *Consultation with the Community through the Annual Plan process.*
5. *That rates remission for individual ratepayers experiencing extreme financial hardship, be considered in context with the water pricing study.*
 6. *That the Finance and Operational Performance Committee approves the consideration of any rates relief for businesses experiencing hardship within an overall package of relief during the implementation phase of the economic development strategy.*
 7. *That the two policy documents on rates postponement and rates remission be forwarded to the Finance and Operational Performance Committee by February 2004 for inclusion in the 2004/2005 Annual Plan consultation.”*

2037/2003

STRATEGIC CONTEXT

Rates are the principal source of funding for Council services, and the collection of an adequate amount of rates revenue is critical for meeting the increasing demand for these services and for the maintenance of quality standards at the desired levels. Without an adequate amount of rates revenue, Council would not be able to deliver some essential services, which are not normally provided by the private sector.

ISSUES

While rates are essential for funding the “public goods” provided by Council, they need to be fair, equitable, consistent with Council’s strategic goals, efficient and acceptable to ratepayers. There are circumstances under which rates on property values may fail to meet these criteria and cause some negative effects on the community wellbeing as a whole, or on the wellbeing of some individual ratepayers. These adverse effects can be mitigated or eliminated by providing financial relief in the form of rates remission or rates postponement or outright grants.

However, all forms of financial relief will involve implications for Council finances: they reduce the amount of current revenue available for the delivery of services. And every dollar foregone as a grant, rate remission or postponement is a dollar currently not available for alternative uses. Therefore, Council needs to be cautious in designing rates relief policies or grants.

Council's revenue and financing policies have been developed after consideration of a whole range of matters that have a bearing on the current and future social, economic, environmental and cultural wellbeing of the community. The revenue and financing policy and the policies on rates remission and postponement are an important part of the Long Term Council Community Plan, which integrates all policies and strategies to realise the community outcomes identified. Any remission or postponement of rates will involve wider implications for the realisation of these community outcomes sought by the current revenue and financing policy.

In view of these issues, it is more appropriate for Council to consider any fundamental changes to the current rates remission and rates postponement policy within the framework of the Long Term Council Community Plan 2006 process, so that a better alignment could be achieved between long term planning and policy development. In the interim period, the current policies on rates remission and postponement could be continued, with some modifications and technical refinements, and inclusion of policies that are required under current legislation.

A163-A171 The draft rates remission policy and the rates postponement policy are presented in Attachments I and II at pages A163 to A171. The scope of the draft policies and recommendations for the change of support mechanisms from rates remission to grants for some activities are outlined below.

Rates Remission Policy

Policy 1: Remission of excess water charges caused by leaks within the property

Where a property is found to have a significant leak from water pipes on the ratepayer's side of the meter, it is common practice to remit part of the water charges, and the ratepayer is required to pay the part of the charge relating to the purchase of water from Watercare Services Ltd when evidence of the leak being repaired is produced.

According to the Local Government (Rating) Act 2002 water charges are deemed to be rates. A new policy, based on fairness grounds, is developed to assist ratepayers who have recorded excessive water rates due to a leak in their private water reticulation system serving their rating unit.

Policy 2: Penalties on rates under certain circumstances

Under the Local Government (Rating) Act 2002 it will be necessary to include the remission of penalties under the rates remission policy. The objective of this policy is to enable the Council to act fairly and reasonably in its consideration of penalties added to rates, payment of which have not been received by the Council by the due date, due to various circumstances.

Policy 3: Remission of Uniform Annual General Charges

The current policy with regard to the levying of Uniform Annual General Charges on rating units that comprise more than one separately used or inhabited parts is not clear enough and consistent. The proposed policy is intended to be clearer and consistent.

Accordingly, the coverage of the properties is widened to include motels, hotels, storage facilities and vehicle parking areas, if they attract multiple Uniform Annual General Charges.

Policy 4: Council Owned Non-revenue Producing Properties

The current rates remission policy provides that rates on properties owned by the Council that are not revenue producing are remitted. This excludes water charges.

An alternative way of dealing with rates on these properties is to actually pay the rates, and make a corresponding entry under revenue in the Council's accounts. There is no net effect on Council's financial performance or position under either method.

Revenue producing properties such as Housing for Older Adults are treated as fully rateable and rates are paid.

It is recommended that the current policy be continued with some technical refinements.

Rates Postponement Policy

Policy 1: Farmland where rateable value is influenced by potential non-farm use

Under the Rating Powers Act 1988 and the Rating Valuations Act 1998, land used for farming purposes whose property value is influenced by other potential uses, was required to be levied rates on the land value, but was required to pay rates only on the "rates postponement value". The difference between the rates levied and the rates payable were postponed for a period of five years.

However the provisions of the Rating Valuations Act 1998 relating to assessment and inclusion on the valuation roll of a rates postponement value have been repealed, and as from 1 July 2004, rates postponement values will not appear in the Valuation Roll on which rates are levied.

The current policy is reinstated in the draft, with a provision that Council will add a postponement fee to the rates postponed for the period between the due date and the date that they are paid. This fee will not exceed an amount that covers the Council's financial costs.

Issues for consideration during Long Term Council Community Plan process

Although the Finance and Operational Performance Committee, at its meeting on 6 October 2003, resolved that rates postponement on farm land not be written off, it is now recommended that the existing policy largely be rolled over and considered during the review of the whole policy.

Rating postponement policy should not discourage efficient use of scarce resources such as land within urban limits; and it should be consistent with the strategic goals of the City. Hence the effects of the current policy on urban land use needs to be evaluated during the 2006/2007 Long Term Council Community Plan process.

Policy 2: Residential lands where rateable value is influenced by rezoning

The legal requirement to adopt special rateable values under the Rating Powers Act 1988 provided rates relief to owners of residential rating units in non-residential areas where the property values are influenced significantly by the changes in Council policies and rules relating to urban development.

The Local Government (Rating) Act 2002 repealed the legal requirement to assign special values on properties, and this will result in an increase in rates on these properties.

The draft policy is to continue the current policy by providing for the postponement of rates on any residential property located in a commercial or industrial area which is owner occupied as residence, or occupied under such other circumstances that the Council deems reasonable under the objectives of the policy, the amount of rates to be postponed being calculated on the difference between the land value and a "special value" assessed on the same basis that existed prior to the enactment of the Local Government (Rating) Act 2002.

The draft policy includes a condition to limit the period of postponement to not more than five years and a provision allowing Council to add a postponement fee to the rates postponed. This fee will not exceed an amount that covers the Council's financial costs.

Policy 3: Postponement of rates on the grounds of severe financial hardship

The draft policy is a refinement of the current policy to include a postponement fee not exceeding Council's financial costs related to the rates postponement, as provided in Section 88 of the Local Government (Rating) Act 2002.

Assistance not covered under the draft policies

(i) Land used by community groups and other not-for-profits groups and organisations

The current policy includes:

- Non-rateable land as stipulated in the Local Government (Rating) Act 2002;
- Mandatory remissions - under the Local Government (Rating) Act 2002 most land previously eligible for 50% mandatory rates remission is now 50% non-rateable; and
- Discretionary remissions - where Council is able, at its discretion, to reduce rates up to 100%.

The discretionary rates remission policy provides for the remission of rates on land used by sporting and community groups and not-for-profit organisations based on an assessment of the benefits against policy criteria. Where discretionary rates remission is granted, the remission does not apply to the Uniform Annual Charge for Solid Waste, or the Uniform Annual General Charge.

The rates remission granted to each property under the current policy was for a period of five years and expires at the end of June 2004, and therefore Council needs to consider whether or not to continue the current policy. A major weakness of the current rates remission policy is that the organisations that are non-ratepayers do not benefit from it. This is an anomaly that needs to be rectified by introducing a financial assistance system that is more inclusive than rates remission.

The total amount of rates remissions to community groups, not including the 50% mandatory remission to sporting groups, was \$35,000 excluding GST in the 2003/2004 year. In addition, Council provides various forms of grants to community groups, and there is a case for considering financial assistance to all community groups and not-for-profit organisations in the form of grants. Grants would be transparent, more flexible and effective in meeting the needs of both rate paying and non-rate paying groups. They will also enable Council to better coordinate all types of relief facilities available.

It is recommended that Council replace the current rates remission policy with a grant scheme in the following manner:

- a. Extend the validity period of the amount of rates relief provided to the various organisations qualifying under the current policy for a further year to end June 2005, but treat them as grants, rather than rates remission. This change of the support mechanism will not lead to a change in the amount of rates requirement as provision is already made for rates remissions;
- b. Abolish the rates remission policy on these properties with effect from June 2004;
- c. Develop a new policy, to be effective from July 2005, to provide grants to all community groups and not-for-profit organisations, including those which are currently receiving various grants from Council, during the 2005/2006 Annual Plan process.

(ii) Financial support for conservation of natural, historic or cultural heritage in the City

Currently, under the Green Network Rates Relief policy, Council provides grants (assessed as a percentage of the amount of rates payable) to ratepayers for the management of their lands to preserve and enhance the natural environmental value.

It is recommended that the current grant scheme under the Green Network rates relief policy be continued.

Current grant scheme is restricted to the protection of only the natural features of land. Council needs to consider a wider assistance programme for conservation purposes in view of the possibilities of identifying lands with cultural sites; historic buildings structures and places; and archaeological sites in the future. This policy is recommended for development in the draft Heritage Strategy and Action Plan to be adopted by Council during the 2004/2005 Annual Plan process.

(iii) Rates remission for individuals experiencing extreme financial hardship

Council needs to consider whether extreme financial hardship experienced by individuals (natural persons) should be allowed rates relief in the form of rates remission, in addition to the rates postponement included in the draft policy.

The assessment of financial hardship due to personal or family circumstances requires information about the ratepayer's income, including income support from Work and Income New Zealand, the outgoings and the financial assets. Council does not have access to such personal data. Nor does the Council have the appropriate mechanisms to effect income redistribution in an equitable and fair manner. The sources of funds available to Council are limited and they are in no way related to the incomes of the ratepayers. In particular, property rates are not seen as an appropriate mechanism for income redistribution.

Central government can use the tax and social welfare system to address the issues concerning ability to pay and income distribution more efficiently and effectively, taking into account all sources of income of the individuals. Central government also has the dedicated agencies and mechanisms to provide income support for individuals. These agencies have access to the personal information of ratepayers.

As decided by the Committee, rates remission for individual ratepayers experiencing extreme financial hardship will be considered in the context of the water pricing study, as water charges are deemed to be rates.

(iv) Rates remission for businesses

At the Councillor Workshop on Economic Development held on 16 February 2004, rates relief for businesses was considered among other forms of financial incentives, and the Councillors concluded unanimously that rates based incentives should be avoided in preference for other forms of incentives. A separate recommendation on this matter will be submitted to Council under the Business Attraction Incentive Package.

Delegation of Authority

It is recommended that Council approve the delegation of the powers to make decisions on rates remission and rates postponement as outlined below:

Authority	Delegated to
1. Rates remission of excess water charges caused by leaks within the property.	<ul style="list-style-type: none">• Finance Manager : Ecowater
2. Rates remission of penalties on rates under certain circumstances. 3. Remission of Uniform Annual General Charges.	Each of the following: <ul style="list-style-type: none">• Group Manager: Rates• Team Leader; Rates
Rates Postponement on: 4. Farmland where rateable value is influenced by potential non-farm use. 5. Residential lands where rateable value is influenced by rezoning. 6. Postponement of rates on the grounds of severe financial hardship.	Each of the following: <ul style="list-style-type: none">• Director: Finance• Group Manager: Rates

RESOURCES

The development of a rates remission policy has been included in the work programme for the 2003/2004 year.

CONCLUSION

As the transitional provisions for rates postponement and rates remission under the Local Government (Rating) Act 2002 are valid only until 30 June 2004, Council is required to adopt a rates remission policy and a rates postponement policy as part of the Annual Plan process for 2004/2005.

In view of the implications of rates remission and postponement for the realisation of community outcomes identified in the Long Term Council Community Plan, it is more appropriate to review the current policies within the framework of the Long Term Council Community Plan 2006/2007.

In the interim period, Council may consider the continuation of the current policies under the new legislation with some modifications and technical refinements, and inclusion of policies that are required under the current legislation.

RECOMMENDATIONS

1. That the Policies on Remission of Rates and Postponement of Rates Report be received.
- A163-A171* 2. That the Draft Policies on Rates Remission and Rates Postponement, attached at pages A163 to A171 to the Agenda, be recommended to Council for consultation in the Draft Annual Plan 2004/2005.
3. That the delegation of powers to authorise rates remission and rates postponement as listed below be recommended to Council for adoption:

Authority	Delegated to
1. Rates remission of excess water charges caused by leaks within the property	Finance Manager: Ecowater
2. Rates remission of penalties on rates under certain circumstances 3. Remission of Uniform Annual General Charges	Each of the following: <ul style="list-style-type: none"> • Group Manager: Rates • Team Leader: Rates
Rates Postponement on: 4. Farmland where rateable value is influenced by potential non-farm use 5. Residential lands where rateable value is influenced by rezoning 6. Postponement of rates on the grounds of severe financial hardship	Each of the following: <ul style="list-style-type: none"> • Director: Finance • Group Manager: Rates

4. That the Finance and Operational Performance Committee approve the development of a wider grant scheme, to be effective from July 2005, to support all community groups and not for profit organisations, including those which are currently receiving various grants from Council, during 2005/2006 Annual Plan process.
5. That the Finance and Operational Performance Committee approve the extension of the validity period of the amount of rates relief provided under the current policy for a further year to end June 2005, but treat the amounts so remitted as grants.
6. That rates remission for individual ratepayers experiencing extreme financial hardship be considered in the context of the water pricing study.
7. That the grants provided under the current Green Network Rates Relief scheme be continued.

8. That an assistance scheme for the conservation of lands with historic or cultural heritage features in the City be considered as part of the Long Term Council Community Plan 2006 and during the development of the draft Heritage Strategy and Action Plan.
9. That the Rates Remission and Rates Postponement Policies be reviewed as part of the Long Term Council Community Plan 2006.

Report prepared by: John Mackenzie, Group Manager: Rates and Ariya Randeni, Senior Analyst: Economic Policy.



22 KEEP WAITAKERE BEAUTIFUL ANNUAL REPORT 2003

PURPOSE OF THE REPORT

The purpose of this report is to inform the Finance and Operational Performance Committee of the key findings of the Keep Waitakere Beautiful (KWB) Annual Report for 2003. The Annual Report covers the period 1 January to 31 December 2003 and has been circulated separately to Councillors.

BACKGROUND

Keep Waitakere Beautiful (KWB) was established in 1993 as a Council - community partnership and has recently celebrated its 10-year anniversary.

In August 2002, Keep Waitakere Beautiful was incorporated as a charitable trust and a 'Memorandum of Understanding' between Keep Waitakere Beautiful and the Council was signed in September 2002. This document was seen as an important step in order to clarify and strengthen the relationship and commitment between Keep Waitakere Beautiful and the Council. A contract was also entered into with the organisation and Keep Waitakere Beautiful reports to Council regularly on Milestones, Key Performance Indicators and Shared Objectives that have been met.

Council provides funding for the Keep Waitakere Beautiful programme on an annual basis through the Annual Plan process. Keep Waitakere Beautiful also receives financial support in the form of cash and in-kind sponsorship from the local community.

A Keep Waitakere Beautiful Trust Board provides a governance role by ensuring that the aims and vision of Keep Waitakere Beautiful is translated through the annual work programme. The Board also establishes the broad strategic framework for which the work programme is guided, in order to achieve Keep Waitakere Beautiful's vision and goals. A fulltime programme manager supports the programme.

STRATEGIC CONTEXT

The Active Democracy Strategic Platform of the Long Term Council Community Plan states that "People are able and willing to engage in city issues, and feel that they can make a difference. There are high levels of community participation, and people respect each other's views".

The partnership between Keep Waitakere Beautiful & Council is an active reflection of this principle of empowering the community, and exists because both parties recognise the long-term value in community ownership of, and participation in, community-based environmental initiatives

Objectives of the Keep Waitakere Beautiful/Council partnership are:

1. To provide the community with avenues for volunteer involvement in local environmental initiatives.
2. To provide input into Council policy, service delivery and decision making by community groups and residents with respect to environmental initiatives.
3. To provide a forum for consultation and communication between Council and community groups and residents on environmental issues.
4. To enhance the community awareness of environmental issues through community based programmes.
5. To increase volunteer involvement in Keep Waitakere Beautiful project activities long term.

A requirement of the contract Council has with Keep Waitakere Beautiful is that they submit an Annual Report which includes figures to support the Key Performance Indicators Keep Waitakere Beautiful must meet. Of the 13 KPI's, one was not applicable this year, seven were fully meet, and five not fully meet. The five not fully meet were all very close to being meet, for example the target for number of participants on the Night Walks with Nature is 270, and there were 250 participants last year.

ISSUES

The Annual Report covers Keep Waitakere Beautiful 's governance structure, mission and objectives and 12-month calendar of events. The Report also profiles each of the projects delivered during the period 1 January to 31 December 2003 and quantifies the community input on each project.

For 2003, 9,160 residents volunteered their time to Keep Waitakere Beautiful projects. The value of the contribution of this volunteerism is calculated at \$10 per hour for adults and \$5 per hour for children, which translates to a total value to the city of \$140,380. The Keep Waitakere Beautiful programme is also fortunate to have the support of a number of sponsors who contributed a total of \$217,171 to the programme during the period.

Keep Waitakere Beautiful has delivered all projects as agreed with Council for the year 2003 and delivered a Cost Benefit Ratio of \$1.37 for every \$1.00 contributed by Council to the Keep Waitakere Beautiful Project Programme.

The Keep Waitakere Beautiful Trust Board has recently approved a change to the reporting timeframe for the Annual Report to match Council's financial year. Keep Waitakere Beautiful will provide a six monthly report for the period January to June 2004 and the next annual report will cover the period July 2004 to June 2005.

CONCLUSION

Keep Waitakere Beautiful has produced its Annual Report covering the period 1 January to 31 December 2003 and has delivered a Cost Benefit Ratio of \$1.37 for every \$1.00 contributed by Council.

In 2003, Keep Waitakere Beautiful provided a vehicle for 9,160 residents to be involved in the enhancement of the City's environment. Keep Waitakere Beautiful continues to initiate, motivate and encourage community action and pride in the City by organising clean ups and plantings and providing education and publicity on the environment. Keep Waitakere Beautiful has enjoyed enormous success since its inception 10 years ago due to the tremendous input from many thousands of residents who have volunteered their time to assist Keep Waitakere Beautiful in making Waitakere City a more attractive place to live, work, play and visit.

RECOMMENDATION

That the Keep Waitakere Beautiful Annual Report 2003 be received.

Report prepared by: Jacki Byrd, Parks & Community Projects Co-ordinator.



PART VI - SUBCOMMITTEE REPORTS

23 EMERGENCY SERVICES SPECIAL COMMITTEE

THE SPECIAL COMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS ORDINARY MEETING HELD ON TUESDAY, 24 FEBRUARY 2004.

MATTERS CONSIDERED

A172-A173

The Special 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 A172 to A173.

The Special Committee Recommends:

That the Ordinary Meeting report of the Emergency Services Special Committee held on Tuesday, 24 February 2004 be received.

DQ Battersby, JP
CHAIRPERSON



24 TENDERS SUBCOMMITTEE

THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS ORDINARY MEETINGS HELD ON FRIDAY, 13 FEBRUARY 2004 AND 27 FEBRUARY 2004.

1. CONTRACT NO. EW03 632C – EASTGLEN ROAD WASTEWATER RENEWAL

Your Subcommittee Recommends:

That approval be given for this contract and its associated funding to be carried over to the 2004/2005 financial year.

2. OTHER MATTERS CONSIDERED

A174-A181

The Subcommittee 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 A174 to A181.

Your Subcommittee Recommends:

That the Ordinary Meeting report of the Tenders Subcommittee held on Tuesday, 13 February 2004 and 27 February 2004 be received.

JM Clews, QSO, JP
CHAIRPERSON



PART VII - ITEMS TO BE CONSIDERED WITH THE PUBLIC EXCLUDED

25 HENDERSON CHARGE CAR PARKING TRIAL

This item 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 part of the proceedings of this meeting, namely Henderson Charge Car Parking Trial.

The general subject of the matter to be considered while the public is excluded, the reason for passing this resolution in relation of the matter, 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 the matter to be considered.	Reason for passing this resolution in relation to the matter.	Ground(s) under Section 48(1)(a) for the passing of this resolution.
<ul style="list-style-type: none"> Henderson Charge Car Parking Trial. 	<p>The withholding of information is necessary in order to protect information where the making available of the information would:</p> <ul style="list-style-type: none"> disclose a trade secret; be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). 	<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>

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)(b)(i)(ii) and 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:

- The reports contain information which if released could affect the commercial position of the person who has supplied the information and information that would affect Council's negotiations.*

