



**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, 12 JULY 2004 COMMENCING AT 9.30 AM**

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**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, 14 June 2004  
Extraordinary - Thursday, 17 June 2004

**RECOMMENDATIONS**

That the minutes of the Ordinary Meeting of the Finance and Operational Performance Committee held on Monday, 14 June 2004, and the Extraordinary Meeting held on Thursday, 17 June 2004 as circulated, be taken as read and now be confirmed.



## **PART I - PROPERTY**

### **4 ACQUISITION OF LAND FOR ROAD - 4037 TO 4039 GREAT NORTH ROAD, KELSTON**

#### **PURPOSE OF THE REPORT**

The purpose of this report is to seek a recommendation from the Finance and Operational Performance Committee to Council that 91 square metres (approximate) of land at 4037 to 4039 Great North Road, Kelston be acquired for road under the Public Works Act 1981.

#### **BACKGROUND**

A1 Under the District Plan, a road widening designation of 2.6 metres is in place on the north side of Great North Road from Sabulite Road to Archibald Road (WCC RW4). Council has granted consent to Prime Group to develop a residential site at 4041 to 4049 Great North Road and due to the nature of this development, it has been considered appropriate to undertake a part of the designated road widening at this time. Apart from the land given by Prime Group to Council for this widening, a 2.6 metres strip is required from the front of the three properties to the south east of the Prime site at 4037 to 4039 Great North Road. The area to be taken from the three properties is approximately 91 square metres. The location of this area is shown on the map as attached at page A1.

#### **STRATEGIC CONTEXT**

The Waitakere City Council's 'Integrated Transport and Communication' platform provides the strategic context for this report. The vision is for public transport and communications systems that provide fast, effective services, and for city travel facilitated by integrated, environmentally responsible, and innovative design, with a focus on meeting the essential needs of all, for access, communication, and safety.

Widening Great North Road and installing a flush median in the centre of the road provides greater safety by allowing vehicles to wait clear of the through traffic when turning right into the Prime Group site and into Brandon Road on the opposite side of Great North Road.

#### **ISSUES**

The developer has provided land to ensure the safe movement of traffic associated with this development, but additional land is required to provide for traffic safety for other road users.

Negotiations have been commenced with the three property owners at 4037, 4037A and 4039 Great North Road. Council has commissioned an independent registered valuer to fix a value for the land and detailed discussions on value will be undertaken with the owners once Council approval has been obtained.

In order that a binding agreement can be prepared and signed by the parties, the proposal must be approved by Council upon the recommendation of this Finance and Operational Performance Committee.

#### **RESOURCES**

Provision for the costs associated with the purchase of the land and Council's share of the construction costs has been made through the Transport Assets: Contribution to Subdividers line item in the 2004/2005 Annual Plan.

## CONCLUSION

The purchase of approximately 91 square metres of land at 4037 to 4039 Great North Road, Kelston, is recommended to ensure the safe movement of traffic at the entrance to a new development at this location.

## RECOMMENDATIONS

1. That the Acquisition of Land for Road at 4037 to 4039 Great North Road, Kelston report be received.
2. That it be recommended to Council that a 91 square metre (approximate) strip of land adjacent to Great North Road, Kelston at 4037, 4037A and 4039 Great North Road be acquired for road under the Public Works Act 1981.
3. That the Chief Executive be authorised to sign all documents necessary to complete the acquisition.

Report prepared by: Alastair Dougal, Solicitor and Adam Moller, Principal Transport Engineer: Development.



## PART II - LEGAL AND CONSTITUTIONAL

### 5 AFFIXATION OF COMMON SEAL

#### EXECUTION OF DOCUMENTS: 1 - 30 June 2004

N <sup>o</sup>	NAME	PARTICULARS
3012	WCC - Sejong Co Ltd	Deed of Renewal & Variation of Lease - 199 Lincoln Road (Libraries) - Resolution 815/2001
3013	WCC - WD Buchanan & Others	Deed of Lease - Plantation Reserve in Titirangi Road -Resolution 4041/2003
3014	WCC - Balance Construction Ltd	Drainage Easement in gross - CTs 149137 to 149142 inclusive - 91 Kaurilands Road - SPW 21565
3015	WCC - Balance Construction Ltd	Water Supply Easement in gross - CTs 149137 to 149142 inclusive - 91 Kaurilands Road - SPW 21565
3016	WCC - Balance Construction Ltd	Fencing Agreement - CTs 149141 & 149142 - 91 Kaurilands Road - SPW 21565
3017	WCC - Willock Investments Ltd	Drainage Easement in gross - CT 116877 - 73A Woodglen Road - SPW 20258
3018	WCC - Willock Investments Ltd	Drainage Easement in gross - CT116876 - 73A Woodglen Road - SPW 20258
3019	WCC - YA Harlen	Deed of Waiver for 125A Millbrook Road - s.40 Public Works Act - Resolution 1289/2003

<b>Nº</b>	<b>NAME</b>	<b>PARTICULARS</b>
3020	WCC - A Marty, CA & RN Scott	Drainage Easement in gross - CTs NA81C/145 & NA72001 - 5A Beaufield Lane - SPW 20828
3021	WCC - G McSporrán	Deed of Waiver for 29 Seymour Road - s.40 Public Works Act - Resolution 1289/2003
3022	WCC - AJ Bessell & CM Chaafe	Drainage easement in gross - CT 121872 - 66 Yeovil Road - SPW 21532
3023	WCC - Westpac Banking Corporation	Committed Cash Advances 364 Day Facility Agreement (\$15m) - Council resolution 4195/2003
3024	WCC - Westpac Banking Corporation	Committed Cash Advances 2 year Facility Agreement (\$20m) - Council resolution 4195/2003
3025	WCC – Her Majesty the Queen (for a school – Sunnyvale Primary)	Drainage easement - Finance & Operational Performance Committee resolution 14/12/2000
3026	WCC - Good Guys Te Atatu (1986) Ltd	Lease - Te Atatu Peninsula Community Centre - Finance & Operational Performance Committee resolution 4081/2003
3027	Duplicated	
3028	WCC - David Forsyth	Warrant of Appointment & Evidence of Identity - No.WCC132
3029	WCC - Will Ualika	Warrant of Appointment & Evidence of Identity - No.WCC133
3030	WCC - Feleti Key	Warrant of Appointment & Evidence of Identity - No.WCC134
3031	Duplicated	
3032	WCC - Industry Edge Ltd	Deed of Covenant under s.220(2) Resource Management Act 1991 - CT NA21C/1323 - 38 Keeling Road - SPW 21939
3033	WCC - Industry Edge Ltd	Deed of Covenant under s.220(2) Resource Management Act 1991 - CT 140870 - 50 & 52 Keeling Road - SPW 21937
3034	WCC - Elizabeth Anne Kerr	Drainage easement in gross - CTs 123207 to 123210 - 130 Parker Road - SPW 21346
3035	WCC - MA Vulinovich	Drainage easement in gross - CT 149480 - 50 & 52 Parker Avenue - SPW 22011
3036	WCC - Leslie Burgess	Drainage easement in gross - CT NA133B/117 - 48 Ambler Avenue - SPW 20213
3037	WCC - E & M Glaus	Water Supply easement in gross CT 130726 - 145 Chamberlain Road - SPW 21678
3038	WCC - Castle Property Investment Ltd	Deed of Assignment of Lease - 1B Rankin Avenue, New Lynn - Council resolution 477/2004

<b>Nº</b>	<b>NAME</b>	<b>PARTICULARS</b>
3039	WCC - Covich	Discharge of Mortgage D403933.3 - CT NA72C/273 - 40 Sunnyvale Road, Massey - Upon payment by Covich solicitors to Kensington Swan the outstanding sums
3040	WCC - Covich	Withdrawal of Caveat D410350.1 - CT NA72C/273 - 40 Sunnyvale Road, Massey - Upon payment by Covich solicitors to Kensington Swan the outstanding sums
3041	WCC - K Dewar & T Dunn	Authority for Use of Dedicated Road - 63 Seaview Road
3042	WCC - J & PV Baran	Drainage easement in gross - CT 129479 - 15-9 Rangeview Road - SPW 21986
3043	WCC - Industry Edge Ltd	Fencing agreement - CT 140871 - 50 & 52 Keeling Road - SPW 21935
3044	WCC	Security Stock Certificate SSC - 7/0600 in favour of Westpac Banking Corporation
3045	WCC - Waitakere Properties Ltd	Declaration of Trust - CT NA15C/270 - 2-6 Henderson Valley Road - Resolution 3656/2002
3046	WCC - Waitakere Properties Ltd	Declaration of Trust - CT NA24D/137 - 81a Godley Road, Green Bay - Resolution 660/2004
3047	WCC - Waitakere Properties Ltd	Memorandum of Transfer of CT NA 15C/270 pursuant to Declaration of Trust
3048	WCC - Waitakere Properties Ltd	Memorandum of Transfer of CT NA24D/137 pursuant to Declaration of Trust
3049	WCC - Kostanich, Andrews, Vela, BM Trustees Ltd	Consent as Chargeholder under SLC C.592669.1 to a Transfer recording change of trustees re CT NA93D/184 - 313 Lincoln Road
3050	WCC - Glenn Williams	Warrant of Appointment & Evidence of Identity - No. WCC135
3051	WCC - Herman David	Warrant of Appointment & Evidence of Identity - No. WCC136
3052	WCC - Wayne Taia	Warrant of Appointment & Evidence of Identity - No. WCC138
3053	WCC - Alan Clarke	Warrant of Appointment & Evidence of Identity - No. WCC140
3054	WCC - Joe Alefaio	Warrant of Appointment & Evidence of Identity - No. WCC145
3055	WCC - Richard Paul Marsh	Warrant of Appointment & Evidence of Identity - No. WCC146
3056	WCC - John Heaton	Warrant of Appointment & Evidence of Identity - No. WCC147
3057	WCC - Watermark Properties Ltd	Drainage easement in gross - CT 135839 - 1 Glenford Lane - SPW 21945

## **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 III - FINANCE**

### **6 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.

#### **ISSUES**

A2 This report covers expenditure for the 11 months ending 31 May 2004. The financial summaries are attached at page A2.

If any further information is required 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.

#### **RECOMMENDATIONS**

That the Operating and Capital Expenditure Summaries report be received.

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



### **7 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**

A3 The Special Fund balances as at 31 May 2004 and summary transactions for the first 11 months of the current financial year are attached at page A3.

If any further information is required 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.

## **RECOMMENDATIONS**

That the Status of Special Funds report be received.

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



## **8 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.

A4-A9 The relevant portfolio and graphs are attached at pages A4 to A9.

### **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 Poor's 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, MAY 2004

Council’s estimated gross term debt position has increased by \$3.452 million since April 2004, with an estimated closing balance at May month end of \$95.248 million. Estimated working capital borrowings of \$9.419 million as at 31 May 2004 have been funded using internal funds and unsecured bank facilities.

### SIGNIFICANT FUNDING TRANSACTIONS ENTERED INTO DURING MAY 2004

- Issued \$10 million Floating Rate Note, maturing 10 May 2007.

## FINANCIAL MARKET COMMENTARY

### Market Overview

On the release of the 10 June 2004 Monetary Policy Statement the Reserve Bank of New Zealand increased the Official Cash Rate by a further 0.25% to 5.75%. Speaking at the release the Reserve Bank Governor, Alan Bollard, affirmed "that further increases in interest rates looked likely over the year ahead, but to a modest degree by historical standards". Since the introduction of the Official Cash Rate in March 1999, the Interest rate has peaked at 6.50% during the period May 2000 to January 2001, while its lowest level was in the first seven months after its introduction at 4.50%. Historically, a level of 5.75% to 6.0% has been considered as neutral in monetary policy terms.

Since the increase in the Official Cash Rate, 90 day bank bills have traded above 6.10%, suggesting a further hike within the next quarter. Interest rates of longer durations have also slightly increased, with 10 year interest rates reaching 7.0% temporarily.

The New Zealand dollar has continued to trade below 0.64 US cents, though it has strengthened against the Australian Dollar over the month to a level, currently, just below 0.915 Australian cents.

### Upcoming Dates

Official Cash Rate Announcement                      29 July 2004

## CONCLUSION

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

## RECOMMENDATIONS

That the Borrowing and Investment Report be received.

Report prepared by: Bruce Wilkin, Treasury Manager.



## 9 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 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**

- A10* A summary schedule of payments made for the period 13 May 2004 to 3 June 2004 is attached at page A10.
- A11-A13* A further schedule of all payments of \$5,000 and above, together with the reason for the payment is attached at pages A11 to A13. 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.



## **10 ENTERPRISE WAITAKERE 4TH QUARTER REPORT 2003/04**

### **PURPOSE OF THE REPORT**

The purpose of this report is to present the 4<sup>th</sup> Quarterly Report of Enterprise Waitakere to the Committee. This report is a requirement of the Funding and Service Agreement between Council and Enterprise Waitakere and outlines the achievements of Enterprise Waitakere against the objectives and performance measures agreed for 2003/2004.

- A14-A25* The report submitted by Enterprise Waitakere as attached at pages A14 to A25, will be presented by the Chief Executive Officer of Enterprise Waitakere, Mr Clyde Rogers.

### **BACKGROUND**

A significant proportion of the Council's economic development budget is contracted to Enterprise Waitakere for services under the current three year contract with that organisation. This report provides an indication of the overall progress that is being made on the provision of economic development services to Waitakere City residents.

Council's contract with Enterprise Waitakere is to provide a range of economic development services to the value of \$530,000 in the 2003/2004 financial year. Services are grouped under the following headings:

- Enterprise Incubator;
- Small to Medium Enterprise Support;
- Strategy, Advocacy and Networking;
- Cluster Development (organics, film tourism and marine);
- Investment Attraction.

This is the final quarterly report for the 2003/2004 financial year. An annual report will be produced and circulated to Councillors at a later date.

The Committee will be aware that over the previous quarter Enterprise Waitakere has developed its first Statement of Intent as required now that the Trust is a Council Controlled Organisation under the Local Government Act 2002.

## **STRATEGIC CONTEXT**

A strong innovative economy is one of the Council's nine strategic platforms outlined in the Long Term Council Community Plan. The Council has recently adopted the first Economic Development Strategy for the City, which sets out a broad ranging vision and associated objectives to drive forward economic development in the City. The Economic Development Strategy has taken its lead from the Long Term Council Community Plan Strong Innovative Economy Platform.

## **ISSUES**

### **Highlights**

The efforts of Enterprise Waitakere and associated partners have resulted in a number of successes over the previous quarter including the following highlights:

- The Pacific Business Trust has taken an office in WestSmart as an anchor tenant. This is an expansion of the Pacific Business Trust Auckland offices and is in recognition of the communities based in the West and North of the region. It is anticipated that this physical presence will result in closer relationships and realise the potential for further support to be provided to progress enterprises development with the Pacific Island community at the Corban Estate. This will continue to be an area of activity in the 2004/2005 financial year.
- As part of the work to support Small to Medium Enterprises the last quarter included nine focus groups with the retail sector and workshop sessions on Maori Trustee training.
- One of the key performance measures is the amount of Central Government funding Enterprise Waitakere is able to attract for programmes in Waitakere City. This source of funding enables a wide range of services to be provided in the City that would otherwise not be available to businesses. The fourth quarter has seen Enterprise Waitakere exceed targets in this area, generating \$1.8 million of funding.
- As previously reported to the Committee, one of the major highlights of cluster development has been the association with The Lion, The Witch and The Wardrobe production, including housing Lamp Post Productions in WestSmart and letting the Henderson Valley Studios to the production until the end of this calendar year.

### **Challenges**

The last quarter has not been without challenges for Enterprise Waitakere. As already raised with the Committee by the Chairman of the Board, there have been some cash flow difficulties due to a variety of factors. The organisation has put significant effort into identifying ways in which to better manage its cash flow and expenditure, whilst maintaining momentum across all areas of activity.

An additional challenge has come as a result of advice from New Zealand Trade & Enterprise that it will not be providing funding in support of WestSmart in 2004/2005. This follows New Zealand Trade & Enterprise reviewing its national incubator strategy to move it towards supporting a smaller number of incubators that house high-growth potential companies with export opportunities. This has caused Enterprise Waitakere to review its current incubation services with the incubator steering group and the present tenants. As outlined in the performance report a range of options are currently being considered, including business start-up incubation combined with business development services.

A success, which is also a challenge for the organisation, is the maturing of some of the cluster activity, which has resulted in clusters such as the film cluster and organics cluster looking to maximise their impact by regionalising and benefiting from involvement in the Major Regional Initiatives. This is being driven by the businesses involved in the clusters. It is a challenge to Enterprise Waitakere to balance its continued support for the cluster as it becomes a regional activity and the organisation consequently having less influence over the way in which the cluster develops.

## RESOURCES

Services to the value of \$530,000 (plus \$50,000 director fees) were under contract with Enterprise Waitakere in the 2003/2004 financial year.

## CONCLUSION

Although a challenging period for Enterprise Waitakere, that is likely to continue into the start of 2004/2005, the organisation has met the overall performance expectations as specified in the funding and services contract with the Council.

## RECOMMENDATIONS

That the Enterprise Waitakere 4<sup>th</sup> Quarter Report 2003/2004 be received.

Report prepared by: Jen Cook, Partnerships and Advocacy Leader: Economic Development



## PART IV - GENERAL

### 11 WEST WAVE SCHEDULE OF CHARGES

#### PURPOSE OF THE REPORT

The purpose of this report is to seek the approval of the Finance and Operational Performance Committee to the revised schedule of charges that are applied at the West Wave Aquatic & Recreation Centre.

#### BACKGROUND

The various admission charges at West Wave have recently been revised and amended as a result of a review that occurred when management were preparing the West Wave 'Strategic, Business and Financial Plan'. These revised charges were reported to the Projects Special Committee in April 2004, at the same time as the draft Strategic, Business and Financial Plan was presented for consideration. The Special Committee passed the following resolution:

*"That it be recommended to the Finance and Operational Performance Committee that the revised pricing structure for the Aquatic and Recreation Centre, as set out in the draft Strategic, Financial & Business Plan, be adopted."*

523/2004

The Finance and Operational Performance Committee were due to consider the proposed schedule of charges at its May 2004 meeting. However, a printing problem with the agenda meant that this matter was not able to be considered by the Committee at that time.

Subsequently, the pricing structure for hire of pool space was considered by the Long Term Council Community Plan and Annual Plan Special Committee, in response to a submission from one of the swimming clubs that is a regular user of the West Wave Aquatic Centre. The Special Committee resolved as follows:

*“That the Committee agree to amending the proposed West Wave Aquatic Centre fees and if necessary provide additional subsidy from rates as a result of Annual Plan submissions.*

*That it be recommended to the Finance and Operational Performance Committee that the revised standard charges, including discounts as set out in the table attached for hire of lane and pool space at the West Wave Aquatic and Recreation Centre as attached be adopted.”*

1050/2004

## STRATEGIC CONTEXT

The West Wave Aquatic Centre contributes to the achievement of the Council's vision of developing strong communities, which is one of nine strategic platforms that have been established through the Long Term Council Community Plan.

The Council has stated its intention to develop the City as a renowned hub of social activity, arts, leisure, sports and recreation. These activities promote health, wellbeing and contentment and are highly valued by the community. A particular focus has been placed on developing appealing activities for young people, which are challenging yet safe. Development and operation of the Aquatic & Recreation Centre is one of the key initiatives that the Council has undertaken in order to deliver on this objective.

## ISSUES

A26-A29

A schedule of the new charges that apply at the West Wave Aquatic & Recreation Centre is attached at pages A26 to A28. Also attached at page A29 is a table indicating the likely discounted rates that would be applied to four of the regular club users. The Committee's adoption of the pricing structure is sought.

Most of the new charges relate to the hire of pool space, or to memberships. The revised hire charges were based upon the casual user charges that were adopted by Council in July 2003. The catalyst for the revised charges was a desire to obtain some relationship between the charges for casual users and the charges applied to hire of pool space, although it was always anticipated that substantial discounts would be available for regular users such as the swim clubs.

The revised pool hire charges were also an attempt to achieve a fairer balance between the level of subsidy the Council provides to support participation in aquatic sport and the ability of the community to provide the required funding. It is considered that the new rates are fair and reasonable, and will not create a significant impediment to participation in competitive swimming within Waitakere City.

There is also a minor change to the admission for children under five years, to clarify that the free entry applies only where the child is accompanied by a swimming adult or an adult paying for a swim.

## RESOURCES

The new rates for hiring pool space are projected to reduce the subsidy required to run the Aquatic Centre by approximately \$45,000 per annum.

## CONCLUSION

Revisions are proposed to the standard charges at the West Wave Aquatic & Recreation Centre. It is considered that the new charges are fair and reasonable, and create a more transparent relationship with the prices charged to casual users of the facility. Discounts will be applied to regular users to ensure that there is no significant impediment to active participation in the aquatic sports that have historically been undertaken at West Wave.

## RECOMMENDATIONS

1. That the West Wave Schedule of Charges report be received.
2. That the revised standard charges for the West Wave Aquatic & Recreation Centre (as set out in the schedule entitled "West Wave - Pricing Structure and Hirage") attached at pages A26 to A28 to the Agenda Report be formally adopted.

Report prepared by: Philip Brown, Group Manager: Planning & Community Services.



## 12 DEVELOPMENT CONTRIBUTIONS REMISSIONS PROCESS

### PURPOSE OF THE REPORT

The purpose of this report is to seek approval from the Finance and Operational Performance Committee for the process for the remission of development contributions.

### BACKGROUND

The Development Contributions and Financial Contributions Policy provides a framework for calculating remissions. This report sets out the recommended process to enable transparency and to ensure that the Finance and Operational Performance Committee has an overview of the implementation of development contributions.

### STRATEGIC CONTEXT

Council's Development Contributions and Financial Contributions Policy is consistent with the original objectives set by Council in June 2003. 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 also includes capital expenditure Council has already incurred in anticipation of growth. The incurred capital expenditure itself must be to appropriately provide for community facilities, which in Waitakere City Council's case, is considered to be those facilities which provide for the social, economic, environmental and cultural wellbeing of the community."*

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 recover the estimated cost of growth based on the anticipated demand and support the level of amenity Council seeks to provide to all sectors of the community through the Long Term Council Community Plan provisions.

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

- a) Where capital works are required to meet growth then Waitakere will recover the costs over time;
- b) Current levels of service are taken as sufficient; and
- c) Where a backlog of work exists, then that cost component will be borne by rates, or from Financial Contributions.

The introduction of the initial policy and schedules from 1 July 2004 is based on the current Long Term Council Community Plan 2003 and will of necessity be on the conservative side as some 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 Contributions 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 schedules in time to include the updated future growth planning and costs being developed for the Long Term Council Community Plan 2006. It should be noted that, if Council wished, an amendment to the Long Term Council Community Plan and the Development Contributions and Financial Contributions Policy could be initiated at any time. This provides Council with an option to amend the policy earlier than 2006 if desired to review the remission process.

## ISSUES

The Council's Development Contributions and Financial Contributions Policy has been adopted and is being implemented within the guidelines provided in the Local Government Act 2002.

At the meeting of the 2004/2005 Annual Plan and Long Term Council Community Plan Special Committee on 22 June 2004, a submission was presented by legal counsel for Progressive Enterprises Limited and Westfield (New Zealand) Limited, on the Draft Development Contributions and Financial Contributions Policy. Amongst other matters, the submission raised the issue of resolving objections to development contributions calculated for resource or building consents, as follows:

*"Where Council has required a development contribution as part of subdivision or development activities and the person upon whom the development contribution is imposed is dissatisfied with the contribution, that person may object in writing to the Council, setting out the reasons for the objection.*

*In determining the objection, the Council:*

- *Shall consider the objection as soon as reasonably practicable and in any case within 20 working days of receipt of the objection;*
- *In considering the objection shall assess the objection against the funding principles set out in s101(3) of the Local Government Act 2002;*
- *May uphold, reduce, or cancel the original amount of development contribution required on the development and shall communicate its decision in writing to the objector upon making its decision;*
- *May make its decision by way of delegation to appropriate officers and/or on the papers.*

*If the person wishes to further object he or she may request in writing, within 10 working days of receipt of the decision, to have the objection heard by the Council's Development Contributions Hearing Committee. The objector shall then have an opportunity to be heard and present appropriate evidence at the meeting."*

This approach emulates the objection process under the Resource Management Act 1991. A formal objection process is not considered necessary to enable a fair and reasonable application of the Council's Development Contributions and Financial Contributions Policy.

## REMISSIONS PROCESS

The Development Contributions and Financial Contributions Policy as adopted by Council on 29 June 2004 is as follows:

*"The current Development Contributions and Financial 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.*

*This aspect of the policy will be kept under review and it is proposed to include a comprehensive policy on the remission of development contributions when the current Development Contributions and Financial Contributions Policy will be reviewed and updated for operation from 1 July 2006."*

The process for remissions is as follows:

- The applicant may lodge an application for a remission, using a standard template provided by Council to enable the applicant to state the reasons for the remission sought;
- The application will be assessed having regard to the guidelines for the calculation of development contributions remissions as attached at pages A30 to A38;
- A decision on the application will be made by the Group Manager: Asset Management or by the Group Manager: Planning and Community Services (these officers have been delegated the authority to assess remissions);
- The decision will be final and not open to appeal;
- The assessment of any remission will be completed within ten working days and applicants notified in writing with details of the reasons for the decision;
- The applicant will be given an opportunity to make submissions in writing, if they do not agree with Council's decision.

A30-A38

In any case where there is a disagreement to the amount of the development contribution, Council will arrange for a facilitated meeting to seek to reach agreement on the amount of remission.

Applicants will be provided with a copy of the guidelines included in this agenda report to ensure that there is a clear understanding of the remission process and minimise the number of disagreements over the remission calculated.

A monthly report will be submitted to the Finance and Operational Performance Committee setting out the following details:

- Resource Consent or Building Consent Application Number;
- Site Address;
- Name of applicant;
- Development contribution assessed in accordance with the Council's Development Contribution Policy;
- The amount of rebate authorised in terms of the guidelines;
- An explanation for the reasons for and calculation of the development contribution remission decision;
- A statement as to whether the applicant agrees with the decision and the reasons in writing given by the applicant for any disagreement.

## **RESOURCES**

The development contributions remissions process can be implemented with existing resources.

## **CONCLUSION**

The Council's Development Contributions and Financial Contributions Policy sets out a framework for the remission of development contributions.

This report sets out the process for implementing the policy in a manner that is fair, auditable and transparent and provides the Finance and Operational Performance Committee a basis for ongoing monitoring, review and establishing if any amendments to the Policy are required.

## **RECOMMENDATIONS**

1. That the Development Contributions Remissions Process report be received.
2. That the process for development contributions remissions be approved as set out in this report comprising the following:
  - The applicant may lodge an application for a remission, using a standard template provided by Council to enable the applicant to state the reasons for the remission sought;
  - The application will be assessed having regard to the guidelines for the calculation of development contributions remissions as attached at pages A30 to A38 to the Agenda Report;
  - A decision on the application will be made by the Group Manager: Asset Management or by the Group Manager: Planning and Community Services (these officers have been delegated the authority to assess remissions);
  - The decision will be final and not open to appeal;
  - The assessment of any remission will be completed within ten working days and applicants notified in writing with details of the reasons for the decision;
  - The applicant will be given an opportunity to make submissions in writing, if they do not agree with Council's decision.

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- The amount of rebate authorised in terms of the guidelines;
- An explanation for the reasons for and calculation of the development contribution remission decision;
- A statement as to whether the applicant agrees with the decision and the reasons in writing given by the applicant for any disagreement.

Report prepared by: Tony Miguel, Group Manager: Asset Management



### 13 **TRANSFUND'S ALLOCATION PROCESS FOR 2005/2006**

#### **PURPOSE OF THE REPORT**

The purpose of this report is to advise the Committee of consultation being undertaken by Transfund New Zealand with regard to the Transfund's Allocation Process for 2005/2006. The report also contains a draft submission for the Committee's consideration.

Submissions on the proposed Transfund Allocation Process are due with Transfund by 31 July 2004.

#### **BACKGROUND**

Each year, Transfund prepares a National Land Transport Programme and subsequently approves the funding of land transport activities within it. The National Land Transport Programme is developed from proposals submitted in the land transport programmes of Transit New Zealand, regional councils, territorial local authorities, and other approved organisations.

The National Land Transport Programme comprises activities Transfund anticipates approving in the forthcoming financial year, and a forecast of anticipated revenue and expenditure for that year and the nine following years.

The current allocation process was developed to enable Transfund to meet its obligations under the Land Transport Management Act 2003 in its first transitional year. The allocation process sets out how Transfund intends to:

- Assist approved organisations to formulate activities that meet the Act's requirements placed on them when they prepare land transport programmes;
- Assess, priorities, programme and approve activities for funding over a 10 year period;
- Monitor the outcomes from the National Land Transport Programme with the aim of improving it in the future years.

Transfund is now seeking views on how to enhance the allocation process for the 2005/2006 National Land Transport Programme and beyond - in particular how to take into account:

- Recent government decisions to distribute an increase in land transport funds regionally, and
- New powers in the Land Transport Management Act 2003 to facilitate the funding of road schemes through the use of tolling, borrowing and private sector concession agreements.

A39-A64

Transfund held a series of regional workshops on the proposed changes in June 2004. This was attended by Waitakere City Council officers. A copy of the document *Transfund Allocation Process for 2005/2006 - Consultation* is attached at A39 to A64.

Officers in the region are working together with a view to developing a regional submission.

## **STRATEGIC CONTEXT**

Under the Land Transport Management Act 2003 Transfund is required to allocate funds in a way that contributes to an integrated, safe, responsive and sustainable land transport system. Transfund is seeking a sustainable solution to funding transport projects, with greater contributions from local government.

The \$1.62 billion that the Government has promised for transport in the Auckland region is to be allocated by Transfund. There are significant infrastructure projects which would fully utilise this amount. Auckland Regional Transport Authority is yet to determine the priority for expenditure over the next 10 years in accordance with a new Regional Land Transport Strategy.

## **ISSUES**

### **Summary of Proposal**

The general approach of the funding allocation is an assessment of capital and operational projects' contribution to the objectives in the Land Transport Management Act. There is a shift from a pure cost-benefit ratio, which is now only one of the factors to be considered by Transfund. This new approach is considered to provide a better mechanism to achieve an integrated transport solution. For example, Transfund has requested that a roading project consider walking, cycling and bus travel as well as the impacts on health, the environment and accessibility, and other factors. Transfund has given guidance that maintenance of existing infrastructure and services would generally have first priority.

The main matter of interest to territorial local authorities like Waitakere City Council is the proposals for allocation of the recently announced increased transport funding. These funds arise from the five cents per litre increase in petrol tax, which is to be allocated on a regional basis, and the allocation to the Auckland region from the consolidated fund. The increased funding to the region is estimated to amount to \$1.62 billion over 10 years. Collection of the new funding is expected to commence from 1 April 2005.

Transfund proposes to allocate the funding from existing sources on a national basis on generally the same basis as currently. Transfund refer to this as nationally distributed funds. Transfund refers to the additional funding as regionally distributed funds.

Very generally, Transfund proposes to list all projects and outputs in a national priority list, based on the current process and taking into account the desired outcomes of the Land Transport Management Act 2003 and Regional Land Transport Strategy. The nationally distributed funds will be allocated according to a priority list, which in the region would be developed with Auckland Regional Transport authority, Track Co, Transit and local authorities.

The projects and outputs for each region not funded by nationally distributed funds will then be identified and regionally distributed funds for that region allocated to those projects and outputs, in accordance with the national priority list. regionally distributed funds will be allowed to go into deficit for any one region in any one year, provided regionally distributed funds or that region remain in balance over the 10 year period. Where regionally distributed funding is not fully allocated in a particular year, it will be carried forward to following years.

Transfund proposes that the regionally distributed funding should attract the same Financial Assistance Ratio as nationally distributed funds funding. This means that for local roads to attract regionally distributed funding, there will need to be a matching contribution from the territorial local authority (generally around 50%). Should Council wish to increase its work programme to obtain its regional share of this funding, it will require additional funding and resources for Council. This may result in a significant call on local funding sources. Transfund is considering the option of a selective increase in financial assistance rates to address this issue.

A number of issues arise from the proposal, as identified by officers in the Auckland region:

1. *Local Government Contribution.* The current proposal requires Local Government to fund a substantial proportion of the cost of new roads (historically the level of Transfund support averages 50% but Transfund currently under a special arrangement funds an additional 5% of new roading costs). There is heavy pressure to hold down rate increases and most local government units will have difficulty in raising rates sufficiently to make substantial improvements to local roads. To use regional distributed funding as a substitute for rates would be unacceptable to Government and there is an expectation that there will be some increase in ratepayer funding of local roads.

Without changes to Transfund's proposal, most if not all of the additional funding will go to improving the State Highway network, which is 100% funded and therefore does not face ratepayer funding constraints. While this would result in faster completion of the strategic road network, completing road networks alone is clearly not the intention of the current Regional Land Transport Strategy or the direction being taken by the review of the Strategy. It is also clearly not the intention of the Government in making the additional funding available. It is considered that Transfund's proposal is fatally flawed in this area.

A case could be made that 100% Transfund funding should be available for double tracking and electrification of the rail line on the basis that long haul trips are made in a similar way on a State Highway.

It is considered essential that a more flexible Financial Assistance Rates regime be developed for regionally distributed funding.

2. *Passenger Transport Services.* Improved passenger transport was highlighted through the Auckland Transport Strategy and Funding process last year as a key element of improving transport in the region, and was a strong part of the case for increased funding. If R funding is not available for passenger transport services, then service improvements will need to be funded from Auckland Regional Council rates or from Auckland Regional Holdings (ex Infrastructure Auckland) funds. The ability of Auckland Regional Council to raise rates to the degree necessary to support a meaningful increase in services is problematic, and there is a strong call on the Auckland Regional Holdings funds for other transport purposes, particularly passenger transport infrastructure.

It is considered that it is essential that passenger transport services are eligible for regionally distributed funding.

3. *Programme Timing.* Transfund's decision making programme does not fit well with the timing for the Long Term Council Community Plan. By the time Transfund makes decisions in June there is little or no opportunity for the Council to adjust its Long Term Council Community Plan. With increased funding available this problem will be exacerbated. The introduction of Auckland Regional Transport Authority into the local road funding process will further complicate matters as Auckland Regional Transport Authority would be acting on behalf of Transfund to coordinate all funding applications to Transfund from within the region, before applications reach Transfund. This would potentially increase the time for application and allocation processing and hence delay the time for Council to hear back from Transfund on its decision for funding allocation.

Regionally it has been raised frequently that Transfund should consider moving to a multi-year programming cycle to introduce a much-needed level of certainty for local authorities and greatly facilitate their Long Term Council Community Plan planning process. This would also give more certainty to Waitakere City Council on funding likely to be available for transport activities.

It is suggested Transfund should move to multi-year funding programming; and Transfund should announce its National Land Transport Programme allocations in April rather than currently in June.

4. *Treatment of Supplementary Funding.* Transfund has introduced the new funding category of supplementary funding. This comprises any funding which is not sourced from Transfund or from Local Government rates. It includes funds from sources such as tolling, borrowing and concession agreements as well as developer contributions. The issue is whether supplementary funding should be considered part of the local government contribution, or whether it should be applied to total project costs directly. Transfund is proposing that S funding should be applied directly to the costs of the project and that remaining costs should be shared between Transfund and the local authority on the basis of the Financial Assistance Rate. This results in both the Council and Transfund sharing the benefit of this funding in most cases. This funding is likely to occur in Waitakere City particularly from development contributions. Supplementary funding is likely to be locally derived and it would be appropriate for this to be reflected in Council's contribution.

It is suggested that development contributions should be considered part of the local share, not a third contribution to a Transfund-Council project.

5. *Funding application processes.* In addition to the proposed changes on Transfund's Allocation Process, the introduction of Auckland Regional Transport Authority may potentially complicate the application procedures further. Transfund will need to actively disseminate information on how the new allocation process works, how the additional funds might be invested and for the Auckland region, how Auckland Regional Transport Authority fits into the overall funding application/allocation process. It is also suggested to simplify the project/package application process to reduce form filling and bureaucracy.

## RESOURCES

The level of the financial assistance rate will have a significant effect on the level of the Council's contribution to transport projects identified in the Council's Long Term Council Community Plan.

If transport projects additional to those in the Council's Long Term Council Community Plan are proposed to take advantage of the R funding available for the region, then the required Council contribution to those projects would need to be added to the Long Term Council Community Plan. Cabinet's indicative priorities for the region may require additional expenditure on passenger transport, travel demand management measures including walking and cycling infrastructure.

The additional regional transport funding may put pressure on Council to implement projects sooner and thus putting pressure on the budget allowed for in Long Term Council Community Plan.

## CONCLUSION

There are a number of significant issues arising from the proposed funding allocation process. Transfund is genuinely interested in the views of stakeholders in order to finalise its allocation process for 2005/2006.

## RECOMMENDATIONS

1. That the Transfund's Allocation Process for 2005/06 report be received.
2. That the Chief Executive be delegated authority to sign off Council's submission to Transfund New Zealand on Transfund's Allocation Process for 2005/2006.
3. That the Chief Executive be delegated authority to present Council's submission to Transfund New Zealand on Transfund's Allocation Process for 2005/2006.

Report prepared by: Vincent Lin, Senior Project Manager: Transport Projects



**PART V - SUBCOMMITTEE REPORT**

**14 TENDERS SUBCOMMITTEE**

**THE TENDERS SUBCOMMITTEE SUBMITS THE FOLLOWING REPORTS OF ITS ORDINARY MEETINGS HELD ON FRIDAY, 11 JUNE 2004 AND FRIDAY, 25 JUNE 2004**

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**MATTERS CONSIDERED**

A65-A72

The Subcommittee dealt with a number of items for which it has delegated powers to act and a copy of the minutes of the meetings are attached at pages A65 to A72.

**The Subcommittee Recommends:**

That the Ordinary Meeting reports of the Tenders Subcommittee held on Friday, 11 June 2004 and Friday, 25 June, 2004 be received.

JM Clews, QSO, JP

**CHAIRPERSON**



**PART VI - CONFIDENTIAL ITEM**

**15 HOBSONVILLE AIRBASE - INFRASTRUCTURE UPGRADING**

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, Hobsonville Airbase - Infrastructure Upgrading. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation of each 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 matters to be considered.	Reason for passing this resolution in relation to the matters.	Ground(s) under Section 48(1)(a) for the passing of this resolution.
<ul style="list-style-type: none"><li>Hobsonville Airbase - Infrastructure Upgrading.</li></ul>	<p>The withholding of information is necessary in order to:</p> <ul style="list-style-type: none"><li>maintain legal professional privilege.</li></ul>	<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)(g) 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 report contains legal issues that may be referred to the Environment Court.

