

Watercare Services Limited

DRAFT STATEMENT OF CORPORATE INTENT

FOR THE THREE YEAR PERIOD COMMENCING 1 JULY 2004

1. INTRODUCTION

Watercare Services Limited (Watercare) is required to prepare and deliver to its shareholders no later than 30 June in each year, a Statement of Corporate Intent (SCI) for the next year starting 1 July.

The SCI is the public and legislative expression of Watercare's accountability to its shareholders. It is the contract between Watercare's Board of Directors and its shareholders, and it is against this document that the Board reports to the shareholders and is held accountable. The SCI identifies the nature of Watercare's business and its strategic and operational issues. It sets the expectations of Watercare by the shareholders, and provides a tangible record of Watercare's performance by setting objectives and performance targets against which the Company must report.

2. BUSINESS PURPOSE

2.1 Vision Statement

Watercare's vision is to be the water industry leader in New Zealand. We will provide high quality water and wastewater services in the most cost effective way. Within our core business we want to stretch our capabilities and competencies to go further than current industry best practice in Australasia

2.2 Mission Statement

To provide water and wastewater services that are economically viable, environmentally sound, socially responsible and responsive to customer needs, thereby enhancing the services of the company to all people across the Auckland region.

2.3 Values

The core values of the Company, as embodied in the mission statement, are the guiding principles for all its activities and behaviour. They are the key drivers for the organisational culture of Watercare and can be summarised as;

- Economic viability
- Environmental sustainability

- Social responsibility
- Responsiveness to customers

3. NATURE AND SCOPE OF ACTIVITIES

3.1 Background

Watercare was established in 1992 as a Local Authority Trading Enterprise (LATE) responsible for the provision of bulk water and wastewater services to the Auckland region.

In 1998, ownership of the company was vested in the city and district councils of Auckland, Manukau, North Shore, Papakura, Rodney and Waitakere, having previously been owned by the Auckland Regional Services Trust.

Since 1 July 2003 when the Local Government Act 2002 (LGA 2002) came into force, Watercare has been subject to dual legislative regimes;

- the Watercare specific provisions of the Local Government Act 1974 (LGA 1974), and
- the “Council Organisation” provisions of the LGA 2002.

Under the Watercare specific provisions of the LGA 1974 in section 707ZZZS Watercare is required to:

“manage its business efficiently with a view to maintaining prices for water and wastewater services at the minimum levels consistent with the effective conduct of that business and the maintenance of the long-term integrity of its assets”.

3.2 Governance

Shareholders

The six Auckland local authorities own shares in Watercare in the following proportions

- Auckland City 41.6%
- Manukau City 25.1%
- Waitakere City 16.7%
- North Shore City 11.5%
- Papakura District 3.7%
- Rodney District 1.4%

Shareholder Representative Group (SRG)

The owners are represented, collectively, by the Watercare Shareholder Representative Group (SRG). Each of the six owners appoints two representatives to the SRG.

A Shareholders’ Agreement, which was agreed between the six owners in 1998, sets out the role of the SRG and procedures for meetings of the group. In summary, the SRG;

- selects and appoints directors of Watercare
- approves Watercare's annual SCI
- considers the Asset Management Plans on behalf of the owners
- approves any major acquisition or transaction by the company on behalf of the owners
- reviews the performance of the Board
- liaises and consults on the company's financial performance

Decisions or actions on these points require the agreement of a representative of each of the shareholders collectively holding 75% or more of the shares in Watercare before they are binding on all shareholders.

The directors and senior executives meet the SRG quarterly to brief them on company operations.

Board of Directors

Watercare has an independent board of directors. The LGA 1974 stipulates that no person who is a member or an employee of a local authority may hold office as a director of Watercare.

Watercare's Constitution requires the directors manage the company in line with the annual SCI. Through the SCI, the directors are accountable to the owners, who are, in turn accountable to residents and ratepayers of the Auckland region.

Practically the directors determine the overall direction of the company in light of the objectives set out in the SCI and the statutory requirements for the company in the LGA. The directors make major decisions, including decisions on major new capital investment and on major business initiatives, in line with those objectives.

The directors are responsible for monitoring the performance of the company, and for monitoring the performance of the Chief Executive who has responsibility for managing the company on a day-to-day basis.

3.3 Business Overview

Watercare has structured its operations into four business units and a corporate services group.

(a) Water Business Unit

Watercare collects and treats raw water from the Hunua and Waitakere Ranges, the Waikato River and from groundwater sources at Onehunga. The Company supplies the Local Network Operators (LNOs) with potable water at contractually defined standards of quality and storage security.

Water demand for the 12 months ending June 2003 averaged 341,000 m³ per day. The bulk water supplied is reticulated by the LNOs to over 1,000,000 consumers.

A68

(b) Wastewater Business Unit

Watercare collects wastewater up to specified maximum flow rates, from Herald Island to Papakura. The Company's system services four LNOs, (Metrowater, EcoWater, Manukau Water and United Water), over 600 Trade Waste customers and ultimately over 835,000 consumers.

Approximately 286,000 m³ per day of wastewater is received from the LNOs' systems and treated at the Mangere Wastewater Treatment Plant (WTP). Discharges from the treatment plant to the environment are controlled in accordance with resource consents granted by the ARC pursuant to the Resource Management Act 1991 (RMA).

(c) Laboratory Services Business Unit

This business unit is one of the largest water, wastewater and environmental laboratories in New Zealand. The analytical laboratory provides sampling, on site monitoring, analytical and scientific services. In addition, the air quality department provides ambient air and point source emission and odour monitoring. This business unit services a wide range of clients both internally and nationwide.

(d) Design Services Business Unit

This business unit provides feasibility, design, contract administration, systems integration, commissioning and operating expertise as well as documentation services to both internal and external clients in the water and wastewater industries.

(e) Corporate Services

A corporate services group is responsible for policy formulation, operational review and some centralised services. It also provides an interface with the stakeholders and the public on many issues facing Watercare.

4. STRATEGIC ISSUES

4.1 Operating Environment

A key issue facing the Water and Wastewater businesses is the strong growth of the Auckland region as outlined in the ARC Regional Growth Strategy. This will result in an increasing demand for water supply and wastewater services.

Efficient use of the existing infrastructure through demand management and inflow and infiltration control initiatives as well as enhancement and expansion of the infrastructure will be required to service this increase in demand.

At the same time, the requirement for reduced environmental impacts, formalised through resource consents issued under the RMA, will place increasing demands on the operational performance of existing infrastructure.

Ab9

Watercare has also entered submissions on the proposed Coastal Plan Variation No. 1 and proposed Regional Plan – Air Land and Water. The hearing of the submissions has commenced and Watercare is attending these as appropriate.

4.2 Water Supply

A major challenge facing the Water Business Unit is the upgrade of all its water treatment plants to achieve compliance with the Drinking Water Standards of New Zealand 2000, which become fully effective from 1 January 2005.

Watercare has played a key role in jointly developing the Auckland Water Management Plan with the region's water authorities. The Plan contains regional water demand savings targets. Individual members have also committed to prepare their own individual action plans to achieve these regional targets. A Water Advisory Group has been established which is drawn from the region's water authorities and it will be responsible for the monitoring and auditing of each parties performance.

4.3 Wastewater Collection, Treatment and Disposal

Under the provisions of the Resource Management Act, Watercare is obliged to secure resource consents for discharges associated with the operation of the bulk wastewater collection systems.

Applications to renew the existing discharge consents were submitted in March 2001 to permit the continued operation of the wastewater collection system in compliance with the RMA.

Watercare has initiated a comprehensive project including a review of existing network models, joint catchment studies with the LNOs and the development of harbour and stream quality models to quantify the effects of wastewater overflows. The principal objective of the project is to ensure that overflow mitigation works are regionally optimised, fully accounting for the economic, environmental and social impacts.

Seeking statutory approvals for the replacement of the Hobson Bay sewer with an underground pipeline and preparing the design and tender documentation for the construction and demolition works scheduled for 2005-2008 is an important business objective for the year.

Following a comprehensive public consultative process, resource consents to upgrade the Mangere Wastewater Treatment Plant were granted in early 1998. A contract for the design and construction of the plant upgrade and the rehabilitation of the adjacent coastal foreshore was awarded in February 1998 and construction activities commenced in July 1998.

The new treatment process units, as they have passed commissioning and take-over tests, have been progressively integrated into the existing operation since May 2000. Completion of the upgrade and optimisation of the new treatment process will continue to be a major focus of attention.

A70

4.4 Trade Waste

Trade Wastes are controlled and charged for under a framework established by the Auckland Metropolitan Drainage Act (AMDA) and by the supporting Trade Wastes Bylaw as amended by Watercare. The Local Government Act allows Watercare to operate under the AMDA and to continue the use of the bylaw until 30 June 2007 (Watercare's application for an order in council requests a three year extension from 30/6/2004. This will be finalised by final SCI issue date). In the absence of wider legislative changes within the water industry, Watercare will require the entitlement to use the AMDA and bylaw beyond 2007.

Watercare is continuing to review its Trade Wastes control programmes, including monitoring the contaminant levels in the biosolids, and is implementing changes as required to ensure that management of Trade Wastes is aligned to the upgraded WTP processes, its resource consent requirements and the needs of the LNOs. Watercare is committed to consulting the LNOs and other stakeholders to ensure that any changes meet the needs of all concerned.

4.5 Customer Contracts

A bulk water supply contract effective from 1 July 2002 was signed with all the LNO customers. The contract fixed the increase in Watercare's price path at CPI-2% for a three-year period. The contract also imposed additional service delivery and monitoring requirements and incorporated penalty provisions in the event of a service breach by the company.

An Agreement Relating to the Collection of Domestic Wastewater effective from the 1 July 2003 was signed with all LNO customers. The contract has fixed Watercare's wastewater price path at CPI - 2% for the next two years bringing it in to line with the existing water contract renewal date.

To provide greater certainty to customers about long-term prices Watercare has also made a commitment to provide a rolling three-year declaration of the "x" component of its CPI-x pricing methodology.

Prior to this rolling three-year commitment, the bulk water and wastewater contracts made a commitment for the term of the contract. With each year of the contract that elapsed the commitment dropped from three to two to one year, at which time a new contract would need to be negotiated.

4.6 Funding

Watercare is investing in a significant capital works programme that will ensure Auckland continues to receive a secure high quality water supply and safe wastewater collection, treatment and disposal.

Watercare's financial strategies are developed to ensure they are consistent with the goals of achieving economic efficiency, intergenerational equity and optimal cost of capital.

To give effect to intergenerational equity by maintaining an appropriate balance between revenue and debt funding, it is important that Watercare maintains an appropriate investment grade credit rating to enable debt raising necessary from a wide variety of sources and at attractive interest rates. Watercare's current A-1/A+ short and long-term credit ratings reflect the company's sound financial situation.

4.7 Regional Water and Wastewater Industry Synergies

Watercare is looking for opportunities to capture synergies and efficiency benefits within the Auckland Water and Wastewater industry and is working closely with existing customers on a number of initiatives.

Any significant proposal for change arising from discussions with the customers will require shareholders' approval as set out in section 7.6 of the SCI and as required under the LGA 2002.

A72

5. WATERCARE'S POLICIES, OBJECTIVES AND TARGETS

ECONOMIC POLICY:	
To Manage The Business Efficiently	
OBJECTIVES	PERFORMANCE TARGETS
<p>Financial Performance</p> <p><i>To manage the business efficiently with a view to maintaining prices for water and wastewater services at the minimum levels consistent with the effective conduct of the business and the maintenance of the long-term integrity of its assets.</i></p>	<p>a) To prepare Watercare's Funding Plans utilising commercial-viability pricing methodology. To externally verify this approach with an independent review of the Funding Plan every 3 years, in conjunction with the LNO contract renegotiation cycle. (As such the next review will be of the 2005/06 Funding Plan.).</p> <p>b) To maintain an "A" credit rating from the international rating agency Standard & Poor's and in so doing;</p> <ul style="list-style-type: none"> ▪ achieving a funds flow from operations to interest cover of 3.50 times or better ▪ renewing / replacing long-term debt facilities at least 6-months before their maturity ▪ achieving a net debt to total capitalisation ratio of less than or equal to 60% (excluding the impact of asset revaluations).
<p>Pricing Methodology</p> <p><i>To promote efficient planning and decision making by the Company and customers and economic efficiency in the industry generally through the application of a documented, clearly defined, objective, timely transparent, consistent and appropriate methodology.</i></p>	<p>a) To maintain the CPI-x% pricing methodology.</p>

A73

ECONOMIC POLICY:**To Manage The Business Efficiently**

OBJECTIVES	PERFORMANCE TARGETS
<p>Cost Management</p> <p><i>To ensure that the costs of providing services are consistent with best practice.</i></p>	<ul style="list-style-type: none">a) To participate in the Water Services Association of Australia WSAAsfacts benchmarking programme for 2004/05.b) To achieve "Best Performer" quartile results in the WSAAs Asset Management benchmarking programme in 2004/05.c) To consider and where appropriate, implement any significant recommendations that may come out of the 2004 Cost Efficiency Review.
<p>Asset Management</p> <p><i>To maintain, replace and develop assets over the long term to meet required service delivery standards and foreseeable future needs at minimum cost.</i></p>	<ul style="list-style-type: none">a) To review and update the Asset Management Plans annually to ensure that they meet current industry best practice and are issued by 1 December each year.b) To operate and maintain large dams in accordance with the NZ Society of Large Dams Safety Guidelines.c) To ensure the risk analysis undertaken as part of project justification for projects >\$10 million is independently reviewed prior to the commitment to proceed with the project.

A74

ENVIRONMENTAL POLICY:

To Operate The Business In A Sustainable Manner

OBJECTIVES

PERFORMANCE TARGETS

Environmental Care

To act in a manner which minimises the adverse impact of the Company's operations on the environment and where possible enhances the environment.

- a) To comply with all resource consents.
- b) To ensure the number of dry weather overflows from the wastewater collection system are no more than 6 per annum.
- c) To publish key water and wastewater quality test results on Watercare's website.
- d) To ensure no successful prosecutions arise from breaches of Resource Management Act consents.
- e) To publish the Annual Report by 30 September each year (Incorporating economic, social and environmental reporting).
- f) To undertake trials into the beneficial use of biosolids throughout the year.
- g) To evaluate and if commercially viable construct a renewable energy resource by maximising biogas production at the WTP.

Efficient Use of Water Resources

To maintain water demand at sustainable levels by encouraging the efficient use of water resources

- a) To update the Drought Management Plan by 31 March each year.
- b) To coordinate the operations of the Water Advisory Group, in cooperation with the LNOs and ARC.
- c) To implement Watercare's individual action plan and have conducted the first performance audit of the plan (as required under the Auckland Water Management Plan) by 31 December 2004.
- d) To continue the economic evaluation and negotiation with potential effluent reuse customers with the objective of determining by 30/6/05 whether it is commercially viable.

A75

SOCIAL POLICY:**To Act In A Socially Responsible Manner**

OBJECTIVES	PERFORMANCE TARGETS
<p>Industry Leadership</p> <p><i>To maintain a position of leadership in the water utility industry by demonstrating best practice in all company activities.</i></p>	<p>a) To investigate and implement efficiency improvement opportunities within the water and wastewater industry in the Auckland Region, working closely with Watercare's existing customers.</p> <p>b) To work with the SRG and LNOs in a transparent and collaborative manner on any review of the Auckland Metropolitan Drainage Act and Trade Waste Bylaw as part of the review of the Auckland provisions of the Local Government Act 2002.</p> <p>c) To co-ordinate the development of an integrated regional water, wastewater and storm water vision by 30/6/05.</p>
<p>Corporate Citizenship</p> <p><i>To be a reasonable corporate citizen by acting lawfully, fairly, honestly, by communicating openly with the community and by maintaining support for a range of community initiatives which are consistent with statutory obligations.</i></p>	<p>a) To consult with the community and stakeholders on matters of relevance to them.</p> <p>b) To promote Watercare and its performance through educational institutions and environmental forums.</p> <p>c) To develop appropriate public recreational opportunities at Watercare facilities.</p>
<p>Human Resources</p> <p><i>To act as a good employer and effectively manage human resources to match the changing needs of the business, while fairly considering employee needs.</i></p>	<p>a) To maintain unscheduled absenteeism below the Human Resource Benchmarking Report for International Water and Wastewater median rates.</p> <p>b) To take all practical steps to provide employees with safe working conditions that do not detrimentally affect their health and safety, and will:</p> <ul style="list-style-type: none"> • Have no successful prosecutions under Occupational Health and Safety legislation.

A7b

SOCIAL POLICY:**To Act In A Socially Responsible Manner****OBJECTIVES****PERFORMANCE TARGETS****Human Resources**

To act as a good employer and effectively manage human resources to match the changing needs of the business, while fairly considering employee needs.

- Achieve a lost time injury frequency rate (per 1,000,000 hours worked) below the Human Resources Benchmarking Report for International Water and Wastewater median rates.
- Achieve a lost time injury severity rate of average time lost per injury below the Human Resources Benchmarking Report for International Water and Wastewater median rates.
- c) To demonstrate a commitment to best management practice in EEO.
- d) To maintain the average training hours per employee per year above the Human Resources Benchmarking Report for International Water and Wastewater median rates.

Public Health

To deliver high quality and reliable products and services which meet the needs of customers and protect public health.

- a) To achieve full compliance with the Drinking Water Standards for New Zealand 2000 for potable reticulated water.
- b) To ensure water treatment plants operate to maintain the Ministry of Health (A) grading.
- c) To meet the 1 in 200 year drought security standard for the water supply system.

A77

SOCIAL POLICY:**To Act In A Socially Responsible Manner**

OBJECTIVES	PERFORMANCE TARGETS
<p>Customer Relationships</p> <p><i>To improve relationships with customers.</i></p>	<p>a) To hold LNO planning meetings at least quarterly to provide input into capital and operational issues.</p> <p>b) To hold specific workshops to obtain LNO input into future Asset Management Plans.</p> <p>c) To conduct a customer satisfaction survey by 30 June 2005.</p> <p>d) To meet the contractual obligations of the customer contracts.</p> <p>e) To work with the LNOs in strengthening the joint planning provisions in the bulk water and wastewater contracts which are to be renegotiated by 30 June 2005.</p>
<p>Maori/Stakeholder Consultation</p> <p><i>To maintain a process, consistent with best practice amongst Auckland public authorities and infrastructural agencies, that will enable the Company to report on feedback from Maori, environmental and other interested parties on the level of satisfaction with both the relationship and the effectiveness of consultation.</i></p>	<p>a) To promote an effective, ongoing relationships with Maori, by providing early and regular opportunities for them to be involved in consultation and discussion on key projects, particularly as these affect:</p> <ul style="list-style-type: none"> • the impact of wastewater outflows on receiving waters, flora and fauna. • the impact of infrastructure construction on water resources, flora and fauna. • waahi tapu (areas of cultural significance). <p>b) To meet with the Maori Advisory Group at least quarterly.</p> <p>c) To establish Maori and wider community liaison groups for consultation during major projects.</p> <p>d) To meet with the Environmental Advisory Group at least quarterly.</p>

A78

6. OTHER OPERATING GOALS

Section 5 above details the specific performance targets agreed with Watercare's shareholders and against which performance is measured and reported.

In addition to these targets there are some more general goals, which while not reported against, do form part of Watercare's operating philosophy. As such Watercare endeavours, wherever practical to;

- Work co-operatively with the LNOs to;
 - Prioritise regional wet weather wastewater overflow mitigation works
 - Develop appropriate targets for wet weather wastewater overflows
 - Implement wet weather overflow mitigation work
 - Develop options to minimise the peak wastewater flows through the wastewater network and treatment plant
- Work with government agencies in the areas of climate change
- Seek representation on relevant industry steering and standard setting committees.
- Ensure that risk management and business continuity planning and participation on regional contingency planning forums is maintained.
- Ensure the company's financial strategies are consistent with sustainable development and review annually and where necessary update and report on changes to Watercare's Sustainability Policy.

7. OTHER INFORMATION

7.1 Shareholders' Funds

	2004/05	2005/06	2006/07
Consolidated Shareholders' Funds to Total Assets	73%	74%	74%
Consolidated Shareholders' Funds to Total Assets (historic cost)	43%	43%	45%

Note:

1. Consolidated Shareholders' Funds are defined as Issued and Paid Up Capital, Revaluation Reserve and Retained Earnings.
2. Total Assets are defined as Net Book Value of Current Assets, Investments and Fixed Assets as disclosed in the Company's Statement of Financial Position.
3. The ratio of Consolidated Shareholders' Funds excluding the revaluation reserve to Total Assets less the revaluation reserve is referred to as the historic cost basis.

A79

7.2 Accounting Policies

Watercare will comply with the Financial Reporting Standards and Generally Accepted Accounting Practice. The accounting policies adopted will be consistent with last year's policies.

7.3 Application of Surplus Funds

Watercare is prohibited by legislation from paying a dividend.

Watercare annually reviews any water and wastewater surpluses and considers if the return of such surpluses to the customers is commercially prudent.

Watercare has developed a Pricing Adjustment Mechanism that allows for prices to customers to be adjusted in circumstances where in aggregate, the company's performance in the year, in terms of funds flow from operations to interest coverage, is significantly better than anticipated. The pricing adjustment in these exceptional circumstances will be made in the year it occurs.

7.4 Information to be provided to the Shareholders

Watercare will meet the requirements of the LGA 1974 and LGA 2002, the Companies Act 1993 and the reasonable requirements of the Shareholders. In particular, the following information will be provided:

- *Annual Statement of Corporate Intent*

Watercare will provide a draft and final Statement of Corporate Intent in accordance with the LGA. The Directors will include any other information they consider appropriate.

The draft statement will be provided to the Company's shareholders by 28 February each year and the final statement by 30 June each year in terms of the new LGA 2002 and Watercare specific provisions in the LGA 1974.

- *Asset Management Plan*

In accordance with ss707ZZZS(1)(k) and (m) of the LGA 1974, Watercare will provide an indicative Asset Management Plan to each shareholder at least four months before the end of the financial year, will consider written submissions made by each shareholder on that plan and will include in future Statements of Corporate Intent a summary of Watercare's proposals in respect of the submissions.

An assessment of the costs and benefits of significant proposed projects and their alternatives, including the impact of demand management and efficient pricing, and the commercial and operational risks of not proceeding with the project, deferring it or bringing it forward will be included in the Asset Management Plan.

A80

- *Funding Plan*

In accordance with ss707ZZZS(1)(l) and (m) of the LGA 1974, Watercare will provide an indicative Funding Plan to each shareholder at least four months before the end of each financial year, will consider written submissions made by each shareholder on that plan and will include in future Statements of Corporate Intent a summary of Watercare's proposals in respect of the submissions.

- *Management Reports*

Management reports will be provided within one month of the end of the September and March quarters and within two months of the end of the December and June quarters, including:

- The unaudited Statement of Financial Position as at the end of the preceding quarter, and the Statement of Financial Performance, Statement of Cash Flows and a capital expenditure summary for the year to date and the preceding quarter. These statements will include comparative budget data and variances.
- Reasons for, and impacts of variance from the capital expenditure programme which was identified in the Asset Management Plan.
- A report on the achievement of the SCI performance targets.
- A commentary upon significant matters that occurred in the previous quarter including comments on financial results and significant matters expected in the next quarter.
- Any reasonable request for information.
- Particulars of any assets disposed of during the preceding quarter where the aggregate value of associated assets exceeds \$1 million.
- The return on equity for the preceding quarter and year to date.

The statutory obligations to provide shareholders with a half-year and a full year report on operations will be met by the management reports for the December and June quarters respectively.

- *Annual Report*

Watercare will provide an Annual Report addressing the Company's performance against a triple bottom line. The report will cover environmental social and economic impacts together with the audited financial and service performance statements.

The report will be provided within three months of the end of the financial year in accordance with the LGA, the reporting requirements of the Companies Act and the Financial Reporting Act including Financial Reporting Standards and Generally Accepted Accounting Practice and will include any other information the Directors consider appropriate.

A81

- *Shareholder Consultation*

Watercare will maintain an ongoing dialogue with the shareholders, to ensure they are aware of major issues facing Watercare and are satisfied that Watercare is meeting its business and performance targets.

In particular Watercare will keep its shareholders informed of any submissions it makes on significant areas of legislative change.

7.5 Procedure for the Acquisition of Shares

The Directors will consider all share investment proposals.

Any decision to invest in or divest shares in another company or to enter into a joint venture relationship or participation arrangement through equity or operating agreements, will be made by the Directors in accordance with Watercare's constitution. The shareholders will be consulted in the event that an investment or divestment of this nature will create a significant increase in risk exposure.

7.6 Events Requiring Shareholder Approval

Shareholder approval will be obtained prior to Watercare entering any business activity that significantly changes or is outside the nature and scope of Watercare's current activities.

7.7 Activities for which the Directorate seeks compensation from any Local Authority

Watercare will seek to negotiate commercial arrangements with the Auckland Territorial Authorities for functions, duties or services that Watercare is required to undertake. These include supply of water, collection of wastewater and trade wastes functions. However these negotiations will be without prejudice to Watercare's rights at law to impose reasonable charges for the supply of its services.

7.8 Directors' estimate of the Commercial Value of the Shareholders' Investment

The inclusion of an estimate of commercial value is a statutory requirement. Watercare is however prohibited by the LGA from being privatised. Legislative restrictions prevent Watercare's shareholders from selling their shares and prevent Watercare from paying dividends to its shareholders.

The book value of the shareholders' investment at 30 June 2003 was \$1,173.6m based on the accounts maintained by Watercare in accordance with the stated accounting policies. The Directors may from time to time requisition an independent valuation of the shareholders' investment.

7.9 Asset Management Plans and Funding Plans

Water and Wastewater Asset Management Plans (AMPs) for the 2004/2005 financial year were issued to the shareholders at the end of November 2003. Watercare's

A82

Funding Plan for the 2004/2005 financial year was issued to the shareholders at the end of February 2004.

The submission from the shareholders on the AMPs noted ??? (still awaiting shareholders submission)

The submission from the shareholders on the Funding Plan ??? (still awaiting shareholders submission)

7.10 Disposal of Assets

The Company will consult with the shareholders prior to the disposal of any part of its undertakings, which, in any one-year, exceed in aggregate 5% of the current book value of its assets.

A83

WAITAKERE AND NORTH SHORE CITY COUNCIL PROPOSALS

Waitakere and North Shore City councils made resolutions on the Draft SCI as well as other non-SCI matters. The OWG have collectively discussed these and recommendations to the SRG are underlined.

The resolutions are presented in three parts:

1. Waitakere's proposals
 - 1A. Waitakere's proposals relating to the Draft SCI.
 - 1B. Waitakere's proposals relating to other matters.
2. North Shore's proposals

1. WAITAKERE'S PROPOSALS	
1A. RELATING TO THE DRAFT SCI	OWG COMMENTS
<p>In Section 5, under "Economic Policy":</p> <ul style="list-style-type: none"> o Remove "To Manage the Business Efficiently"; o Include economic instruments for sustainable management options for 1 in 20 to 1 in 200 events (including risk and cost/benefit measurements) 	<p>The OWG understands that the heading "To manage the business efficiently" may be redundant, but considers this can be dealt with in the next SCI review.</p> <p>The inclusion of economic instruments for sustainable management may be appropriate for the SCI, but developing such targets would be a complicated and lengthy process and should be considered for future SCIs.</p> <p><u>Recommendation:</u> That this be considered in the next SCI review.</p>
<p>In Section 5, under "Environmental Policy" remove "To Operate the Business in a Sustainable Manner"</p>	<p>The OWG understands that the heading "To operate the business in a sustainable manner" may be redundant, but considers this can be dealt with in the next SCI review.</p> <p><u>Recommendation:</u> That this be considered in the next SCI review.</p>
<p>In Section 5, under "Social Policy" :</p> <ul style="list-style-type: none"> o Remove "To Act in a Socially Responsible Manner" o Define what Watercare means by "Socially Responsible" o Change "Reasonable Corporate Citizen" to read "Responsible Corporate Citizen" o Amend the targets under corporate citizenship to include a new target a) "To actively seek opportunities to contribute to the social, economic, environmental and cultural wellbeing of people and communities, thereby aligning Watercare to the principles relating to its shareholding territorial local authorities as stipulated in Section 14 of the Local Government Act 	<p>The OWG understands that the heading "To act in a socially responsible manner" may be redundant, but considers this can be dealt with in the next SCI review.</p> <p><u>Recommendation:</u> That this be considered in the next SCI review.</p> <p>Watercare's definition of "socially responsible" could be sought outside the SCI process as part of the proposed new process for dealing with SRG priorities.</p> <p><u>Recommendation:</u> That this be discussed with Watercare through non-SCI methods as allowed by the new (proposed) process.</p> <p>The OWG considers that changing "reasonable" to "responsible" is unlikely to have a major effect on Watercare's behaviour. On balance it is considered that saving this amendment for the next SCI may be appropriate, given the negative impact that asking for further changes to the 2004/05 SCI may have on the</p>

1. WAITAKERE'S PROPOSALS	
1A. RELATING TO THE DRAFT SCI	OWG COMMENTS
2002".	relationship with Watercare. It is considered that before a target for Watercare to seek opportunities for community service is inserted in the SCI, the SRG should carefully consider what it sees Watercare's role is, particularly in a social context. It is therefore considered that this proposed target should be deferred until the next SCI process. <u>Recommendation:</u> That this be considered in the next SCI review.
That efficiency measures be included in the Statement of Corporate Intent, as follows: <ul style="list-style-type: none"> o Watercare Services Limited be required to achieve a 5% per annum reduction in capital and operating costs; and o Watercare Services Limited be required to benchmark its cost per cubic metre of water and wastewater services 	Although 5% may be a reasonable cost reduction target for Watercare, it is considered that more support for such a target is needed before it is imposed. Such support is likely to be an outcome of the upcoming cost efficiency review. It is therefore recommended that any cost targets be set after this review has concluded. Watercare already benchmarks its performance against other operators through the WSAA benchmarking scheme. It is not considered at this stage that benchmarking Watercare's costs per cubic metre is likely to contribute to further efficiency gains. <u>Recommendation:</u> That this be considered in the next SCI review, by which time the cost efficiency review will have been completed.
That the provisions within the Statement of Corporate Intent regarding the Board first discussing its intentions with the Shareholders Group, if it wishes to make submissions to Central Government on aspects of the legislation that governs the Company be more clearly defined.	Strengthening these provisions may be appropriate, but it is unlikely to change Watercare's behaviour. Instead, it is recommended that the SRG Chair write to Watercare reinforcing the SRG's expectation that it will be consulted before Watercare makes any submissions to central government. <u>Recommendation:</u> That the Chair of the SRG write to Watercare reinforcing the need for Watercare to consult with the SRG.

1. WAITAKERE'S PROPOSALS	
1B. RELATING TO OTHER MATTERS	OWG'S COMMENTS
The development of a strategy for reaching agreement between the Shareholders' Representative Group and the Government regarding the meaning of " <i>the sustainable management of water</i> ";	This matter can be raised by Waitakere City Council for discussion by the SRG at its "Environmental" quarterly meeting or in discussions over the content of the SCI. <u>Recommendation:</u> That this be discussed with Watercare through non-SCI methods as allowed by the new (proposed) process.
The development of a strategy to deal with the way that the Shareholders' Representative Group might respond to any proposed changes to the regional governance of water put forward by the Government.	The OWG considers that the issue of <i>ownership of Watercare</i> should be given high priority in the SRG's deliberations and that a strategy should be adopted. The content of the strategy should be decided by the SRG after due consideration of all the issues.

1. WAITAKERE'S PROPOSALS	
1B. RELATING TO OTHER MATTERS	OWG'S COMMENTS
The strategy should include the development of a united message to Government that sustainable management is a primary regional objective and any proposed governance structure should ensure that local authorities will have enough influence to facilitate that objective.	The OWG considers that the issue of <i>sustainable management</i> is separate from the issue of regional ownership of Watercare and should, therefore, be dealt with in a separate workstream. <u>Recommendation:</u> That the SRG request the OWG to prepare a workplan looking at issues relating to the ownership of Watercare, with a view to forming a stance on the matter for communication to central government.
Focus on strategic directions and key processes stipulated in the Shareholders Agreement, (Statement of Corporate Intent, Asset Management Plans, Funding Plans and Board Performance);	The proposed process achieves this. <u>Recommendation:</u> None required.
That regular SRG meetings be reduced to quarterly, with additional meetings for emergency purposes only;	The proposed process achieves this. <u>Recommendation:</u> None required.
That the Shareholders Group be provided with more opportunity to workshop key issues (such as the meaning of sustainable management of water, Asset Management Plans, Funding Plans and Statement of Corporate Intent);	The OWG considers that the SRG is free to workshop any issues that it chooses and that should any shareholder wish to discuss any issue in greater depth than is possible at scheduled meetings then they can propose an additional workshop at the time. <u>Recommendation:</u> None required.
That a workshop on the 2005 Statement of Corporate Intent be held when new Board members are elected, with a view to placing the document more in the context of sustainable management of water and the four wellbeings;	The proposed process envisages a comprehensive discussion of SCI issues by the OWG in November. If the SRG wishes to workshop these issues also, then it is free to do so. <u>Recommendation:</u> None required.
That Auckland City, as the administering council, structures the management of the Officers Working Group in such a way as to restore the co-ordination of agenda input from all shareholding councils' officers, as opposed to the present determination and development of the SRG agenda.	The proposed process includes regular OWG meetings before each of the four quarterly SRG meetings. The OWG has also agreed to meet to discuss material issues as they arise. <u>Recommendation:</u> None required.

2. NORTH SHORE'S PROPOSALS	OWG'S COMMENTS
<p>Pages 7 and 17 (of Watercare's draft SCI), suggest that the word "significant" be removed from paragraphs 4.7 – Regional Water and Wastewater Industry Synergies and 7.6 – Events requiring Shareholder Approval.</p> <p><i>Reasoning:</i> Shareholders need to know what is happening in governance matters, even if in very general terms. Open disclosure should be encouraged.</p>	<p>The OWG agrees that the SRG needs to be apprised of Watercare's activities and also supports open disclosure. However it is not considered that this change will materially change Watercare's behaviour. Instead, as recommended above, the SRG Chair should write to Watercare reinforcing the need for Watercare to consult with the SRG.</p> <p><u>Recommendation:</u> That the Chair of the SRG write to Watercare re-emphasising the need for Watercare to consult with the SRG.</p>

2. NORTH SHORE'S PROPOSALS	OWG'S COMMENTS
<p>Page 8, suggest insert new performance target under Economic Policy, Pricing Methodology:</p> <p><i>b) "To investigate and report to the Shareholders' Representative Group (SRG) by 1 October 2004, in conjunction with the Local Network Operators (LNOs), on implementing a regime of fully recovering capital growth costs by charges to developers similar to the development contribution regime under the Local Government Act 2002 and model the impact on the 2004/05 Funding Plan".</i></p> <p><i>Reasoning:</i> Watercare has estimated growth capital costs for the next twenty years of \$280m.</p>	<p>The OWG endorses this recommendation, but have discussed this with Watercare and received feedback from them that they are amenable to working with the LNOs on this issue and that LNOG may be the appropriate forum. It is therefore recommended that rather than including this in the SCI, that the SRG request more information from Watercare on this issue.</p> <p><u>Recommendation:</u> That the SRG seek information from Watercare on this matter.</p>
<p>Page 10, suggest insert new performance targets under Environmental Policy, Environmental Care:</p> <p><i>"To investigate and report to the SRG by 30 June 2005 on the feasibility, costs and benefits of improving the quality of biosolids from the Mangere Wastewater Treatment Plant to an 'a' grade."</i></p>	<p>In keeping with the proposal to reduce the number of targets in the SCI and rely more on the relationship with Watercare to achieve the SRG's outcomes, it is recommended that this issue be considered by the SRG as a possible request for investigative work by Watercare. This could be reported back to the SRG at its "Environmental" quarterly meeting.</p> <p><u>Recommendation:</u> That the SRG seek an update from Watercare on this issue at the next Quarterly Briefing (24 September).</p>
<p>Page 10, suggest insert new performance targets under Environmental Policy, Environmental Care:</p> <p><i>"To lead integrated planning of the region's wastewater networks and treatment facilities with the LNOs to ensure that upgrade programmes required to reduce discharges and meet customer expectations and resource consent requirements are implemented at least cost to consumers."</i></p>	<p>As with the target above, it is recommended that the SRG consider this as a possible request of Watercare.</p> <p><u>Recommendation:</u> That the SRG convey to Watercare that shareholders continue to encourage Watercare's active participation in integrated planning and seek an update from Watercare on this issue at the next Quarterly Briefing (24 September).</p>
<p>Page 11, suggest insert new performance target under Social Policy, Industry Leadership:</p> <p><i>d) "To work with the LNOs to investigate and report to the SRG by 30 June 2005 on increasing the coverage of the current trade waste bylaw to support the local network health and safety, asset protection and management objectives of the LNOs."</i></p>	<p>It is recommended that the SRG consider this as a possible request of Watercare.</p> <p><u>Recommendation:</u> That the Chair of the SRG write to Watercare seeking details of Watercare's efforts to support the local network health and safety, asset protection and management objectives of the Local Network Operators.</p>
<p>Page 13, suggest insert new performance target under Social Policy, Customer Relationships:</p> <p><i>"Commence the process to renew bulk water and wastewater contracts by agreeing the negotiation process and timeline with the LNOs by 1 August 2004."</i></p>	<p>It is recommended that the SRG consider this as a possible request of Watercare.</p> <p><u>Recommendation:</u> That the SRG seek an update from Watercare on this issue.</p>

2. NORTH SHORE'S PROPOSALS	OWG'S COMMENTS
<p>Page 17, suggest the last sentence in paragraph 7.5 - Procedure for the Acquisition of Shares, is replaced by:</p> <p><i>"The shareholders will be consulted in any decision to invest in or divest shares in another company or to enter into a joint venture relationship or participation arrangement through equity or operating agreements."</i></p> <p>Reasoning: Similar to the comment on paragraph 4.7 above. Shareholders need to know what is happening in these matters, even if in very general terms. Open disclosure should be encouraged. The directors are dealing with public money and the elected shareholder representatives should be kept informed.</p>	<p>The OWG considers that the requirements set out in the SCI, Clause 31.1 of the Constitution, and s129 of the Companies Act 1993 already outline the requirement for Watercare to consult with and seek shareholder approval prior to entering into a major transaction.</p> <p><u>Recommendation:</u> That the Chair of the SRG write to Watercare reinforcing the need for Watercare to consult with the SRG.</p>

Attachment 3

Proposed New Process

An overview

28 May 2004



AUCKLAND CITY

Objectives

Key objectives are to:

- Improve the quality of communication between the SRG and Watercare through revising the relationship framework.
- Improve efficiency of SRG processes.



Work Plan Objectives cont...

This will provide the following benefits:

- Improve the efficiency of both SRG and OWG officers in terms of time and focus on key issues
- Improve the planning of the SRG's shareholder requirements
- Provide greater structure and clarity of shareholder expectations to Watercare
- Will provide a more structured forum for all SRG members to have their viewpoint considered
- Reduce the number of SRG meetings

Structure for 3 different processes

- A. SCl review process
- B. Process for dealing with other SRG concerns and issues
- C. New annual meeting timetable and programme

A92



A. SCI review process

- **November:** Process begins in November for the SRG
- **(October:** Individual shareholding councils instruct their OWG representative with regard to their key issues. The OWG also meet in October.)
- **December:** SRG conveys priority areas to Watercare
- **1 March:** SRG receives SCI
- **March:** Individual councils consider draft SCI
- **Early April (special meeting):** SRG considers draft SCI and individual councils' comments, and SRG conveys comments on draft SCI to Watercare
- **Mid April:** Watercare board meeting (proposed)
- **End April (special meeting):** SRG considers Watercare's response and approve draft SCI
- **1 May:** Deadline for SRG comments to Watercare

B. Process for dealing with other SRG concerns or issues

- Move from 'report card' to relationship-focus approach
- A more expansive communication framework to handle SRG concerns and issues

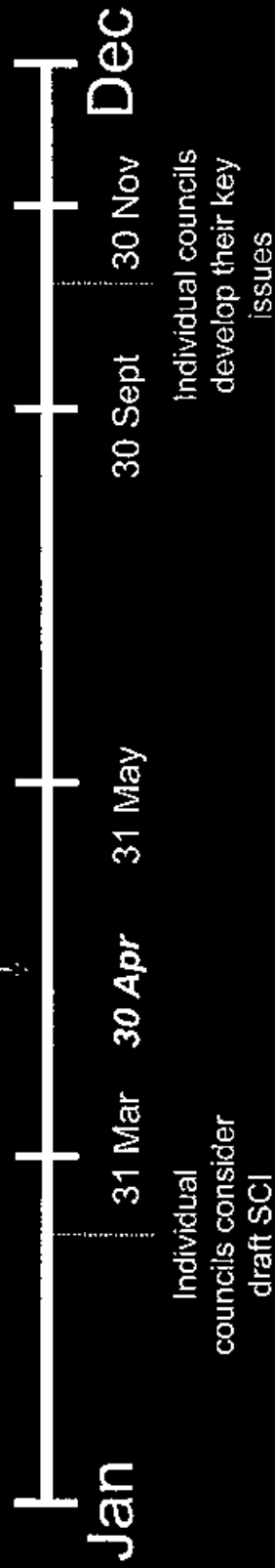
794

C. New meeting structure

- Reduce number of SRG meetings
 - quarterly
 - special meetings as needed e.g. for SCl approval in April, Halcrow review in Sept etc
- Bulk of planning in October (OWG meeting)

Quarterly Meetings

Special Meetings

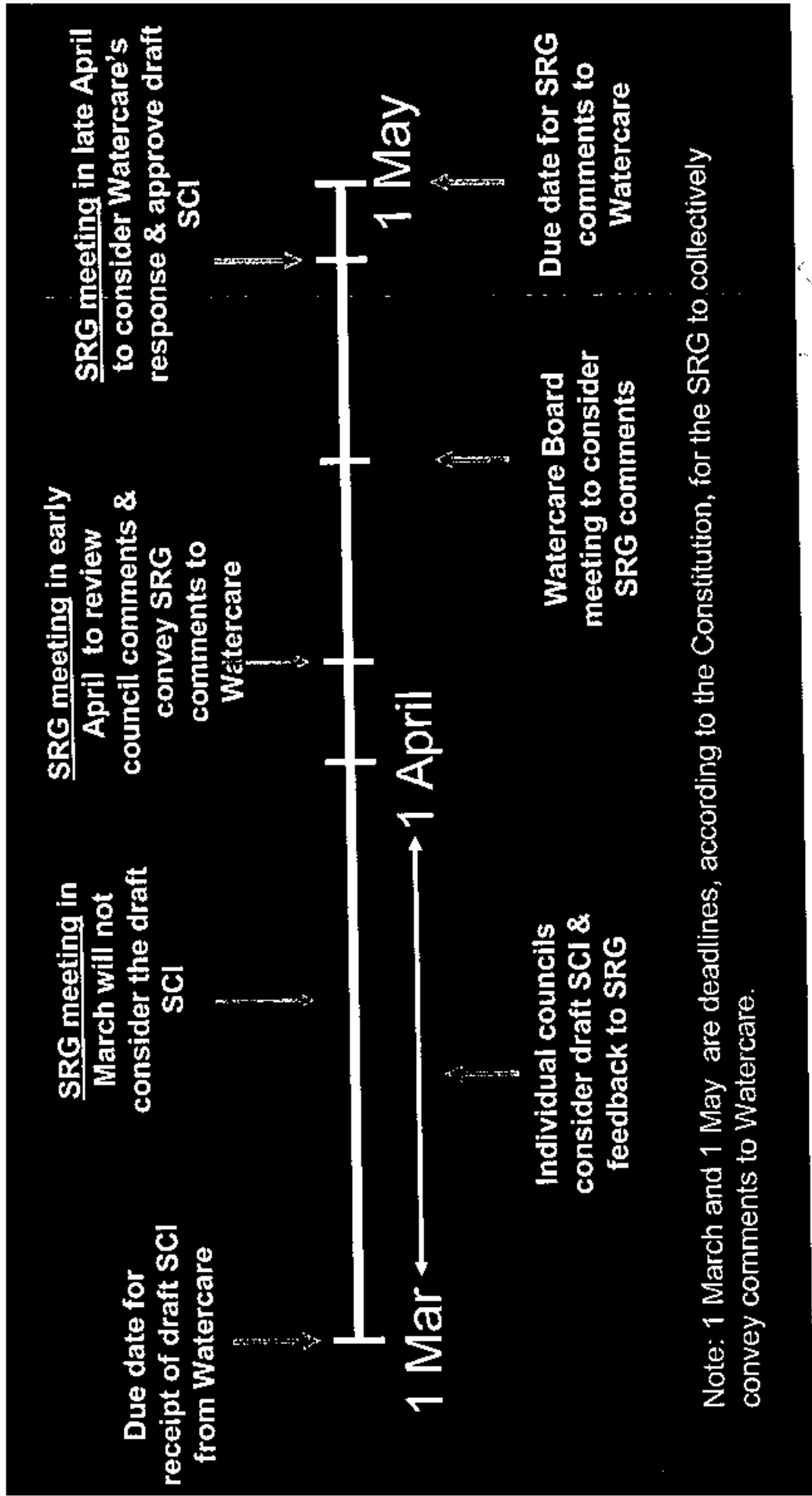


Quarterly Briefing to cover

- Review of quarterly performance
- Status of current projects
- New Projects approved by SRG (Matters of Interest Log)

Quarterly Briefing to cover: Can be called by SRG as required - eg Halcrow Report Review

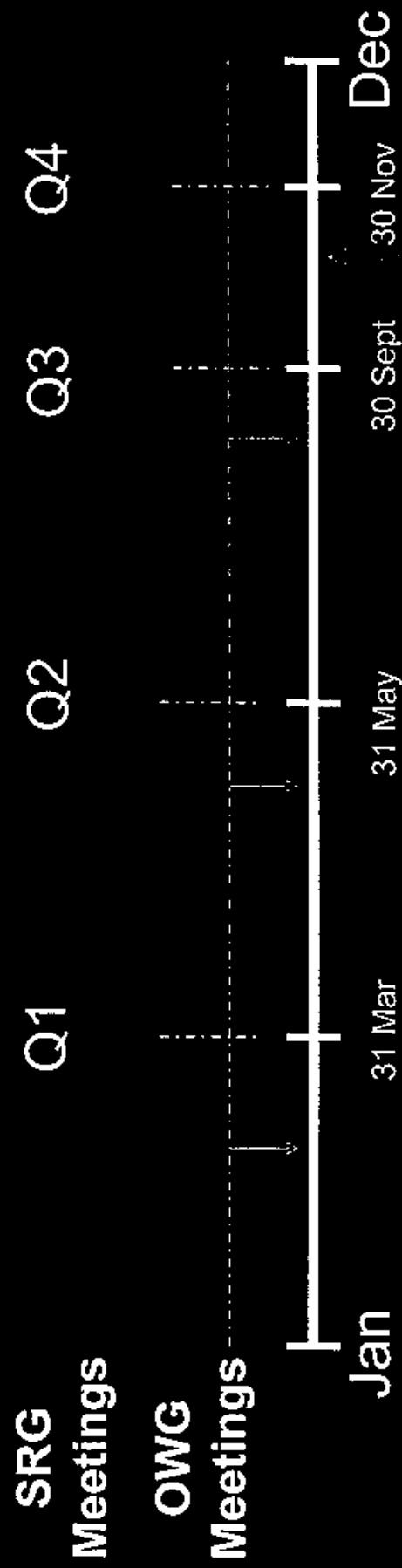




Note: 1 March and 1 May are deadlines, according to the Constitution, for the SRG to collectively convey comments to Watercare.



Proposed OWG Meeting Timetable



OWG Annual Workshop Meeting will suggest issues to cover in the
 SCI, Funding Plan & AMP reviews
 - Other OWG meetings will be called to discuss issues as required



May 2004 - SRG considers proposed process and workplan

June 2004 - Individual councils consider proposal

July 2004 - SRG receives feedback from individual councils and makes decision whether to adopt the proposal

Nov 2004: New process begins

**MINUTES OF AN ORDINARY MEETING OF THE CREATIVE COMMUNITIES SCHEME
ALLOCATION SUBCOMMITTEE HELD IN THE CIVIC CENTRE, 6 WAIPAREIRA
AVENUE, LINCOLN, WAITAKERE CITY, ON TUESDAY, 4 MAY 2004
AND RECONVENED ON WEDNESDAY, 12 MAY 2004,
COMMENCING AT 9.33 AM.**

PRESENT:

Councillor	VS	Neeson, JP (Chairperson)
Ms	J	Moore-Chisholm (Professional Artist {nominated annually by Lopdell House Society})
Ms	H	Baugh (Business Sector)
Ms	J	Reece (Titirangi Community Arts Council)
Mr	K	Davey (Waitakere Central Community Arts Council)
Ms	M	Tepai (Pacific Islands Communities)

ABSENT:

Ms	E	Taumaunu (Te Taumata Runanga)
Mr	R	Waititi (Te Taumata Runanga)

IN ATTENDANCE:

Manager: Arts
Maori Community Arts Co-ordinator: K Rogers
Community Assistance Administrator: J Brown
Pacific Island Advisory Board Co-ordinator: M Ama
Temp Arts Assistant: N Buddle
Committee Secretary: N Delamere

1 **APOLOGIES**

771/2004

MOVED by J Moore-Chisholm, seconded J Reece:

That an apology from H Baugh for lateness be received and sustained.

CARRIED

4 CREATIVE COMMUNITIES SCHEME ALLOCATION - MAY 2004

772/2004

MOVED by J Reece, seconded M Tepai:

That it be recommended to the Finance and Operational Performance Committee that the following funding allocations from the Creative Communities Scheme be approved.

No.	Group Name	Funds Requested	Granted
3	Aloma Trust	\$ 2,120.00	\$ 1,000
4	Auckland Country Music Association	\$ 3,000.00	\$ 1,750
5	EFKS Massey Trust Board Youth Group	\$ 3,500.00	\$ 750
6	Faamasani Aoga Amata	\$ 3,250.00	\$ 1,500
7	Fruitvale School	\$ 1,120.00	\$ 900
8	Further Education & Training Service	\$ 2,140.00	\$ 1,500
9	Glen Eden Baptist Community Kindergarten	\$ 410.00	\$ 410
10	Green Bay Community House	\$ 2,493.00	\$ 1,200
11	Kiwi Kids Circus Inc	\$ 2,000.00	\$ 1,500
12	Mandy Patmore	\$ 4,264.00	\$ 2,000
13	NZ Ethnic Social Services Trust	\$ 3,730.00	\$ 1,500
14	Oratia District School	\$ 1,000.00	\$ 750
15	Ranui Community House	\$ 965.00	\$ 965
16	Song Hua	\$ 5,000.00	\$ 0
17	Tangi Kaara Ki Avaiki	\$ 2,000.00	\$ 1,000
18	Te Akoranga Playcentre Association	\$ 1,982.30	\$ 1,000
19	Te Atatu Cluster Music Festival	\$ 3,000.00	\$ 2,000
20	Te Kura Kaupapa Maori o Hoani Waititi Marae	\$ 5,000.00	\$ 2,000
21	Te Piataata Trust	\$ 4,200.00	\$ 3,846
22	Te Ukaipo Mercy Initiatives for Neighbourhood	\$ 4,998.00	\$ 2,000
23	The Stage Challenge Foundation	\$ 945.00	\$ 945
24	Torotoro Trust	\$ 4,500.00	\$ 2,500
25	Viti Centre Trust	\$ 3,000.00	\$ 1,500
26	Waitakere Arts & Cultural Development Trust	\$ 4,810.00	\$ 2,500
27	Waitakere Arts & Cultural Development Trust	\$ 5,000.00	\$ 0
28	Waitakere Writers Networking Group	\$ 3,881.21	\$ 1,800
29	Westgate Homeschool Group	\$ 3,986.00	\$ 1,800
30	Andrew Naylor Serjeant	\$ 1,500.00	\$ 0
31	Ann Katrina Ingrid Poulsen	\$ 478.42	\$ 478
32	Auckland Handweavers - Spinners Guild	\$ 100.00	\$ 100
33	Class Act Opera Trust	\$ 2,600.00	\$ 1,800
34	Deborah Jane McDonald	\$ 2,989.00	\$ 0
35	Fruitvale School	\$ 900.00	\$ 0
36	Jane Parry-Jones	\$ 2,000.00	\$ 0
37	Kevin Jones	\$ 2,250.00	\$ 0
38	Lopdell House Gallery	\$ 1,250.00	\$ 750

A101

No.	Group Name	Funds Requested	Granted
39	Monsignor Ante Klaric	\$ 3,700.00	\$ 0
40	Pacific Culture & Art Exchange Centre	\$ 1,000.00	\$ 800
41	Pure Magic Concerts	\$ 2,571.00	\$ 1,300
42	Splash Flying Dance & Theatre Co	\$ 3,900.00	\$ 2,000
43	Te Whanau O Waipareira Trust	\$ 4,200.00	\$ 2,500
44	Titirangi Rudolf Steiner School	\$ 2,400.00	\$ 0
45	Waitakere City Orchestra	\$ 3,000.00	\$ 2,000
46	Womens Film Festival Auckland	\$ 3,000.00	\$ 1,500
	Total:	\$120,632,93	\$ 51,844
	Amount Available for Allocation:		\$ 51,844

CARRIED

11.10 am

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

CONFIRMED AT AN ORDINARY MEETING OF
THE CREATIVE COMMUNITIES SCHEME
ALLOCATION SUBCOMMITTEE HELD ON

DATE:.....

CHAIRPERSON:.....

**MINUTES FOR AN ORDINARY MEETING OF THE EMERGENCY SERVICES SPECIAL
COMMITTEE HELD IN THE CIVIL DEFENCE HEADQUARTERS, 7 ELCOAT
AVENUE, HENDERSON, WAITAKERE CITY, ON TUESDAY,
6 APRIL 2004, COMMENCING AT 9.30 AM**

PRESENT: Councillors DQ Battersby, JP (Chairperson)
VS Neeson, JP (Deputy Chairperson)
AC Fenton

IN ATTENDANCE: Director: Corporate & Civic Services
Services Delivery Manager: EcoWater
Transportation Engineer: Planning
Civil Defence Officer: A Mitchell
Committee Secretary: S Simiona

Bill Ellis, Chief Fire Officer, NZ Fire Service, Waitakere City
Murray Binning, Deputy Chief Fire Officer, NZ Fire Service, Waitakere City
Denis O'Donoghue, NZ Fire Service, North Shore City
Wayne Hight, NZ Fire Service, North Shore City

1 APOLOGIES

513/2004

MOVED by Cr Neeson, seconded Cr Fenton:

That apologies from Cr Dallow and Cr Russell for absence be received and sustained.

CARRIED

2 URGENT BUSINESS

There was no Urgent Business.

3 CONFIRMATION OF MINUTES

514/2004

MOVED by Cr Battersby, seconded Cr Fenton:

That the minutes of the Ordinary Meeting of the Emergency Services Special Committee held on Tuesday, 24 February 2004, as circulated, be taken as read and now be confirmed.

CARRIED

4 AUCKLAND REGION CIVIL DEFENCE EMERGENCY MANAGEMENT GROUP - FUNDING ISSUES

515/2004

MOVED by Cr Neeson, seconded Cr Fenton:

1. That the Auckland Region Civil Defence Emergency Management Group - Funding Issues report be received.
2. That the Waitakere City Council accepts that the funding apportionment for the Auckland Region Civil Defence Emergency Management Group be on the basis that 35% of funding come from the Auckland Regional Council with 65% from the Territorial Authorities on a population basis, provided that the Auckland Regional Council and the other Territorial Authorities agree to this funding formula.
3. That it be recommended to the Long Term Council Community Plan and Annual Plan Subcommittee that an additional \$7,000 for the Auckland Region Civil Defence Emergency Group be added to the 2004/2005 Annual Plan.

CARRIED

5 CIVIL DEFENCE EMERGENCY MANAGEMENT GROUP PLAN - SUBMISSIONS

516/2004

MOVED by Cr Fenton, seconded Cr Neeson:

1. That the Civil Defence Emergency Management Group Plan - Submissions report be received.
2. That the Emergency Services Special Committee examine the Auckland Region Civil Defence Emergency Management Group Plan with a view to bringing any concerns to the attention of the Manager Emergency Management for individual submission purposes if required.

CARRIED

6 FUTURE EMERGENCY OPERATING CENTRE OPTION REPORT

517/2004

MOVED by Cr Neeson, seconded Cr Fenton:

1. That the Future Emergency Operating Centre Option Report be received.
2. That a detailed report on the issues associated with co-location of the Emergency Operating Centre and Headquarters with the Fire Service be submitted to the Long Term Council Community Plan and Annual Plan Special Committee in June 2004 for consideration as part of the 2004/2005 Annual Plan.

CARRIED

7 **SEVERE WEATHER PRESENTATION**

11.05 am Cr Neeson left the meeting.

518/2004

MOVED by Cr Battersby, seconded Cr Fenton:

That the Severe Weather Presentation report be received.

CARRIED

8 **EMERGENCY MANAGEMENT UPDATE**

519/2004

MOVED by Cr Fenton, seconded Cr Battersby:

That the Emergency Management Update report be received.

CARRIED

11.08 am Cr Neeson returned to the meeting.

11.10 pm

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

CONFIRMED AT AN ORDINARY MEETING OF THE
EMERGENCY SERVICES SPECIAL COMMITTEE
HELD ON

DATE:.....

CHAIRPERSON:.....

**MINUTES OF AN ORDINARY MEETING OF THE EMERGENCY SERVICES SPECIAL
COMMITTEE HELD IN THE CIVIL DEFENCE HEADQUARTERS,
7 ELCOAT AVENUE, HENDERSON, WAITAKERE CITY, ON
TUESDAY, 1 JUNE 2004, COMMENCING AT 9.30 AM.**

PRESENT:

Councillors	DQ	Battersby, JP (Chairperson)
	RP	Dallow, QPM, JP
	AC	Fenton
	GW	Russell, JP

IN ATTENDANCE:

Director: Corporate and Civic Services
Manager: Emergency Management
Emergency Management Officer: A Mitchell
Principal Rural Fire Officer
Committee Secretary: S Simiona

Murray Binning, Deputy Chief Fire Officer, New Zealand Fire Service,
Waitakere City

1 APOLOGIES

864/2004

MOVED by Cr Battersby, seconded Cr Fenton:

That an apology from Cr Neeson for absence be received and sustained.

CARRIED

2 URGENT BUSINESS

There was no Urgent Business.

3 CONFIRMATION OF MINUTES

865/2004

MOVED by Cr Dallow, seconded Cr Fenton:

That the minutes of the Ordinary Meeting of the Emergency Services Special Committee held on Tuesday, 6 April 2004, as circulated, be taken as read and now be confirmed.

CARRIED

4 FUTURE EMERGENCY OPERATING CENTRE OPTION REPORT

866/2004

MOVED by Cr Dallow, seconded Cr Russell:

1. That the Future Emergency Operating Centre Option Report be received.
2. That the issue of future options for the Council's Emergency Operations Centre be reported back to the Emergency Services Special Committee following the deliberations on the Annual Plan 2004/2005 that following deliberations on the submissions to the Annual Plan.

CARRIED

5 RURAL FIRE REPORT

876/2004

MOVED by Cr Russell, seconded Cr Fenton:

1. That the Rural Fire Report be received.
2. That a letter of appreciation be forward to all volunteers for their support and dedication.
3. That at the appropriate time, a submission to the review process of the Fire Service legislation be prepared for the Emergency Services Special Committee's consideration, based on the contents of the Agenda report.

CARRIED

6 EMERGENCY MANAGEMENT UPDATE

868/2004

MOVED by Cr Dallow, seconded Cr Russell:

That the Emergency Management Update report be received.

CARRIED

10.13 am

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

CONFIRMED AT AN ORDINARY MEETING OF
THE EMERGENCY SERVICES SPECIAL
COMMITTEE HELD ON

DATE:.....

A107

CHAIRPERSON:.....

**MINUTES OF AN ORDINARY MEETING OF THE REGIONAL ARTS AND CULTURE
FUNDING ALLOCATION SUBCOMMITTEE HELD IN THE CIVIC CENTRE,
6 WAIPAREIRA AVENUE, LINCOLN, WAITAKERE CITY, ON
WEDNESDAY, 12 MAY 2004, COMMENCING AT 7.13 PM.**

PRESENT:

Councillor	DA	Yates, JP (Chairperson)
Ms	A	Crichton (Professional Artist {nominated annually by Lopdell House Society})
Mr	D	Greig (Business Sector)
Ms	J	Holtrigter (Waitakere Central Community Arts Council)
Mrs	M	Te Huia (Te Taumata Runanga)
Mr	T	Fasi (Pacific Islands Communities)

IN ATTENDANCE: Manager: Arts
Community Assistance
Pacific Island Advisory Board Co-ordinator
Committee Secretary: O Schuster

1 APOLOGIES

802/2004

MOVED by M Te Huia, seconded J Holtrigter:

That apologies from T Taua and J Reece for absence be received and sustained.

CARRIED

2 URGENT BUSINESS

There was no Urgent Business.

3 CONFIRMATION OF MINUTES

803/2004

MOVED by M Te Huia, seconded D Greig:

That the minutes of the Ordinary Meeting of the Regional Arts and Culture Funding Allocation Subcommittee held on Wednesday, 3 March 2004, as circulated, but with the following amendment delete "Cr GB Presland" from Also Present and add to In Attendance "GB Presland, Lopdell House Arts Development Trust" be taken as read and now be confirmed.

CARRIED

4 AUCKLAND REGIONAL SERVICES TRUST FUNDING REVIEW

DECLARATION OF INTEREST

8.22 pm T Fasi declared an interest and withdrew from the table and took no part in the debate or decision on the Auckland Regional Services Trust Funding Review.

804/2004

MOVED by D Greig, seconded M Te Huia:

1. That the Auckland Regional Services Trust Funding Review report be received.
2. That the Regional Arts and Culture Funding Allocation Subcommittee recommends to Finance and Operational Performance Committee that the remainder of the Auckland Regional Services Trust funds, that is \$793,335.00, be split three ways between Lopdell House Arts Development Trust, Corban Estate Arts Centre and the Pacific Island Arts Centre, provided that the amount allocated to the Pacific Island Arts Centre is used in the establishment of a purpose built facility to accommodate the "Mamas" so they may pass on their knowledge to young Pacific Island artists.
3. That the Pacific Island Advisory Board provide a Financial report to the Regional Arts and Culture Funding Allocation Subcommittee within six months of the funds being approved by Financial and Operational Performance Committee as to how the Advisory Board will spend the money.
4. That should the \$225,000 be returned to this fund, the Regional Arts and Culture Funding Allocation Subcommittee will meet to discuss its allocation.

CARRIED

8.25 pm T Fasi returned to the table.

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

CONFIRMED AT AN ORDINARY MEETING OF
THE REGIONAL ARTS AND CULTURE FUNDING
ALLOCATION SUBCOMMITTEE HELD ON

DATE:.....

CHAIRPERSON:.....

**MINUTES OF AN ORDINARY MEETING OF THE TENDERS SUBCOMMITTEE
HELD IN THE CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN,
WAITAKERE CITY, ON FRIDAY, 14 MAY 2004,
COMMENCING AT 9.06 AM**

PRESENT: Councillors JM Clews, QSO, JP (Chairperson)
GB Presland (Deputy Chairperson)
Chief Executive
Director: City Services
Director: Corporate & Civic Services
Director: Quality Assurance
Director: Finance
Maori Issues Manager

IN ATTENDANCE: Group Manager: Asset Management
Legal Services Manager
Project Manager: Strategic Projects: J McDonald
Principal Transport Engineer: Asset Management
Principal Transport Engineer: Information
Committee Administrator: S Cunningham
Committee Secretary: O Schuster

1 **APOLOGIES**

783/2004

MOVED by R McLeod, seconded W Paki:

That an apology from A Magee for absence be received and sustained.

CARRIED

2 **URGENT BUSINESS**

There was no Urgent Business.

3 **CONFIRMATION OF MINUTES**

784/2004

MOVED by Cr Presland, seconded A Pollock:

That the minutes of the Ordinary Meeting of the Tenders Subcommittee held on Friday, 16 April 2004.

CARRIED

4 TE ATATU UNDER GROUNDING PROJECT - WATERMAIN RENEWALS

785/2004

MOVED by R McLeod, seconded Cr Presland:

1. That the Te Atatu Under Grounding Project - Watermain Renewals report be received.
2. That the Group Manager: Asset Management be authorised to negotiate with Vector Limited to include the water main renewal work identified with the power under grounding project.
3. That the outcome of the negotiations be reported back to the Tenders Subcommittee for approval.

CARRIED

5 CONTRACT SD 03012B - HOBSONVILLE MARINE ENTITY OPTIONS ANALYSIS

786/2004

MOVED by Cr Presland, seconded R Rudd:

That Contract SD 03012B - Hobsonville Marine Entity Options Analysis report be received.

CARRIED

PRECEDENCE OF BUSINESS

787/2004

MOVED by W Paki, seconded J Dragicevich:

That Item 7: Contract TA03535.B - Paremuka Bridge Physical Works report be accorded precedence at this time.

CARRIED

DECLARATION OF INTEREST

9.12 am R McLeod declared an interest and left the room taking no part in the debate or decision on the Contract TA03535.B - Paremuka Bridge Physical Works.

7 CONTRACT TA03535.B - PAREMUKA BRIDGE PHYSICAL WORKS

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

788/2004

MOVED by Cr Presland, seconded R Rudd:

That the public be excluded from the following part of the proceedings of this meeting, namely, Contract TA03535.B - Paremuka Bridge Physical Works.

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">Contract TA03535.B - Paremuka Bridge Physical Works	<p>The withholding of information is necessary in order to:</p> <ul style="list-style-type: none">maintain legal professional privilege.	<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 information which is subject to legal advice upon issues which have arisen in relation to the tender for this contract.

CARRIED

9.12 am The public were excluded.

Minute Number 789/2004 is recorded in the Confidential Section of these Minutes.

9.13 am The public were readmitted.

RESTATEMENT

The Council resolved while the public were excluded:

(MOVED by J Dragicevich, seconded HV O'Rourke) (resolution 790/2004 no.2) *"That the information contained in the confidential report relating to Contract TA 03535.B - Paremuka Bridge Physical Works remain confidential at all times"*.

The Order of Business resumed at Item 6: Contract TA 03535.B - Paremuka Bridge Physical Works.

6 CONTRACT TA 03535.B - PAREMUKA BRIDGE PHYSICAL WORKS

790/2004

MOVED by HV O'Rourke, seconded J Dragicevich:

1. That the Contract TA 03535.B - Paremuka Bridge Physical Works report be received.
2. That the tender from Fulton Hogan Limited for Contract TA 03535.B - Paremuka Bridge Physical Works in the sum of \$1,944,678.66 plus \$243,084.83 GST, totalling \$2,187,763.49 be accepted, subject to Transfund New Zealand funding approval.
3. That the tender for Contract TA 03535.B - Paremuka Bridge Physical Works be awarded to other than the lowest priced tender, because the weighted attributes tender evaluation method requires the tendering authority to enter into a contract only with the tender that scores the highest overall index.
4. That it be recommended to the Finance and Operational Performance Committee that the 2003/2004 allocated budget for Contract TA 03535.B - Paremuka Bridge Physical Works totalling \$1,709,000.00 plus GST be carried forward to 2004/2005 financial year.
5. That it be recommended to the Finance and Operational Performance Committee that the water supply 2003/2004 allocated budget for Contract TA 03535.B - Paremuka Bridge Physical Works totalling \$240,400.00 plus GST be carried forward to 2004/2005 financial year.
6. That the commitment to the 2004/2005 financial year for Contract TA 03535.B - Paremuka Bridge Physical Works totalling \$600,000.00 plus GST be approved, \$541,000.00 plus GST will be subsidised by Transfund and \$59,000.00 plus GST will be funded by Council only.
7. That authority to enter into Contract TA 03535.B - Paremuka Bridge Physical works on behalf of Council be delegated to the Director: City Services.

CARRIED

7 CONTRACT TA 03535.B - PAREMUKA BRIDGE PHYSICAL WORKS

This item was considered following item 5: Contract TA 03012B - Hobsonville Marine Entity Options Analysis.

9.15 am

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

CONFIRMED AT AN ORDINARY MEETING OF THE
TENDERS SUBCOMMITTEE HELD ON

DATE:.....

A113 **CHAIRPERSON:**.....

**MINUTES OF AN ORDINARY MEETING OF THE TENDERS SUBCOMMITTEE
HELD IN THE CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN,
WAITAKERE CITY, ON FRIDAY, 28 MAY 2004,
COMMENCING AT 9.00 AM.**

PRESENT:

Councillors JM Clews, QSO, JP (Chairperson)
GB Presland (Deputy Chairperson)
Director: Quality Assurance
Maori Issues Manager

IN ATTENDANCE:

Group Manager: Service Management
Project Manager: Cleaner Production
Assets and Network Manager
Business Analyst: Information Management: B Jagmohan
Committee Administrator: S Cunningham

Mr Jeremy Allen, Energy Solutions

1 APOLOGIES

817/2004

MOVED by Cr Presland, seconded R Rudd:

That apologies from H O'Rourke, J Dragicevich, A Magee, A Pollock and R McLeod for absence be received and sustained.

CARRIED

2 URGENT BUSINESS

There was no Urgent Business.

3 CONFIRMATION OF MINUTES

818/2004

MOVED by W Paki, seconded Cr Presland:

That the minutes of the Ordinary Meeting of the Tenders Subcommittee held on Friday, 14 May 2004, including the Public Excluded minutes, as circulated, be taken as read and now be confirmed.

CARRIED

4 CONTRACT NO. RM03502B - ELECTRICITY SUPPLY

819/2004

MOVED by R Rudd, seconded Cr Presland:

1. That the Contract No. RM03502B - Electricity Supply report be received.
2. That the tender from Genesis Power Limited for Contract No. RM03502B - Electricity Supply be accepted, subject to a satisfactory credit check.
3. That the electricity supply contract for Waitakere City Council be negotiated with Genesis Power Limited, based upon the tender submitted.
4. That a contract period of 33 or 36 months be negotiated for the term of the electricity contract with Genesis Power Limited.
5. That the commitment of funds for the 2004/2005, 2005/2006 and 2006/2007 financial years for Contract No. RM03502B - Electricity Supply be approved.
6. That the authority to enter into Contract No. RM03502B - Electricity Supply on behalf of Council be delegated to the Director: Corporate & Civic Services.

CARRIED

5 CONTRACT NO. EW 03 463P - DRINKING WATER QUALITY TESTING

820/2004

MOVED by R Rudd, seconded Cr Presland:

1. That the Contract No. EW 03 463P - Drinking Water Quality Testing report be received.
2. That the tender from Aqualab (NZ) Limited for Contract No. EW 03 463P - Drinking Water Quality Testing in the sum of \$315,455.00 plus \$39,431.87 GST, totalling \$354,886.87 be accepted.
3. That the commitment to the 2004/2005 financial year for Contract No. EW 03 463P - Drinking Water Quality Testing totalling \$104,182.50 plus GST be approved.
4. That the commitment to the 2005/2006 financial year for Contract No. EW 03 463P - Drinking Water Quality Testing totalling \$104,182.50 plus GST be approved.
5. That the commitment to the 2006/2007 financial year for Contract No. EW 03 463P - Drinking Water Quality Testing totalling \$107,090.00 plus GST be approved.
6. That authority to enter into Contract No. EW 03 463P - Drinking Water Quality Testing on behalf of Council be delegated to the Group Manager: Asset Management.

CARRIED

6 AQUATIC AND RECREATION CENTRE SYSTEM (CONTRACT NO. IM03201A)

821/2004

MOVED by R Rudd, seconded W Paki:

That the Aquatic and Recreation Centre System (Contract No. IM03201A) report be received.

CARRIED

9.16 am

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

CONFIRMED AT AN ORDINARY MEETING OF THE
TENDERS SUBCOMMITTEE HELD ON

DATE:.....

CHAIRPERSON:.....

A116