



Waitakere City Council
Te Taiao o Waitakere

NOTICE OF MEETING

FINANCE AND OPERATIONAL PERFORMANCE COMMITTEE

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

DATE: **Monday, 7 November 2005** **TIME:** **9.30 am**

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

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

2 November 2005

Owena Schuster
Committee Secretary
Ext: 8864

MEMBERSHIP:

Councillors	JM	Clews, QSO, JP (Chairperson)
	RI	Clow (Deputy Chairperson)
	DQ	Battersby, JP
	PJ	Booth, OBE
	MFP	Chan, JP
	LA	Cooper
	AK	Corban, OBE, JP
	RP	Dallow, QPM, JP
	WW	Flaunty, QSM, JP
	DE	Gilmour
	PA	Hulse
	JP	Lawley
	VS	Neeson, JP
	CA	Stone

Mayor RA Harvey, QSO, JP (ex officio)

(Quorum 5 members)

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

**AGENDA FOR A MEETING OF THE FINANCE AND OPERATIONAL PERFORMANCE
COMMITTEE TO BE HELD IN THE CIVIC CENTRE, 6 WAIPAREIRA AVENUE,
LINCOLN, WAITAKERE CITY, ON MONDAY, 7 NOVEMBER 2005
COMMENCING AT 9.30 AM**

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PART A - OPENING OF MEETING

1 APOLOGIES



2 URGENT BUSINESS

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

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

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

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



3 CONFIRMATION OF MINUTES

Meeting Minutes - Monday, 10 October 2005

RECOMMENDATION

That the minutes of the Meeting of the Finance and Operational Performance Committee held on Monday, 10 October 2005, as circulated, be taken as read and now be confirmed.



PART B - PRESENTATION

4 SALE OF TECHSCAPE LIMITED

The Chairperson has consented to Mr Meredydd Barrar, spokesperson for Citizens against Privatisation to make a presentation to the Finance and Operational Performance Committee in relation to Community concerns regarding the sale of Techscape Limited.



PART C - LEGAL AND CONSTITUTIONAL

5 AFFIXATION OF COMMON SEAL

EXECUTION OF DOCUMENTS: 23 September 2005 - 28 October 2005

Nº	NAME	PARTICULARS
3483	WCC - The Piha Community Centre Society Incorporated	Easement over Les Waygood Park - Resolution 922/2004
3484-6	WCC - John Henry Centre	Withdrawal of Caveat (x3) - s.108(2)(d) RMA Covenant (in substitution) John Henry Centre (transfer of ownership)
3487	WCC - Exotic Developments Ltd	Consent of Council as caveator to land transfer - Council resolution 474/2005
3488	WCC	Consent to transfer 82-84 Central Park Drive - CT NA103A/147 - Council as statutory charge holder s.158 Rating Powers Act 1988
3489	WCC - Exotic Developments Ltd	Withdrawal of Caveat 6496092.1 - Resolution 474/2005
3490	WCC - A Paton A Hawkins, B Johnstone	Memorandum of Encumbrance - road encroachment - CT NA962/52 - 57 Paturoa Road, Titirangi
3491	WCC - BG Giles & LJ Giles	Deed of Waiver s.40 Public Works Act 1981 - 61 Savoy Road, Glen Eden - Resolution 1348/2005
3492	WCC - Stevies Lane	Resolution s.111 Reserves Act 1977 - Resolution 1794/2005
3493	WCC - MA Van Hest & Lincoln Trustees Ltd	Drainage Easement in gross - CTs 208842 & 208843 - Candia Road - SPW 22126
3494	WCC - BR Sowden & CA Gratten	Memorandum of Encumbrance - road encroachment - CT NA1912/42 - 112 Wood Bay Road, Wood Bay
3495	WCC - J Sisson	Drainage Easement in gross - CTs 232018 & 232019 - 39 Simpson Road - SPW 22429
3496	WCC - Lopdell House Society	Funding & Service Agreement 2005/2006 - Resolution 1165/2005
3497	WCC - Ballard Homes Ltd	Water Supply Easement in gross - CTs 89473-89477 - 20-28 Bluefin Way - SPW 19587
3498	WCC - P Talijancich	Drainage Easement in gross - CTs 231609 & 231610 - 57 & 59 Forest Hill Road - SPW 22021
3499	WCC - BJ Kregting	Memorandum of Encumbrance - road encroachment CT NA88C/192 - 42 Napuka Road, Henderson
3500	WCC - CL Devereaux	Drainage Easement in gross - CTs 202269 - 17 Lesa Annis Place - SPW 21703
3501	WCC - Estate of Al Talijancich	Consent of Council as Chargeholder - Statutory Land Charge C129757.1 - CT 14D/1016
3502	WCC - Waitakere Grey Power Association Inc	Deed of Lease - part Te Atatu South Library - Resolution 1317/2005
3503	WCC - HM Reilly	Deed of Waiver - s.40 Public Works Act 1981 - 72 Routley Drive - Resolution 1348/2005
3504	WCC - Tribro Holdings	Consent to Deposited Plan removal of limitations - Standing Order 44.2

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 D - 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.

BACKGROUND

Through the Long Term Council Community Plan processes, the Council approves operating and capital expenditure. The Council follows good practice for procurement of goods and services and ensures that funding has been provided from appropriate sources.

ISSUES

A1 This report covers expenditure for three (3) months to 30 September 2005. The financial summary is attached at page A1.

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.

CONCLUSION

Expenditure to the three (3) months to 30 September 2005 is on track as per the operational budget.

RECOMMENDATION

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 inform the Finance and Operational Performance Committee on the status of Council's Special Funds.

BACKGROUND

Special funds are those funds held or designated by Council for a specific purpose or purposes. With the exception of the Auckland Regional Services Trust funds which are held in a separate bank account, the balances of these funds are used to offset Council's borrowing requirements. Interest is allocated to funds where applicable.

Special fund movements are recommended through the Long Term Council Community Plan and Annual Plan adoption process. Special funds are classified as either "Restricted Funds" or "Non-Restricted Funds". Restricted funds are those funds that have been received by Council from a third party or parties and are to be used for a specific purpose or purposes. Non-restricted funds are funds established by a Council resolution to use and set aside its own funds and also to meet a specific purpose or purposes.

ISSUES

A2 The Special Fund report is separated into restricted and non-restricted funds. The balances and summary transactions for the three months ended 30 September 2005 are attached at page A2.

The opening balances for this report is subject to a completion of the audit by Audit New Zealand on the financial reports for the year ended 30 June 2005.

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.

CONCLUSION

Special Funds are being held or designated for a specific purpose or purposes. The fund balances have been reported as required.

RECOMMENDATION

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

The purpose of this report is to provide the Finance and Operational Performance Committee with an update on the estimated borrowing and investment activity for September 2005.

BACKGROUND

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.

A3-A8

The relevant portfolio and graphs reflect the estimated position as at 30 September 2005 and are attached at pages A3 to A8.

ISSUES

Council's Funds 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 assist 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 may include 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 with 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 risk management is a key responsibility of the Funds Management function. Detailed financial information included within this report is intended to give assurance of the prudent management of Council's portfolio.

Council approved a new loans funded capital works programme for the 2005/2006 year, including carry forward projects from the 2004/2005 year, through the 2005/2006 Annual Plan to a maximum gross debt of \$296.681 million. Interest expense for the 2005/2006 year is budgeted to be \$10.166 million.

Council maintains Standard and Poor's Credit Ratings of A-1+ short term, and AA-long term (stable).

ESTIMATED SUMMARY OF BORROWING AND INVESTMENT MOVEMENTS TO SEPTEMBER 2005

Council's estimated gross term debt position has increased by \$3.858 million since August 2005, with an estimated closing balance at September month end of \$174.954 million. Estimated working capital borrowings of \$13.275 million as at 30 September 2005 have been funded using unsecured bank facilities and internal borrowing.

SIGNIFICANT FUNDING TRANSACTIONS ENTERED INTO DURING SEPTEMBER 2005

- Sinking Fund Investment of \$2,177,233.38 for 42 days at an interest rate of 7.05%;
- Sinking Fund investment of \$605,162.15 for 28 days at an interest rate of 7.05%.

FINANCIAL MARKET COMMENTARY

Market Overview

At the Reserve Bank of New Zealand's' Official Cash Rate Announcement held 27 October 2005, Governor Alan Bollard increased the Official Cash Rate to 7.00% and issued the following statement:

"As noted in our September Monetary Policy Statement, medium term inflation risks remain strong.

Persistently buoyant housing activity and related consumption, higher oil prices and the risk of flow-through into inflation expectations, and a more expansionary fiscal policy are all of concern. While there has been a noticeable slowing in economic activity, and a particular weakening in the export sector, we have seen ongoing momentum in domestic demand and persistently tight capacity constraints. Hence, we remain concerned that inflation pressures are not abating sufficiently to achieve our medium term target, prompting us to raise the OCR today.

The most serious risk to medium term inflation is the continuing strength of household spending, supported by a relentless housing market and rapid growth in mortgage lending. Significant dis-saving by the household sector is showing through in a worsening current account deficit, now 8 per cent of GDP. Borrowers and lenders alike need to recognise that the current rate of debt accumulation is unsustainable.

The correction of these imbalances and associated inflation pressures will require a slowdown in housing, credit growth and domestic spending.

We also expect a significantly lower exchange rate. The longer these adjustments in behaviour and asset prices are deferred, the more disruptive they are likely to be."

Today's increase in the Official Cash Rate, combined with higher world interest rates and pipeline effects from the repricing of fixed rate mortgages, are expected to slow the housing market and household spending over the coming months. However, the prospect of further tightening may only be ruled out once a noticeable moderation in housing and consumer spending is observed. Certainly, we see no prospect of an easing in the foreseeable future if inflation is to be kept within the 1 per cent to 3 per cent target range on average over the medium term."

The increase of the Official Cash Rate was largely anticipated by the financial markets with the 90 day bank bill interest rates trending upward for the past 6 weeks to a current position above 7.30%. As such the financial markets consider that further increases in the Official Cash Rate are likely, though more importantly short term interest rates are unlikely to decline as quickly as most bank economists forecasted only three months ago.

Long term New Zealand interest rates have trended upward to a current level of approximately 6.80% though there is still a lot of volatility in longer term rates

The New Zealand dollar has continued to trade around US 70 cents. While New Zealand interest yields remain attractive to international investors, demand for New Zealand dollar denominated securities should continue this trend in the short term.

Up Coming Dates

Monetary Policy Statement - 8 December 2005

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.

STRATEGIC CONTEXT

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

PAYMENTS

A9-A14

A summary schedule of payments made for the period 2 September 2005 to 6 October 2005 is attached at page A9. A further schedule of all payments of \$5,000 and above, together with the reason for the payment is attached at pages A10 to A14. 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.

CONCLUSION

The summary schedule of payments is shown for the period 2 September 2005 to 6 October 2005. Payments have been provided for in accordance with approved budgets.

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.



PART E - GENERAL

10 REVIEW OF RATING SYSTEM

PURPOSE OF THE REPORT

The purpose of this report is inform the Finance and Operational Performance Committee on options for changing the rating system following a report to the 12 September 2005 meeting of the Committee and the recent workshop for Councillors on rating. The first part of the report restates much of the background information on options available to the Council that was contained in the report to the 12 September 2005 meeting, but includes options for charging for wastewater, and presents revised models of impacts of options on rates payable on properties.

BACKGROUND

Property rates must be levied under the provisions contained in the Local Government (Rating) Act 2002. This Act specifies the methods that may be used to calculate rates payable, matters that may be taken into account when setting categories of land to which certain rates will apply, and the setting of differential rating categories, and certain limitations on the application of some rating options.

There are two kinds of rates that may be levied, a general rate, to be applied as the name implies for general or unspecified purposes, and targeted rates to be set and applied for specific functions as identified in the Annual Plan.

General Rate

The major part of this rate must be calculated on the value of properties as contained in the valuation roll.

The property values that may be used are:

1. The capital value, based on the market value of a whole property being the value of both land and buildings at a common valuation date assessed triennially, the last revaluation being as at 1 September 2004.
2. The land value, being the assessed value of the land as a vacant site alone excluding any buildings, again at a common valuation date assessed triennially, and
3. The annual value, being the assessed annual rental value that a property would yield if it was rented, reduced by 20%, but in any case not less than 5% of the capital value.

Capital and land values are currently included in the valuation roll. Annual values have not been assessed, and Auckland City Council is thought to be the only Council in New Zealand using this valuation as a basis for rating. In its effect on rates, annual value rating is really a modified form of capital value rating.

The report to the 12 September 2005 meeting of the Committee advised that the cost of preparing provisional annual values to a standard sufficient for modelling the impacts on rates payable was \$32,000, that the cost of preparing a valuation roll containing annual values was assessed to be \$557,000, and that the timing of preparation of the data and values was such that annual value rating was not an option that could be considered for the 2006/2007 year. Consequently this report does not consider this option.

After the date of valuation, none of the values showing on the valuation roll purport to be the current market value, or reflect changes in market values. They are simply a set of property values assessed at a common date and are used as a basis for sharing the total rate requirement between properties until the next triennial revaluation of properties in the City.

The general rate may be set differentially, i.e. the rates in the dollar set for the general rate may be different for different classes of properties. However, those differential rates must be set on the same valuation basis for all classes of properties. For example, land value cannot be used to calculate general rates on one class of property, and capital value on another class of property.

Uniform Annual General Charge

As a partial alternative to setting and calculating the general rate on the property value, a uniform annual general charge may be set. This charge may be set as a fixed charge per rating unit (property), or as a fixed charge per separately used or inhabited part of a rating unit. This charge must be the same amount for all classes of property.

There is a statutory limit for the amount of the uniform annual general charge. It cannot be set for an amount that together with other uniform charges for targeted rates will produce more than 30% of the total amount of rates required to be collected. However, the product of any uniform annual charges for wastewater or water are not included in this 30% limit, and can be assessed in addition to the 30% limit. This will be referred to later in this report.

The uniform annual general charge is not required to be levied to meet any specific costs, and is simply an alternative rating tool, and the proceeds are applied to the same general purposes as the general rates in the dollar.

Targeted Rates

These may be set for any function identified in the Annual Plan.

Targeted rates may be calculated on the value of a property, or may be set as a uniform annual charge basis across all classes of property, or differentially for different categories of property.

Targeted rates set on property value may be set using a different system of property values to the general rate, and may be set using different system of property values for different classes of properties, e.g. if the general rate is calculated on land value, a targeted rate may be calculated on capital value, or rates on one class of properties may be calculated on land value and rates on another class of properties may be calculated on capital value. Such targeted rates may also be set uniformly across all properties in a class, or may be set differentially across different classes of properties, and those differentials could be not the same as for the general rate.

The proceeds of targeted rates set on a uniform annual charge basis, excluding any uniform annual charges for wastewater and/or water must be included in the 30% maximum of the total rates requirement referred to earlier.

Options for charging for wastewater as a targeted rate will be addressed separately later in this report.

STRATEGIC CONTEXT

The scheduled review of the Long Term Council Community Plan provides an opportunity to consider a review of the current rating system and consideration of possible future options for sharing the total rate requirement between ratepayers.

The Courts have stated that a rating system is primarily a taxation system rather than a system for charging for services, and although in setting its differential rating system a local authority must not act unreasonably, decisions on a rating system involve the exercise of political judgement by elected representatives of the community.

ISSUES

The different options and bases for property value based rating and uniform annual charges have different impacts on the rates payable on properties of various levels of value in the city.

What all options have in common is they do not affect the total amount of rates collected in any one year. That total amount of rates is set in the Annual Plan, and the different bases of rating simply affect how that same amount of rates is shared between properties of different values and uses.

Characteristics of Capital Value and Land Value Rating Systems

Generally the land value of a property reflects the market value of a vacant site, devoid of buildings, and reflects its potential use for the maximum permitted use under the District Plan.

The capital value reflects the market value of a property inclusive of buildings and other improvements, and better reflects the actual use of a property. In the case of business properties, the capital value would commonly be calculated in relation to the economic return from the use of a property.

None of the options for the rating system necessarily reflects the ability to pay, although there is a probability that in many cases the higher the capital value, the greater the wealth of the owner when compared to owners of lower valued properties. However, in some cases the owner of a higher valued property may be asset rich and cash or income poor. Neither a land or capital value rating system takes into account the financial circumstances or income of the owner, or the amount of debt owing on the property.

When related to the impact on rates, a change to a capital value rating system will result in changes to the share of the total rates and actual amount of rates payable reflecting the intensity of development of the property compared to the average intensity across all values, as indicated by the ratio of the land value as a percentage of the capital value. The greater the intensity of development above the average, the higher the rates will be under a capital value rating system when compared to rates under a land value rating system, from high to low valued properties. This may reflect the greater use of a property in some cases, or in the case of a vacant site, lower or lack of use. In this extreme case of a vacant site where the land value is the same or close to the capital value with little or no development, having the potential to draw on services of the community, but not actually using services, rates would be much lower than on an intensively developed site.

In a land value rating system with stepped differentials, that relationship between the land value and the capital value is somewhat distorted for properties of different levels of values above the average value.

Generally rates on the “average” property with the “average” intensity of development will be the same under either system of rating.

The choice of the system of rating or combination of systems should attempt to achieve the greatest equity between properties, and should be based on an assessment of which system is overall the best match to use of services. No system of rating based on property values will achieve a perfect match to use of services. The aim is to achieve the best fit possible to the greatest number of ratepayers, using the range of tools available, including differentials, and uniform annual charges, irrespective of what are the current rates on a property. The effect of the impact on the amount of rates for individual properties is a matter of managing the change, rather than a reason not to change. It is inevitable that rates on some properties will increase, and rates on other properties will decrease, and rates on many properties will be relatively unchanged.

Issues Affecting Alternative Rating Systems

Professor Claudia Scott in her book, “Local and Regional Government in New Zealand: Function and Finance”, published in 1979 states:

“An extensive literature (sic) exists discussing various aspects of rating under each of the three valuation systems. In large part, the benefits of one system become the drawbacks of the other, and an appreciation of the differences can be obtained by concentrating on the positive aspects of each.

Imposition of a tax on the value of land (exclusive of improvements) has been promoted on a number of grounds. One claim is that the system encourages more intensive development of the land (because rates are the same whether or not buildings are erected on the land) and discourages land speculation (because vacant land is more expensive to hold than under the capital value rating system). In addition, heavier taxation on land is expected to put a downward pressure on land prices.”

“While both capital and annual value taxation are criticised for their negative impacts on both development and property maintenance, and their encouragement of land speculation, they are regarded as superior because of their regard for the ability-to-pay of property owners and their closer relationship with services provided.” ...

“A study of Auckland published in the same year (1966) by T.W.Fookes examined the influence of the rating system on trends in urban development. His analysis of a range of city characteristics produced a dominant impression of diversity, both between and within the different rating systems, suggesting the important contribution of forces other than rating to urban development.”

“The widely-held view that residential property pays less under the unimproved (land) value system has had a major impact on the various polls which have been taken concerning shifts to and from unimproved (land) value. In the case of Milton, the shift in rating burdens coincident with a change from annual to unimproved value did not confirm a substantial reduction in the burden of the residential sector. The self interest of ratepayers has dominated the debate on proposed changes to rating systems.”

With modern technology it is far easier to quantify and analyse the impact of a change in the rating system on individual ratepayers. But nevertheless the self interest of ratepayers is expected to dominate debate on a proposed change in the rating system.

Whichever property value rating system is used, the Uniform Annual General Charge at whatever level is a rating tool that may be required to be used to remedy perceived inequities in the distribution of the total rate requirement

The Effect of Growth on the Rating Base

Under a land value based rating system, the growth in the rating base from development in the city is limited to the increase in land values resulting from subdivisions.

Under a capital value based rating system the growth in the rating base from subdivision of land would be supplemented by building construction.

A comparison of the change in total land and capital values over a two year period to June 2004 shows that total land values increased by .33% for business sector properties, and 1.57% for residential and other rateable properties. This may be compared with increases in capital values of business sector properties of 5.75% and 5.74% for residential and other rateable properties.

Applying these increases in property values to the part of the rate requirement levied on property value for the 2005/2006 year, and converting them to an annual basis, a change to capital value rating could result in additional growth in the rating base of \$494,000 in the business sector, and \$912,000 in the residential sector. When the increase in the number of rating units and the number of Uniform Annual General Charges able to be levied is factored in, the total growth in the rating base under the land value basis of rating for business sector properties amounted to \$41,000 per annum, and \$914,000 per annum for residential and other rateable properties. This may be compared with increases in the total rating base under a capital value rating system of \$585,000 per annum for business sector properties, and \$1,735,000 per annum for residential and other rateable properties, a total growth of \$2,320,000.

Whilst the increase in the rating base over this period may be a little distorted by specific developments, particularly in the business sector, nevertheless the increase in the rating base will always be higher under a capital value rating system than under a land value rating system.

Expected Reactions to Any Proposal to Change the Rating System

In 1993 the Council proposed a change to capital value rating, involving significant public consultation. A review of the process for that consultation shows that the public reaction was largely driven by emotive arguments and a lack of understanding of the how rates are calculated.

Recollection of staff involved in the 1993 rating system review is that there was a perception by some persons at the time that the rates in the dollar would remain the same, and capital values would be used instead of land values to calculate rates with all ratepayers paying higher rates. (This appears to be a common misunderstanding by ratepayers in general). Unofficial polls of ratepayers were conducted in the news media, probably largely influenced by these erroneous assumptions and other refutable allegations of the impact of a change. This built up opposition to a change before the consultation process even commenced.

A synopsis of the submissions made on the proposal reveals that the whole public debate was notable for the lack of reasoned argument in the majority of submissions. With a few exceptions there appeared to be little informed debate.

By far the majority of objections to the change were based on emotive arguments which could not be proven, or were reactions to the increase in rates that the objector would receive, and their own particular case which they perceived to be the predominant view. Many submissions could be argued both ways depending on your point of view and objective.

It is interesting to note that generally the arguments for and against land value rating were little different to those of 40 or 60 years before when the same issues were debated in the then Waitemata County.

Many ratepayers chose examples that illustrated their own argument in support of land value rating. However it is possible to choose as many examples that illustrate the exact opposite. The decision for the Council to make was on balance which system was the fairest to most ratepayers.

Many ratepayers concentrated on the assertion that rates were a payment for services provided. They completely ignored the significant element of their rates that is essentially a tax to meet the cost of services provided to the community at large, and not a user charge, and which basis was a fairer method of distributing that cost. This is partly a philosophical issue, but may have been ignored as it did not support their argument.

A15-A17

Attached at pages A15 to A17 is a synopsis of typical arguments put forward, together with some of the appropriate responses in italics.

There will certainly be some ratepayers who will have difficulty in paying higher rates resulting from a change to capital value rating, including those who are under-capitalised and have over-extended themselves when buying their property. However, the Council must look at the wider picture of what is best for the City as a whole and at the same time consider how a change can be best managed.

To quote an extract from Professor Claudia Scott's book, "*the self interest of ratepayers has dominated the debate on proposed changes to rating systems.*" This can be expected in any review of the City's rating system.

Particular Issues Relating to Capital Value Rating

Rating of Utilities

Decisions will be required on the application of capital value rating to infrastructure of telecommunications, electricity, gas, and petroleum utilities, both as to the amount of rates to be levied, and where the benefit from rates will fall, (the business sector or the city as a whole).

Some recognition of the level of services used by these utilities may be appropriate to justify the amount of rates levied. Some liability for rates can be justified as the Courts have stated that rates are a tax on property, and not a charge for services. Therefore, at the very least there is justification to calculate rates at a base rate calculated with no differentials. Bearing in mind that a significant proportion of the amount of rates levied on the business sector relates to road maintenance and construction costs, wastewater and stormwater, a decision is required on the appropriate level of utility rates taking these factors into account. If a proposal to move to capital value rating is to proceed, the utility companies will almost certainly mount a vigorous challenge to the level of rating.

Currently under a land value rating system, there is no land value attributed to these utilities, and therefore their rates are minimal and limited to the Uniform Annual General Charge.

As an indication as to the level of rates to be levied on utilities, at a base rate with no differentials, rates from utilities would amount to approximately \$240,000 excl GST. If rates were based on a business sector differential of 21.75% (see below), rates on utilities would amount to approximately \$863,000 excl GST.

Having determined the level of rates from utilities, a decision is required on whether those rates are allocated to the business sector, thereby probably reducing the level of rates on business sector properties alone, or allocating those rates to benefit the ratepayers of the city as a whole.

Business Sector Rates

Currently the business sector bears 20% of the total rate requirement based on a calculation of costs of approximately 18.2% plus an allowance for indirect benefits. The business sector share of land value is 6.69%.

The business sector share of capital value is 10.44%, reducing to 9.9% if utility capital values are excluded. Incorporating the business sector share of capital value at 9.9%, the calculated share of costs under a capital value rating system is calculated as 19.9%, an increase of approximately 1.75% from a land value based system. Therefore under a capital value rating system, the sector's share of costs should increase from 20% to 21.75% when indirect costs are included.

Rating of schools and other non-rateable properties

The amount of wastewater rates payable by schools and other non-rateable properties is likely to increase. Currently rates are calculated on the land value using the same stepped differential as residential properties, and probably do not meet their share of the cost of wastewater services.

Options for Charging for Wastewater

Schedule 3 of the Local Government (Rating) Act 2002 contains limited provisions for the charging for functions such as wastewater as a targeted rate.

Legal advice has been received on the possibility of volumetric charging for wastewater generated under the provisions contained in Schedule 3. The conclusion reached in the legal advice is that the case is not very strong for charging either on the basis of direct metering of volume of sewage leaving a property, or through metering of water consumption under the Act.

Possible alternatives identified were:

1. Charging on the basis of historical consumption, i.e. for the previous financial year, by including historical water consumption data in rating database at 30 June each year.
2. Charging on an individual contract basis, outside of the provisions of the Local Government (Rating) Act 2002.

The first alternative is not considered to be a practical alternative as it would not be based on current consumption by the current owner and would result in numerous anomalies.

The second alternative could result in enforcement and collection issues as the charges would have to be collected as civil debts, and would not be a charge on the property.

It is desirable that whichever basis is selected for charging of the targeted rate for wastewater, it should be as equitable as possible and it should as far as is possible not undercharge very large generators of wastewater, nor impose an excessive charge on properties that do not generate more than average volumes of wastewater.

The ranges of options appropriate for Waitakere City to use for rating for wastewater under the provisions of the Local Government (Rating) Act 2002 are:

- As a rate in the dollar on land value, with or without appropriate differentials;
- As a rate in the dollar on capital value, with or without appropriate differentials;
- As a uniform annual charge on each separately used or inhabited part of a rating unit, either uniformly across the whole of the reticulated part of the city, or differentially such as a different level of charge for business sector properties, or classes of business sector properties and/or for serviceable as distinct from serviced properties;
- As a charge for each water closet and urinal within the rating unit;
- A combination of any or all of the above.

Rating on the basis of land value does not reflect the use of a property, or the generation of wastewater.

Although more indicative of the extent of use of a property, rating on the basis of capital value does not necessarily indicate the level of generation of wastewater.

Whilst rating on capital value can be justified as a property tax for the cost of providing services to the community in general through the General Rate, rating on this basis for the cost of providing a service to a specific property, i.e. disposal of wastewater from the property, is less defensible.

Charging for wastewater by a uniform annual charge or “pan” charge may be more equitable in many circumstances.

Residential Properties

There are limitations on the application of charges based on the number of water closets and urinals in the residential sector. Only one charge can be made to a property used primarily as a residence of a single household.

It could in theory be possible to set a variable scale of uniform annual charges based on use of a property, reflecting generation of wastewater. However, to attempt to categorise properties in this way would present problems, and would be impractical.

In the absence of the ability to charge on the basis of wastewater generated, for single households the options would seem to be limited to charging a uniform annual charge based on the average generation of wastewater, although it may be possible to identify some element of the provision of a wastewater function that is in the nature of a public good to be recovered as a property tax based on property value, either land or capital value.

Charging on the basis of a uniform annual charge would not recognise that some properties generate more wastewater than the average, and other less than the average, but would be more equitable to most properties than a property value based rate when considering wastewater rates in isolation from other rates.

Multiple households can be accommodated by charging according to each separately used or inhabited part of a rating unit.

Communal dwellings in forms such as rest homes or boarding houses could be dealt with by also having a “pan” charge based on the number of water closets and urinals within the rating unit.

Such a “pan” charge could also be appropriate for non-rateable properties such as schools, places of religious worship, public hospitals etc, as well as sporting and community uses. Currently such properties are charged based on the land value of the properties, which in many cases results in undercharging when their generation of wastewater is considered.

Based on the share of wastewater costs for properties excluding the Business Sector, it is estimated that a Uniform Annual Charge and “Pan” Charge of \$327 including GST would be required. This is based on all properties in the Inner Drainage Area, including vacant sites, being levied a Uniform Annual Charge and/or “Pan” charge. If vacant sites were exempted from the charge, or charged a lesser amount, the charge would increase to up to \$334 incl. GST. The amount of rates income derived from such a Uniform Annual Charge/“Pan” Charge for wastewater does not affect the statutory 30% of rates income that can be derived from Uniform Annual Charges, as income from wastewater charges is excluded from the calculation of the 30% of rates income.

Business Sector Properties

The Business Sector comprises a wide range of uses with varying levels of wastewater generation, ranging from a small shop with one toilet and relatively minor use, through shopping malls and commercial buildings with a far greater use of toilets, restaurant and other food premises generating wastewater from kitchen waste and cleaning to significant users such as commercial laundries and chicken slaughter and processing operations.

It is likely that a different level of annual charge and/or “pan” charge could be set for the Business Sector, although a legal opinion on this may be required. However, in view of the wide range of uses, some other differential charging on the basis of property use may be desirable.

An alternative that may be possible for some or all business uses may be to charge for wastewater outside the rating system on the basis of contracts with consumers, and collect the charges as civil debts. Enforcement of non-payment could be achieved where necessary by limiting discharge of wastewater, which may be more acceptable on business properties than on residential properties.

In view of the probable wide range of levels of generation of wastewater in the Business Sector, which would result in many inequities and anomalies if a uniform annual charge or “pan” charge based on “average” use of the wastewater system is implemented, it is suggested that investigation should be carried out on alternatives such as classification of business sector properties according to water usage with a view to setting a “pan” charge for many, if not most properties in the sector, with other identified users being invoiced on the basis of wastewater generated. Properties could be classed as “extraordinary supply” on the basis of water usage.

Charging for Wastewater on Non-Rateable Land, and Land used by Sporting and Community Groups

Non-rateable land includes schools, kindergartens, public hospitals, places of religious worship. Land used for games and sport is 50% non-rateable. All such non-rateable and 50% non-rateable land is exempt from all rates except for targeted rates for water, solid waste and wastewater.

Currently such land is charged targeted rates for wastewater at the same rate as residential properties based on the land value of the properties.

In the 2005/2006 year, wastewater rates levied on land value on these properties amounted to approximately \$198,000 excluding GST.

If rates were levied on capital value, rates would have amounted to approximately \$657,000 excluding GST.

In the year prior to the enactment of the current Rating legislation, schools were required to be charged for wastewater on the basis of a “pan” charge calculated on a formula based on specified ratios of 1 toilet connection for every 20 students and staff, and graduated levels of charges. Many local authorities charging for wastewater on a “pan” charge basis continue to use this formula despite the legislation under which the charge was made being repealed. The current legislation contains provisions enabling the setting of regulations on the charging of schools for wastewater.

The impact of a “pan” charge on schools together with an analysis of wastewater charges to non-rateable properties for the 2005/2006 year shows:

Charges	Rates on	Rates on	“Pan”
	Land Value	Capital Value	
Schools and kindergartens	\$105,548	\$346,907	\$321,331
Places of Religious Worship	\$ 53,396	\$153,530	
Hospitals, and other non-rateable	\$ 39,336	\$156,568	
Total	\$198,280	\$657,005	

The revenue from pan charges from properties other than schools is unknown as data on the number of toilet connections is not available and would have to be gathered. It is likely that for many properties, particular significant generators of wastewater, rates would increase above the amount currently levied.

These figures show that there is justification for charging non-rateable properties, and sporting groups on the basis of a “pan” charge for wastewater. This should also extend to other non-residential uses rated at the same level as residential properties, i.e. community uses.

Impact on Residential Rates of the Introduction of a Uniform Annual Charge for Wastewater

The current stepped differential rating system and level of Uniform Annual General Charge were set having regard to the relativity of rates on properties at various levels of land value. Those rates on which relativities were considered include wastewater rates calculated on land value for properties in the Inner Drainage Area.

Consequently if a Uniform Annual Charge for wastewater is introduced, the resulting relativities between rates payable on low, average and high values properties must be reviewed, and the stepped differential and/or level of Uniform Annual General Charge reconsidered.

Thus owners of high valued properties currently paying relatively high wastewater rates should not expect that the rates on their properties would reduce by the difference between the amounts of the Wastewater Uniform Annual Charge and their current wastewater rates.

A18-A22

Schedules attached at pages A18 to A22 show the impacts on rates of the introduction of a Uniform Annual Charge for Wastewater under a land value rating system.

Column **B** shows the current rates levied for the 2005/2006 year on land values in Column **A**.

Column **C** shows the rates that would have been levied without the stepped differential, but with a Uniform Annual General Charge of \$540.

Column **D** shows the level of rates without the stepped differential, if a Wastewater Uniform Annual Charge of \$327 was levied with a Uniform Annual General Charge of \$540.

Column **E** shows the level of rates without the stepped differential, if a Wastewater Uniform Annual Charge of \$327 was levied with no Uniform Annual General Charge .

Column **F** shows the level of rates without the stepped differential, if a Wastewater Uniform Annual Charge of \$327 was levied with a Uniform Annual General Charge of \$270.

Analysis of Impact of Change to Capital Value Rating

The current level of Uniform Annual General Charge and stepped differential was a response to the impacts on rates on properties at various levels of land value caused by the distribution of property values.

When considering a change to rating on capital value in designing the rating system it is appropriate to start with the impact with no stepped differential and no Uniform Annual General Charge, and then identify any anomalies in relativity of rates at different levels of capital value before considering tools such as the level of Uniform Annual General Charge to correct those anomalies.

The attached models and analyses have been based on the following assumptions:

- The 2005/2006 Annual Plan rate requirement;
- Property values on the valuation roll as at 30 June 2005;
- Defence Department and Watercare Services Limited properties continue to be rated on land value as provided in their relevant legislation. Legal opinions on the extent and any limitations of the application of these provisions will be required if a decision is made to proceed with the proposal, although the impact on models prepared is not expected to be significant overall;
- A Business Sector differential of 21.75%;
- Utilities rated at a base rate (excluding wastewater) with the product from these properties benefiting the whole city. It should not be assumed from this that this is the level of rates from utilities that is to be recommended. Whichever basis of rates is adopted will not have effects on residential property rates that are very significant;
- A Wastewater Uniform Annual Charge of \$327.

A23-A28

Models have been prepared (attached at pages A23 to A28) calculating the rates payable on the capital value (column **A**)

- No Uniform Annual General Charge (Column **B**);
- No Uniform Annual General Charge, Wastewater Uniform Annual Charge \$327 (Column **C**);
- Uniform Annual General Charge of \$270 Wastewater Uniform Annual Charge \$327 (Column **D**);
- Uniform Annual General Charge of \$540 Wastewater Uniform Annual Charge \$327 (Column **E**).

Comparisons with land value rates have not been shown as these would differ for most properties depending on the relationship of the capital value to the land value.

The average single dwelling has a capital value of approximately \$320,000. With no differentials, 2005/2006 rates would be \$1,445. This may be compared with the rates on an average single dwelling with a land value of \$150,000, with a stepped differential, which are \$1,517 for the 2005/2006 year. The impact of the stepped differential on land value based rates was an increase in rates of \$48 on that average property.

A29-A48

Also attached at pages A29 to A48 are schedules showing the number of properties whose rates will increase or decrease, and indications of the level of increase under options B, C, D and E.

In the residential sector the impact on rates is a combination of the change in rating basis and the increase in the business sector share of rates from 20% to 21.75%.

Alternatives that may be considered

The impact on various properties of a change to capital value rating may be managed by modifying the change in rates payable in a number of ways, including:

- Changing the level of the Uniform Annual General Charge;
- Introducing a system of stepped differentials modified for capital values;
- Introduction of uniform annual charges or “pan charges” for wastewater;
- Applying a combination of land value and capital value differentially to the targeted rate for wastewater;
- Applying land value rating to the general rate and capital value to the targeted rate for wastewater or vice versa;
- Or any combination of these.

With regard to using a combination of land and capital values to calculate rates, the General Rate must be levied on either one or the other for all properties. A combination of the two is not possible under the legislation. A targeted rate such as for wastewater, however, may be levied differentially on different classes of property with, for example, business sector properties being levied on capital value and residential properties on land value, or vice versa.

CONCLUSION

It is to be expected that the reaction of many, if not most ratepayers, to any proposed change to the rating system will be influenced by the impact on the rates on their own property, and the most vocal will be those whose rates will increase.

However, in the best interests of the city as a whole, it is suggested that a decision should be made on the principles of which rating system is fairest overall in sharing the total rate requirement between properties, and then decisions made on the best way of managing that change.

If consideration of a move to capital value is to proceed, decisions are required on:

- The level of rating of utilities, and which sector(s) will benefit from rates income so derived;
- The overall level of the business sector contribution to rates;
- Consideration of the impact on properties, and how the change can be managed;
- Whether further options should be considered, such as a combination of land and capital value rating as a transitional measure.

If a decision is made to charge wastewater as a uniform annual charge/pan charge, further consideration will be required on how wastewater will be charged to Business Sector properties.

Direction is sought from the Committee as to what further modelling in relation to capital value rating should be prepared.

Further information, as requested by the Finance and Operational Performance Committee, can be brought back to the December 2005 or February 2006 meeting of this Committee.

If the Finance and Operational Performance Committee does wish to consult on capital value rating for levying of rates for the 2006/2007 year, a decision would need to be made no later than the February 2006 meeting of the Committee. Consultation would be conducted as part of the Long Term Council Community Plan Special Consultative Procedure.

RECOMMENDATIONS

1. That the Review of Rating System report be received.
2. That the Finance and Operational Performance Committee advises what further analysis on potential changes to the rating system it requires.

Report prepared by: Colin North, Financial Analyst, Rates.



11 HEARING OF SUBMISSIONS ON THE DRAFT SOLID WASTE MANAGEMENT PLAN

PURPOSE OF THE REPORT

The purpose of this report is to provide information on the submissions received and provide a basis for hearing those submissions on the Statement of Proposal for the Council's draft Solid Waste Management Plan, which has been notified using the Special Consultative Procedure under the Local Government Act 2002.

BACKGROUND

The draft Solid Waste Management Plan was approved for public consultation by this Committee at its meeting of 12 September 2005 (resolution no. 1741/2005). The Special Consultative Procedure was followed with the Statement of Proposal, Summary of Information and Submission Form posted on the Waitakere City Council website and made available through the Call Centre and from the Civic Centre Customer Services desk. Public notices were placed in the Aucklander once and Western Leader twice.

STRATEGIC CONTEXT

The draft Solid Waste Management Plan is a ten year plan to take the City towards zero waste to landfill to fulfil the Council's Zero Waste strategic platform.

ISSUES

Officers' amendments

Part 1

A49-A61 The order of sections in Part 1 of the draft Solid Waste Management Plan could be altered for better clarity. The content is unchanged but the re-ordered Part 1 is attached at pages A49 to A61.

Part 2

A62-A80 The Action Plan (Part 2) contains cost estimates for some of the waste reduction initiatives that may be funded partially from the waste levy under Section 544 of the Local Government Act 1974. The Council also has the ability to recover litter collection costs as a direct result of waste collections from the waste levy under Section 151 of the Local Government Act 2002. Estimates for these costs could be added to the Action Plan for transparency. The proposed amendment is on page 5 of the Action Plan in the attachment at pages A62 to A80.

An appendix has been added to Part 2, which summarises how well Waitakere City Council's waste management has contributed towards meeting the targets in the New Zealand Waste Strategy.

Submissions

A81-A83 Only one submission was received. This was a submission in support of the draft Solid Waste Management Plan was received from EnviroWaste attached at pages A81 to A83. The submission **supports**:

- The Council's goals for Zero Waste;
- The development of a community initiatives grant fund, and suggests that representatives from community groups, business and waste industries could contribute expertise and experience to the decisions on allocation of such funds;
- The use of waste levies as an incentive for waste minimisation, but at the national level rather than by territorial authorities;
- The Council's efforts on waste education and advocacy through the Waste Minimisation learning Centre;
- Regular waste analysis surveys;
- The Council's efforts to reuse construction and demolition, inorganic, special and hazardous wastes;
- Continuing and expanding recycling collection services;
- Co-operation between local authorities for consistency of waste policy and services throughout the Auckland region;
- Investigation of additional facilities to divert waste from landfill, and offers EnviroWaste's knowledge and expertise for future investigations.

EnviroWaste further supports the exploration of the potential for both private sector and regional partnerships in the provision of waste minimisation, resource recovery and other waste services as a way forward.

Discussion

The submission is in support of the Council's Zero Waste strategic direction, and in support of much of the draft Solid Waste Management Plan. EnviroWaste also offers support in the form of their expertise and experience for future investigations into additional facilities to divert waste from landfill.

The one reservation expressed is with regard to the proposed waste levy. EnviroWaste supports in principle the use of waste levies as an incentive for waste minimisation and to fund sustainable waste minimisation programmes. However, EnviroWaste considers that levies should be set at the national level not at the local level.

Waitakere City, North Shore City and Rodney District Councils have joined forces in an attempt to introduce a sub-regionally based levy, specifically to try and address some of the reservations expressed by EnviroWaste regarding a locally based levy. The concept is also being promoted to other local authorities of the region in an attempt to achieve a regionally consistent approach with waste levies.

RESOURCES

There are no additional resource requirements for the amendment and adoption of the draft Solid Waste Management Plan.

CONCLUSION

The draft Solid Waste Management Plan was notified using the Special Consultative Procedure and one submission in support was received.

A minor amendment is proposed following further in-house discussion with officers; that litter costs incurred as a result of collection services be included in the Action Plan for the purposes of recovering costs under section 151 of the Local Government Act 2002.

RECOMMENDATIONS

1. That the Hearing of Submissions on the Draft Solid Waste Management Plan report be received.
2. That the submission from EnviroWaste be received.
3. That the following changes on the Statement of Proposal for the Council's draft Solid Waste Management Plan be made:
 - a) Re-ordering of sections in Part 1.
 - b) Addition of estimates for litter costs attributable to waste collection services to Part 2.
 - c) Addition to Part 2 of Appendix 1: Progress on the relevant New Zealand Waste Strategy Targets in relation to Solid Waste.
4. That the amended Solid Waste Management Plan Part 1 and Part 2 as amended at pages A49 to A80 to the Agenda, be adopted.

A49-A80

Report prepared by: Carol Bergquist, Senior Analyst Environmental Policy.



12 DRAFT 2006 DEVELOPMENT AND FINANCIAL CONTRIBUTIONS POLICY

PURPOSE OF THE REPORT

The purpose of this report is to seek the Finance and Operational Performance Committee's approval of the draft 2006 Development and Financial Contributions Policy and the associated work programme.

BACKGROUND

A84-A105

In accordance with the Local Government Act 2002, the Council's existing 2004 Development and Financial Contributions Policy is required to be updated and revised as part of the draft 2006/2016 Long Term Council Community Plan now under development. A copy of the proposed draft 2006 Development and Financial Contributions Policy is attached at pages A84 A105.

STRATEGIC CONTEXT

Development and financial contributions are an important source of funding for growth-related capital expenditure on network infrastructure, community infrastructure and reserves. The purpose of the Policy is to enable Council to ensure that development costs to the City are funded in a manner that is fair and equitable to both current and future residents.

ISSUES

The existing 2004 Development and Financial Contributions Policy has been updated and includes the changes set out below:

Timing

Timing of payment remains essentially unchanged, namely full payment at subdivision consent stage assuming maximum permissible site usage, and/or full payment at building consent stage on the basis of actual development. Any alternative would be likely to be more complex and costly to administer.

Credits

Credits for contributions already paid are now based on the development "rights" paid for rather than just the cash amount paid, for up to three years. Developers are thus insulated against cost increases on the contributions they have already paid. The exception is development where financial contributions from cost sharing schemes have been paid in the past and it is considered appropriate to get the credit for all or part of the amount paid, on a dollar value basis.

No specific provisions have been inserted in the policy to cover the circumstances of subdivision or development in Northern Strategic Growth Area prior to amendment of the draft 2006 Development and Financial Contributions Policy.

Transitional Provisions

Transitional provision clauses of the 2004 Development and Financial Contributions Policy have been updated, and the notional credits extended by one year to 2007 to match the three year "life" of credits from 2004. However, unlike the 2004 Development and Financial Contributions Policy transitional provision, consents lodged before the new policy takes effect are now (in the 2006 Policy) charged the contribution applicable at the date of payment not of lodgement. In 2004 many people were unaware of the policy's existence, but now for the 2006 Policy this is no longer considered a valid justification.

Postponements

The Policy has been clarified to ensure that there should be no postponements. The Council is not a source of finance, concealed subsidies or a "lender of last resort" to developers.

Remissions

The Policy makes it clear that remissions are based on sustainability features that will directly reduce demand for the Council's infrastructure. Remissions are a recognition of infrastructure cost reduction, not a source of project funding, even where the project supports sustainability or other Council objectives.

Social housing

The Policy continues to make no explicit mention of remissions for social housing as such, on the grounds that if it generates demand for Council infrastructure then it should pay its share to fund that infrastructure.

Council developments

This applies when Council builds or develops community facilities it will not be liable to pay development contributions on them, because the contributions are intended to fund those facilities. However, Council developments where this does not apply will be required to pay contributions.

Schools and other educational institutions

Council is legally unable to charge contributions on Crown entities, and this has been determined as including state primary and secondary schools. However, other educational institutions not covered by this, are required to pay contributions.

Stormwater

Stormwater contributions will continue to be assessed based on actual impermeable surface area for non-residential, but standardised impermeable surface area for residential, on the grounds that residential sections can be paved in future without the Council's knowledge. The exception is medium density housing. The policy now also takes account of reduced impermeable surface area for stormwater contributions for medium density housing. The stormwater contribution is still collected 50 percent at subdivision stage (based on assumed maximum permissible coverage) and any remainder at building consent, to encourage sustainable solutions that qualify for remissions.

At present developers pay a financial contribution towards Project Twin Streams and it is proposed to change this to a development contribution as part of the new Policy.

Size of dwelling

Minor household units and other smaller dwellings, and large houses, continue to be treated as a standard household unit. Although one and – to a lesser extent - two bedroom dwellings currently tend to have fewer occupants, there is no absolute correlation between size and occupancy. Also, Council has little or no control over the actual future occupancy or demand generation from any particular dwelling.

Medium density housing

The policy has been sharpened to clarify that with the exception of stormwater, medium density housing is treated the same as any other residential development. The policy continues to make no explicit provision for smaller medium density dwellings. Arguably they are particularly likely to have below average occupancy and are less likely to be enlarged or extended in future once built, but there is still no absolute correlation between size and future occupancy and demand generation. They do still benefit from remissions for demand-reducing sustainability measures where applicable. The policy now also takes account of reduced impermeable surface area for stormwater contributions for medium density housing.

Non-residential demand

Non-residential developments continue to pay a uniform rate based only on area, regardless of the type of development. An alternative would be to identify separate categories, such as warehouses, and calculate specific demand factors to them, but very complex modelling would be needed, and actual building use can change over time.

Mixed use

The Policy has been sharpened to clarify that a mixed use development has its various components assessed separately.

Levels of service

The Policy has been sharpened slightly to clarify that levels of service are based on those used in the Long Term Council Community Plan, and developers are not expected to pay for the cost of improving service levels for the existing community.

Reserves

Contributions for reserves have been shifted from financial contributions under the Resource Management Act to development contributions under the Local Government Act 2002. The development contribution provisions of the Local Government Act 2002 are considered to offer a better mechanism than the Resource Management Act for reserve contributions, including providing the opportunity for greater certainty.

Vesting

Under the Policy Council is not obliged to accept vesting of land for reserves. This ensures that land vested as reserve meets Council's requirements and is appropriate in value and location.

Interest

Post-construction interest costs continue not to be included as part of the cost of capital in the policy, on the grounds that it is not clear from an accounting and legal position whether it is able to be included. The Council should review this for the 2009 Development and Financial Contributions Policy.

Inflation

The 2004 Long Term Council Community Plan did not include inflation. Inflation is now required by the Audit Office to be included as part of the cost of capital expenditure in the Long Term Council Community Plan, and therefore should now be included as a cost to be recovered via Development Contributions.

Third parties

Infrastructure provided by Watercare Services Limited is an integral part of the Council's 3-Waters systems, and is funded by the Councils of the region, so on fairness and equity grounds the growth component should be funded by Development Contributions. Similarly, other regional infrastructure such as for transport should be included where possible. However, the existing legislation does not permit Council to charge Development Contributions for third party infrastructure. This issue will be the subject of submissions to government for consideration as part of any reviews of the Local Government Act.

Sustainability Credits

The final Development and Financial Contributions Policy will include credits for sustainable developments that support Council's strategic direction.

This issue needs further consideration and legal input and will be finalised prior to the submission to the Finance and Operational Performance Committee of the draft 2006 Development and Financial Contributions Policy.

Work Programme

Council's objective is to adopt the new Development Contributions by 30 June 2006. This will require consultation with the development community and preparation of the Development Contributions Schedules setting out the financial quantum of Development Contributions.

A work programme is being implemented to achieve this deadline, as set out in table 1 below:

TASK	PURPOSE	MILESTONE
Presentations on process to Developers' Workshops.	Advise Developers of the overall consultation process.	10 & 11 October 2005
Report to the Finance and Operational Performance Committee.	Approval in principle of the draft 2006 Development and Financial Contributions Policy, without the Schedules.	7 November 2005
Finalise Development Contributions Schedule.	Establish financial quantum by analysing capital projects in Activity Plans.	18 November 2005
Consultation workshop with Developers on the Draft 2006 Development Contributions Policy.	Feedback on the Draft Policy.	18 November 2005
Legal review.	Review Draft Policy and Schedules, amend as appropriate.	30 November 2005
Report to Finance and Operational Performance Committee.	Approve in principle the Schedules and receive feedback from Developers.	12 December 2005
Consultation with Developers on the Schedules.	Establish information needs and any issues.	17 February 2006
Report to Annual Plan and Long Term Council Community Plan Special Committee.	Approve the release of the draft 2006 Development Contributions Policy and Schedules for public consultation.	TBA
Submissions.	Hearing of submissions.	TBA
Amend and finalise Policy.	Incorporate issues raised through submissions and adopt final Policy and Schedules	TBA

Table 1 - Development Contributions Work Programme

RESOURCES

The 2005/2006 Annual Plan provides funding and resources for the development of the Development and Financial Contributions Policy and Schedules.

CONCLUSION

The proposed draft 2006 Development and Financial Contributions Policy is largely an updated and clarified version of the 2004 Development and Financial Contributions Policy. However, the key changes are the shifting of Project Twin Streams and reserve contributions from under the Resource Management Act to being part of development contributions under the Local Government Act 2002, the inclusion of inflation as part of the cost of capital expenditure and the provision of credits for sustainable development.

Council is unable to levy Development Contributions for third parties, such as Watercare Services Limited, and regional transport infrastructure. It is recommended that the Chief Executive Officer be authorised to advocate for legislation changes.

Other aspects of the policy are recommended to be left unchanged, including the application of standard rates for all sizes of dwelling and for all types of non-residential development, and the exclusion of interest costs from the cost of capital expenditure to be recovered.

A further report will be submitted to the Finance and Operational Performance Committee on 12 December 2005 to finalise the draft 2006 Development and Financial Contributions Policy and Schedules setting out the quantum of development contributions.

RECOMMENDATIONS

1. That the Draft 2006 Development and Financial Contributions Policy report be received.
2. That the draft 2006 Development and Financial Contributions Policy be approved in principle, subject to further amendments arising from the legal review, Schedules and feedback from developers.
3. That the work programme set out on table 1 in this report be approved.
4. That the Chief Executive Officer be authorised to advocate for changes to legislation to enable Council to levy Development Contributions for third party infrastructure.

Report prepared by: Ross Wilson, Strategic Planner Financial and Tony Miguel, Group Manager: Asset Management.



13 **DRAFT 2005/2006 THE TRUSTS STADIUM FUNDING AND SERVICE AGREEMENT**

PURPOSE OF THE REPORT

The purpose of this report is to seek the Finance and Performance Committee's endorsement allowing Council's Chief Executive Officer to sign the draft 2005/2006 The Trusts Stadium Funding and Service Agreement (the Agreement), on behalf of Council, with the Waitakere Regional Sports Trust (WRST) Chief Executive Officer.

BACKGROUND

The Trusts Stadium on Central Park Drive is owned and operated by the Waitakere Regional Sports Trust. Council however, contributed over \$14 million of capital funding towards the project and has approved an operational grant through the 2005/2006 Annual Plan of \$475,000 for the current financial year.

Council's justification for the investment in The Trusts Stadium is to ensure community accessibility to The Trusts Stadium. A charter document exists between the Waitakere Regional Sports Trust, Council and two other partner organisations, Waitakere Rugby and Waitakere Athletics. The Charter document sets out in Schedule K the Community Objectives The Trusts Stadium is to meet and the principle objectives of Council's contribution to the Stadium.

STRATEGIC CONTEXT

Council's support for The Trusts Stadium falls under a number of key strategic platforms, namely Strong Communities, Strong Innovative Economy and Urban and Rural Villages. The Trusts Stadium provides a venue for active and passive recreation contributes to Henderson's recreation precinct and provides a vehicle for jobs and stimulation for the local economy.

ISSUES

Council, through the Annual Plan process, approved an operational grant of \$475,000 for the 2005/2006 financial year. The grant is Council's contribution to The Trusts Stadium to ensure an appropriate mix of community activities are available at the stadium. This allows for a balance of events, trade shows and community activities, for without the subsidy The Trusts Stadium would need to increase its commercial and events activities in order to remain financially viable.

A106-A118

The Agreement for 2005/2006 (attached at pages A106 to A118) is a co-existing document with the Waitakere City Leisure Precinct Sports Complex Charter and does not supersede the Charter. The Agreement does however drill down on the Community Objectives in the Charter and specific measurable targets have been set by which Council can evaluate the effectiveness of the financial contribution to The Trusts Stadium.

The Agreement for 2005/2006 has been reviewed by Council's Legal Services Manager, Director: Quality Assurance and the Leisure Services Manager. From The Trusts Stadium the Chief Executive Officer and Board have reviewed the Agreement and are now in a position to sign it. With the Finance and Operational Performance Committee's endorsement, Council's Chief Executive Officer will sign the Agreement with The Trusts Stadium's Chief Executive Officer.

RESOURCES

Council's grant to The Trusts Stadium as approved by the 2005/2006 Annual Plan includes a sum of \$475,000 for operational funding for The Trusts Stadium.

CONCLUSION

The Agreement between Council and The Trusts Stadium has now been agreed between both parties and now requires Council Committee endorsement allowing Council's Chief Executive Officer and The Trusts Stadium's Chief Executive Officer to sign the agreement.

RECOMMENDATIONS

1. That the Draft 2005/2006 The Trusts Stadium Funding Agreement report be received.
2. That the 2005/2006 The Trusts Stadium Funding and Service Agreement be approved to be signed on behalf of Waitakere City Council by Council's Chief Executive Officer.

Report prepared by: Louis Rattray, Leisure Services Manager



14 COMMUNITY HALLS FUND ALLOCATION 2005/2006

PURPOSE OF THE REPORT

The purpose of this report is to provide the Finance and Operational Performance Committee with information regarding the assessment of the Community Halls Fund and recommends the allocation of funds.

BACKGROUND

Council provides a number of community facilities available for public use. It also provides assistance to community groups through the provision of funds to help maintain community operated, not for profit halls, and urban/community based marae, which are available for public use.

The Community Halls Fund is currently set at \$42,000 per year through the Annual Plan and there are 22 community halls in Waitakere City that are eligible to apply for financial assistance through this fund.

The fund is available to assist management committees in running and maintenance costs, small scale equipment and improvements to the facilities and include such projects as upgrading kitchens, minor paintwork and promoting the facility.

STRATEGIC CONTEXT

Council's Community Facilities Plan states that Council provides three types of buildings for general community use; community centres, community houses and community halls. The Council provides community space to ensure there are places for people to meet, talk, play, learn - and have fun. A range of different spaces are needed to cater for different activities. Community facilities also help to build community spirit by bringing people together.

A strategy and action from the Council adopted Community Facilities Plan states that Council will develop support for other providers of community facilities, which will include support for community halls through the Community Halls Fund.

The Community Halls Fund aligns with Strong Communities and the Community Assistance Policy with the goal of the Policy being to help strengthen the ability of local community groups to create a strong social base for Waitakere City and to meet local needs.

The Community Halls Fund also meets Policy One of the Marae Support Policy, "Council assistance provided to marae", where it has been determined that iwi based and urban/community based marae can apply to this fund.

ISSUES

Laingholm District Citizens Association run on behalf of the Laingholm Community, two Halls, the Village Hall and the Beach Hall. A Halls Review has been requested by Council, which is to take place over the next six months. The issue of the Beach Hall and its long term viability is to be investigated as part of this Halls Review. In the meantime the Community Halls Fund will assist the Laingholm District Citizens Association to cover costs such as basic health and safety, maintenance and running expenses likely to be incurred until such time as the decision is made in regard to the Beach Hall, (note - that this is one third of the total amount that could be requested from the Halls Fund).

PROCESS OF ALLOCATION

The closing date for the 2005/2006 contestable Community Halls Fund was set at 23 September 2005.

Application forms were sent to all groups who are eligible to apply for funding. The fund was also promoted during a series of workshops held this year to assist the community to access funding from both Council and external funding agencies. All eligible applicants were also phoned one week before the closing date to remind them.

A total of 16 eligible applications were received. All applications fitted with the criteria for funding and as the amount requested was \$41,141 with total funds available of \$42,000 it is recommended that all applicants be fully funded.

The recommended allocation of funds is as follows:

NAME OF ORGANISATION	NAME OF HALL	AMOUNT REQUESTED	RECOMMENDED ALLOCATION
Glen Eden Community & Recreation Centre Inc.	Glen Eden Community Centre	\$2,200	\$2,200
Hoani Waititi Marae	Wharekai	\$3,000	\$3,000
Huia-Cornwallis Ratepayers and Residents Assn. Inc.	Huia Hall	\$3,000	\$3,000
Laingholm District Citizens Association (1998) Inc.	Beach Hall	\$1,100	\$1,100
Laingholm District Citizens Association (1998) Inc.	Village Hall	\$2,525	\$2,525
Massey Birdwood Settlers Assoc Inc.	Massey Hall	\$1,816	\$1,816
Moire Road Community Hall	Moire Road	\$3,000	\$3,000
Oratia Residents & Ratepayers Association	Settlers Hall	\$2,500	\$2,500
Pataroa Bay Residents & Ratepayers Association	Pataroa Hall	\$3,000	\$3,000
Piha Community Centre Society	Barnett Hall	\$3,000	\$3,000

NAME OF ORGANISATION	NAME OF HALL	AMOUNT REQUESTED	RECOMMENDED ALLOCATION
Sunnyvale Ratepayers & Residents Association Inc.	Sunnyvale Community Hall	\$3,000	\$3,000
Titirangi Country Women's Institute	MacAndrew Hall	\$3,000	\$3,000
Waiatarua Ratepayers and Residents Association	Waiatarua Community Hall	\$3,000	\$3,000
Waitakere Residents and Ratepayers Association Inc.	Domain Hall	\$3,000	\$3,000
Waitakere Residents and Ratepayers Association Inc.	Township Hall	\$3,000	\$3,000
Whenuapai Ratepayers and Residents Association Inc.	Whenuapai Village Hall	\$1,000	\$1,000
Total		\$41,141	\$41,141

RESOURCES

There is an amount of \$42,000 allocated in 2005/2006 Annual Plan for the Community Halls Fund. The Community Assistance Administrator administers the process.

CONCLUSION

Council provides assistance to community groups through the provision of funds to help maintain community operated, not for profit halls, and urban/community based marae, which are available for public use. There are 22 Community Halls in Waitakere City that are eligible to apply for financial assistance through this fund and application forms were sent to them all.

A total of 16 eligible applications were received. All applications fitted with the criteria for funding and as the amount requested was \$41,141 with total funds available of \$42,000 it is recommended that all applicants should be fully funded.

RECOMMENDATIONS

1. That the Community Halls Fund Allocation 2005/2006 report be received.
2. That the Finance and Operational Performance Committee allocates funding for the Community Halls Fund Allocation 2005/2006 as outlined in the report and the following recommended amounts:

NAME OF ORGANISATION	NAME OF HALL	AMOUNT REQUESTED	RECOMMENDED ALLOCATION
Glen Eden Community & Recreation Centre Inc.	Glen Eden Community Centre	\$2,200	\$2,200
Hoani Waititi Marae	Wharekai	\$3,000	\$3,000
Huia-Cornwallis Ratepayers and Residents Assn. Inc.	Huia Hall	\$3,000	\$3,000
Laingholm District Citizens Association (1998) Inc.	Beach Hall	\$1,100	\$1,100
Laingholm District Citizens Association (1998) Inc.	Village Hall	\$2,525	\$2,525
Massey Birdwood Settlers Assoc Inc.	Massey Hall	\$1,816	\$1,816

NAME OF ORGANISATION	NAME OF HALL	AMOUNT REQUESTED	RECOMMENDED ALLOCATION
Moire Road Community Hall	Moire Road	\$3,000	\$3,000
Oratia Residents & Ratepayers Association	Settlers Hall	\$2,500	\$2,500
Pataroa Bay Residents & Ratepayers Association	Pataroa Hall	\$3,000	\$3,000
Piha Community Centre Society	Barnett Hall	\$3,000	\$3,000
Sunnyvale Ratepayers & Residents Association Inc.	Sunnyvale Community Hall	\$3,000	\$3,000
Titirangi Country Women's Institute	MacAndrew Hall	\$3,000	\$3,000
Waiatarua Ratepayers and Residents Association	Waiatarua Community Hall	\$3,000	\$3,000
Waitakere Residents and Ratepayers Association Inc.	Domain Hall	\$3,000	\$3,000
Waitakere Residents and Ratepayers Association In.	Township Hall	\$3,000	\$3,000
Whenuapai Ratepayers and Residents Association Inc.	Whenuapai Village Hall	\$1,000	\$1,000
Total		\$41,141	\$41,141

Report prepared by: Jan Brown, Community Assistance Administrator.



15 REPRESENTATION REVIEW (DRAFT INITIAL PROPOSAL ON BASIS OF ELECTION)

PURPOSE OF THE REPORT

The purpose of this report is to inform the Finance and Operational Performance Committee of the contents of the draft Initial Proposal on the Basis of Election, to enable the Finance and Operational Performance Committee to provide advice to the Council on the draft Initial Proposal.

BACKGROUND

One of the reforms introduced by the Local Electoral Act 2001 was to reduce the frequency of reviews of the basis of elections by local authorities from every three years to at least one every six years. Only 23 out of 86 local authorities in New Zealand conducted Reviews in 2003, with all others therefore required to undertake these in 2006. The Local Government Commission has advised that its workload to deal with any appeals and objections when considering Final Proposals from territorial authorities and regional councils is likely to be substantial and that if a local authority is able to make its determination ahead of the statutory deadlines then it is much more likely that local hearings will be possible. Because the Council chose not to undertake a review in 2003 it must do so in the 2006 year.

It was considered inappropriate to consider those aspects of the review that had to be undertaken during the 2005 year (Maori Wards and Electoral System) in isolation from those aspects for which decisions do not have to be made until 2006 (Boundaries and Representation).

The Council has therefore determined that it will continue the process through 2005 and on to 2006 seamlessly, so that it makes a determination well ahead of the statutory time lines, and as soon as possible after robust consultation with the community.

STRATEGIC CONTEXT

Active Democracy is one of the Council's nine strategic platforms identified in its Long Term Council Community Plan and Annual Plan 2005/2006. This platform supports the involvement of citizens in the Council's decision-making process through education, removing barriers, developing partnerships, improving information flows and supporting the communities' own ways of interacting with the Council.

The Council measures its success in meeting active democracy targets by conducting regular household surveys. Although the public's perception of engagement in the Council's decision-making processes has improved since 2001/2002, (partly due to this Council's extensive community consultation processes), the voter turnout for Council elections remains low. Voter turnout was only 35.68% at the last election. The electoral representation review process will assist the Council in determining why this is so by addressing issues around Communities of Interest and how to structure a system that is more conducive to active voter participation.

ISSUES

The Representation Review is required to determine the method of election of the Council and of its Community Boards, in order to provide for fair and effective representation, as defined in the Local Electoral Act 2001.

The Electoral Officer started this process for Council by preparing a Discussion Document for Elected Members, which was presented to Councillors in a workshop held on 15 June 2005, and was the subject of reports to all four Community Boards in August 2005. Concurrently the Electoral Officer commissioned a consultant to undertake a study identifying Communities of Interest which report was presented to a workshop of Councillors and Community Board Chairs on 17 August 2005. This workshop identified areas for further investigation. A revised report was presented to a workshop for Community Board Members on 27 September 2005 and then to a workshop for Councillors and Community Board Chairs on 4 October 2005.

At the workshop of 4 October 2005, the consensus of Councillors present was in favour of a three Ward model, with 14 Councillors, all elected by Ward, plus the Mayor. It was further suggested that there be three Community Boards (one for each proposed Ward), with six elected Community Board Members, elected at large from within the community, for each. This proposal represents a significant departure from existing arrangements, which, at least for Council, could no longer be retained due to changed statutory provisions.

The initial proposal is for a three Ward option which reflects the broad communities of interest in Waitakere City and retains the same number of elected Councillors (14 and the Mayor) as exists currently. The fairness aspect is met by electing four Members for the Northern Ward and five each in the Central and Southern Wards. These numbers are in proportion to the population figures of each Ward. It is also proposed to have three Community Boards with areas contiguous with the three Wards. Each Community Board is proposed to have six elected Board members with the Council to determine appointing Councillors to each Board at each triennial first meeting of the Council.

The rationale for the initial proposal combines a number of elements considered in the approaches to communities of interest, including:

- Each "Ward" has a large town centre and community hub within it (Massey North / Westgate, Henderson and New Lynn);
- Each Ward combines rural (non-urban) and urban functions and areas. It therefore tends to reinforce the notion of connectedness between the Ranges and the urban area of the City, rather than division. While urban residents enjoy the landscape of the Ranges, residents of the Ranges use the amenities and services in the urban centres;
- The east - west bands tend to reflect the main landscape features of the City;
- To the south are the Manukau coast and the southern portion of the Ranges including the rolling foothills leading down to Glen Eden and New Lynn;
- In the middle are the main central part of the Ranges and the main foothill catchments, leading to the broad central plains of the eastern seaboard - Henderson Valley, Sturges / Lincoln Road and Te Atatu;
- To the north is the northern edge of the Ranges, and the more heavily dissected and rolling landscapes association with the Massey / West Harbour area.

This option is motivated by a feeling that the city was relatively homogeneous in terms of its community, and that three "mixed" rural and urban Wards would ensure a reasonable representation of the communities from across the City.

The advantages of the initial proposal include that the proposal will promote good local government. In particular it will result in a City containing distinct communities of interest. The proposal meets the statutory criteria that the Council is required to take into account when considering such proposals.

The new Ward structure of the Council is intended to provide effective representation for communities of interest in the City. The existing Community Boards will be abolished and three new Community Boards will be constituted based on the new Ward areas. The three Community Boards will have the same wide range of functions, duties and powers, including the opportunity to input into Council decision-making.

The disadvantage of the initial proposal is that there may be a perceived loss of local democracy in the existing Waitakere Ward by abolishing the existing Ward and Community Board. This concern will be addressed by making all Elected Members (Councillors and Community Board Members) having some responsibility and accountability for the rural area and the ranges as well as having urban responsibilities.

A119-A126 The draft Initial Proposal is attached to this report at pages A119 to A126.

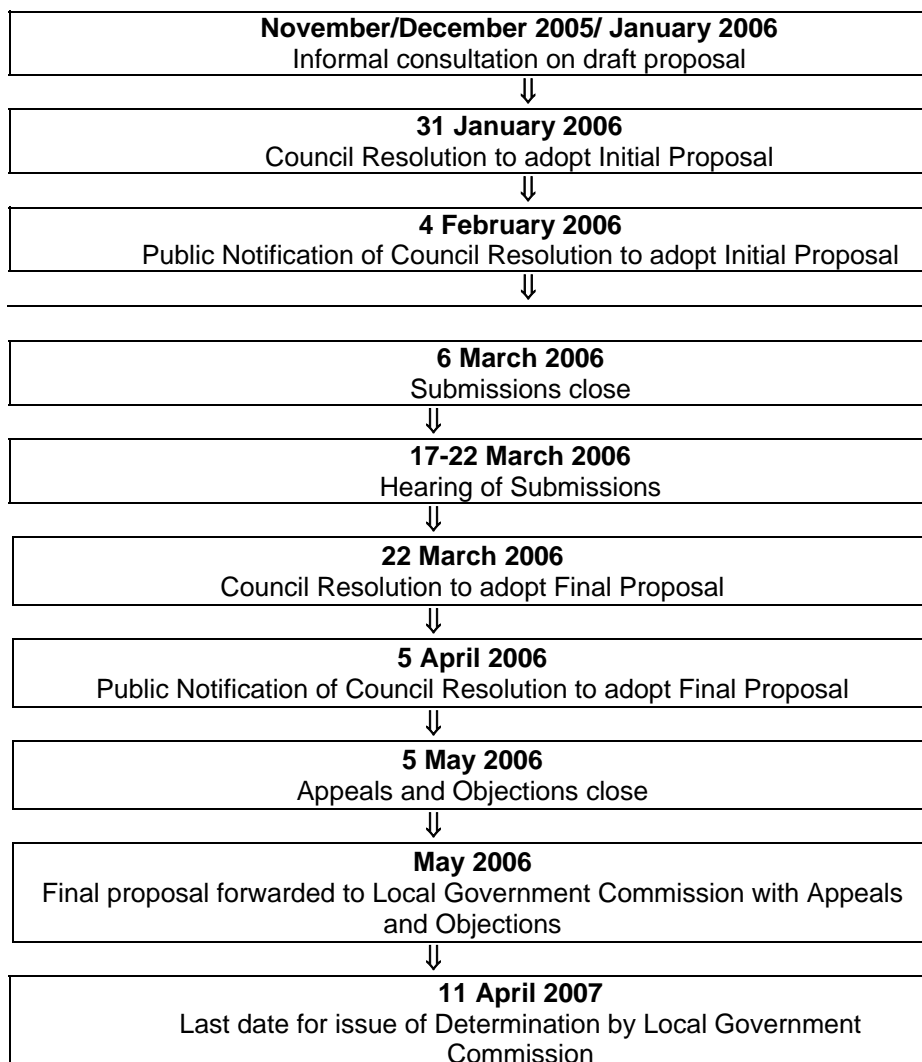
A further workshop, on 14 October 2005, which was attended by 16 out of the 22 Community Board Members, together with five Councillors, including the Deputy Mayor, considered the draft Initial Proposal. The consensus of this workshop was in favour of supporting the draft Initial Proposal with the increase of the number of elected Community Board Members to seven per Board.

Feedback from all four Community Boards was sought by Council at their meetings held between 31 October 2005 and 3 November 2005. Their deliberations will be reported verbally to the Finance and Operational Performance Committee. The Finance and Operational Performance Committee is requested to make recommendations to Council, to enable it to make a decision determining the initial proposal. Once Council has made a decision on the proposal, it will be released for public consultation. The issues of the System of Election and of Maori Ward/s have already been reported on separately to the Board.

Section 19H(2)(a) of the Local Electoral Act 2001 specifies that this determination “*must be made by a territorial authority...on the first occasion,, in either 2003 or in 2006..*” Notwithstanding that other territorial authorities have already proceeded with the notification process in 2005, Council’s Legal Services Manager has advised that to do so would not comply with the statutory requirements.

Accordingly only informal consultation can be undertaken, following the deliberations of the Finance and Operational Performance Committee, until a Council meeting can be convened in 2006. In order to speed up the consultation process it is proposed to hold a Council meeting for the purpose of considering the Finance and Operational Performance Committee’s resolution, on 31 January 2006. This decision would be publicly notified on 4 February 2006, well ahead of the statutory requirement to do this within 14 days. This would enable the closing of submissions on 6 February 2006

The programme for public consultation of the initial proposal is outlined in the following chart:



It is anticipated that Council will conclude its deliberation on submissions and make its final decision well within the six week period allowed by the Local Electoral Act 2001.

RESOURCES

Provision has been made in the draft Annual Plan 2005/2006 to resource the Representation Review. No additional resources are required.

CONCLUSION

This report is brought to the Finance and Operational Performance Committee to enable the Finance and Operational Performance Committee to provide advice to the Council on the draft Initial Proposal.

RECOMMENDATIONS

1. That the Representation Review (Draft Initial Proposal on Basis of Election) report be received.
2. That the Finance and Operational Performance Committee make recommendations to Council on the draft Initial Proposal on Basis of Election.

Report prepared by: Darryl Griffin, Electoral Officer and Charlie Inggs, Deputy Electoral Officer.



16 IMPLEMENTATION OF EXTENDED SERVICES INTO LIBRARY SITES

PURPOSE OF THE REPORT

The purpose of this report is to present to the Finance and Operational Performance Committee the findings from the Extended Services trial at the Massey Library and is also provided to enable the Committee to make an informed decision on the further implementation of extended services.

BACKGROUND

In the 2004/2005 Annual Plan Council approved a budget for an Extended Service trial in the Massey Library. Extended Service is the term that has been given to the provision of Council Services, including rate and other bill payment, and information provision through Council's Libraries.

Detailed services provided include:

Accepting payments by cheque and EFTPOS only (no cash for security reasons) for:

- Land rates / water rates payments;
- Dog registrations;
- Parking fines;
- Council generated invoices e.g. LIMS.

Providing a defined range of Council information:

- Enquiries on accounts;
- Forms (available on intranet) - e.g. consent forms;
- Enquiries on Council services.

The service offered through libraries is not however intended to be as comprehensive as the range of services provided at the main service centre at the Civic Centre.

STRATEGIC CONTEXT

Offering a wider range of Council services from library premises meets a number of strategic goals including:

- Enabling residents to carry out interaction with Council in their own communities;
- Contributing to reducing vehicle trips and kilometres travelled by reducing the need for people to travel to a central Council office, and by allowing residents to combine trips;
- Strengthening local community hubs by increasing services offered;
- Increasing the use and functionality of community infrastructure in which Council has made a significant investment.

Extended Services supports a number of Council's nine strategic platforms including:

- Active Democracy;
- Strong Communities;
- Urban and Rural Villages.

ISSUES

The decision was taken to trial extended services at the Massey Library. Comment on the trial can be made as follows:

Massey Implementation Process

The goal of the project was to integrate provision of Council services within the library service. This required changes to:

- **Infrastructure**
 - Redesigning the main counter area to accommodate the changes in function and additional staff service points.
- **Operations**
 - Training for all library staff in the service centre functions;
 - Rostering staff to ensure that staff with appropriate skills and knowledge were available during all of the library opening hours, including late nights and weekends;
 - Review of job description and related issues.

The trial at Massey Library has enabled Council to provide services to the Massey community during the operational hours of the Library over seven days. This means that Council has increased the range of services at the Library, increased the hours during which extended services can be accessed and provided extended services closer to where people either work, live or visit to conduct other business.

The service has been staffed by existing library staff, supplemented by an extra full-time staff member and a part-time staff member to cover weekends and the late night. The delivery point for extended service had been integrated into what was previously the main library services counter.

Some issues have arisen from undertaking integration and are outlined under the Result of the Massey Trial section of this report.

Evaluation of the Massey Trial

Objectives

Evaluation procedures and measures were established as part of the implementation plan to assess the success of the trial. These measures are based upon Council's strategic platforms, goals and the Chief Executive Officer's principles.

They are to:

- Provide access to the Council services in the customers' local area;
- Reduce customer trip numbers and distances to access Council services;
- Provide the service during the hours of library operation therefore including a seven day a week operation and one late night per week;
- Increase the range of services at library facilities;
- Integrate the service into the Library;
- Provide a cost effective service;
- Providing a "Friendly Face of Council" service.

Result of the Massey Trial

A127

- Customer Survey (attached at page A127):
 - A survey of 165 customers was undertaken from 15 August to 24 August 2005;
 - The survey showed:
 - 89% of the customers lived locally in the Massey area;
 - 83% of transactions were for payment of land or water rates;
 - 89% of land and 84% of water customers were very satisfied with the service;
 - Over 96% were happy with the opening hours, manner and courtesy of staff and the speed and convenience of the service;
 - 11% of customers have joined the Library since using the service;
 - 81% drove themselves, 13% were passenger in private vehicles and 6% walked to the Library.

A128-A129

- Customer Transactions (attached at pages A128 to A129):
 - Transactions have increased throughout the year. In February there were 403 transactions while in August there were 1,011 transactions.
 - Rates penalty times are the busiest periods of service use.

The trial has been successful based on the positive customer survey, the increase in customers throughout the year and the meeting of the objectives set out for this project. It is recommended that Extended Services is rolled out to other library sites except Henderson and Ranui. Henderson is proposed to be excluded due to its close proximity to the Waitakere Central complex, while Ranui, at this stage is a smaller operation considered not suitable for Extended Services until expansion occurs.

Proposed Development of Extended Services in other Library Sites

New Lynn

The construction of a new New Lynn War Memorial Library provided an opportunity to integrate the previously separate operations of the Service Centre and Library Service into a single operation. With the opening of the new library on 17 October 2005, the New Lynn War Memorial Library became the second of the libraries operating using the Extended Services model.

Glen Eden

The implementation of Extended Services has commenced in Glen Eden, initially a cashiering service at peak rates demand time has been offered to the community, with a full Extended Services provision being planned for introduction in the third quarter of the 2005/2006 financial year

Other Library Sites

Introduction of Extended Services to other library sites (Te Atatu Peninsula and Titirangi) will be undertaken pending approval of necessary resource provision through the 2006/2007 Annual Plan process.

Each of the additional libraries with Extended Services will require:

- **Infrastructure:**
 - Each library will be looked at on a case by case basis for any construction needs for counters and equipment.
- **Operations:**
 - Redesign of the library operations to integrate the Extended Services functions.

There are some impacts on staff with the introduction of Extended Services, although professional advice that Council has received is that changes to affected jobs are minor. These changes are currently being worked through with staff and the PSA, and should not affect service implementation.

Timeline

Library	Start Date
New Lynn	18 October 2005
Massey	19 November 2005
Glen Eden	1 st Quarter 2006
Te Atatu Peninsula	To be included in the Annual Plan 2006/2007 - tentative date August 2006
Titirangi	To be included in the Annual Plan 2006/2007 - tentative date November 2006
Ranui	Will not have extended Services
Henderson	Will not have extended Services

RESOURCES

Sufficient resources have been provided for in the 2005/2006 Annual Plan to enable this programme to continue.

CONCLUSION

The results of the Massey Library Extended Services Trial show a successful result for the customers and Council. It is recommended that Extended Services is rolled out to other library sites as outlined in the timeline above.

RECOMMENDATIONS

1. That the Implementation of Extended Services Into Library Sites report be received.
2. That the proposal for the roll out of Extended Services to Massey, Glen Eden, New Lynn, Te Atatu Peninsula and Titirangi Libraries be approved in line with provision made within current and future Annual Plans and Long Term Council Community Plans.

Report prepared by: David Tait, Manager Unit Coordination and Support.



17 USE OF ADDITIONAL SURPLUS FOR THE YEAR ENDED 30 JUNE 2005

This item was not available at the time of printing and will be circulated separately with this agenda.



PART F - REPORTS FROM THE SUBCOMMITTEES

18 EMERGENCY SERVICES SPECIAL COMMITTEE

THE SPECIAL COMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS MEETING HELD ON TUESDAY, 4 OCTOBER 2005

MATTERS CONSIDERED

A130-A131

The Special Committee dealt with a number of items for which it has delegated powers to act and a copy of the minutes of the meeting is attached at pages A130 to A131.

The Special Committee Recommends:

That the Meeting report of the Emergency Services Special Committee held on Tuesday, 4 October 2005, be received.

DQ Battersby, JP
CHAIRPERSON



19 **TENDERS SUBCOMMITTEE**

THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS MEETINGS HELD ON FRIDAY, 30 SEPTEMBER 2005 AND FRIDAY, 14 OCTOBER 2005.

MATTERS CONSIDERED

A132-A139

Part H
C6-C7

The Subcommittee dealt with a number of items for which it has delegated powers to act and a copy of the minutes of the meetings is attached at pages A132 to A139. The public excluded minutes are attached at pages C6 to C7 of the Confidential Supplement labelled Part H.

The Subcommittee Recommends:

That the Meeting report of the Tenders Subcommittee held on Friday, 30 September 2005 and Friday, 14 October 2005 be received.

JM Clews, QSO, JP
CHAIRPERSON



PART G - RECOMMENDATIONS FROM OTHER MEETINGS

20 **RECOMMENDATION FROM CREATIVE COMMUNITIES SCHEME ALLOCATION SUBCOMMITTEE**

CREATIVE COMMUNITIES SCHEME ALLOCATION - FIRST ROUND 2005/2006

The Creative Communities Scheme Allocation Subcommittee recommends to the Finance and Operational Performance Committee:

That the Creative Communities Scheme Allocation - First Round 2005/2006 as set out be approved:

No.	Group Name	Funding Requested	Funding Allocated
1	Auckland Tuvalu Society Inc	Application	Ineligible
2	Lopdell House Society Inc	Application	Ineligible
3	Mafutaga Tupulaga Tokelau I Auckani	Application	Withdrawn
4	McCahon House Trust	\$5,000.00	\$2750.00
5	Te Atatu EFKS Junior Youth	Application	Ineligible
6	Tokelau Community - Waitakere City	Application	Ineligible
7	Tuvalu Tau Matua Trust	Application	Withdrawn
8	Waitemata Country Music Club Inc	Application	Ineligible
9	Birdwood Primary School	\$1,600.00	\$1,000.00
10	Ezekiel 33 Trust	\$1,842.00	\$0.00
11	Friendship Centre Trust	\$1,925.00	\$0.00
12	Friendship Centre Trust	Application	Withdrawn
13	Honey In The Rock Ministries Eldership	\$2,974.27	\$2,000.00

No.	Group Name	Funding Requested	Funding Allocated
14	Massey Primary School	Application	Withdrawn
15	Waipareira Trust Alternative Education Unit	\$2,340.50	\$1,500.00
16	Waitakere City Ladies Choir	Application	Withdrawn
17	Auckland Festival of Photography Trust	\$3,000.00	\$2,000.00
18	Auckland Philharmonia Orchestra Society	Application	Withdrawn
19	Auckland Tuvalu Society Inc	\$4,499.00	\$1,513.00
20	Bob Jessopp	\$2,560.00	\$1,500.00
21	Brian Millar	\$2,195.00	\$1,500.00
22	James Soloman & Tony Martin	\$5,000.00	\$2,750.00
23	Lopdell House Society Inc	\$4,682.00	\$3,025.00
24	Margot Trocchi	\$5,000.00	\$3,250.00
25	Michele Powles	\$2,207.00	\$1,500.00
26	New Zealand Chinese Culture & Art Centre Inc	\$5,000.00	\$0.00
27	Pacific Culture & Art Exchange Centre	\$1,000.00	\$700.00
28	Peach Theatre Company Limited	\$5,000.00	\$3,250.00
29	Piha Community Centre Society	\$1,914.38	\$1,300.00
30	Ranui Community Garden	\$2,586.04	\$1,750.00
31	Splore Dynamics Ltd	\$4,500.00	\$3,250.00
32	The Heritage Festival	\$2,184.00	\$1,000.00
33	Theatre Stampede	\$1,018.00	\$800.00
34	Tufaina Tanevesi	\$1,500.00	\$1,000.00
35	Waitakere Christmas Festival	\$5,000.00	\$3,750.00
36	Waitakere Ethnic Board Inc	\$5,000.00	\$2,300.00
37	Brigid Bisley	\$1,350.00	\$750.00
38	Diversityworks Charitable Trust Inc	\$1,836.00	\$1,000.00
39	Fruitvale School	Application	Withdrawn
40	Glen Eden Community House	\$3,142.00	\$0.00
41	Le Fanau a le Pasefika Liberty Trust	\$2,306.00	\$0.00
42	Le Fanau a le Pasefika Liberty Trust	\$3,315.70	\$2,000.00
43	Leataata O Le Lumanai Samoa Trust	\$3,565.00	\$0.00
44	Michael Batucan	\$2,025.00	\$1,000.00
45	NZ International Comedy Festival	\$3,000.00	\$2,500.00
46	Oratia School & Community Development Group	\$5,000.00	\$2,500.00
47	Tairi Wahau	Application	Withdrawn
48	Titirangi Painters	Application	Withdrawn
49	United Sri Lanka Association (Auckland)	\$5,000.00	\$1,000.00
	TOTAL	\$105,066.89	\$54,138.00



21 **RECOMMENDATION FROM COMMUNITY SPORT FUND ALLOCATION SUBCOMMITTEE**

COMMUNITY SPORT CLUB DEVELOPMENT FUND AND LOANS FUND ALLOCATION 2005

The Community Sport Allocation Subcommittee recommends to the Finance and Operational Performance Committee:

That the Community Sport Development Fund Allocation 2005 as set out be approved:

No.	Group Name	Funding Requested	Funding Allocated
1	Bruce McLaren Intermediate School	\$9,000.00	\$9,000.00
2	Te Atatu Rugby League Sports Club Inc	\$6,375.00	\$6,375.00
3	Suburbs New Lynn Cricket Club Inc	\$7,500.00	\$7,500.00
4	Waitakere Rugby League	\$3,375.00	\$3,375.00
5	Glen Eden Bowling Club	\$15,717.00	\$10,000.00
6	West Auckland Aquatics Inc	\$4,485.00	\$0.00
	TOTAL	\$46,452.00	\$36,250.00



PART H - PUBLIC EXCLUDED MATTER

22 **WAITAKERE CENTRAL LIBRARY - CAFÉ LEASE**

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

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following part of the proceedings of this meeting, namely Waitakere Central Library - Café Lease.

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"> Waitakere Central Library - Café Lease 	<p>The withholding of information is necessary in order to:</p> <ul style="list-style-type: none"> enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). 	<p>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</p>

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

- *The report contains information which if released, could affect the Council's negotiations.*

