

**AGENDA FOR A MEETING OF THE FINANCE AND OPERATIONAL PERFORMANCE
COMMITTEE TO BE HELD AT WAITAKERE CENTRAL, 6 HENDERSON VALLEY
ROAD, HENDERSON, WAITAKERE, ON MONDAY, 7 AUGUST 2006,
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 Chairman 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 July 2006

RECOMMENDATION

That the minutes of the Meeting of the Finance and Operational Performance Committee held on Monday, 10 July 2006, including the Public Excluded minutes, as circulated, be taken as read and now be confirmed.

The public excluded minutes are attached at page C1 of the Confidential Supplement.



PART B - LEGAL AND CONSTITUTIONAL

4 AFFIXATION OF COMMON SEAL

EXECUTION OF DOCUMENTS: 4 July 2006 to 28 July 2006

N°	NAME	PARTICULARS
3693	WCC – Waitakere Citizens Advice Bureaux (“WAICAB”)	Funding Agreement for 2006/2007
3694	WCC – Arnack Developments Ltd	Drainage easement in gross – CT.285759 – 41-49 Chamberlain Road – SPW 22537
3695	WCC – Corban (Oakfield) Trust	Lease at Raynor Building – delegated authority Ross McLeod 29/3/2006
3696	WCC – JHM & EHJ Ariaens	Parrs Stream drainage easement – Council resolution 1975/2000
3697	WCC – NZ Acquisitions Ltd	Drainage easement in gross – CT.201904 – 80 and 90B Don Buck Road – SPW 21852
3698	WCC – White Family Trust	Extension Lease GPT Building – Ross McLeod delegated authority 24/3/2006
3699	WCC – Prime West Ltd	Consent to becoming a holder of shares
3700	WCC – Prime West Ltd	Notice of Nomination as subscriber under Subscription Agreement – Waitakere Properties Limited
3701	WCC – Prime West Ltd	Special Resolution as shareholder of the Company – Ross William Jewell as director
3702	WCC – Prime West Ltd	Entitled Persons Agreement
3703	WCC – CJ & LK Carney	Deed of Waiver s.40 Public Works Act – 9B John F Kennedy Place – Resolution 1348/2005
3704	WCC – TN & JM Walker	Variation of Uncompleted Works & Maintenance Bond – CT.NA52C/1142 – 23 Kedgley Drive
3705	WCC – Cannuck Holdings Ltd & Walker	Release of Uncompleted Works & Maintenance Bond – CT.NA52C/1142 – 23 Kedgley Drive
3706	WCC – RJ & Y Watson	Fencing Agreement – CT’s.235796-235798 – 7 Barberry Lane – SPW 22030
3707	WCC – Jireh International NZ Ltd	Lease of café Waitakere Library to Gloria Jean’s Coffees – Resolution 2208/2005
3708	WCC – Dhillon Business Group	Deed of Lease – 37 Glenmall, Glen Eden –Resolution 2287/2004
3709	WCC – JS Wild	Stormwater Drainage easement in gross – CT.117656 – 21 Reid Road – SPW 20911
3710	WCC – Everbright Investment Ltd	Reserve exchange – Opanuku Stream – Garelja Road – Council resolution 2333/2005
3711	WCC – Hortex Big Trees Ltd	Deed of Waiver s.40 Public Works Act – Council resolution 1407/2006

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 C - FINANCE

5 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 June 2006.

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.

A1-A6

The relevant portfolio and graphs reflect the estimated position as at 30 June 2006 and are attached at pages A1 to A6.

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 Council 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 A+ long term (stable).

ESTIMATED SUMMARY OF BORROWING AND INVESTMENT MOVEMENTS TO JUNE 2006

Council's estimated gross term debt position has increased by \$3.283 million since May 2006, with an estimated closing balance at June month end of \$235.544 million.

SIGNIFICANT FUNDING TRANSACTIONS ENTERED INTO DURING JUNE 2006

- Agree to issue a new floating rate note, face value of \$25 million for a term of 10 years from 15 December 2006 at an interest rate of New Zealand 90 day bank bill interest rate (mid) plus a margin of 16 basis points;
- Sinking Fund investment of \$3,143,878.90 for a term of 49 days at an interest rate of 7.45%.

FINANCIAL MARKET COMMENTARY

Market Overview

Interest rates over the past month have been mixed leading up to the Reserve Bank of New Zealand's Official Cash Rate announcement on 27 July 2006. Various economic data had surprised the financial markets which has led to a degree of uncertainty as to whether the Official Cash Rate has peaked in this monetary cycle. However, both short and long term interest rates have retreated back to positions observed for the past few months.

Governor Alan Bollards Official Cash Rate announcement released on 27 July 2006 is as follows:

The Official Cash Rate (OCR) will remain unchanged at 7.25 per cent.

"Recent economic developments have been broadly in line with our June Monetary Policy Statement. However, economic activity has been a little stronger than expected. Indicators of both consumer demand and business activity have not softened to the degree anticipated. We are also seeing slightly more short-term inflation pressure as a result of the continued upward trend in world oil prices. Headline annual Consumer Price Index inflation reached 4 per cent in the June quarter and is likely to persist around this level for several quarters to come. We remain wary of the risks to inflation expectations presented by these high headline inflation rates.

Our medium-term view is for underlying inflation pressures to trend downwards. Economic growth is forecast to remain subdued through 2006 and 2007, and Consumer Price Index inflation is expected to return within the 1-3 per cent target range by late 2007. The rebalancing of economic activity - away from domestic demand and towards exports and import substitution - is expected to continue and will help to alleviate domestic inflation pressures. The rebalancing will be supported by the weaker New Zealand dollar exchange rate and ongoing upward pressure on effective mortgage rates. Foreign interest rate trends and domestic market expectations are both now working to support our domestic policy stance.

We maintain our view that the current level of the Official Cash Rate is consistent with returning inflation to the target range. While second-round wage and price effects remain a risk, we do not expect to have to tighten the Official Cash Rate further in this cycle. However, a sustained period of adjustment in domestic spending is necessary, and it will be some time before an easing in the Official Cash Rate can be considered. Certainly we will need to be confident that future inflation is heading back comfortably within the target range."

Up Coming Dates

Monetary Policy Statement 14 September 2006
Official Cash Rate Announcement 26 October 2006

CONCLUSION

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

RECOMMENDATION

That the Borrowing and Investment report be received.

Report prepared by: Bruce Wilkin, Treasury Manager.



6 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

A7-A12

A summary schedule of payments made for the period 9 June 2006 to 6 July 2006 is attached at page A7. A further schedule of all payments of \$5,000 and above, together with the reason for the payment is attached at pages A8 to A12. 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 9 June 2006 to 6 July 2006. 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 D - GENERAL

7 APPOINTMENT OF DIRECTOR - WAITAKERE PROPERTIES LIMITED

PURPOSE OF THE REPORT

The purpose of this report is to present to the Finance and Operational Performance Committee a recommendation from Waitakere City Holdings Limited for the appointment of a further Director to Waitakere Properties Limited for approval.

BACKGROUND

The Council established Waitakere City Holdings Limited as a wholly owned Council Controlled Trading Organisation on 1 July 1999. Waitakere City Holdings Limited has the following mission:

“to establish and efficiently direct an outstanding group of Council-controlled business activities which are aligned with Council’s strategic direction.”

The responsibilities of Waitakere City Holdings Limited, as established by agreement with the Council through an annual Statement of Intent, include appointment and monitoring of the Directors of the subsidiary companies. The Finance and Operational Performance Committee hold the delegation to determine appointments to Council Controlled Organisations on behalf of the Council.

ISSUES

The Council has an agreement with Waitakere City Holdings Limited to enable that Company to appoint directors to subsidiary companies but has also delegated that responsibility to the Finance and Operational Performance Committee. The Board of Waitakere City Holdings Limited has generally deferred to that delegation and makes a recommendation for the appointment of a replacement Director to Waitakere Properties Limited. This appointment replaces Ms Ann Magee who has resigned.

The Board of Waitakere City Holdings Limited has considered the skills needed for the Board of Waitakere Properties Limited and they include:

- Governance;
- Financial, Risk Assessment and Legal;
- Property Development and Construction;
- Local Government and planning processes;
- Knowledge of the Councils' policies and administration;
- Ability to embrace regional responsibilities.

Waitakere Properties Limited has a considerable workload going forward and the very small size of the company is acknowledged. The workload includes:

- Waitakere Central – 5 to 7 years;
- Hobsonville – within 2 years; the boat and precinct development and perhaps the opportunity to be involved with the Housing Corporation development;
- Film Studios;
- New Lynn.

Strengthening the Board is considered by Waitakere City Holdings Limited to be appropriate at this time.

The Board has identified Mr Neil Randford as a suitable candidate and recommends him to the Council for appointment. Mr Randford is a former Director of Mainzeal Property and Construction Limited and was Chief Executive Officer of that company from 2000-2006. He held various positions for Fletcher Challenge from 1969-1993. His skills and experience will add value to a number of the identified skill needs of the Board. A copy of Mr Randford's curriculum vitae has been forwarded to Councillors with a confidential memorandum. Should the attributes of Mr Randford need to be debated or clarified the Committee should move to exclude the public to protect his privacy.

The current Directors are Mr Ross Jewell (Chairperson), Mr Rob Noakes and Mr Bryan Taylor.

RESOURCES

Resources for the remuneration of the Director can be supported by income from the activities of Waitakere Properties Limited.

CONCLUSION

Waitakere City Holdings Limited considers it is appropriate to appoint a replacement Director to the Board of Waitakere Properties Limited and have considered the mix of skills required, searched for an appropriate person and subsequently interviewed Mr Neil Randford. Waitakere City Holdings Limited recommend Mr Randford for appointment to the Board of Waitakere Properties Limited.

RECOMMENDATIONS

1. That the Appointment of Director - Waitakere Properties Limited report be received.
2. That Mr Neil Randford be appointed as a Director of Waitakere Properties Limited.

Report prepared by: Darryl Griffin, Group Manager Democracy and Support Services.



8 REVIEW OF AVAILABLE RATING SYSTEMS

PURPOSE OF THE REPORT

The purpose of this report is to advise the Finance and Operational Performance Committee on the progress of the work programme being developed to examine the costs and benefits of the three available rating systems as a result of discussions arising from the Long Term Council Community Plan Committee meetings held in June 2006 and the Council meeting of 23 June 2006.

BACKGROUND

The draft Long Term Council Community Plan 2006–2016 included as key issues for consultation a number of options for changes to the rating system. These were:

- A change from a land value system of rating on a differential basis including a stepped differential applying to properties other than the Business Sector properties, to a capital value system of rating with no such stepped differential;
- Introduction of a Uniform Annual Charge for wastewater on properties other than the Business Sector properties and Educational Establishments, i.e. principally residential properties;
- Business Sector and non-rateable properties to pay a targeted rate for wastewater calculated on the same system of rating as for the general rate, i.e. capital value or land value;
- Educational establishments to pay wastewater rates based on a pan charge;
- The Business Sector share of the total rate requirement to be calculated using the Sector's capital value, the share of costs to be 22%;
- Removal of the stepped differential which applies to other properties other than the Business Sector.

The Council considered the capital value rating system worthy of consultation because it was felt that this system reflected a better indication of a person's ability to pay and that the development of a property may also reflect more use of council services than less developed property. Over half of the local authorities in New Zealand use a capital value rating system, with Auckland City Council and Manukau City Council using the annual value system. In the Auckland region, the Auckland Regional Authority uses capital value.

The Finance and Operational Performance Committee considered reports from officers during the period September 2005 to February 2006. In December 2005 the Committee agreed to consult upon the capital value system as part of the special consultative procedure for the draft Long Term Council Community Plan 2006–2016.

Under the proposed rating options for residential properties, the following was estimated to occur based on the draft Annual Plan rate requirement as compared to rates presently paid for 2005/2006:

- Under a capital value system about 32.5% of properties would have had a rates reduction, 30% in the urban area and 53% in the rural area;
- A further 17.2% of properties would have had a rates increase of 5% or less, 18% in the urban area and 13% in the rural area;
- Under an unmodified land value system nearly all properties would have had a rates increase.

An analysis of the movements in rates for Business Sector properties based upon the draft Annual Plan rate requirement on a capital value based system showed 1,271 properties would have had a reduction or no change out of 2,638 assessments. However, some 428 properties had increases of over 40%. This included 2 of the large retail malls and Westgate.

The submissions received through the special consultative procedure on the proposal to move to capital value were along the same themes that arose in the 1993 consultation on the then planned move to capital value. An assessment of the submissions received showed 428 against capital value and 102 for.

The submissions against the proposal from residential properties included reasons such as:

- Properties will not be kept tidy as this will increase their value and attract more rates;
- Ratepayers will receive no more services than before but pay more rates;
- Property owners will be penalised for improving their properties;
- Some owners spend money on their property to make their living environment more enjoyable, others do not do this and spend their money on other assets or take holidays.

Submissions in support included the following reasons:

- It is fair and reasonable that all developed properties will pay their fair share for the facilities provided;
- Fairer for retired ratepayers who do not wish to develop their property;
- Capital value is more transparent;
- Large sections with single residences are disadvantaged under land value.

Of the 102 submissions supporting a capital value system, 53 of those were on a pro forma submission form.

Owners within the Business Sector were critical of the consultation process and in particular felt that their views and preferences had not been adequately assessed or sought. Submissions from AMP Capital Shopping Centres, Westfield (New Zealand) Limited and Progressive Enterprises Limited raised the following key issues:

- The views and preferences of the business and wider community had not been sought prior to the proposal;
- Sufficient robust analysis of the effects (including consequential effects) of capital value rating had not been undertaken;
- A capital value system will discourage investment in quality built form and disincentivise investment and development in centres, and should not be adopted.

After the consideration of written submissions, hearings and advice, the Council retained the existing land value rating system for 2006/2007 but did introduce a new Uniform Annual Charge for wastewater at \$350.00 applicable to residential type properties in the inner area of the City. Changes to the system for the charging of wastewater to educational institutions did not proceed.

The Council, at its meeting held on 23 June 2006, when discussing the rating system for 2006/2007 passed the following resolution:

“That the land value based rating system be retained for the 2006/2007 year and that further analysis and consultation be undertaken on the matters raised through the submission process on capital value rating and that a work programme be developed to further address the benefits and costs of the three available rating systems, (land value, capital value and annual value) with a report to be presented to the Finance and Operational Performance Committee in August 2006.”

1201/2006

Development of a work programme to address the above resolution has commenced along with a communications plan.

STRATEGIC CONTEXT

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

Work Programme

To assist in the review of the three available rating systems, Quotable Value New Zealand have been engaged to provide information on annual value rating for the City. The scope of their work is to:

- Provide a complete set of valuation roll data and indicative annual values determined as at 1 September 2004 for rates modelling purposes;
- To determine market rent levels across all property types as at 1 September 2004;
- To provide base annual value calculations for residential properties using value banding and bedroom best estimates;
- To provide estimated rental levels for non-residential properties using sampling techniques and existing 2004 base roll data;
- To determine an annual value roll as at 1 September 2004.

To examine issues raised around economic and social impacts and the benefits and costs of the available rating systems, it is proposed to engage an independent "expert". It is intended elements of this will cover:

- A response to the themes raised by submitters during the deliberations on the draft Long Term Council Community Plan 2006–2106;
- Rating principles and good practice;
- A review of the available literature on property rating methods and evidence of their impacts (local and international);
- Recent rating system changes in New Zealand such as Manukau City Council from a land based rating system to annual value;
- Financial impacts under the alternative rating systems on residential properties and the business sector;
- Financial impacts under alternative methods on selected businesses especially the retail malls;
- Potential effects on business location and expansion decisions in Waitakere;
- A review of the business sector differential;
- Social impact analysis using mesh block income and property value data;
- Implications for intensive land use, especially medium density housing developments in urban centres.

In addition, the Council staff will examine the potential social, cultural and environmental implications of the alternative rating systems from a sustainable development perspective to complement the work of the expert.

Wastewater Charging

The Council, after consideration of submissions on wastewater charging, introduced a Uniform Annual Charge for wastewater of \$350.00 from 1 July 2006. The Committee may wish to review the charging for wastewater for the next rating year 2007/2008 and the various charging options available. These include a volumetric charge outside of the rates system, advocating for a change to the Local Government (Rating) Act 2002 so that a volumetric wastewater charge can be levied as a rate, or review of the new Uniform Annual Charge. The charging for wastewater will have an impact on any rates modelling.

Timelines

Quotable Value New Zealand has advised that their lead in time is 4 weeks and that their review can be completed by the end of September 2006. The engagement of the independent “expert” is expected to occur in mid-August 2006 and it is hoped that their report will be available by early October 2006. This is dependent on the final scope of the work requested from this Committee. Modelling of any rating options can be considered in October and November 2006 if required by the Committee. Rates modelling will be presented on the financial impacts of an annual value system as part of the Quotable Value New Zealand work.

The Committee, after reviewing all the information prepared and professional advice, will need to determine what further actions to take from November 2006. This may involve a detailed consultation programme.

Communication

As outlined elsewhere in this report, the first phase of the Rating Review project involves information gathering and economic impact analysis. This forms part of the early consultation process as various sector groups (e.g. Chamber of Commerce, Federated Farmers, large business interests, etc) have their views canvassed as data is collected.

The Committee is expected, in October 2006 or November 2006, to then make a decision on whether or not to progress further with the review and formally consult on the various rating options.

A communication/consultation plan, which would run from October 2006 until March 2007, will be presented to this Committee at its next meeting on 11 September 2006.

CONCLUSION

The proposed changes to the rating system for 2006/2007 attracted a large number of the submissions to the draft Long Term Council Community Plan 2006–2016. This was always expected as the shift in the basis of rating provides for a redistribution of rates. The work programme as indicated in this report will address the issues raised through the submission process and provide further information for the Committee to consider in October and November of this year. At that time the Committee will need to consider what further work may be necessary and any consequential communication programme for public input.

The Committee may wish to advise of any other matters that should be included in the information gathering part of this review.

RECOMMENDATIONS

1. That the Review of Available Rating Systems report be received.
2. That the approach to the review of the available rating systems be endorsed.

Report prepared by: Andrew Pollock, Director: Finance.



9 SPORT WAITAKERE NEW FUNDING AND SERVICE AGREEMENT 2006/2007

PURPOSE OF THE REPORT

The purpose of this report is to seek endorsement from the Finance and Operational Performance Committee to enter into agreement for the 2006/2007 Annual Funding and Service agreement between Sport Waitakere and the Council.

BACKGROUND

Council has been supporting Sport Waitakere by means of an Annual Funding and Service agreement to provide community programmes for approximately fourteen years. Each year Council and Sport Waitakere agree on specific objectives to be achieved. Previously they have predominantly remained the same and covered four broad areas:

- Active Health;
- Active Communities;
- Active Youth; and
- Sport Development.

Sport Waitakere have developed a strategic plan that focuses on the facilitation of programmes rather than direct delivery. The strategic plan re-evaluated the future direction and core business of Sport Waitakere. Council officers presented the strategic plan to the Finance and Operational Performance Committee in May 2005 and highlighted the key areas of change impacting on Council's investment. The following resolutions were passed:

- “2. That the Council endorses the change in direction outlined by Sport Waitakere in their strategic plan.
3. That the Council endorses the aligning of the investment in Sport Waitakere with Sport and Recreation New Zealand contribution to increase the opportunities provided to the community.”

828/2005

The 2005/2006 agreement was the first step in adopting this new direction, but still had aspects of the delivery role especially through youth and push play projects and programmes.

STRATEGIC CONTEXT

Leisure facilities and activities contribute to the well being of the City's residents by providing recreation opportunities that promote health and social cohesion. The Council's Leisure Strategy, Community Facility Plan, Parks Strategy and Revenue and Financing Policy guide the provision of facilities and activities to ensure that they are available to all residents, responsive to changing demands and provided efficiently. Council's strategic objective for leisure is that a comprehensive range of leisure, recreation and sports services and facilities is to be provided.

To improve the well being of the City's people and communities, Council provides and supports a diverse range of leisure opportunities through facility operation and development, direct funding, assistance to access other funding and support of activity initiatives.

Through the Strategic Plan Council has adopted a platform of 'Strong Communities' stating that in the next 10 years Council will develop the City as a renowned hub of social activity, arts, leisure, sports and recreation.

ISSUES

Sport Waitakere has been slowly changing the way they operate and are moving away from the delivery of sport and active recreation activities to a facilitation role, and becoming the information hub for sport and physical activity in the City. These changes have been implemented over the past year as they build a team capable of implementing the new direction adopted.

Sport Waitakere, Sport and Recreation New Zealand and Council met in March 2006 to discuss the relationship between the three organisations and to work on the future direction of that relationship and the format it could take. It was established that all three organisations have overlapping goals, with the two major goals being:

1. Encouraging Participation;
2. Building Capability.

All three organisations saw major benefits in aligning their work, sharing resources and opening and improving the lines of communication. By working together on specific action plans and outcomes related to the above goals, each organisation saw huge potential to make significant changes in sport and physical activity in the City.

The first step was to open up the flow of information between the three organisations, and to breakdown any barriers that currently stand between the organisations.

All three organisations felt that it would be in the best interest of each organisation to reduce the duplication of reporting that has previously been required. Both Sport and Recreation New Zealand and Council required similar reports but in different formats, which created a lot of duplication and put extra administration pressures on Sport Waitakere. It was agreed that because the organisations goals are aligned that the reporting system could also be aligned and shared, to reduce the time spent on writing reports and increase the time spent working together to achieve these goals.

Sport and Recreation New Zealand has started this process by allowing Council to view the six and twelve month performance reports from Sport Waitakere to Sport and Recreation New Zealand and to use any information in those reports for the purpose of assessing Sport Waitakere's performance.

A13-A21

Council and Sport Waitakere, with the help from Sport and Recreation New Zealand, have since developed a new format for the Funding and Service Agreement attached at A13 to A21. Below are the main changes from the 2005/2006 agreement and the proposed 2006/2007 agreement.

Bulk funding

Council is proposing to bulk fund Sport Waitakere instead of allocating particular funds towards specific projects or programmes. Currently Sport and Recreation New Zealand invest approximately \$650,000 (65%) into Sport Waitakere's business. Sport and Recreation New Zealand sets high level performance measures but does not dictate how they go about achieving those measures. Sport Waitakere provides a business plan to Sport and Recreation New Zealand at the beginning of each financial year outlining how they plan to achieve those which then goes to Sport and Recreation New Zealand for their approval.

Council views this as an opportunity to use a similar method and to align the 2006/2007 Funding and Service agreement with the agreement between Sport Waitakere and Sport and Recreation New Zealand.

Council currently invests approximately 10% of Sport Waitakere business but that investment is directed into a set number of specific projects. In the 2006/2007 agreement, Council propose investing the same amount but into Sport Waitakere's entire business, and getting the benefits of all the projects Sport Waitakere run not just a selected few. Council would still monitor a few specific key strategic projects (discussed below) and assess them against criteria, but funding would not be directly linked to those specific projects.

Council would have the opportunity to view the business plan sent to Sport and Recreation New Zealand and it is envisaged that the three organisations would work together and have an input into that business plan at some level. This would allow Sport Waitakere more flexibility in deciding on the projects they perform and also give them more stability financially.

Five Key Projects

A22-A24

In the previous agreements, Sport Waitakere were funded to provide a certain number of projects with each project having its own performance measures which required Sport Waitakere to report to Council on each of these projects. In 2005/2006 Sport Waitakere had ten projects to report on. In the proposed 2006/2007 agreement, Council and Sport Waitakere have agreed upon five key high level strategic projects which Council will monitor and assess against set performance measures attached at pages A22 to A24. These five projects are:

1. Sports Development Strategy;
2. Volunteer Development Strategy;
3. Club Development;
4. Sporting Excellence Awards;
5. Push Play.

Most of these projects were chosen because they are key pieces of work that will drive the delivery and direction of sport and physical activity for the City in the future.

Each of these projects have their own performance measures and will be reported on through the report structure outlined below.

Reporting Structure

A25

The method of reporting has been modified so that more strategic information is being provided and that there is less duplication of reports. The reporting template has been changed to align closely with the Council reporting template attached at page A25, and will be reported on by senior managers from Sport Waitakere, who are in charge of the specific projects listed above. Sport Waitakere are to present a pre project report which outlines the scope of the project and proposed benefits to the city, and when these benefits are expected to be realised and then a post project report detailing the outcomes of the project in relation to the performance measures.

Council will use Sport and Recreation New Zealand's six month and twelve month report to monitor Sport Waitakere's overall performance, and a combination of the two reports will be used to assess Sport Waitakere's performance.

Council will have the ability to conduct a full audit of Sport Waitakere's business during the year if Council deems this to be necessary.

Payment

Council is proposing to make payments in three equal instalments rather than 50% of the project payment at the start of the term and the other 50% at the end of each project. This provides Sport Waitakere with more stability in regards to their cash flow, and flexibility in how they use those funds. The payments would be:

1. one third on signing of the contract;
2. one third after six months;
3. one third at the end of the term.

Council has the ability to withhold parts of the final payments if Council is not satisfied that Sport Waitakere has performed all requirements set out in the agreement.

Partnering Sport Waitakere

Through this Agreement Council will be partnering Sport Waitakere in all facets of their operation. Sport Waitakere continue to have a strong focus on Youth and Maori as these two groups continue to be a priority for all three organisations and therefore the majority of Sport Waitakere's core business is still focused around building and improving the sport and recreation opportunities for these two groups in the City. Sport Waitakere have five full or part time staff focused solely on under twenty year olds with over nineteen project or programmes catering purely for this group and almost all other projects having some aspect of youth involvement. There is also 1 full time staff member dedicated to building the relationship with Maori, and setting up programmes and systems for improving physical activity levels of Maori in the City. Although particular projects for these two groups are not listed in the key projects for this agreement, Council is satisfied that Sport Waitakere will continue to provide excellent coverage for these two groups in particular.

RESOURCES

Through the Annual Plan \$100,000 is allocated for Sport Waitakere's Funding and Service agreement, along with an additional \$5,000 for promotional activities.

CONCLUSION

Sport Waitakere have been undergoing a change in their strategic direction and core business over the past two years. They are moving away from delivering sport and physical activity programmes and events to facilitating sports and physical activity programmes throughout the city.

In a meeting in March 2006 between Sport Waitakere, Sport and Recreation New Zealand and Council it was decided that the three organisations shared two common goals, of encouraging participation and building capability. It was agreed that the organisation would work together and align their work to achieve these goals. All three organisations have been working together to set up a new Funding and Service agreement for 2006/2007 which better reflects this new relationship.

The key differences in the proposed 2006/2007 Funding and Service agreement are that Council will bulk fund Sport Waitakere, and pay three equal instalments to Sport Waitakere at the start, middle and end of the term. Council will not be funding specific projects but rather funding Sport Waitakere to achieve certain high level goals such as increasing the level of physical activity in the city and, developing sporting clubs in the city. Council will however be monitoring five key strategic projects throughout the year. Council will receive pre and post project reports on these five key projects, Sport Waitakere's six and twelve month reports to Sport and Recreation New Zealand and hold monthly meetings with the project manager to discuss the progress of each project. This will reduce the duplication of reports required for Sport and Recreation New Zealand and Council and assist in the sharing of information between the organisations.

Through the bulk funding agreement Council will partner Sport Waitakere in all aspects of the business and not just the projects listed. Sport Waitakere will continue to provide activities and programmes to Maori and Youth as these two groups remain a priority for all three organisations involved, and therefore remain a primary focus for Sport Waitakere.

This agreement is a continuation of the new direction and alignment between Sport Waitakere, Council and Sport and Recreation New Zealand. It allows Sport Waitakere more flexibility in the way their business is run, strengthens Sport and Recreation New Zealand's goal of New Zealanders becoming more active more often and allows Council to focus on and measure key projects that will benefit the City in the future.

RECOMMENDATIONS

1. That the Sport Waitakere New Funding and Service Agreement 2006/2007 report be received.
2. That the 2006/2007 Funding and Service Agreement between Sport Waitakere and the Council be approved.

Report prepared by: Rob McGee, Leisure Services Projects and Contracts Officer.



10 THE TRUSTS STADIUM 2005/2006 END OF YEAR PERFORMANCE REPORT

PURPOSE OF THE REPORT

The purpose of this report is to update the Finance and Operational Performance Committee on The Trusts Stadium's performance against their business plan and the 2005/2006 Funding and Service Agreement between Council and The Trusts Stadium.

BACKGROUND

The Trusts Stadium on Central Park Drive is owned and operated by the Waitakere City Stadium Trust. Council contributed over \$14 million of capital funding towards the project and provides the Waitakere City Stadium Trust with operational grants, with \$475,000 budgeted in the 2005/2006 financial year.

Council's justification for the investment in the Stadium is to ensure community accessibility to the Stadium, assist to attract a number of events that may have otherwise not been held Waitakere or that contributes to Waitakere both economically and/or socially. A charter document exists between the Waitakere City Stadium Trust, Council and two other partner organisations, Waitakere City Rugby Club and Waitakere Athletics Club. The Charter document sets out in Schedule K the Community Objectives the Stadium is to meet and the principle objectives of Council's contribution to the Stadium.

Council and the Stadium subsequently signed a Funding and Service Agreement (the agreement) for the 2005/2006 financial year that agrees the specific outcomes the Stadium is to meet with Council's financial contribution.

STRATEGIC CONTEXT

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

ISSUES

The stadium performed well in 2005/2006 and met all the Key Performance Indicators set out in the agreement. The Stadium had an extremely productive final four months with many high profile events occurring during this period. This helped to significantly increase visitor numbers for this third period and reach the anticipated funding surplus set out in the budget.

Core Operations

The Stadium reached 403,686 visitors for the year which exceeded their Key Performance Indicator of 400,000 visitors for the year. This figure includes total visitor numbers for regular and casual users, events and spectator, but excludes visitor numbers for the Momentum gym. There were initial concerns surrounding this target, but as anticipated visitors numbers increased significantly over the final four months which enabled the Stadium to achieve this target. It should be noted the visitor numbers do not include significant visitors to the wider precinct that make use of the all weather athletics track developed as part of the Stadium development.

Financially the Stadium performed well and achieved the reforecast budgeted surplus for the year. This was mainly due to the excellent performance of the events held throughout the term which was significantly ahead of budget at year end.

During 2005/2006 the Stadium restructured two aspects of their operation, the Tots on Track and the Rock Wall which were not performing as expected. The Tots on Track was closed on 23 December 2006 and has since been leased out as a sports physiotherapy clinic which should complement present stadium and gym users as well as attract additional use. The Rock Wall ceased operation due to high overhead costs and as of yet the Stadium has not been able to outsource operations.

As per the recommendations of a previous governance review, the Waitakere Regional Sports Trust has separated Sport Waitakere from the Stadium Trust and Sport Waitakere has set up their own business under a new and separate trust, Sport Waitakere Trust. The Waitakere Regional Sports Trust who owns and manages the Stadium has changed its name to Waitakere City Stadium Trust to avoid any confusion that may have existed.

The Stadium passed an independent audit of their policies and procedures following the 2005/2006 financial year undertaken by Hayes Knight.

Events and Hospitality

The events and hospitality aspect of the Stadium's operation was highlighted during 2005/2006 with its performance well ahead of budget as mentioned earlier. This is largely due to the additional events secured throughout the year, such as the Fight for Life, OZ Talk, Indian Concert and Silver Ferns and Tall Blacks test matches.

The Stadium's main focus throughout the year was to retain existing events and attract new events to the Stadium. This aspect of the business was a major success during this term with the Stadium meeting or exceeding all targets. The Stadium also achieved excellent feedback from client satisfaction surveys with 100% of event clients rating their overall experience of the Stadium as meeting or exceeding their expectations (50% of these noted their experience exceeded their expectations). The Stadium was able to retain all of the key annual events held in Waitakere the previous year. Those events included retaining the Breakers, K1, Trash to Fashion and Enterprise Waitakere Awards. The Stadium however chose not to renew the contract with the Auckland Stars Basketball as they were asking the Stadium to discount their rate to match that of the ASB Stadium and the Stadium decided that that was not in their best interest.

The Fight for Life and the World Grand Prix K1 event were two of the new high profile events that the stadium was able to attract over the term. The Stadium also exceeded the target for the number of cultural and religious events hosted with the Diwali festival, Trash to Fashion and the Fono Samoan Church Conference being examples of the types of events the Stadium was able to attract.

Two new conventions/trade shows were secured this year with OZ talk and the Waitakere District Health Board Health Expo proving very successful. The Stadium has competition in this area from the Telstra Clear Pacific Arena, and this has had some impact on the conventions the Stadium has bid for, however they have been able to retain all of the current clients except for the secondary schools Young Leaders event. The Vector Arena is still not completed and as of yet the impact on the Stadium is still unknown.

Regular Community Hirers

The final four months of the year brought significant increase in court utilisation by community groups and regular users when compared to the previous four months. Hire from Netball and Basketball dominate the community usage however Cricket is starting to attract a new sector of the community to the facility to use the new indoor cricket nets which have been established on the indoor track. This is the only indoor cricket training facility in West Auckland with the only other similar venue being at Eden Park. This allows many developing club players greater opportunity to train locally.

The Stadium exceeded its target of 3,000 hours being made available for community use at peak times by reaching 3,510 available hours. 59% of those available hours were used by Waitakere Basketball. During the twelve months approximately 75% of peak hours were available for community use with approximately 25% of the peak hours being tied up with the pack in and out for events and stadium maintenance.

The Stadium provided \$124,935 of subsidised court hire for community users. They exceeded their minimum target of \$90,000. A grant received from the Lion Foundation at the start of the term contributed significantly to this, however many user groups asked the Stadium to not accept this kind of grant in the future as it restricted the user groups ability to apply for funds individually. It should also be noted that the Stadium discounts room and stadium hire for community use. The Stadium has a number of pricing levels which considers a number of different variables such as the type of users and the number of facilities the group requires. It is very difficult to measure this due to the large number of variables present but would equate to a considerable subsidy for the community. For example the stadium would charge one pricing level for a community event which was run by a not for profit organisation and had free entry compared to an event that was for commercial gain that charged to attend. Both events required the same space and facilities but the community event would be charged at a different level to the commercial event and therefore a subsidy would have been provided.

RESOURCES

Council budgeted an operational subsidy of \$475,000 for the 2005/2006 financial year and \$250,000 for capital works. \$475,000 operational subsidy is budgeted in the Long Term Council Community Plan for subsequent years.

CONCLUSION

The Stadium had a good year and met all of Councils targets as set out in 2005/2006 Funding and Service Agreement. This was helped by an anticipated busy final four months which had a number of large events in the stadium and a reduced number of public holidays which enabled great community usage of the facility.

The Stadium had 403,686 visitors throughout the year and were able to achieve their budgeted surplus. This was mainly due to the ability of the Stadium to attract a number of additional new events to the Stadium. The Stadium also restructured parts of its business and closed the Rock Wall and Tots on Track which were not performing and have since leased out the Tots on Track space to a sports physiotherapy clinic. They were also able to make considerable savings against budget due to tighter cost control.

The events and hospitality aspect of the Stadium was a highlight of their performance over the term. They were able to attract a number of new events as well as retain almost all of their existing events and conferences. They received an excellent customer satisfaction result with 100% of customers saying their overall expectations were met and 50% of those said their expectations were exceeded.

The Stadium introduced indoor cricket during the year which attracted a number of new community users to the Stadium however community use is still dominated by basketball and netball. At peak times 3,510 hours were used by the community groups with only 25% of peak time being used for event pack in and out and stadium maintenance.

This Stadium has performed well throughout the 2005/2006 year and with development of experience should enable the Stadium to continue to grow its business.

RECOMMENDATION

That the Trust Stadium 2005/2006 End of Year Performance Report be received.

Report prepared by: Rob McGee, Leisure Services – Projects and Contracts Officer.



11 AUCKLAND REGIONAL PHYSICAL ACTIVITY AND SPORT STRATEGY 2005/2006 UPDATE

PURPOSE OF THE REPORT

The purpose of the report is to update the Finance and Operational Performance Committee on the progress of Auckland Regional Physical Activity and Sports Strategy since the regional strategy was adopted by the project partners in October 2005.

BACKGROUND

In January 2001 a ministerial taskforce produced a report defining a vision for sport, fitness and leisure in New Zealand for the next 25 years. This report included many recommendations and in February 2002 Sport and Recreation New Zealand was formed to implement these recommendations. Sport and Recreation New Zealand was formed as a merger of the Hillary Commission, the New Zealand Sports Foundation and the policy arm of the Office of Tourism and Sport.

Sport and Recreation New Zealand developed the following mission statement:

“By 2006 to be recognised as world leading in our approach to sport and physical recreation measured by: (1) being the most active nation, (2) having the most effective sport and recreation systems and (3) having athletes and teams winning consistently in events that matter to New Zealanders.”

Sport and Recreation New Zealand identified a number of key strategies for achieving this mission, one of which was:

“The need for more effective regional coordination in the planning and provision of sport, recreation and leisure. Improved collaboration and cooperation across regions was identified as a priority to create a regional view that would bring the issues of the region into focus, reduce fragmentation of effort, leverage skills, grow leadership capability and better utilise resources.”

The four Auckland Regional Sports Trusts had already identified the need for a coordinated approach and as a result formed the Auckland Regional Sports Trust Alliance. The need for improved integration in the Auckland region was put to the seven Auckland city and district council's, the Auckland Regional Council, the Regional Sports Trusts and the Ministry of Health by Sport and Recreation New Zealand. In 2003 these organisations came together and signed a Memorandum of Understanding that defined how they would work together as partners to develop a regional sport and recreation strategy for the Auckland region.

The City Development Committee made the following resolutions at their May 2002 meeting:

1. *That Waitakere City approves the Terms of Reference for the Auckland Regional Sport and Recreation Strategy in principle.*
2. *That Waitakere City commits staff time as outlined in the Agenda report for the coming financial year towards the development of the Strategy.*
3. *That regular reports on the progress of the development of the strategy be provided to the City Development Committee.*
4. *That it be recommended to Council that \$10,000 be included in the Annual Plan process for the Auckland Regional Sport and Physical Activity Strategy.”*

886/2002

In March 2005 the draft Auckland Regional Sport and Recreation Strategy was presented to the City Development Committee and the following resolutions were made:

2. *That the City Development Committee supports the Auckland Regional Sport and Recreation Strategy being put out for stakeholder consultation.*
3. *That the City Development Committee recommends to the Long Term Council Community Plan and Annual Plan Special Committee that funding for the implementation of the Strategy to the value of \$19,184 per annum for the next five years starting 1 July 2005 be included in the final deliberations of the 2005/2006 Annual Plan.”*

324/2005

Consultation took place over four weeks and included the draft Auckland Regional Physical Activity and Sports Strategy (the Strategy) being sent to all identified stakeholders inviting feedback either through written response or through a number of workshops held around the Auckland region. Public notification occurred through the New Zealand Herald and Councils' internet and intranet sites. The Stakeholder consultation resulted in the Strategy evolving to reflect the feedback and as such there have been a number of format and content changes. One particular change is the title of the strategy, from Auckland Region Sport and Recreation Strategy to that of Auckland Regional Physical Activity and Sport Strategy.

The Strategy has been endorsed by the Project Group, the Reference Group, Sport and Recreation New Zealand and the project Sponsor. Waitakere City's Chief Executive Officer is project sponsor for the Auckland Regional Physical Activity and Sports Strategy project, appointed by the region's Chief Executive Officer's Forum.

STRATEGIC CONTEXT

Council's 1994 Leisure Strategy sets the strategic framework for provision of Waitakere City leisure services for the improvement of the well being of the City's people and communities by the provision and support of a diverse range of leisure opportunities.

Leisure facilities and activities contribute to the wellbeing of the City's residents, by providing recreation opportunities that promote health and social cohesion. This contributes to the Council's Strong Communities strategic platform with a goal that in the next ten years Council will develop the City as a renowned hub of social, arts, leisure, sports and recreation. The Council's Leisure Strategy, Community Facility Plan, Parks Strategy and Funding Policy guide the provision of facilities and activities to ensure that they are available to all residents, responsive to changing demands and provided efficiently.

Council's strategic objective for leisure is that a comprehensive range of leisure, recreation and sports services and facilities are provided.

Partnerships with external parties enabling wider community development are a key component of the Wellbeing Strategy. Partnership with Central Government, territorial authorities and other service providers enables greater reach into the community obtained in an efficient and sustainable manner.

ISSUES

Since the adoption of the Auckland Regional Physical Activity and Sports Strategy in October 2005 a number of Strategy goals and objectives have been initiated to ensure the outcomes of the Strategy are progressed. The first initiative was to employ a Project Manager for the five years of the Strategy. In November 2005 a Strategy Director was appointed and is responsible for co-ordinating the projects that lead to the achievement of the goals and reports directly to the Strategic Partners Group.

Waitakere City Council's Chief Executive Officer has been appointed Project Sponsor of the Strategy and attends the meetings of the Strategic Partners Group. Colin Dale, the retired Chief Executive for Manukau City Council, has been appointed Chair of the Auckland Regional Physical Activity and Sports Strategy Board.

Strategic Goal	Projects Underway
Regional Collaboration	<ul style="list-style-type: none"> • Project Sponsor appointed; • Media and Communication Strategy completed; • Partners met with Ministry of Education on partnership options; • Incentive programme for schools participation in walking school buses agreed; • Auckland Regional Physical Activity and Sports Strategy to present at the New Zealand Recreation Association (NZRA) Thinking Recreation seminar and annual conference; • Walking school bus collaboration project.
Participation	<ul style="list-style-type: none"> • GIS mapping exercise underway; • Text2Play project being scoped; • New Play Day website developed; • Green Prescription mobile phone texting initiative.
Sport	<ul style="list-style-type: none"> • Best practice tool being developed for regional sports organisations; • National Sports Organisations working party formed; • Met with New Zealand Rugby Football Union on future of regional rugby.

Strategic Goal	Projects Underway
Regional Facilities	<ul style="list-style-type: none">• Regional facilities working party terms of reference drafted;• Disabilities audit underway;• Regional Aquatics Facilities Strategy consultant appointed;• Feasibility study for a Auckland region paddling and rowing facility underway;• Coastal facilities study in pipeline.

Regional Collaboration

Since the establishment of the Strategy, Auckland Regional Physical Activity and Sports Strategy has been making good progress promoting its activities within the Auckland region, to Central Government departments, to national and regional sports organisations and to the general public. A number of meetings have been held with various organisations by the Strategy Director to introduce Auckland Regional Physical Activity and Sports Strategy and to understand the issues affecting the Auckland Region. Communication from Auckland Regional Physical Activity and Sports Strategy has been very good with the completion of the Media and Communication Strategy. Communication consists of direct and regular correspondence and meetings with officers of the various partner organisations, general media releases on projects as launched or completed, electronic newsletters to stakeholders, editorial space in suburban newspapers, niche focus for disabilities and ethnic projects as commenced and regular presentations to the Mayoral Forum.

Meetings have been held with a number of national and government organisations to discuss regional Auckland Regional Physical Activity and Sports Strategy issues. A meeting with the Ministry of Education proved to be successful in establishing an information sharing practice and allowing Auckland Regional Physical Activity and Sports Strategy to advocate for greater sports participation within schools via programmes and facility provision.

Meetings have been held with various National Sports Organisations and Regional Sports Organisations, such as New Zealand Rugby Football Union and New Zealand Swimming and Auckland Regional Physical Activity and Sports Strategy is on the agenda to present to the National Sports Organisation Chief Executive Officer's forum on the need for sports codes to develop a regional view for developing their sports in the Auckland region. Issues such as boundary issues, competing infrastructure and programmes and the opportunities for partnering in programme provision and event delivery will also be discussed.

Auckland Regional Physical Activity and Sports Strategy and the Auckland Regional Transport Authority have signed off on an incentive programme for schools with walking school buses which is forecast to increase participation in the 68 participating schools by approximately 50% or from 2,900 to 4,300 daily walkers. In August 2006 the school bus programme will be linked with the regional sports trust's Active Schools programme and the Travel Wise planning service which will result in approximately 6,000 additional children per day walking to school.

Participation

A key outcome for Auckland Regional Physical Activity and Sports Strategy and Sport and Recreation New Zealand is to get "more people, more active, more often" and in doing so improves people's health and wellbeing. Auckland Regional Physical Activity and Sports Strategy has initiated a number of projects to meet the 'participation' goal. A new "Play Day" website is being developed and will soon be launched. The website is designed to be a portal to all leisure, recreation and sporting activities and facilities in the Auckland region and links in with the MAXX public transport website. In time the Play Day website will become more interactive to include personalised services and forums for discussion.

A "Text2Play" campaign hosted by Auckland Regional Physical Activity and Sports Strategy and Auckland University is currently in design phase. This project involves capturing the youth market which has a strong culture of mobile phone texting communication. Utilising text phone technology Push Play messages, motivational messages and information such as club draws, field cancellations and team communications can be transmitted. This technology is also being looked at for Green Prescription patients as a motivational tool to help the patients reach their health and fitness goals.

A GIS mapping exercise has been undertaken in partnership with Auckland Regional Physical Activity and Sports Strategy, Sport and Recreation New Zealand and the Auckland Regional Public Health Service. Using data from the New Zealand Health Survey, the Census and Sport and Recreation New Zealand, Auckland Regional Physical Activity and Sports Strategy has been able to identify communities of concentrated low physical activity. Once the full mapping is completed the data will be used to co-ordinate services to those low physical activity areas resulting in better investment decisions that work for the communities in need.

Sport

Auckland Regional Physical Activity and Sports Strategy has initiated a National Sports Organisation working party to identify Auckland specific issues such as boundary issues, capability and plans for Regional Sports Organisations, funding, performance pathways and delivery mechanisms. Targeted sports codes include hockey, soccer, basketball, badminton, swimming, athletics, and netball. If the National Sports Organisation's can develop a plan for addressing these issues it will provide a framework for determining sports needs and possible partnering opportunities.

On top of various meetings and introductions of Auckland Regional Physical Activity and Sports Strategy to these sports groups an organisational development, and best practice tool is currently in development for Regional Sports Organisations to better build the capacity of the regions sports.

Regional Facilities

A number of key projects are currently underway and in the pipeline. The tender for the Regional Aquatics Facilities Strategy had been awarded to StratCorp Consulting and the report is expected to be delivered in November 2006. StratCorp has a strong track record with several regional aquatics facility development projects, involving numerous local bodies, being undertaken in Australia. StratCorp has also undertaken two aquatics strategies in New Zealand (one in Albany and one in Northland) so have a good understanding of the regional climate. The outcome of this work is to identify inconsistent provision standards across Auckland boundaries, address population growth issues and the increasing demand on current pool space by recreational, sports and learn to swim users.

Auckland Regional Physical Activity and Sports Strategy is overseeing a project, involving Auckland sporting codes, Councils and Auckland Regional Council on the feasibility of meeting demand for an Auckland rowing and paddling facility. The aim of the project is to develop criteria and technical requirements for a regional paddling and rowing facility whilst considering environmental impacts. The work will involve identifying issues associated with code requirements of canoeing, rowing and waka ama, for their various levels of competitions, training and growth of the sports and the restrictions to providing increased services. In 2010 the World Rowing Championships will be held in New Zealand and demand for a facility has been identified by both the open water based clubs and the Auckland Regional Council.

The first phase of the Barrier Free Disability Audits, of facilities in each of the Auckland region's Councils, is soon to be complete. Audits of facilities includes issues such as access, parking, signage, programme availability and customer service. The audit is being conducted by the Halberg Trust under contract to Barrier Free New Zealand. Halberg Sports Opportunities Advisors will follow up with training of staff at each of the audited facilities to make sure staff are skilled to meet the needs of people with disabilities.

RESOURCES

Partner funding for Auckland Regional Physical Activity and Sports Strategy was requested for five years beginning 2005/2006. Sport and Recreation New Zealand funds 50% of the cost of the project with the project partners funding the remaining 50% and partner contribution allocated as a percentage of the Auckland region population. Council's allocation is therefore \$22,000 per annum from the Long Term Council Community Plan until the end of the project life in 2009/2010.

CONCLUSION

Auckland Regional Physical Activity and Sports Strategy has made good progress in its first year of operation, establishing the relationships which make a regional project successful. The Strategy Director has established relationships with the partner organisations, national and regional sports organisations, Mayoral Forum, Health Boards and Government departments progressing the achievement of goal one, Regional Collaboration.

Good progress is being made against the other three strategic goals being Participation, Sport and Regional Facilities. A number of key projects are underway or in the pipeline to be embarked upon over the next few months. Projects such as the GIS mapping exercise, Text2Play and the Play Day website are all designed to increase participation. The Sports goal focus at present is to establish communication links with the National Sports Organisation's and Regional Sports Organisations and to work toward capacity building of these organisations. To achieve this Auckland Regional Physical Activity and Sports Strategy has set up a National Sports Organisation working party and is developing a best practice tool.

Goal four, Regional Facilities, is concerned with establishing processes for regional decision making ensuring facility needs are met without duplication. Two projects are currently underway which satisfy this requirement. The tender for the Auckland Regional Aquatics Facilities Strategy has been awarded to StratCorp Consultants and the report is due December 2006. Auckland Regional Physical Activity and Sports Strategy is overseeing a project exploring the possibility of building a paddling and rowing sport water venue in the Auckland region. A disability audit of City Council's facilities has been conducted.

As can be seen there are a number of runs on the board for Auckland Regional Physical Activity and Sports Strategy in its first eight months and a number of significant projects are in the pipeline.

RECOMMENDATION

That the Auckland Regional Physical Activity and Sport Strategy 2005/2006 Update report be received.

Report prepared by: Louis Rattray, Leisure Services Manager.



12 **REAL TIME PASSENGER INFORMATION SIGNS AND TRAFFIC SIGNAL PRE-EMPTION FOR BUSES**

PURPOSE OF THE REPORT

The purpose of this report is to seek approval of the Finance and Operational Performance Committee to delegate authority to the Group Manager: Asset Management to enter into an agreement between the Auckland Regional Transport Authority and the local authorities of the Auckland Region for the provision of the Real Time Passenger Information Signage and Signal Pre-emption systems.

BACKGROUND

Real time passenger information signage is electronic signage installed at bus stops which provides information to bus patrons on the estimated time of arrival for bus services at the bus stop. The information is based on the actual location of buses relative to the stop and known average travel times and is regularly updated to display the most up to date and accurate estimate of bus arrival time possible.

The real time passenger information signage system was originally an Auckland City Council project and all existing real time passenger information signage is located within the boundaries of Auckland City. From 1 July 2006 the system will be transferred to the Auckland Regional Transport Authority and the system will be progressively extended to cover the entire Auckland Region.

The same equipment that tracks the location of buses and predicts their arrival time at bus stops also allows for signal pre-emption of traffic lights. When a bus approaches a signalised intersection the Traffic Management Unit computer that co-ordinates traffic signals alters the signal phasing at the intersection to either ensure the bus does not have to wait for a green signal or to minimise the length of time the bus must wait for the green signal. The Auckland Regional Transport Authority has stated that they expect that signal pre-emption will be switched on at all 47 sets of traffic signals on a regular service bus routes in Waitakere City in September 2006.

STRATEGIC CONTEXT

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

Real time passenger information signage encourages the use of public transport by notifying public transport users of the expected time of arrival of their bus service.

ISSUES

Once transfer of the system is complete the Auckland Regional Transport Authority will take over ownership of the Real Time Passenger System.

A26-A49

A proposed agreement for the provision of the Real Time Passenger Information Signage and Signal Pre-emption systems between the Auckland Regional Transport Authority and the seven local authorities in the region has been prepared by officers. A copy of this agreement is attached at pages A26 to A49. At the time this report was prepared Auckland City Council and North Shore City Council have signed this agreement. Councils and appropriate committees at other local authorities will be presented with the agreement for their approval in the months of June and July 2006.

The agreement requires the Auckland Regional Transport Authority to meet all costs of the signal pre-emption and real time passenger information signage systems, except that local authorities will be required to pay a 25% share of the communications costs associated with the system in their territories. The Auckland Regional Transport Authority will take over responsibility for the day to day management and overall control of the systems. Local authorities will have input into the system through a project working group comprising representatives from the Auckland Regional Transport Authority and each local authority.

Sale and Purchase Agreement for on Bus Equipment

The real time passenger information system requires all buses to be equipped with an automatic vehicle locator unit. This unit includes a global positioning system and a cell phone connection which periodically reports the location of the unit to the central computer at the Auckland Regional Transport Authority. This computer uses the location data from buses to predict their arrival time at stops on their route and then relays this information to the real time passenger information signs at individual bus stops via a cell phone network.

When the real time passenger information system was implemented in Auckland City the Auckland City Council paid for 737 units to be installed on buses operating in their territory. In preparation for the system to become a region wide service other local authorities have also paid for outfitting additional buses operating in their area that have not already been outfitted by Auckland City Council. North Shore City Council funded 100 new units and Waitakere City Council funded 50 new units. The cost of these units was 53% subsidised by Land Transport New Zealand.

A50 The units are the property of the Council which funded them. A list of the 50 buses outfitted with Waitakere City Council equipment is attached at page A50.

Auckland City Council has transferred ownership of its 737 units to the Auckland Regional Transport Authority conjunction with the transfer of responsibility for the real time passenger system.

The Auckland Regional Transport Authority has requested that the 50 units owned by Council be transferred to them. The Auckland Regional Transport Authority would then be responsible for maintaining these assets and purchasing any additional units that are required.

A51-A65 The exact wording of the sale and purchase agreement for bus equipment is still under negotiation. A draft copy of this agreement is attached at pages A51 to A65. This report recommends that the Group Manager: Asset Management be delegated authority to negotiate and sign this agreement on behalf of Council.

RESOURCES

The Memorandum of Understanding requires Council to pay a 25% share of the ongoing communication costs of the real time passenger information signage and signal pre-emption systems operating in the City. These costs are estimated to be relatively minor. These costs are estimated to be relatively minor. The agreement also requires Council to pay a single payment of \$25,000 to Auckland City Council as a contribution to their costs incurred in developing the system.

The Annual Plan 2006/2007 includes a sum of \$851,000 for the Real Time Passenger Information Signage and Signal Pre-emption systems. Aside from the contribution to Auckland City of \$25,000 and 25% share of communications costs the agreement does not commit Council to provide any other funding for the ongoing development or operational costs of the systems.

Any further contributions to the Auckland Regional Transport Authority for development of the Real Time Passenger Information Signage and Signal Pre-emption systems will be subject to separate approval from Finance and Operational Performance Committee at a later date.

CONCLUSION

Waitakere City Council must become a party to the agreement for the provision of the Real Time Passenger Information Signage and Signal Pre-emption systems to allow the regional real time passenger system signage to be installed at bus stops in Waitakere City.

It is proposed that authority to sign this agreement be delegated to the Group Manager: Asset Management.

RECOMMENDATIONS

1. That the Real Time Passenger Information Signs and Traffic Signal Pre-emption for Buses report be received.
2. That the Group Manager: Asset Management be the delegated authority to negotiate and enter into an agreement for the provision of the Real Time Passenger Information Signage and Signal Pre-emption systems on behalf of Council.
3. That the Group Manager: Asset Management be the delegated authority to negotiate and enter into a sale and purchase agreement for the transfer of Council's automatic vehicle locator units to the Auckland Regional Transport Authority on behalf of Council.

Report prepared by: Paul Schischka, Transport Engineer.



13 DEVELOPMENT CONTRIBUTIONS FOR REGIONAL INFRASTRUCTURE

PURPOSE OF THE REPORT

This report is in response to a request from the Auckland Regional Council for support for their attempt to gain the power to levy development contributions to fund the growth component of their capital expenditure.

BACKGROUND

The Local Government Act 2002 enabled development contributions to be levied by territorial authorities, but not regional councils. This year the Auckland Regional Council requested that power in its submission to the Local Government Law Reform Bill. The matter is now to be considered as a workstream within the Local Authority Funding Review, which apparently will commence shortly and be concluded within six to eight weeks.

STRATEGIC CONTEXT

Development contributions are an important source of funding for councils throughout New Zealand. They are a cost recovery exercise, and any erosion of contributions from development is necessarily at the expense of ratepayers or other funders, or has impacts on the service levels that can be provided. Regional infrastructure is an important complement to the infrastructure provided by each city

ISSUES

A66-A69 At pages A66 to A69 is a letter from the Auckland Regional Council seeking the Council's support for a proposal that:

- regional councils be authorised to levy development contributions for regional infrastructure and regional parks
- the regional infrastructure for which a development contribution may be taken should include infrastructure provided by council controlled organisations;
- regional development contributions be collected on behalf of regional councils by territorial authorities

Commentary on each of these proposals follows.

Regional Council Development Contributions

Regional development contributions would have the major advantage that the capital costs arising from growth could be funded by developments giving rise to those costs. This would align well with the Council's own funding policy. At present, developments do not directly face the full regional costs they give rise to, so there is an artificial stimulus to growth and resulting costs to regional ratepayers and residents.

The validity of a regional development contributions regime for infrastructure will hinge on the integrity of the Auckland Regional Council's technical, political and democratic decision-making processes to determine service levels, priorities, capital works programmes, budgets and cost allocation methodologies. However, similar issues arise under the current regime of funding those costs through rates.

The proposal also seeks support for regional development contributions for regional parks, with no cap as to the amount of the contribution. The proposal to have a separate development contribution regime for regional parks is preferable to the alternative of including a regional parks component within any reserves requirement imposed by territorial authority. That will particularly be true if it is intended that the regional parks component be included within the capped amount that a territorial authority may collect (7.5% of value, or 20 square metres per additional allotment created). However there are practical difficulties in this since not every local authority in the Auckland region will be collecting contributions for reserves under the development contributions regime. Waitakere City is one territorial authority (and there may be others) which continues to provide for reserves contributions by way of financial contributions under the Resource Management Act.

The suggestion that regional Council might have the ability to recover a development contribution for regional reserves without any cap or limit seems unrealistic. The amount able to be collected by territorial authority for these purposes has been limited to the amounts stated above for over 30 years. It is felt that the regional council will struggle to find support for this proposal.

Infrastructure Provided by Council Controlled Organisations

The Auckland Regional Council would like development contributions to be able to be levied to recover the growth related expenditure made by council-controlled organisations such as the Auckland Regional Transport Authority. The direct effects of such an increase in options can only be to the Council's advantage, but indirectly there may be disadvantages. If, for example, the Council established a council-controlled organisation for water activities, there seems no inherent reason why that should invalidate the funding policy principle that costs arising from growth should be funded from development contributions. Conversely, however, an organisation whose existing infrastructure is primarily debt funded or is funded on a user pays basis should probably continue to rely on those sources rather than development contributions. Full user pays should include depreciation on aging assets, interest on debt and dividends on any equity employed.

Waitakere City (and other territorial authorities in the Auckland region) face a similar issue in relation to charges made to it by Watercare for the expansion of the wastewater trunk reticulation network and wastewater treatment capacity to deal with growth. Legal advice provided is that Council's contribution to Watercare for those costs is not able to be recovered under a development contributions regime and may only be funded through rates or borrowing. This is an issue which would have been raised by Waitakere City as part of the Local Authority Funding Review in the ordinary course.

It therefore seems appropriate to support the Auckland Regional Council's proposals in this regard, subject to the qualifications made above, in return for support from the Auckland Regional Council for its support for changes to the development contributions regime for territorial authorities to permit the recovery of growth related expenditure for regional infrastructure by Watercare.

Collection of Contributions through Territorial Authorities

The Auckland Regional Council point out that they have no direct relationship with the developer, and they would like to be able to oblige territorial authorities to levy and collect development contributions on their behalf. While it is correct that the development contributions are "triggerred at the time of application for a resource consent, building consent or for services connection, the ability to require payment of a contribution is entirely dependent upon the terms and conditions of the development contribution policy under which the contribution is levied. In other words the liability does not arise from a condition imposed on the resource consent or building consent.

The proposal that regional Council development contributions should become a collection responsibility for territorial authorities has several disadvantages to the Council:

- additional administrative costs – although these could be recovered from the Auckland Regional Council;
- a perception that the Council's levies are higher – the public may resent the apparent increase;
- a perception of double dipping – although not possible, the public may be suspicious;
- a perception of the Council endorsing Auckland Regional Council projects – Council could be facing the position of collecting funds for regional projects which it does not support;
- the Council would (presumably) be responsible for interpreting and applying the Auckland Regional Council's development contribution policy for regional development, with perhaps consequential liability for errors in interpretation resulting in a shortfall in the amount of contribution to be collected.

An alternative solution would be for territorial authorities to notify the Auckland Regional Council when a resource consent, building consent or services connection application is received. The Auckland Regional Council could then be responsible for assessment and collection of its own contributions.

With regard to collection, the Local Government Act 2002 already provides mechanisms to enforce payment of contributions. A territorial authority may defer commencement of the consent, refuse to issue a s224(c) certificate (in the case of a subdivision), refuse to issue a code compliance certificate under the Building Act 2004 or refuse a services connection until the development contributions have been paid. In any case where development contribution is not paid a statutory land charge can be registered.

There seems to be no practical reason why the law might not be simply altered to provide that where a regional council development contributions policy is in place a consent holder wishing to obtain a s224(c) certificate, or a code compliance certificate, or a services connection must first produce to the territorial authority a certificate to the effect that all regional Council development contributions have been paid. Such a proposal is administratively efficient from this Council's perspective and leaves the risk of applying the regional council's policy, including calculating the amount of the contribution and dealing with any remission applications, as entirely the responsibility of the regional Council.

CONCLUSION

The proposal that regional councils have the power to levy development contributions aligns with Council's own funding policy principles, especially that developments should pay for the capital costs of growth. However, for Council to collect regional development contributions on the Auckland Regional Council's behalf would have potential disadvantages and risks, which could be avoided by the Auckland Regional Council undertaking its own collection. Inclusion of funding for regional infrastructure provided by council-controlled organisations is attractive in principle, by reference to Council's own position in relation to Watercare, but will be appropriate only in specific circumstances where user-pays is minor and capital costs are mainly funded by equity. There appears to be no compelling argument in favour of an uncapped ability to levy contributions for regional parks.

RECOMMENDATIONS

1. That the Development Contributions for Regional Infrastructure report be received.
2. That the Chief Executive be authorised to inform the Auckland Regional Council's of this Council's qualified support, as indicated in the agenda report, for that Council's proposal for introduction of regional development contributions

Report prepared by: Ross Wilson, Strategic Planner Financial.



PART E - REPORTS FROM THE SUBCOMMITTEES

14 TENDERS SUBCOMMITTEE

THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS MEETING HELD ON FRIDAY, 14 JULY 2006.

MATTERS CONSIDERED

A70-A74

The Subcommittee dealt with a number of items for which it has delegated powers to act and a copy of the minutes of the meeting are attached at pages A70 to A74 and the public excluded minutes is attached at page C2 of the Confidential Supplement.

The Subcommittee Recommends:

That the Meeting report of the Tenders Subcommittee held on Friday 14 July 2006, date be received.

JM Clews, QSO, JP
CHAIRMAN

