

**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, 16 APRIL 2007
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, 12 March 2007

RECOMMENDATION

C18-C25

That the minutes of the Meeting of the Finance and Operational Performance Committee held on Monday, 12 March 2007, including the Public Excluded minutes attached at pages C18 to C25, as circulated, be taken as read and now be confirmed.



PART B - PROPERTY

4 DON BUCK ROAD AND RED HILLS ROAD INTERSECTION, MASSEY - PROPOSED ACQUISITION OF LAND FOR ROADING PURPOSES

PURPOSE OF THE REPORT

The purpose of this report is to seek the Finance and Operational Performance Committee's approval to enter into negotiation with the landowner on the southern corner of the intersection of Don Buck Road and Red Hills Road, to obtain the use of the land for road purposes.

BACKGROUND

The Don Buck Road and Red Hills Road intersection forms an important link to a large industrial activity, a school, and the rural areas of Waitakere and Taupaki. The project was requested through public submissions and the 2006/2007 Annual Plan process to address minor congestion issues and safety operation on Red Hills Road at its intersection with Don Buck Road.

STRATEGIC CONTEXT

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.

A roundabout will improve the safety of the intersection by simplifying conflicts, reducing vehicle speeds, and providing a clear indication of the driver's right of way. Well laid out roundabouts have been shown to reduce the accident rates at cross-roads intersections by up to 60 per cent.

ISSUES

Don Buck Road is defined as a district arterial route with a traffic volume of approximately 19,000 vehicles per day. Red Hills Road is defined as a collector road with a traffic volume of approximately 5,500 vehicles per day.

A search of the Land Transport New Zealand Crash Analysis System database reveals a total of seven reported accidents (one serious, two minor injuries and four non injuries) at the Don Buck Road and Red Hills Road intersection for the five years from 2001 to 2005. Twenty nine percent of all accidents were loss of control, and a further 29% were crossing and turning accidents.

A1 A roundabout is proposed at the intersection of Don Buck Road and Red Hills Road, as shown at page A1.

A2 To accommodate the proposed roundabout it is necessary for Council to acquire the use of additional land on the southern corner of the intersection of Don Buck Road and Red Hills Road. The extent of the required land, an estimated area of 98 square metres, is shown at page A2.

The land required is Crown owned reserve land. The Massey Birdwood Settlers Association Incorporated has been appointed by the Crown to control and manage the reserve as a site for a public hall. Consequently, Council will need to negotiate with the Settlers Association and the Crown in regard to the land required for road which is currently used as part of the hall car park.

Consultation

Consultation letters and engineering drawings explaining the proposed works were sent to the residents, schools and businesses for information.

Decision Making

This proposal is presented with due consideration of relevant criteria, as promulgated in Section 77 of the Local Government Act 2002. The principal community outcome to be derived is an improvement in the level of traffic management resulting in an increase in safety and convenience for residents of the City.

RESOURCES

Any costs associated with negotiating to obtain use of the land will be funded from the project budget for the roundabout which is funded in the Annual Plan 2006/2007 budget.

CONCLUSION

It is proposed to acquire the land and construct a roundabout. The proposed roundabout will provide a much safer environment for both motorists and pedestrians. The roundabout improves the safety of pedestrians by reducing vehicle speeds and allows pedestrians to take refuge between the splitter-islands while crossing the road. Subject to land acquisitions, the proposed roundabout is expected to be built in 2006/2007.

RECOMMENDATIONS

1. That the Don Buck Road and Red Hills Road Intersection, Massey – Proposed Acquisition of Land for Roading Purposes report be received.
2. That approval be given by the Chief Executive Officer for the Council to enter into negotiation with the landowner to obtain use of approximately 98 square metres of land on the southern corner of the intersection of Don Buck Road and Red Hills Road for road purposes.

Report prepared by: Vinh Bui – Senior Transport Engineer, Transport Assets.



PART C - LEGAL AND CONSTITUTIONAL

5 AFFIXATION OF COMMON SEAL

EXECUTION OF DOCUMENTS: 2 March 2007 to 4 April 2007

Nº	NAME	PARTICULARS
4104	WCC – Hamstead Properties Ltd	Cancellation of Performance Bond No.7017394 – CT.NA36A/298 – 34 Chislehurst Street, Henderson
4105	WCC – RJ Moore	Cancellation of Bond No.D220003.4 – CT.327971 – 11 & 15 Nola Road – SPW 22920
4106	WCC – South Pacific Health Fono Inc	Consent s.114(2)(h) Public Works Act 1981 – 411 Great North Road – Rule 44(2) Standing Orders
4107	WCC – Joseph Todd	Warrant of Appointment & Evidence of Identity – No.WCC338
4108	WCC – Three Sixty Developments Ltd	Memorandum of Encumbrance – CT.NA16D/1471 – 188 Scenic Drive, Titirangi

N ^o	NAME	PARTICULARS
4109	WCC – WH & SS Bos	Memorandum of Encumbrance – CT.NA71D/205 – 98 Victory Road, Laingholm
4110	WCC – Richard Pugh	Deed of Waiver s.40 Public Works Act, 315 Henderson Valley Road – resolution 770/2004
4111	WCC – NR & MP Swan	Memorandum of Encumbrance – CT.NA75D/395 – 90 Luckens Road, West Harbour
4112	WCC – MT & NA Milich	Variation of Encumbrance No.B569462.5 – CT.NA59C/728 – 187 Luckens Road
4113	WCC – WS Nipper, LR Outram & GEM Gibson (Nipper Family Trust)	Fencing Agreement – Identifier 141961 – 11 Tane Road – SPW 21227
4114	WCC – New Zealand Railways Corporation	Deed of Grant re: public pedestrian cycleway & walkway at Henderson Railway Bridge 57
4115	WCC	Plan Change 21: Operative Status – resolution 2155/2006 – operative from 26/3/2007
4116	WCC – MS Holt & DA Lyon	Surrender of easement in gross – CT.NA3C/926 – 757 South Titirangi Road
4117	WCC – R Chan, R Chan, E Chong & F Sing	Memorandum of Encumbrance – 10A Margan Avenue, New Lynn – SPW 21580 Amended
4118	WCC – Meetex (NZ) Ltd	Memorandum of Encumbrance – 10A Margan Avenue, New Lynn – SPW 21580 Amended
4119	WCC – R Chan, R Chan, E Chong & F Sing	Authority for Use of Dedicated Road – 10A Margan Avenue, New Lynn – SPW 21580 Amended
4120	WCC – Waitakere City Holdings Ltd	Deed relating to a tax Subvention Payment
4121	WCC – Body Corporate 381795 (Woods Ltd)	Drainage easement in gross – Lot 1 DP 123825 – 1/242 Great North Road, Henderson – RMA 20061450
4122	WCC – Perry Veacock	Warrant of Appointment & Evidence of Identity – No.WCC340
4123	WCC – Sharleen Downes	Warrant of Appointment & Evidence of Identity – No.WCC341
4124	WCC – Waitakere Licensing Trust, Algarni Ltd, GW Bates & The Falls Hotel Preservation Trust	Assignment of Sub-Lease of the Falls Hotel
4125	WCC – The Piha Community Centre Society Incorporated	Memorandum of Encumbrance – CT.NA16C/530 – 2 North Piha Road, Waitakere City

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: Yvonne Donaldson, Team Leader: Legal Services.



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 operating and capital expenditure to date by unit compared to budget.

BACKGROUND

Through the Long Term Council Community Plan process, 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

A3 This report covers expenditure for the eight months to 28 February 2007. The financial summaries are attached at page A3.

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

CONCLUSION

Expenditure for the eight months to 28 February 2007 is in line with 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

A4

This report is separated into restricted and non-restricted funds. The balances and summary transactions for the eight months ended 28 February 2007 are attached at pages A4.

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 February 2007.

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.

A5-A10

The relevant portfolio and graphs reflect the estimated position as at 28 February 2007 and are attached at pages A5 to A10.

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 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 FEBRUARY 2007

Council's estimated gross term debt position has increased by \$5.318 million since January 2007, with an estimated closing balance at February 2007 month end of \$260.257 million.

SIGNIFICANT FUNDING TRANSACTIONS ENTERED INTO DURING FEBRUARY 2007

- Amend Swap 36 increase duration from 24/8/2015 to 24/11/2016, decrease interest payable from 6.54% to 6.53%;
- Amend Swap 21 increase duration from 15/8/2015 to 15/8/2017 decrease interest payable from 6.745% to 6.71%;
- Amend Swap 34 increase duration from 15/8/2015 to 15/8/2017 decrease interest payable from 6.82% to 6.77%;
- Amend Swap 35 increase duration from 15/8/2015 to 15/8/2017 decrease interest payable from 6.82% to 6.77%;
- Short Term Investment of \$5 million for 21 Days to 9 March 2007 at an interest rate of 7.52%, matching existing debt maturities;
- Short Term Investment of \$10 million for 83 days to 10 May 2007 at an interest rate of 7.74%, matching existing debt maturities.

FINANCIAL MARKET COMMENTARY

Market Overview

The Reserve Bank of New Zealand's last Monetary Policy Statement stressed the banks concern with domestic demand supported by the housing market and fiscal policy. This pick-up in demand would have inflationary implications on an economy already suffering with resource pressures. Financial markets have continued to aggressively price the risk of future Official Cash Rate increases, with the 90 day bank bill interest rate increasing to currently 7.915%, up from 7.82% reported last month. Likewise, long term interest rates have also increased over the past month to a current level of 7.15%. While long term interest rates are generally a product of US interest rates, there may also be a perceived risk that, New Zealand inflation risks may take sometime to be contained.

The New Zealand dollar has strengthened against most major traded currencies after the Reserve Bank of New Zealand's increase to the Official Cash Rate. This is an outcome that should be largely expected as offshore buyers of New Zealand dollar investments take advantage of the higher yield.

Up Coming Dates

26 April 2007 Official Cash Rate Announcement

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.



PART E - GENERAL

9 SINKING FUND COMMISSIONERS 30 JUNE 2006 FINANCIAL STATEMENTS

PURPOSE OF THE REPORT

The purpose of this report is to present to the Finance and Operational Performance Committee the audited financial statements of the Sinking Fund Commissioners for the year ended 30 June 2006.

BACKGROUND

Sinking Funds were a requirement of the Local Authority Loans Act, which was repealed with effect from 1 July 1998. There is no statutory requirement for the Sinking Fund Commissioners to continue, though Council has resolved that the sinking funds relating to debt raised prior to 1 July 1998 should continue to be administered by the Commissioners. Any monies collected to repay debt issued after 1 July 1998 is administered through the Council's Liability Management and Investment Policy. The administration of the Sinking Funds by the Commissioners is expected to cease in July 2007.

STRATEGIC CONTEXT

The Liability Management and Investment Policy governs the management of the sinking fund investments. More specifically, under section 5.1.3 of the Policy, the following points illustrate the management of the investments:

- The Council is not required to use sinking funds as a mechanism for loan repayments. The minimum required contribution will be maintained until the settlement of debt raised prior to 1 July 1998;
- A statement of sinking funds is prepared half yearly and annually by the Sinking Fund Commissioners;
- The Sinking Fund Commissioners, if they choose to maintain cash investments, will manage those investments as per the following investment policy and within the prescribed credit limits outlined in section 5.3 of this policy document;

- Given that the Council will be a net borrower for the remaining life of the existing sinking funds, the sinking funds should be either invested in short term bank deposits and be maturity matched with equivalent borrowings, or invested within Council in accordance with Section 299 of the Local Government Act 2002.

ISSUES

The annual audit of the Sinking Fund Commissioners was recently conducted by Audit New Zealand, with no matters or irregularities reported.

With the introduction of the Local Government Act 2002, the Sinking Fund Commissioners can now legally invest the sinking fund investment into Council. This provision was also included in the Council's Liability Management and Investment Policy, and adopted during the Long Term Council Community Plan. The Commissioners agreed, at their meeting held on 16 October 2003 that this position was acceptable. However, the funds remain as liquid investments at this time.

A11-A22

Attached at pages A11 to A22 are the audited financial statements for the year ended 30 June 2006, including the audit report on behalf of the Auditor-General.

CONCLUSION

The Sinking Fund Commissioners financial statements for the year ended 30 June 2006 have been completed and audited with no issues reported.

RECOMMENDATION

That the Sinking Funds Commissioners 30 June 2006 Financial Statements report be received.

Report prepared by: Bruce Wilkin, Treasury Manager.



10 DRAFT SUBMISSION – LOCAL GOVERNMENT RATES INQUIRY

PURPOSE OF THE REPORT

The purpose of this report is to discuss with the Finance and Operational Performance Committee the contents of the submission to be made to the independent Inquiry Panel who have been tasked with examining local government funding mechanisms.

BACKGROUND

The Minister of Local Government set up an independent inquiry late last year into the funding of local government. The objective of the inquiry is to provide the Government with recommendations on how to improve local government funding, covering both rating and other sources of revenue.

The Inquiry Panel has been tasked with examining current and past research that has been prepared concerning local government funding. The Inquiry Panel has conducted various public meetings to further understand issues from a local authority perspective, along with views from interested groups and the general public. The Inquiry was prompted by the publication of the Long Term Council Community Plans prepared by local and regional authorities, which showed significant increases in spending required on infrastructure, council facilities and services. That information, together with recent rate rises, contributed to public concern for the sustainability and affordability of future rates rises.

The objective of the Inquiry is to consider:

- Issues relating to current local government rating;
- Issues relating to other revenue raising mechanisms; and
- To provide recommendations to the Government for enhancing rating and other funding mechanisms for local authorities.

Submissions can be made to the Inquiry Panel and must be received by 30 April 2007. It is likely that hearings will take place in May/June 2007 and the Inquiry Panel have been tasked with reporting to the Minister of Local Government by 31 July 2007.

STRATEGIC CONTEXT

The Councils funding of its planned activities is detailed in the Long Term Council Community Plan 2006-2016. The Councils funding is a mix of rates, user charges, Development and Financial Contributions along with subsidies from central government. The sustainability of current and future funding sources will ensure that the long term vision of a sustainable, resilient and liveable city will be achieved.

ISSUES

A23-A90

The Inquiry Panel have released a document titled "Background Information for Interested Parties" to assist interested persons in understanding the funding review process and key issues. This document has been previously circulated to all Councillors. To assist the Inquiry Panel with funding issues facing local government in particular, a discussion paper titled "Local Government Funding: A Statement of Issues", released by Local Government New Zealand and the Society of Local Government Managers, was presented to the Inquiry Panel. This is attached at pages A23 to A90.

Local Government New Zealand and the Society of Local Government Managers will prepare a final submission covering and expanding on matters and issues raised within the discussion paper.

Draft Submission

A91-A103

Attached at pages A91 to A103 is a "work in progress" draft submission. The submission has been prepared under five key headings:

- Financial Forecasts;
- Growth of the City;
- Rating System;
- Devolution of Functions;
- Additional Funding Sources.

The submission's purpose is to advise the Inquiry Panel about the Council's future funding needs and areas where the Council supports changes to existing funding mechanisms, along with areas for further consideration.

Matters in the submission that require the Committee's consideration for inclusion or expanded comment are:

- Borrowing to be permitted in foreign currencies;
- Removal of the Securities Act requirements applying to local authorities;
- Weather –Tightness costs;
- Grants 'tied and untied';
- Review of financial assistance rates;
- Interest free loans;

- Ability to charge for wastewater on a volumetric basis as a rate without having to form a council-controlled organisation;
- Level of the cap on the maximum permitted level of uniform annual charges and uniform annual general charge;
- Removal of rating exemptions;
- Crown grants in lieu of rates;
- Annual adjustment for property valuation movements;
- Rates rebate scheme to be expanded so as to include the eligibility of ratepayers who occupy properties on a "licence to occupy" basis;
- Removal of GST from rates;
- Appropriate funding provided for cost shifting functions;
- Additional funding mechanisms such as energy taxation, tourism taxation and transport versement tax;
[The above three funding mechanisms have been suggested for further consideration in the Local Government New Zealand / Society of Local Government Managers paper.]
- Greater share of petrol tax;
- Removal of fee setting restrictions;
- Revenue sharing;

The Committee's direction is sought on the above matters for inclusion in the final submission. It is recommended that an editorial group comprising the Mayor, Chairman of the Finance and Operational Performance Committee and Chairman of the City Development Committee approve the final submission.

CONCLUSION

The Minister of Local Government has established an independent inquiry into current local government funding and other revenue-raising mechanisms. Submissions can be made to the independent Inquiry Panel and close on 30 April 2007.

The basis of a draft submission has been prepared and the direction of the Committee is sought to complete aspects of the submission. It is recommended that the final submission be approved by a small Councillor working group.

RECOMMENDATIONS

1. That the Draft Submission – Local Government Rates Inquiry report be received.
2. That the Finance and Operational Performance Committee provide direction on matters to be included in the final submission, especially those key issues raised within the report.
3. That a Councillor working group comprising the Mayor, Chairman of the Finance and Operational Performance Committee and Chairman of the City Development Committee be formed to approve the final submission to the Inquiry Panel.

Report prepared by: Andrew Pollock, Director: Finance.



11 NEW ZEALAND MUTUAL LIABILITY RISKPOOL - VARIATION OF TRUST DEED

PURPOSE OF THE REPORT

The purpose of this report is to seek the Finance and Operational Performance Committee's approval to a proposal to vary the terms of the trust deed under which New Zealand Mutual Liability RiskPool ("RiskPool") is established.

BACKGROUND

RiskPool was established as at 1 July 1997 under a deed of trust entered into between the New Zealand Local Government Insurance Corporation Limited (probably better known to members as "Civic Assurance") as settler and the Local Government Mutual Funds Trustee Limited ("LGMFT") as trustee. Council became a member of RiskPool from inception and RiskPool has provided the Council with insurance cover in respect of its professional indemnity and public liability risks since that date.

The arrangement has generally been a very satisfactory one. RiskPool has never declined a claim which the Council has referred to it. Satisfactory levels of cover have been provided to date at competitive prices.

Since 30 June 2007 will mark the 10th anniversary of the establishment of RiskPool the directors of the LGMFT thought that it would be appropriate to undertake a governance review which encompassed both the terms of the trust deed and the constitutional structure of LGMFT itself. The purpose of this exercise was to establish whether the principles upon which the RiskPool scheme was founded remain valid today and what if any changes should be made to represent the best governance practice.

This process was undertaken by a subcommittee of the board of LGMFT which prepared a report that was subsequently substantially accepted by the full board. In the course of that review the subcommittee obtained advice from independent consultants with expertise in corporate governance issues and the insurance industry.

STRATEGIC CONTEXT

Local authorities have a duty to ensure prudent stewardship and the effective and efficient use of their resources. In carrying out activities for the benefit of the community, risks to the Council and the resources it holds on behalf of the community, emerge. Insurance arrangements are one tool that can be used to prudently manage these risks, protect community resources, and enable Council to pursue its strategic goals.

Council's membership of Riskpool provides Council with insurance cover in respect of public liability and professional indemnity risks.

ISSUES

A104-A135

Copies of the following documents are attached to the report:

- letter from LGMFT dated 19 March 2007 (pages A104 to A106) which summarises the changes proposed to the trust deed as a result of the governance review into which is attached a copy of the proposed form of consent;
- a copy of the Deed of Variation of Deed of Trust (pages A107 to A112) prepared by Simpson Grierson in accordance with the instructions that firm received from the board of LGMFT. This deed will be executed by Civic Assurance and LGMFT only when the consent of all members has been obtained;
- a copy of the original Deed of Trust (pages A113 to A135) with the amendments proposed by the variation highlighted in the document. This enables a better understanding of the effect of the amendments proposed by the variation in the context of the deed itself.

The covering letter from LGMFT is self-explanatory. The board of LGMFT is comprised of six directors, with presently four of those directors appointed to represent the interests of members. The member representatives on the board include Council's Legal Services Manager, who was also a member of the governance review subcommittee. The Legal Services Manager will be available at the meeting to answer any questions that may arise in relation to these proposed changes.

Perhaps the most significant change is a proposal that the board of LGMFT continue to be comprised of six members but that the board be appointed by a different process, with the emphasis on the experience and skills of the proposed candidates rather than ensuring that candidates are representatives of the scheme manager, the fund manager or members. It was the strongly held view of the governance review committee that there should be up to two fully independent directors on the board at any one time. A two-year transition period is proposed for this change (through the maximum period of service provision in the proposed new clause 5.5) to ensure that the proposed changes are implemented progressively.

The other more significant changes relate to the ability to carry forward surpluses in any fund year forward to a later year (but not back to an earlier year) and the proposal whereby changes to the trust deed can be made with a written approval of 75% of members (rather than 100% of members as is the current position).

Officers have reviewed the proposed changes, and are satisfied that they will be beneficial to the overall operation of the company. As such it is recommended that the proposed changes to the trust deed be approved.

RESOURCES

There are no resources required to vary the terms of the trust deed other than staff time.

CONCLUSIONS

The changes proposed reflect not only best governance practice but also 10 years of practical experience of working with the current trust deed, which has generally been found to be satisfactory but has proved deficient in some relatively minor but material respects. The changes will not make any difference to the way in which RiskPool provides protection against the risk of professional indemnity or public liability claims nor on the way in which it will respond to claims notified to it by members.

RECOMMENDATIONS

1. That the New Zealand Liability Riskpool – Variation of Trust Deed report be received.
2. That the proposed changes to the New Zealand Liability RiskPool Trust Deed be approved.
3. That the Chief Executive Officer be authorised to execute the form of consent for and on behalf of the Council.

Report prepared by: Ross McLeod, Director: Corporate and Civic Services.



12 **WATERCARE SERVICES LIMITED DRAFT STATEMENT OF CORPORATE INTENT 2007**

PURPOSE OF THE REPORT

The purpose of this report is to present the Watercare Services Limited draft Statement of Corporate Intent (SCI) for the Finance and Operational Performance Committee's consideration.

BACKGROUND

Watercare Services Limited (Watercare) is the bulk water and wastewater service provider for much of the Auckland Region. Its main responsibilities are the collection, treatment and supply of drinking water, and the collection, treatment and disposal of bulk wastewater. Watercare is classified as a "Council organisation" and is governed by specific legislative provisions set out in the Local Government Acts 1974 and 2002.

Watercare's primary customers are six water and wastewater retailers, five of which (including EcoWater) are owned by or are part of the local Councils. United Water, which services the Papakura District is a franchised operation.

The six local Councils are Watercare's shareholders. The Councils have appointed a Shareholders Representative Group (SRG) which appoints the Board of Watercare, provides input to Watercare's SCI, and monitors the performance of the Board against the SCI. Watercare negotiates the SCI with the SRG each year. The SCI is effectively the Board's charter for running Watercare on the shareholders' behalf. It lays out the activities to be undertaken by Watercare and sets specific environmental, social and economic objectives for Watercare for a three year period. It also sets performance targets that will be used to measure Watercare's performance.

Waitakere City Council has two representatives on the Watercare SRG, Councillors Clews and Lawley. An Officers Working Group with representatives from the shareholder territorial authorities supports the SRG. The Local Network Operators Group (Auckland Water Group), comprising the six retailers often provides advice to the Officers Working Group on matters of common interest.

A136-A153 The draft SCI is attached at pages A136 to A153.

On 15 November 2006, the SRG held a workshop identifying and communicating priorities for inclusion in the SCI to Watercare.

STRATEGIC CONTEXT

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

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

ISSUES

The key priorities identified by the SRG at its workshop on 15 November for Watercare's consideration were:

Sustainability

- That Watercare demonstrates a commitment to maintaining and improving the environment in which it operates for the benefit of the region;
- That the principles of sustainability are embedded within all planning processes and demonstrated in all aspects of Company operations.

Capital and Operating Expenditure Efficiency

- That the capital and operating expenditure of Watercare is held at the minimum levels necessary to efficiently and effectively deliver water and wastewater services in the absence of regulation, competition and price control;
- That Watercare demonstrates a commitment to processes and systems management to enable the dynamic management of the water and wastewater networks.

Funding Principles including Structure

- That alternative pricing and funding structures are explored to minimise future price increases, enable efficient and transparent pricing and give effect to intergenerational equity.

Partnerships

- That stakeholders in particular the retail providers are recognised as partners in the development of operational and capital expenditure plans;
- That public awareness of water and wastewater services is increased so that the community understands cost increases and the need for demand management.

Quality

- That Watercare demonstrates a commitment to delivering customer required standards of water and wastewater services, however actively challenging both customer and regulatory requirements on the basis of cost and benefit.

Reliability

- As for quality above.

Planning

- That planning assumptions are determined in conjunction with retail providers on the basis of robust cost benefit analysis to ensure regional consistency, efficiency and effectiveness in the capital and operating planning outcomes and affordability are maintained.

Changes to the Statement of Corporate Intent

In considering the SRG feedback Watercare made changes to the performance measures contained in the SCI. The changes to the performance measures addressed the priorities identified by the SRG through changes to Strategic and Tactical Performance measures (Tactical measures are less than 3 years and Strategic measures are greater than 3 years). The Strategic policies and other parts of the SCI remain unchanged compared to the prior year.

The significant changes to the performance measures of Watercare are:

1. The performance measures on the draft SCI are more aligned with the SMART principles (SMART - Specific, Measurable, Achievable, Relevant and Time Bound), especially in areas of specific and measurable, a weakness identified on past SCI reviews. The new measures are a mixture of Strategic and Tactical Targets. The alignment of measures to the SMART principles enhances monitoring and reporting of Watercare's performance.
2. A linkage between the SCI and performance measures contained in the annual report, half yearly and quarterly reports is now established. The operational objectives include the management objectives currently in place and reported against in Watercare's annual report and additional objectives reflecting the areas of key strategic priority identified by the SRG.
3. There is an increase in number of measures relating to Environmental Care, reflective of the work Watercare is doing on the Three Waters Project. A key change is the inclusion of a measure on Demand Management that is to "develop and implement a range of demand management initiatives by 30 June 2008". This is an area promoted and supported Waitakere City Council.
4. A number of measures relate to Watercare taking a leadership role on issues ranging from integrated/regional planning to submissions on public policy and statutory changes. A number of measures also relate to Watercare following a consultative approach.
5. The enhancement of performance measures relating to the quality of services to customers.
6. The consideration of efficiency, intergenerational equity and optimal cost of capital in funding policies.

Trend analysis over time will determine whether Watercare's performance is improving, deteriorating or being maintained as opposed to a one off achievement against assigned measures.

Watercare is committed to sustainable business practices and reports annually (in its Annual Report) with a range of 'sustainability performance rulers' used to compare current performance against prior years, to assess improvements against objectives.

Overall, the change to performance measures in the draft SCI demonstrates Watercare's commitment to transparent and open reporting. The performance measures continue to improve over time, reflecting the challenges faced by Watercare in the current environment such as population growth, climate change, regional planning, regulatory changes and cost pressures.

CONCLUSION

Watercare has submitted to its shareholders a draft SCI for the three year period commencing 1 July 2007.

The content of the attached draft SCI has been changed to give effect to the issues discussed by the SRG at their November workshop. The quality of the accountability document continues to improve, reflecting key significant changes to performance targets and reporting.

Shareholding Councils have an opportunity to provide any further input for consideration by the Watercare SRG. The Watercare SRG will consider feedback from the shareholding Councils at its 18 April 2007 meeting, following which comments will be submitted to Watercare, meeting the constitutional requirement of before 1 May 2007.

The completed SCI must be delivered by Watercare to the shareholders by 1 July 2007 for final approval.

RECOMMENDATIONS

1. That the Watercare Services Limited Draft Statement of Corporate Intent 2007 report be received.
2. That it be noted that Watercare Services Limited has submitted to its shareholders a draft Statement of Corporate Intent for the three year period commencing 1 July 2007 and that in general Watercare Services Limited has addressed shareholders priorities previously communicated.

Report prepared by: Kingsha Changwai, Manager Quality Assurance.



13 CONTRACT NO. TA03550B - SEALED ROAD MAINTENANCE 2004 - APPROVAL TO EXTEND

PURPOSE OF THE REPORT

The purpose of this report is to seek funding approval from the Finance and Operational Performance Committee to extend Contract No. TA03550B - Sealed Road Maintenance 2004 from 1 July 2007 to 30 June 2008 as provided for in the contract.

BACKGROUND

Waitakere City Council has approximately 724km of sealed roads that require routine maintenance. This contract includes routine maintenance of Council's sealed road network, watertable drainage maintenance, annual resealing works and rehabilitation works.

Council approved the award of Contract No. TA03550B – Sealed Road Maintenance 2004 to Fulton Hogan Limited at a full Council meeting held on 30 June 2004 with the following recommendation:

- “6. That authority to extend Contract No. TA03550B - Sealed Road Maintenance 2004 beyond 30 June 2007 on an annual basis until 30 June 2009 based on the satisfactory performance by the contractor be delegated to the Director: City Services.”

1164/2004

The recommendation above does not provide for a financial commitment, and therefore Finance and Operational Performance Committee approval is required for the contract extension from 1 July 2007 to 30 June 2008.

STRATEGIC CONTEXT

The Council's 'Integrated Transport and Communication' platform provides the strategic context for this report. The contract addresses the Community Outcome of providing sustainable transport systems which provide fast and effective movement of people, goods and services within, and in and out of the city.

ISSUES

Contract No. TA03550B - Sealed Road Maintenance 2004 is a three year contract and is due to expire on 30 June 2007. The contract also has provision for up to two (2) annual extensions. The first twelve (12) month extension period is 1 July 2007 to 30 June 2008 and the final twelve (12) month extension period is 1 July 2008 to 30 June 2009. Each extension period is to be reviewed annually and is based on the satisfactory performance by the contractor and subject to Council's approval.

Contractor's Performance

Fulton Hogan Limited has confirmed in writing that they will carry out the contract for a further twelve months.

An evaluation of Fulton Hogan Limited's performance to date contains the following features:

- They have invested in Waitakere by establishing a local area depot on Henderson Valley Rd and have employed local staff from within the City;
- They have developed a good working relationship with relevant Council officers members and other key stakeholders such as the Police and bus companies;
- They have developed a good working knowledge of Council's roading asset and its needs thereby enabling better programming of works as they take "ownership" of the network;
- They are a well resourced company;
- They have a strong focus on health and safety as evidenced by several recent compliments from the general public on their site management;
- Their workmanship is generally to a very good standard;
- They have successfully completed each annual stabilisation and resealing programmes; the 2006/2007 annual reseal programme notably being completed in February 2007, well ahead of programme.

RESOURCES

This project is being administered by Council officers within Project Services.

Financial resources are from the approved draft Annual Plan 2007/2008 as follows:

2007/2008 Draft Annual Plan	Codes	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
Urban Maintenance	46-7114-24250	1,346,000	0	1,140,000	206,000
Rural Maintenance	46-7118-24250	821,000	0	420,000	401,000
Roadmarking	46-7150-24530	616,000	0	40,000	576,000
RAMM	46-7154-24570	207,000	0	40,000	167,000
Stabilisation /Preseal Repairs/ Resealing	75-9860-24460	8,763,000	0	8,763,000	0
Reservoir Renewal	85-9855-31510	44,000	0	10,000	34,000
Broken Main Repairs	85-9855-26100	10,000	0	10,000	0

2007/2008 Draft Annual Plan	Codes	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
Repairs >150mm Pump Station	85-9812-60390	174,000	0	20,000	154,000
Upgrade Minor Replacements	85-7535-24980	21,000	0	10,000	11,000
Subtotal				\$10,453,000	

CONCLUSION

Longer term maintenance contracts provide significant advantages such as continuity of work, development of working relationships, long-term “ownership” of the network and forward work programming that have cost and quality benefits.

Fulton Hogan Limited has carried out their contractual obligations over the past 3 years to the satisfaction of Council.

It is therefore proposed that Fulton Hogan Limited be granted the contract extension for Contract No. TA03550B – Sealed Road Maintenance 2004 for the period 1 July 2007 to 30 June 2008 on the basis of their satisfactory performance to date and it is recommended that the necessary funding commitment be made accordingly.

RECOMMENDATIONS

1. That the Contract No. TA03550B – Sealed Road Maintenance 2004 - Approval to Extend report be received.
2. That approval be granted to extend Contract No. TA03550B – Sealed Road Maintenance 2004 to Fulton Hogan Limited in the sum of \$10,453,000.00 for the annual period 1 July 2007 to 30 June 2008.
3. That the commitment of \$10,453,000.00 excluding GST to the Annual Plan 2007/2008 for Contract No. TA03550B – Sealed Road Maintenance 2004 be approved.
4. That authority to extend Contract No. TA03550B – Sealed Road Maintenance 2004 for the annual period 1 July 2007 to 30 June 2008 on behalf of Council be delegated to the Group Manager: Project Services.

Report prepared by: David Jiggins, Principal Engineer: Project Services.



14 QUARTERLY PERFORMANCE REPORT FOR DECEMBER 2006

PURPOSE OF THE REPORT

A154-A179

The purpose of this report is to present to the Finance and Operational Performance Committee the Quarterly Performance for December 2006. Refer to the attachments at pages A154 to A179.

BACKGROUND

In June 2006, the Council adopted its Long Term Council Community Plan for 2006-2016. Volume 2 of the document itself detailed the activity performance measures, works programme and activity costs. The quarterly report follows this format. New sets of performance measures were developed for the activities where appropriate.

STRATEGIC CONTEXT

The activities detailed in Volume 2 of the Long Term Council Community Plan for 2006-2016 are the mechanisms used by the Council to deliver the Council's strategic direction and to contribute to the Community Outcomes. The performance measures indicate how well an activity is performing.

ISSUES

Where possible, all measures have been reported. There are some measures where the data is only collected annually or six-monthly and there are some measures that are survey-based. The relevant surveys will be carried out in 2007. Most measures are on-target and explanations and comments are provided on each measure, especially where the target has not been met. The full year's measures will be published in the Council's Annual Report. Strategic Platform and Community Outcome measures are still being developed.

RESOURCES

The only resources required to date are staff time.

CONCLUSION

The quarterly performance report indicates that the Council is generally on target to meet its performance measures. Special attention will be paid to any areas where problems have been identified.

RECOMMENDATION

That the Quarterly Performance Report for December 2006 be received.

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



PART F - REPORTS FROM THE SUBCOMMITTEES

15 EMERGENCY SERVICES SPECIAL COMMITTEE

THE SPECIAL COMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS MEETING HELD ON TUESDAY, 3 APRIL 2007

MATTERS CONSIDERED

A180-A182

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 A180 to A182.

The Special Committee Recommends:

That the Meeting report of the Emergency Services Special Committee held on Thursday, 3 April 2007 be received.

DQ Battersby, JP
CHAIRMAN



16 TENDERS SUBCOMMITTEE

THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS MEETING HELD ON FRIDAY, 9 MARCH 2007 AND FRIDAY, 23 MARCH 2007

MATTERS CONSIDERED

*A183-A188
C26*

The Subcommittee dealt with a number of items for which it has delegated powers to act and a copy of the minutes of the meetings are attached at pages A183 to A188. The public excluded minutes are attached at page C26 of the Confidential Supplement.

The Subcommittee Recommends:

That the Meeting report of the Tenders Subcommittee held on Friday, 9 March 2007 and Friday, 23 March 2007 be received.

JM Clews, QSO, JP
CHAIRMAN



PART G - PUBLIC EXCLUDED MATTERS

- 17 **GLENVIEW ROAD RAIL CROSSING - PROPOSED ACQUISITION OF LAND FOR ROAD**
- 18 **PROPOSED LAND ACQUISITIONS: NEW LYNN TRANSPORT ORIENTED DEVELOPMENT PROJECT**
- 19 **530 TO 568 TE ATATU ROAD ENCROACHMENT**
- 20 **PROPOSED ACQUISITION OF LAND - GREEN BAY**

These items will be considered in the Confidential Supplement of the agenda, and have been circulated to members separately with this agenda.

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of the proceedings of this meeting, namely, Glenview Road Rail Crossing – Proposed Acquisition of Land for Road, Proposed Land Acquisitions: New Lynn Transport Oriented Development Project, 530 to 568 Te Atatu Road Encroachment and Proposed Acquisition of Land – Green Bay.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation of the matters, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of the matters to be considered.	Reason for passing this resolution in relation to the matters	Ground(s) under Section 48(1)(a) for the passing of this resolution.
<ul style="list-style-type: none"> • Glenview Road Rail Crossing – Proposed Acquisition of Land for Road 	<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>
<ul style="list-style-type: none"> • Proposed Land Acquisitions: New Lynn Transport Oriented Development Project 	<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>
<ul style="list-style-type: none"> • 530 to 568 Te Atatu Road Encroachment 	<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>

<ul style="list-style-type: none">Proposed Land Acquisition – Green Bay	<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).	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.
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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 Council's negotiations.*

