

The Executive Committee meeting scheduled for Monday 15 February 2010 has been deferred to **Tuesday 23 February 2010 at 9.30am** (prior to the Council's Ordinary Meeting). The agenda for the Executive Committee's 15 February meeting remains unchanged and becomes the meeting agenda for the 23 February meeting.

**Agenda for the Executive Committee meeting of the
Taranaki Regional Council to be held in the Taranaki
Regional Council Chambers, 47 Cloten Road, Stratford on
Monday 15 February 2010 at 10.00 am.**



Councillors
D N MacLeod
D L Lean
R F H Maxwell

In Attendance Messrs B G Chamberlain (Chief Executive)
M J Nield (Director-Corporate Services)
R A Phillips (Director-Operations)
A W Young (Financial Services Manager)
P Ledingham (Information Officer)

Apologies Councillor N W Walker

Notification of Late Items

	Pages
<u>Item 1</u> Confirmation of Minutes Executive Committee 30 November 2009	1 – 3
Resolve	
THAT the Executive Committee of the Taranaki Regional Council	
1. <u>takes as read</u> and <u>confirms</u> the minutes of the Executive Committee meeting of the Taranaki Regional Council held in the Taranaki Regional Council Chambers, Cloten Road, Stratford, on Monday 30 November 2009 at 10.00 am	
2. <u>notes</u> the recommendations therein were adopted by the Taranaki Regional Council on 8 December 2009.	
Matters arising	
<u>Item 2</u> Financial and Operational Report	4 - 7 Two Separate Reports 6 - 7
• Recommendations	

<u>Item 3</u>	Total Mobility Phase Two assessment	8 – 10
	• Recommendations	9
<u>Item 4</u>	Approved funding for the New Plymouth bus service improvements	11 – 12
	• Recommendations	12
<u>Item 5</u>	Submission on New Zealand Transport Agency’s draft farebox recovery policy	13 – 23
	• Recommendations	15
<u>Item 6</u>	Submission on the proposed National Bovine Tuberculosis Pest Management Strategy and funding implication for Council	24 – 28
	• Recommendations	25
<u>Item 7</u>	Riskpool – Annual Report 2009	29 - 34
	• Recommendations	31
<u>Item 8</u>	General Business	One Separate Report

2. Financial and Operational Report

- 2.1. Mr M J Nield, Director-Corporate Services, spoke to the memorandum to receive information on the operational and financial performance of the Council (monthly financial reports for September and October 2009) and to confirm the use of the Council's Common Seal.
- 2.2. It was noted that preliminary financial results to date are in line with the estimates adopted in the 2009/2019 Long-Term Council Community Plan with no significant variances against budget developed to date.
- 2.3. Members discussed various aspects of the monthly financial reports, noting the passenger transport budget and aged debtors.
- 2.4. The documents signed under the Council's Common Seal during the period to 30 November 2009 were received and noted.

Recommended

THAT the Taranaki Regional Council

1. receives the memorandum and the Monthly Financial Reports for September and October 2009
2. notes the Common Seal has been affixed to the following documents:
 - 2009/11 Taranaki Regional Council and Taranaki Regional Council Officers Staff Association Inc – Collective Employment Agreement
 - 2009/12 Taranaki Regional Council Navigation By-laws for Port Taranaki and its Approaches 2009.

09/311

MacLeod/Walker

3. Review of Transparency, Accountability and Financial Management in Local Government

- 3.1. Mr M J Nield, Director-Corporate Services, spoke to the memorandum advising members of decisions made recently by the Government on the review of Transparency, Accountability and Financial Management in Local Government initiated by Hon Rodney Hide, Minister of Local Government.

Recommended

THAT the Taranaki Regional Council

1. receives the memorandum Review of Transparency, Accountability and Financial Management in Local Government

2. notes that there will be an opportunity to comment on the proposals when a Local Government Amendment Bill is introduced to Parliament late in 2009 or early in 2010.

09/312

MacLeod/Lean

4. Review of Legislative Compliance Policy

- 4.1. The Committee received and noted the memorandum on the review (complete) of the Council's Legislative Compliance Policy. The review requirement arose from the Council's recent audit.
- 4.2. In discussing the Policy, it was requested that Council's disclosure/reporting mechanisms to the Council be outlined in the document.

Recommended

THAT the Taranaki Regional Council

1. adopts the reviewed Legislative Compliance Policy as amended by the Committee.

09/313

Maxwell/MacLeod

5. General Business

Councillor N W Walker provided an update to the Committee on the Taranaki Waste Minimisation Group's last meeting.

Councillor R F H Maxwell provided an update on the work of the Taranaki Regional Transport Committee in relation to the National Freight Plan and the implications for the Taranaki state highway network, following his attendance at a Local Government New Zealand meeting in Wellington on 24 November 2009.

There being no further business, the Chairperson Mr D N MacLeod, declared the Executive Committee meeting closed at 10.45 am.

Confirmed

Chairperson _____
D N MacLeod

Date: **15 February 2010**

15 February 2010

**Memorandum to
Chairperson and Members
Executive Committee**

Financial and Operational Report

Purpose

1. The purpose of this memorandum is to receive information on the operational and financial performance of the Council and to confirm the use of the Council's Common Seal.

Background

2. The Council produces a Monthly Financial Report outlining the financial performance for the month and year to date. This memorandum supports the Monthly Financial Report by providing additional supporting operational and financial information. The Council operates its Common Seal under delegated authority. Part of that delegated authority is the reporting back of all Seal transactions.

Financial report

3. Attached are the monthly financial reports for November and December 2009.
4. The financial results to date are in line with the estimates adopted in the *2009/2019 Long-Term Council Community Plan*. Comments on variances to date are:
 - Compliance monitoring programmes is under budget by \$43,990. This is due to the timing of work on these programmes being more focussed towards the summer months.
 - State of the environment monitoring is under budget by \$98,663. Again this is a timing issue with most of the state of the environment monitoring occurring in summer.
 - Resource investigations and projects is over budget by \$47,144 mainly due to the high level of involvement in the Marfell Park investigations.
 - Sustainable land management plans and plant supply programme is over budget by \$569,456. This is due the commencement of the afforestation grant scheme. This is backed by increased government grant income, so is financially neutral to the Council.

- Biodiversity is under budget by \$64,160 mainly due to the timing of expenditure on the operational grants programme.
- Pest animal management is \$75,870 over budget due to the timing of payments for the Egmont National Park possum control work.
- Passenger transport planning is under budget by \$70,551 due to the non-commencement of many planning projects.
- Passenger transport is under budget by \$539,167. Total mobility services are running at approximately \$126,500 under budget with New Plymouth taxi services \$43,000 under budget. Contracted New Plymouth bus services are running well under budget (\$217,215) due to the delays in commencing new services and costs for bus shelters and SuperGold card services have not fully come to charge.
- River control schemes and general river and flood management are running under budget due to the timing of the summer works and maintenance programme.

Operational report

5. Operationally, all programmes are currently on target with the planned levels of activity established for 2009/2019 in the *2019/2019 Long-Term Council Community Plan*.

IRIS Project Update

6. The purpose of this section is to give an update on progress to date with the IRIS Project.
7. IRIS (Integrated Regional Information System) is a shared-services arrangement between six regional councils (Northland, Waikato, Taranaki, Manawatu-Wanganui, West Coast and Southland) to develop, implement and maintain a suite of regional council specific information technology tools and solutions. The Council became involved with this project through the 2009/2019 Long-Term Council Community Plan.
8. Progress to date has been good. A number of Council staff have been heavily involved in this project since its inception. This will continue through the remainder of the Project.
9. At the end of January 2010 the status of the Project is:
 - The Project is on schedule with the build occurring as planned
 - The Project is on budget except for two areas of concern regarding pricing for GIS integration and pricing of the workflow tool. Both of these areas are under active management to bring them back on budget.
 - The Independent Quality Assurance auditor (Audit NZ) is reporting no problems with the Project
 - Creation of a council controlled organisation to develop, maintain and enhance the product for the long-term is progressing.

Common Seal

10. The following documents were signed under seal during the period to 15 February 2010:

2009/13 Regional Policy Statement for Taranaki 2010

- | | |
|---------|---|
| 2009/14 | Changed wording on Enforcement Officer Warrants under the Resource Management Act 1991 |
| 2010/01 | Harbourmaster Warrant – Mr John Ireland |
| 2010/02 | Harbourmaster (Deputy) Warrant – Capt. Andrew Neil MacKean and Capt. Adam Eager |
| 2010/03 | Building Act 2004 warrants – Alan Douglas McLay, Bruce Edward Pope and Timothy Charles Payne. |

Decision-making obligations

11. Part 6 (Planning, decision-making and accountability) of the Local Government Act 2002 has been considered and documented in the preparation of this agenda item. The recommendations made in this item comply with the decision-making obligations of the Act.

Policy considerations

12. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the Local Government Act 2002, the Resource Management Act 1991 and the Biosecurity Act 1993.

Financial considerations

13. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Council Community Plan and estimates. Any financial information included in this memorandum has been prepared in accordance with generally accepted accounting practice.

Legal considerations

14. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.

Recommendations

THAT the Taranaki Regional Council:

1. receives this memorandum and the Monthly Financial Reports for November and December 2009
2. notes the Common Seal has been affixed to the following documents:

2009/13	Regional Policy Statement for Taranaki 2010
2009/14	Changed wording on Enforcement Officer Warrants under the Resource Management Act 1991
2010/01	Harbourmaster Warrant – Mr John Ireland
2010/02	Harbourmaster (Deputy) Warrant – Capt. Andrew Neil MacKean and Capt. Adam Eager

2010/03 Building Act 2004 warrants – Alan Douglas McLay, Bruce Edward Pope
and Timothy Charles Payne.

BG Chamberlain
Chief Executive

15 February 2010

**Memorandum to
Chairperson and Members
Executive Committee**

Total Mobility Phase Two assessment

Purpose

1. To assess the New Zealand Transport Agency's Total Mobility (TM) Scheme Phase Two conditions and the implications for the Council.

Background

2. The Council signed up to The Total Mobility (TM) Scheme Phase One in July 2009. This raised the financial assistance rate (FAR) from 40% to 50%.
3. At that time, officers noted an assessment of Phase Two would also be conducted. This was to investigate the benefits and dis-benefits of Phase Two and the financial and operational implications of these, should Council seek to move to the next level of TM. (A summary of Phase Two is attached for the Committee).
4. Phase Two requires complying with a further 11 conditions. Once achieved the FAR received from NZTA increases from 50% up to 60%.

Phase 2 assessment

5. Council already complies with four of the conditions, meets some compliance with two and does not comply with five. However, three of the 11 conditions are not mandatory as these only require the Council to investigate and evaluate options, such as providing TM taxi services to operate in areas not covered by TM e.g. Inglewood, Patea.
6. The Council is able to sign the Phase Two agreement prior to complying with all the conditions as long as it commits to working towards compliance. This would allow the Council to be eligible for an increase in Financial Assistance Rate (FAR) of up to 60% this year.
7. The key conditions which will affect ongoing levels of taxi fare expenditure are assessing the maximum subsidised fare and removing the existing town boundaries. The main condition that will affect administration expenditure is the requirement to provide potential clients with the option of a low cost or no cost TM assessor.
8. There is budget capacity available to cover the likely additional expenditure if Phase Two is adopted. While Council expenditure will increase (within budget), the increase in FAR (up to 60%) could in effect reduce Council's overall share by between 8% (\$17,000) and 16% (\$35,000).

9. Not all of the Phase 2 conditions are mandatory. The Council is only encouraged to investigate the possibility of a number of the conditions, including the maximum fare subsidy. Council is therefore able to implement additional changes, should it chose to do so, with control and certainty over increasing expenditure.
10. The Council does not have to implement the changes prior to signing Phase 2 and based on the current work undertaken would be eligible to sign.

Conclusion

11. The Phase Two conditions are aimed at providing greater benefits for TM clients such as seeking more widespread coverage within regions, seeking alternative providers and removing town boundaries.
12. They also seek to achieve greater consistency across regional authorities and require the maximum subsidy fare to be reviewed regularly.
13. By progressing to Phase Two and receiving an increase in FAR of up to 60%, a financial saving in total net expenditure of between \$17,000 and \$35,000 is possible. This is a significant benefit to not only Council but also to the ratepayers of the region.

Recommendations

THAT the Taranaki Regional Council:

- receives and notes the summary of the Total Mobility Phase Two conditions.
- agrees to the Chief Executive Officer signing the Phase Two Agreement, with the intention of progressing and complying with the New Zealand Transport Agency's required 11 conditions this financial year (2009/10).

RA Phillips
Director – Operations

Approved:

B G Chamberlain
Chief Executive

5 Summary of phase 2 improvements

Phase 2 provides for an increased financial assistance rate (FAR) of *up to* 60 percent, effective from 1 July 2007. This increase applies to all local authorities operating a scheme that agree to implement all phase 1 and phase 2 improvements.

As with phase 1, the increased FAR is subject to local authorities' scheme funding not falling below budgeted 2005/06 levels. Phase 2 improvements are explained in more detail in section 6.

Phase 2 improvements

- 1 Local authorities determine maximum subsidised fares for the Total Mobility scheme in negotiation with Land Transport NZ, taking into account the New Zealand Travel Survey, and review them at least every three years.
- 2 Town boundary travel restrictions for the Total Mobility scheme are replaced with a maximum subsidised fare.
- 3 Local authorities are encouraged to consider the following when allocating Total Mobility trips:
 - the needs of the individual user
 - budget constraints of the Council
 - alignment with other regions' methods of trip allocation.
- 4 Local authorities enter into contracts with assessment agencies, aligned with the guidelines produced by Land Transport NZ.
- 5 A handbook, including best practice guidelines, should be developed and published by Land Transport NZ in conjunction with local authorities, to help assessors consistently apply the eligibility criteria.
- 6 Appropriate training is provided to assessors to help them consistently apply the eligibility criteria.
- 7 Potential members of the Total Mobility scheme have the option to be assessed by a voluntary disability sector agency in every region.
- 8 Local authorities establish systems for data collection, monitoring and evaluation. Local authorities improve their administrative systems for the allocation and redemption of trip entitlement vouchers.
- 9 Local authorities enter into contracts with transport operators, aligned with the guidelines produced by Land Transport NZ.
- 10 Local authorities are encouraged to investigate the possibility of contracting taxi services operating in areas that are not currently covered by the Total Mobility scheme, to provide a scheme service.
- 11 The possibility of other types of transport providers participating in the Total Mobility scheme is investigated.

ITEM 4

15 February 2010

**Memorandum to
Chairperson and Members
Executive Committee**

Approved funding for the New Plymouth bus service improvements

Purpose

1. To inform the Committee of the New Zealand Transport Agency's (NZTA) decision to provide the additional funding to implement the New Plymouth bus service improvements.

Background

2. The improvements were to create a nine route urban network during peak periods (currently four routes) which would be supported by a four bus school orbiter service, morning and afternoon. Peak travel times would be reduced to 30 minutes and clock face timetabling of all services implemented.
3. Members will be aware that the New Zealand Transport Agency (NZTA) had given the Review project a funding priority of Reserve A in the National Land Transport Programme 2009 – 2012.
4. However, the NZTA had requested all regional councils seeking funding for passenger transport improvements to resubmit their applications by the 9 October 2009.
5. The applications were to meet the revised funding criteria of efficiency and effectiveness and achieve a benefit cost ration of 2.0 or better.

Implementation of improvements

6. Officers are currently working with Transit Coachlines (operator) to finalise the Contract variation and both parties are working with the New Plymouth District Council to work through the necessary infrastructural changes needed to support the new network.

Decision

7. The Council has received notification that the funding application has been successful. The requested sum of \$1.94 million has been approved for the remainder of the 2009-2012 National Land Transport Programme.
8. The funding is however conditional. The Council must review the services after 2 years of operation, prior to the development of the next NLTP to ensure the initiative is

delivering value for money as set out in the proposal and providing a report based on this to the NZTA by 31 March 2012.

Recommendation

THAT the Taranaki Regional Council:

1. receives and notes this memorandum on the decision of the New Zealand Transport Agency to approve conditional funding of the New Plymouth Transport Network Review.

RA Phillips
Director – Operations

Approved:

B G Chamberlain
Chief Executive

15 February 2010

**Memorandum to
Chairperson and Members
Executive Committee**

**Submission on New Zealand Transport Agency's draft farebox
recovery policy**

Purpose

1. To provide Members with an outline of the New Zealand Transport Agency's (NZTA) draft farebox recovery policy and the Council's draft submission in response.
2. The Council's draft submission was sent to the New Zealand Transport Agency (27 November 2009) to meet the submission deadline date of Monday 30 November 2009.

Background

3. The term farebox is used to describe the revenue collected from tickets purchased by travellers of a public transport system.
4. A fare box recovery ratio measures the contribution fares make to the cost of providing public transport services.
5. The NZTA is initiating a review into national farebox recovery rates in response to the NZTA Board's concerns:
 - that public transport users contribute their fair share to the cost of providing services;
 - that the national farebox recovery ratio has been falling for a number of years and is forecast to continue to decline;
 - about the wide variation in regional authority approaches to farebox recovery policy;
 - about whether some regional authorities are being subsidised fairly based on their public transport performance.
6. The Council currently does not have a farebox recovery policy and one will need to be developed for all of its public transport operations, in order to meet NZTA funding criteria.
7. A copy of the Taranaki Regional Council's submission in response has been attached for Members information and endorsement (Document: 683316).

Key submission points

8. The key points raised in the Council's submission were as follows:
 - The Council supports in general terms the development of a farebox recovery policy and fare policy decision-making guidelines.
 - It supports the requirement that all regional councils should have such a policy and that the policy and fares are reviewed regularly.
 - The Council does not however support the proposed draft in its current form. The Policy in its current form is incomplete and lacks substantive research to support the findings, such that the current levels of recovery are not appropriate. Of primary concern is the fact that it lacks detail on what processes will be followed in the advent that the agreed farebox target is not met even after the intervention hierarchies may have been tried.
 - The Council notes that the NZTA is planning to conduct some additional research to help provide guidance as to whether fare and subsidy settings are optimal. This research should be conducted prior to developing a farebox policy, not after it. This would allow a fully informed and comprehensive policy to be developed rather one that may need to be reviewed within a short period of time. It is seen as adding to the administrative churn imposed by NZTA, to have to rework a policy that may have just been implemented.
 - The Council also has concerns over the linking of future funding to the farebox policy. As stated by NZTA, the farebox recovery policy is only one of a number of planned funding intervention policies and while it may provide a measure of efficiency and effectiveness, the result of this one measure should not put future funding at risk.

Decision-making obligations

9. Part 6 (Planning, decision-making and accountability) of the Local Government Act 2002 has been considered and documented in the preparation of this agenda item. The recommendation(s) made in this item comply with the decision-making obligations of the Act.

Policy considerations

10. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the Local Government Act 2002 and the Public Transport Management Act 2008.
11. Financial considerations
12. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Council Community Plan and estimates. Any financial information included in this memorandum has been prepared in accordance with generally accepted accounting practice.

Legal considerations

13. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.

Recommendation

THAT the Taranaki Regional Council:

1. notes and endorses the submission prepared by officers of the Taranaki Regional Council in response to the New Zealand Transport Agency's draft farebox recovery policy.

RA Phillips
Director – Operations

Approved:

B G Chamberlain
Chief Executive

Document: 683316

27 November 2009

Chad Barker
Public Transport Policy Team
NZ Transport Agency
PO Box 13364, Armagh
Christchurch 8141

Dear Mr Barker

Submission on the NZTA draft farebox recovery policy

Introduction

1. The Taranaki Regional Council (the Council) thanks the New Zealand Transport Agency for the opportunity to comment on the draft *farebox recovery policy*.
2. The Council makes this submission in recognition of its:
 - regional land transport responsibilities under the Land Transport Management Act 2003; and
 - regional advocacy responsibilities whereby the Council represents the Taranaki region on matters of regional land transport.
3. As the Executive Committee for Taranaki is not to meet until 30 November, the following submission has not been received or endorsed by the Committee. It has therefore been necessary for officers of the Taranaki Regional Council to submit an initial submission response to meet the deadline date of 30 November 2009. This submission will then require ratification at the next scheduled Executive Committee meeting.

General comments

4. The Council supports in general terms the development of a farebox recovery policy and fare policy decision-making guidelines.
5. It supports the requirement that all regional councils should have such a policy and that the policy and fares are reviewed regularly.
6. The Council does not however support the proposed draft in its current form. The Policy in its current form is incomplete and lacks substantive research to support the findings, such that the current levels of recovery are not appropriate. Of primary concern is the fact that it lacks detail on what processes will be followed in the advent

that the agreed farebox target is not met even after the intervention hierarchies may have been tried.

7. The Council notes that the NZTA is planning to conduct some additional research to help form guidance as to whether fare and subsidy settings are optimal. This research should be conducted prior to developing a farebox policy, not after it. This would allow a fully informed and comprehensive policy to be developed rather one that may need to be reviewed within a short period of time. It is seen as adding to the administrative churn imposed by NZTA, to have to rework a policy that may have just been implemented.
8. The Council also has concerns over the linking of future funding to the farebox policy. As stated by NZTA, the farebox recovery policy is only one of a number of planned funding intervention policies and while it may provide a measure of efficiency and effectiveness, the result of this one measure should not put future funding at risk.
9. There is also no mention of the other funding intervention policies planned. As a funding partner in providing public transport services we should be informed of all the proposed interventions so the Council can view the "bigger picture" of NZTA's funding criteria and policies.
10. We would also advise that the Council has only been operating a gross contracted public transport system in New Plymouth (the only major metropolitan centre in Taranaki) for just over one year. We would have concerns over setting a specific recovery rate based on the first year of performance, noting that the Council is about to embark on implementing a significant restructure of the current services.
11. The Council agrees that a transition period will be required to implement a policy as it currently does not have one. However, due to the extensive nature of the restructuring and the conditions imposed on the funding of these improvements (by the NZTA) the Council would want to be assured that it has adequate time to bed in the changes before an ongoing recovery rate was agreed to.
12. The Council seeks a response from NZTA for the need to develop a policy by March 2010. As shown in NZTA's own fare policy questionnaire results Auckland, Wellington and Christchurch (who receive 90% of the funding) already have policies in place. The Council views it as impractical to have a policy in place by the deadline considering the following:
 - the lack of justification of farebox targets presented in the document,
 - the lack of research in regards international benchmarks to support the document,
 - NZTA's probable intention to carry out further research, and
 - the lack of information on the other intervention policies planned.
13. NZTA is fully aware that the assessment of farebox recovery rates by regional authorities is currently not consistent. It is our view that further research should therefore be carried out to reassess regional farebox recovery rates, based on the formula provided in the document, as a means of obtaining a more accurate picture before this policy is finalised.

Specific responses have been provided (as attached) to the questions raised in NZTA's consultation document.

Should you have any queries about the responses provided please contact Chris Clarke on (06) 765 7127 or chris.clarke@trc.govt.nz.

Yours faithfully
B G Chamberlain
Chief Executive

per: RA Phillips
Director - Operations

Draft NZTA farebox recovery policy: consultation document

Complete list of consultation questions

Question 1

Are the objectives and principles appropriate? If not, why not?

The Council does not object to the objectives and principals of the proposed draft policy. However, as stated in the documents conclusion, farebox recovery is only one measure of efficiency. It appears that by linking this policy to the ability to secure future funding, it will be the main tool in judging efficiency and effectiveness.

The term 'fairly apportioned' needs to be clarified. Based on NZTA's own example of a 40% recovery rate, the NZTA's final share is 30%. Therefore the user and ratepayer (being the other funders of the service) are covering the majority of the costs (70%). How does one assess that either party's share of the cost is fair or unfair?

Question 2

Are there any objectives or principles that should be added, amended or deleted?
If so, what are your suggested changes?

No comment.

Question 3

Is the content required for the policies appropriate? If not, why not?

The Council does not view the policy content as inappropriate. As with all land transport policies the Council views that this policy would be part of its Regional Public Transport Plan. It will therefore be subject to public consultation. It appears that the draft policy assumes a target has already agreed to between the region and NZTA prior to public consultation.

Question 4

What should be included or excluded?

No comment.

Question 5

What of the two suggested options should be included in section 3, and why?

Option 1 is the preferred option although the level of 2 % for new services has not been justified nor has the time period of between two to three years to achieve the target.

Question 6

Is a 0 percent farebox recovery ratio target for Auckland, Wellington and Canterbury appropriate? Why?

While this ratio target would not affect this Council, it does view that the rate is arbitrary and no evidence to justify this level has been provided apart from it being reasonably close to what the three regions are already achieving.

Question 7

Is it appropriate for all regional authorities to set a farebox recovery ratio target? Why?

Yes is appropriate for all Council's to have a farebox recovery ratio target.

Regional authorities and NZTA should be striving to achieve improvements in public passenger services. Farebox recovery should however be viewed as just one of a suite of measures of efficiency and effectiveness and should not be seen in isolation of others, as appears to be the case.

Little information has been provided on what will happen if a target is not met in any one or subsequent years or if the target will continually be increased. No information has been provided as to how long the intervention hierarchies will be given to take effect and what happens if they don't work.

Question 8

Are the proposed operating principles appropriate? Why?

No comment.

Question 9

Are there any principles missing that should be included?

No comment.

Question 10

Given the information available to regional councils, is the proposed formula for calculating the farebox recovery ratio appropriate? If not, how would you calculate it?

Officers have noted that other methods of farebox recovery calculations include an assessment on the overall ridership of the service and requests NZTA provide justification for the formula chosen, before making a more informed comment.

Question 11

Does your regional council currently receive revenue data from commercial services? The Public Transport Management Act 2008 provides for regional authorities to obtain this data, but if you do not, what are the barriers that prevent you from doing so?

There are currently no commercial integrated services operating within Taranaki. However prior to the commencement of the contracted services (July 2008) the previous commercial operator would not supply data that they deemed commercially sensitive, such as revenue and patronage data. The Council has previously expressed its concerns over the review of the Public Transport Management Act 2008 and the implications for not being able to seek information from commercial operators.

Question 12

In the absence of commercial service farebox revenue data, is the alternative method for calculating commercial services' farebox revenue appropriate (commercial services patronage × average fare on contracted services)? If not, how should it be calculated?

It would seem that any assessment based on assumptions would lead to discrepancies in the calculation of a farebox recovery rate. Council's must have the mechanism to require this information from commercial operators.

The Council seeks clarification in regards the commercial services. Is it intending that all revenue collected by the commercial service be included or only for those categories that pertain to the concession fare payments? Is it meaning that only those commercial services that receive funding assistance or does it mean all commercial services including those that do not receive any form of assistance i.e. truly commercial?

Question 13

Do you think SuperGold card revenue should be treated as fare revenue? Why?

SuperGold Card revenue should be treated as fare revenue as payments under this Scheme are in lieu of the fares that would have been received from the user.

Question 14

Please identify any difficulties in calculating operating subsidies across regions, including rail contract payments.

The Council does not envisage there will be difficulties in calculating subsidies.

Question 15

In future iterations of the policy, should other system operations and maintenance costs and administration costs be included in the farebox recovery ratio formula? Why?

The Council would question why further research is not conducted now, prior to the adoption of the policy for these decisions to be made. If the farebox recovery is only one measure why are these other costs (or potentially other revenue sources) not assessed as a separate measure in themselves? It would seem that altering the inputs of this measure in future years will again lead to inconsistencies in assessing ratios over time especially when compiled in a league table.

The Council has no objection to other measures which include these direct costs or other revenue being developed. The Council notes NZTA's review of these costs and again questions why a policy is being driven ahead of research and reviews, which based on the statements made in the draft policy, are likely to dramatically affect the mandatory inputs of a farebox ratio. Would it not be more practical to complete the reviews/research prior to a final decision on the required inputs?

Question 16

In future iterations of the policy, should public transport capital expenditure associated with the long-run replacement of assets be included in the farebox recovery ratio formula?

For ARTA and Greater Wellington Regional Council: Please comment regarding rail specifically. This is particularly important for rail.

As noted above it is viewed that the inclusion of these costs could be developed as a separate measure to the farebox ratio, rather than continually looking to change the proposed formula.

Question 17

Are the proposed fare review requirements appropriate? Why?

The Council seeks further clarification around the timeframe the intervention hierarchies (if implemented) would be given to become effective and the proposed periods of fare reviews. It would seem little time is being given to implement and assess the effectiveness of the hierarchies before being required to review fares.

Question 18

Are the proposed reporting requirements appropriate? Why?

Is it intended that these questions will need to be filled out in LTP Online? Please clarify the use of the term centres? The Council operates a number of smaller rural services which includes a number of centres. How will these be assessed? Is it intended that NZTA also assess contracted services on a contract by contract basis as well as the regional farebox ration?

Question 19

Should the NZTA monitor services that are not achieving a farebox recovery ratio of 2 percent? Why?

The Council questions NZTA's need to monitor services that are not achieving a 2 % recovery ratio? The Council also seeks justification for the rate of 2 % being proposed as no evidence is provided to support this figure. The Council also seeks clarification from NZTA in its use of the term 'services'? Is it intended that NZTA be involved in assessing individual services rather than just the regional farebox recovery ratio?

Question 20

Should the NZTA research optimal fare and subsidy settings for public transport systems in New Zealand? Why?

Yes, NZTA as the national funding agency should be researching and providing this type of data. This will ensure all regional authorities are basing decisions on nationally consistent information. There needs to be a national approach to the formation of policies and guidelines such as this to eliminate decisions (as indicated in Section 2) being made in the absence of robust theoretical frameworks. This research should be carried out prior to the adoption of a farebox recovery policy.

Question 21

Are there any other issues with the draft policy?

Refer main letter.

Question 22

Does the draft policy enable regional councils to fulfil their obligations under the Local Government Act 2002?

Should NZTA not have assessed this aspect before releasing the draft policy?

Question 23

How will regional councils and ARTA implement this policy? How long will this take? (See section 1.12.)

The implementation of a policy will be initiated as part of the Regional Passenger Transport Plan and will therefore be consulted on by the community.

As noted in the main body of the letter the Council is about to undertake a significant restructuring of the services in New Plymouth (subject to funding criteria) and as yet the impacts of the restructuring and how it will affect the current farebox recovery ratio is uncertain. The Council therefore has concerns about setting a farebox recovery rate at this point which if not achieved, could affect the approved additional funding for the current term of the NLTP.

Question 24

What do you consider to be the relationship between developing commercial services, where possible, and farebox recovery? (See section 1.6.2.)

The Council seeks further clarification as to whether NZTA views that it is a regional council responsibility, as part of its regional transport role, to develop commercial services? If so, what is NZTA position on how this should be achieved?

For commercial services to be successful they must obviously operate on highly patronised peak routes, therefore leaving the lower patronage, off peak routes (with higher costs) to be provided by the regional authority. As experienced by the commercial service operated in

New Plymouth over many years (until 2008) commercial operations do not always lead to public services that are user friendly and efficient. In fact the service became a 'glorified' school service with limited scope for other commuters. Routes were long and circuitous; timetabling scheduled to suit school children; bus quality was not a priority and limited services provided after normal working hours and weekends. It is because of the bias of service and limited opportunities for other commuters provided by the commercial operator that additional funding has now been sought to redress these issues.

It is likely that if an assessment based on a farebox recovery rate was applied to the previous commercial service, then under this measure it would have seen to be efficient. However, in reality this was far from the truth. The Council therefore questions the use of farebox recovery, as proposed in this draft, as such a significant measure of effectiveness and efficiency

Question 25

Do you think increasing the number of commercial services would help improve your farebox recovery ratio? If not, why not?

Based on the Council's experience commercial services have not delivered what it would deem effective and efficient public transport and would require evidence that such services provide real benefit in providing an effective, efficient and integrated network, regardless of the impact on farebox.

As requested under question 12 the Council would like to seek clarification of the term commercial services?

Question 26

Please comment on:

- the Guideline's relevance, practicality and usefulness, and
- whether you think anything should be amended, omitted or inserted into the Guideline.

The Guidelines relevance is not questioned, however the practicality of it and usefulness are questioned based on the lack of evidence and justification for NZTA' position in regards to the international levels of farebox recovery, the assessment of costs and revenues and what is deemed 'fair' provided.

Question 27

Please identify any other feedback you may have on the draft Guideline.

15 February 2010

**Memorandum to
Chairperson and Members
Executive Committee**

Submission on the proposed National Bovine Tuberculosis Pest Management Strategy and funding implication for Council

Purpose

1. The purpose of this memorandum is to present a submission on the amendment proposal for the *National Bovine Tuberculosis Pest Management Strategy* (the TB Strategy) and to recommend its endorsement by Council.
2. A copy of the submission is attached for Members' reference. The deadline for submission was 30 November 2009. Also attached for Members' information is the TB Strategy's executive summary. Copies of the full Strategy are available upon request.

Background

3. The Minister of Agriculture and Forestry acting under section 88 of the Biosecurity Act 1993 has initiated a review of the TB Strategy. The TB Strategy is implemented by the Animal Health Board and is the legal basis for controlling TB in cattle and deer herds, and also in populations of wild animals that can spread the disease, e.g. possums.
4. The proposed TB Strategy suggests some significant changes to the Strategy for the period out to 2025, including new targets to reduce the size of the areas where TB is found in wild animal populations, and assessing the feasibility of completely eradicating the disease from wild animals.
5. Of note, through the Strategy review process, the Animal Health Board is seeking regional council agreement for funding 10% of vector control costs. The proposed vector control funding is initially set at \$50.5 million per year. The Strategy's rationale for funding the regional share is based on regions paying vector control costs on behalf of non Crown landowners, because their lands may be sources of vector borne TB and because regions are a beneficiary of regional economic and environmental benefits arising from TB control.
6. Given the Council's biosecurity responsibilities and interests under the Biosecurity Act, its potential funding role for vector control programmes, and its regional advocacy responsibilities the attached submission was prepared.

Summary of submission

7. At the Regional Affairs Committee of 21 August 2009, regional councils collectively agreed to prepare a 'sector view' on the future role of regional councils under the proposed TB Strategy to assist regional councils when submitting on the proposed TB Strategy. The attached submission reflects that sector view.
8. In brief, the effective implementation of the TB Strategy to keep Taranaki 'clear' of TB is vital to this region. The attached submission notes the following key points:
 - General support for the development of the proposed TB Strategy in recognition that an effective and strategically sound Strategy is vital to the New Zealand economy, including Taranaki's farming sector.
 - Support the proposed TB Strategy shifting the current management focus on infected herd numbers to one that focuses on eradicating and rolling back TB in vector populations.
 - Strongly support objectives to keeping Vector Free Areas 'clear'. The submission notes that Taranaki is one of only two endemic Bovine Tuberculosis (TB) free regions in New Zealand.
 - Agree to fund Taranaki's regional share (10% of the costs of funding TB vector control programme in the region) **subject** to the following conditions:
 - Funds sourced within a region will be spent in the region
 - The regional share of 10% will continue to attract the multiplier (i.e. the 50% Crown share and the 40% industry share) and the total is spent in the region
 - The Animal Health Board will advise of any funding requirements for the three-year Long Term Council Community Plan, prior to public consultation
 - Payment of the regional share will be made on a mutually acceptable basis (e.g. following receipt of a report detailing/confirming the successful completion of a vector control operation).
 - Seek amendments to the TB Strategy to include mechanisms to improve transparency, reporting and communication between the Animal Health Board and regional councils.

Recommendations

THAT the Taranaki Regional Council:

1. receives this memorandum and submission on the amendment proposal for the *National Bovine Tuberculosis Pest Management Strategy*; and
2. endorses the attached submission.

Approved:

RA Phillips
Director-Operations

B G Chamberlain
Chief Executive

Document: 687304

3 December 2009

Minister of Agriculture
c/- MAF Biosecurity New Zealand
PO Box 2526
Wellington 6140

Submission on proposed National Bovine Tuberculosis Pest Management Strategy

Introduction

1. The Taranaki Regional Council (the Council) thanks the Animal Health Board for this opportunity to comment on the proposed amendment to the *National Bovine Tuberculosis Pest Management Strategy* (the TB Strategy).
2. The Council makes this submission in recognition of its:
 - Biosecurity responsibilities under the Biosecurity Act 1993, particularly as the management agency for the *Pest Management Strategy for Taranaki: Animals*
 - Potential funding role for vector control for Bovine tuberculosis (TB) purposes in Taranaki; and
 - Regional advocacy responsibilities whereby the Council represents the Taranaki region on matters of regional interest and concern.

Key points

3. This submission sets out specific comments relating to:
 - General support for the proposed TB Strategy and its objectives
 - Support amending Strategy objectives and management approach to focus more on vector control
 - Conditional agreement to fund Taranaki's regional share subject to the principles outlined in paragraph 11
 - Seek amendments to the TB Strategy to include mechanisms to improve transparency, reporting and communication between the Animal Health Board and regional councils.

General support

4. The Council congratulates the Animal Health in the progress made towards achieving the "officially free from bovine Tb" status as defined by the World Organisation for Animal Health.

5. The Council supports the development of the proposed TB Strategy in recognition of the ongoing benefits to New Zealand, particularly the farming sector. An effective and strategically sound Strategy is vital to protecting the farming sector from serious production losses and risks to New Zealand's reputation as a supplier of high quality beef, dairy and venison products. The farming sector, in turn, is vital for the social and economic well-being of the Taranaki region and for sustaining Taranaki's contribution to the national economy. Based upon 2008 agricultural production statistics, the Taranaki region has approximately 10.3% of all New Zealand dairy cows, 3.2% of New Zealand's beef cattle, and 0.3% of New Zealand's deer.
6. The Council acknowledges the extensive consultation and technical peer review that underpin some of the proposed changes to the current TB Strategy. The proposed TB Strategy is timely and reflects value in fine tuning future directions that will enhance achieving the objectives.

Disease control

7. The Council supports the disease control component of the proposed TB Strategy to ensuring that deliberate or careless action does not lead to an increase in TB risk. To that end, enforcement measures for disease control purposes should be pursued without fear in the most comprehensive, diligent and cost effective manner through the region.

Vector control

8. The Council supports the move away from the current management focus on infected herd numbers to one that focuses on eradicating and rolling back TB in vector populations. The main cause of TB in New Zealand's cattle and deer herds is contact with TB-infected possums.
9. Of particular relevance to this Council is the strategy objective seeking to "...prevent the establishment of TB in possum populations in Vector Free Areas during the term of the proposed strategy". It is noted that Taranaki is currently only one of only two regions in New Zealand where TB is not endemic in the wildlife. The Council strongly supports keeping Vector Free Areas 'clear'. Early detection and intervention is more cost effective than allowing the disease to spread to new areas and later being required to implement costly programmes to contain or roll back the disease.
10. The Council supports changes in sections 8 [Strategy objectives] and 10 [Vector control] of the proposed TB Strategy that will enable a more strategic focus on the eradication of the disease from wildlife. The current TB Strategy has as its primary objective the aim "...to reduce, by 30 June 2013, the tuberculosis annual period prevalence rate to 0.2% or less (no more than two infected herds per 1,000 uninfected herds)". However, as noted in the proposed TB Strategy, the current focus on reducing the infected herd prevalence is leading to suboptimal vector control decisions, whereby control resources are being directed to areas with high numbers of infected herds rather than being maintained in areas where complete eradication of TB is achievable in the short to medium term through continued suppression of vector populations.

Funding

11. The Council is prepared to contribute 10% of the costs of funding TB vector control programme undertaken in this region (the regional share). This agreement is conditional on the following principles:
 - Funds sourced within a region will be spent in the region. The Council is opposed

to a regional share being determined on the premise of private land owners as exacerbators if the funds are not spent within the region

- The regional share of 10% will continue to attract the multiplier (i.e. the 50% Crown share and the 40% industry share) and the total is spent in the region
- The Animal Health Board will advise of any funding requirements no later than October in the preceding year to enable costs to be incorporated into the Council's draft Long Term Council Community Plan or subsequent annual plans
- Funding of the regional share will be dependent upon Council approval via the long term council community plan/annual planning process
- Payment of the regional share will be made following receipt of a report detailing/confirming the successful completion of a vector control operation and an overview of the TB status of herds within the region.

Relationship with Animal Health Board

12. The Council seeks amendments to section 20 of the TB Strategy to include mechanisms for improving transparency, reporting and communication between the Animal Health Board and regional councils. For example, it is suggested that the Regional Affairs Committee Biosecurity Sub-Committee and Animal Health Board representatives meet on an annual basis to review progress and effectiveness of the vector control programme, including reporting and communications. Other regional representation should be utilised as required.

Conclusion

13. In conclusion, the Council thanks the Animal Health Board for the opportunity to submit on the proposed TB Strategy. The Council supports the review of the Strategy and increased focus on vector control. The Council is prepared to contribute towards regional share funding of vector control programmes subject to the principles outlined in paragraph 11 above.
14. Should you have any queries or require clarification on any of the matters raised please do not hesitate to contact Director - Operations, Rob Phillips, at these offices.
15. The Council does not wish to be heard in support of its submission.

Yours faithfully
B G Chamberlain
Chief Executive

per: RA Phillips
Director - Operations

15 February 2010

**Memorandum to
Chairperson and Members
Executive Committee**

Riskpool-Annual Report 2009

Purpose

1. The purpose of this memorandum is to consider and receive Riskpool's 2009 Annual Report—attached.

Background

2. The Council became a member of the RiskPool mutual liability group from the 1997/98 insurance year. RiskPool provides the Council with public liability and professional indemnity insurance.
3. Whilst the Council does not have a direct investment in RiskPool, it is a member of the scheme and as such, the Taranaki Regional Council should monitor the performance of RiskPool.

Financial performance

4. There are twelve funds in the 2009 Annual Report; one for each insurance year that RiskPool has covered (1997/1998 to 2008/2009). The status of each fund year is as follows:

Fund Year	30 June 2009 Surplus/(Deficit)	30 June 2008 Surplus/(Deficit)	Percentage Change
1997/1998 (No 1)	\$0	\$11,855	-100%
1998/1999 (No 2)	\$0	\$351,965	-100%
1999/2000 (No 3)	\$0	\$1,779,824	-100%
2000/2001 (No 4)	\$0	\$2,290,255	-100%
2001/2002 (No 5)	\$4,932,302	\$260,661	+1,792%
2002/2003 (No 6)	\$565,081	(\$424,652)	+233%
2003/2004 (No 7)	(\$1,373,259)	(\$3,045,347)	+122%
2004/2005 (No 8)	(\$4,430,339)	(\$911,753)	-386%
2005/2006 (No 9)	(\$5,934,015)	(\$3,194,623)	-86%
2006/2007 (No 10)	(\$9,361,346)	\$497,964	-1,980%
2007/2008 (No.11)	(\$2,907,095)	\$1,073,013	-371%
2008/2009 (No.12)	(\$2,609,892)	N/A	N/A
Total	(\$21,118,563)	(\$1,310,838)	-1,511%

5. Riskpool's performance and financial position has deteriorated over the last six years. This has seriously accelerated in the last year as full provision has been made for the weather tightness (leaky buildings) claims. As has previously been reported to Council RiskPool has made a call on Members of \$4m and the Council's share of this (\$26,000) has been paid. In October 2009 Councillors noted that additional calls were likely and a provision of \$136,000 was created to cover these calls. The covering letter to the 2009 Annual Report notes that these calls are coming to fruition. On 1 July 2010 there will be a call of \$57,562 that will be covered by use of the aforementioned provision.
6. RiskPool has taken significant steps to limit any further liability for weathertight claims. To this end, cover for this issue is no longer available from RiskPool (since 30 June 2009).
7. Fund years 1 to 4 have been closed and the balances, assets and liabilities transferred to Fund year 5. This was as a result of all Fund 1 claims having been settled resulting in a small surplus and as a result of Funds 2 – 4 having excess assets over liabilities and it being extremely unlikely to have claims settlements which would result in those excesses turning into deficits.
8. Riskpool will continue to monitor and report back to the members on options regarding the future financial viability of the Scheme. A watching brief should continue over the financial performance of RiskPool.
9. The Council became a member of Riskpool from its inception because of the lack of a competitive, cost-effective liability insurance market for local government. This situation is reviewed annually when the Council makes its insurance placements. Seventy-eight of the eighty-five New Zealand local authorities are members of Riskpool.

Decision-making obligations

10. Part 6 (Planning, decision-making and accountability) of the Local Government Act 2002 has been considered and documented in the preparation of this agenda item. The recommendation(s) made in this item comply with the decision-making obligations of the Act.

Policy considerations

11. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the Local Government Act 2002, the Resource Management Act 1991 and the Biosecurity Act 1993.

Financial considerations

12. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Council Community Plan and estimates. Any financial information included in this memorandum has been prepared in accordance with generally accepted accounting practice.

Legal considerations

13. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.

Recommendation

THAT the Taranaki Regional Council:

1. receives Riskpool's 2009 annual report and notes the Scheme's performance to date and the call on the Council (\$57,562 on 1 July 2010)
2. notes that a watching brief on the financial performance and security of the Scheme will be maintained.

Approved

MJ Nield
Director - Corporate Services

B G Chamberlain
Chief Executive



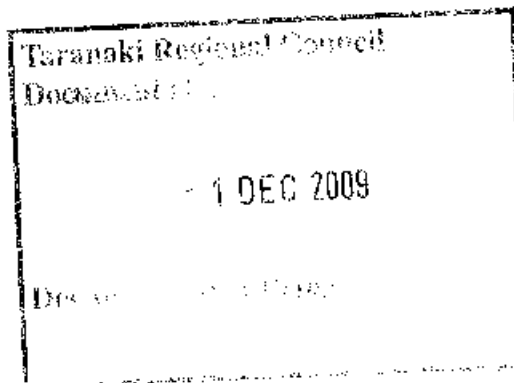
New Zealand Mutual Liability RiskPool

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27 November 2009

Alan Young
Taranaki Regional Council
Private Bag 713
Stratford 4352



Dear Alan

RISKPOOL ANNUAL REPORT, DEFICITS AND CALLS

Please find our 2009 Annual Report enclosed. The accounts show a marked deterioration from 2008 and this is principally due to adjustments made to claims provisions for outstanding weathertightness claims made against Councils following a significant deterioration in the liability environment for Local Government.

Background

On behalf of Local Government, RiskPool is managing a complex set of weathertightness litigation with many uncertainties, variables and a changing liability environment both in terms of an unpredictable jurisdiction and the practical effects of other respondents more frequently not able to meet their liability for damages. The effect of this has been a rapid deterioration in claims provisions and this has obviously had an effect on RiskPool's accounts.

In addition to that, we have *Hamlin* setting the imposition of a duty. Whilst we have two significant appeals in *Byron Avenue* and *Sunset Terraces* that have been heard by the Court of Appeal, those decisions are not yet out (and the reality is that there will be further appeals regardless of the outcome due to the significance of the issues involved). We therefore have to treat our claims reserves as the law currently stands.

Even just a year ago we were generally able to settle claims against Councils on reasonably good terms, often with plaintiff compromising their claims and with other defendants making good settlement contributions. A noticeable change in the claims environment began to take place during the 2008-09 financial year with plaintiffs more frequently refusing to compromise, and other defendants increasingly unwilling or unable to contribute to settlement.

This caused our actuaries to recognise this developing trend and recommend that additional provisions be made for unresolved claims.



The Call

The accounts, reflecting the deterioration in the Local Government liability environment, show a deficit increase across all Fund Years from \$1.3m to \$21m assuming a full recovery on reinsurance claims RiskPool has with its reinsurers. This has led the Board to take the decision that a succession of Calls are required to be made pursuant to clause 11.3 of the Trust Deed:

If during a Fund Year it becomes apparent to the Board that as a result of unexpected or exceptional circumstances the Fund for that Fund Year will be insufficient to meet Claims payable from the Fund, the Board may determine an Additional Contribution payable by each Member for the Fund Year (which will be in the same proportion to the Additional Contributions of all other Members for that Fund Year bears to the initial Contributions of all Members for that Fund Year).

The Board has agreed in principal that there should be three \$9m Calls across the Membership depending upon final claims development, one on 1 July 2010, a second on 1 July 2011 and a likely further one on 1 July 2012. Actual Calls for 2011 and 2012 will depend upon the evolution of the liability environment and the flow-on effect on open claims provisions. In that regard we await with much interest the appeals in *Byron Avenue* and *Sunset Terraces* mentioned above.

The 1 July 2010 Call is to address deficits in Funds 7, 8 and most of Fund 9.

The Board has proposed to the six Councils with the most weathertight claims that they pay all three Calls at once. This should assist the Fund in the interim whilst we await the decisions in the appeals mentioned above and review the situation once those decisions are to hand.

Accordingly, the Call for Council on 1 July 2010 will be \$57,562.

Underwriting Steps Taken

Mindful of ensuring that the development of the common law and our experience with resolving building defect claims, RiskPool's Board resolved to continue to cover these claims. The Board has monitored the out-turn of weathertightness claims and the extent of the Fund's reinsurance arrangements (which being in the commercial market have changed as the issue has evolved) over the years and has made underwriting changes as thought appropriate at a number of points in time such as:

- *The application of a minimum \$50,000 excess on all WHRS/WHT claims effective 1 February 2006;*
- *The application of a multi-unit exclusion for a number of Councils from 30 June 2006;*
- *The application of a \$500,000 annual aggregate sub-limit for all weathertight claims for all Councils from 30 June 2007;*

- *Weathertight claims excluded for most Councils from 30 June 2009, with reinsurance cover in place for those Councils with on-going sub-limited weathertightness cover.*

The last point above is important as it means that an opportunity for deficits in Fund Year 13 (2009-10) onwards is limited only to reinsurer failure when a reinsurance claim on foot, and that risk is monitored by counter-party rating.

Yours sincerely
LIABILITY RISKPOOL



Paul Carpenter
SCHEME MANAGER