

<b>Officer responsible</b> Director of Business Projects	<b>Author</b> Ian Hay
Corporate Plan Output: Trading Activities Liaison	

The purpose of this report is to provide an advance copy of the Establishment Plan for the Physical Works LATE to the Committee for information. It should be noted that the Establishment Unit will report directly to the August meeting of Council and the Strategy and Resources Committee has no authority to amend the documents or recommendations of the Establishment Unit, although the Committee can endorse the Plan and recommend its adoption at the Council meeting. The plan has been separately circulated to members of the Committee.

**BACKGROUND**

The working party set up to review the activities of the Works Operations and Plant and Building Services Units and Canroad Construction Ltd, reported to the May meeting of the Council. The Council adopted the working party’s recommendation that an Establishment Unit be formed to implement the preferred option of transferring some of the activities of the Plant and Building Services Unit and practically all of Works Operations Unit to Canroad Construction Ltd to form an expanded LATE. The Establishment Unit was also requested to "consider the option of retaining the refuse transfer stations, resource recovery and composting activities as an in-house operation”.

**DISCUSSION**

The Establishment Unit has met several times to review the information relating to the refuse transfer stations and to adopt the Establishment Plan, draft Statement of Corporate Intent and to ensure the current Constitution of Canroad Construction Ltd meets the current and future requirements of the expanded company. To facilitate progress on the appropriate management of the refuse transfer stations, resource recovery and composting operations, round table discussions were held with all of the interested parties (RMF, Waste Unit and Works Operations) to reach a consensus on future management of these activities. The agreement reached was that the activities could best be managed as part of the expanded company operation to retain the synergies and enhance current operations. This recommendation was subsequently endorsed unanimously by the Establishment Unit.

The Establishment Plan sets out the process to be followed under Section 594J of the Local Government Act to identify with reasonable precision the undertaking to be transferred and a method for its valuation and determining the price to be paid for such undertaking. It will be appreciated that the final sale and purchase agreement can not be completed until directors have been appointed and resolution reached on issues relating to ongoing and future work arrangements, assets, staffing and other costs have been agreed. The adoption of the Establishment Plan is a significant step in this process.

A draft Statement of Corporate Intent is included as part of the Plan. The financial objectives relating to the Statement of Corporate Intent will be agreed as part of the transition process and incorporated in the Statement of Corporate Intent at that time for future adoption by Council.

The appointment of directors to the expanded company board is covered in the public excluded section of the agenda.

**Chairman's**

**Recommendation:** That the establishment plan be recommended to the Council for adoption.