



**WESTLAND**  
DISTRICT COUNCIL

# **AGENDA**

## **Audit and Finance Committee**

**Council Chambers**

**12 August 2010  
9.00 a.m.**



## AUDIT AND FINANCE COMMITTEE

NOTICE IS HEREBY GIVEN THAT AN AUDIT AND FINANCE COMMITTEE MEETING WILL BE HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA ON THURSDAY 12 AUGUST 2010 AT 9.00 AM

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1. MEMBERS PRESENT AND APOLOGIES.

2. CONFIRMATION OF MINUTES:

2.1 Audit and Finance Committee Minutes – 11 February 2010 (Pages 1-5)

3. MATTERS ARISING FROM MINUTES

NIL

4. GENERAL BUSINESS:

4.1 Annual Report Timeline

A current timeline is attached.

(Page 6)

4.2 Annual Plan Timeline

A proposed timeline is attached.

(Page 7)

4.3 Debt Projection

A worksheet detailing current projects funded by loans is attached.

(Page 8)

4.4 Visit from Miles O'Connor, Bancorp Treasury Services Limited

Miles O'Connor will be attending the meeting at 10.45 to present a power point on funding options for Council.

4.5 Rates Arrears

The Manager Finance and Assistant Accountant will update the Committee on the progress made since the last meeting.

4.6 ASB Valuation Report

The latest report is attached.

(Pages 9-10)

**MINUTES OF A MEETING OF THE AUDIT AND FINANCE COMMITTEE  
HELD IN THE COUNCIL CHAMBERS, WESTLAND DISTRICT COUNCIL,  
36 WELD STREET, HOKITIKA ON THURSDAY 11 FEBRUARY 2010  
COMMENCING AT 9.00 AM**

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**1. PRESENT**

Her Worship the Mayor, M.H. Pugh  
Deputy Mayor Councillor B.O. Thomson  
Councillor I.W. Hustwick (Chairman)  
Councillors J.G. Birchfield, J.H. Butzbach, A.M. Hurley

**APOLOGIES**

Nil.

**ALSO IN ATTENDANCE:**

R.F. Reeves (Chief Executive Officer), G.W. Day (Manager Audit and Compliance), B.C. Eccleson (Accountant), D. Oldman (Assistant Accountant) part of the meeting, P.G. Anderson (Engineer), R.J. Daniel (Manager Operations) part of the meeting, D.M. Maitland (Executive Assistant).

**2. CONFIRMATION OF MINUTES:**

**2.1 Audit and Finance Committee Minutes – 26 November 2009**

Moved Councillor Hurley, seconded Councillor Butzbach and **Resolved** that the Minutes of the Audit and Finance Committee Meeting, held on the 26 November 2009, including the "Public Excluded Section" be confirmed as a true and correct record of the meeting.

**3. MATTERS ARISING FROM MINUTES**

**3.1 Timeline for the 2010/2011 Annual Plan**

A general discussion was held regarding the timeline for the 2010/2011 Annual Plan, noting that the Draft Plan will be open for public submissions from the 29 March to 26 April 2010.

### 3.2 Financial Governance 101 Workshop

The Accountant advised that no registrations to date had been received for the Financial Governance 101 Workshop.

## 4. GENERAL BUSINESS:

### 4.1 Rates Debtors - Report from Assistant Accountant

The Assistant Accountant tabled a memo detailing the rate arrears position for the period 30 June 1996 to 31 December 2009.

The following items were then discussed:

- The abandoned land process
- The approach when ratepayers miss their first rates payment, including examples of rates letters
- A reminder to ratepayers regarding the automatic payment system
- Mortgagee sales

Councillor Hustwick thanked Dave Oldman, Assistant Accountant and staff for their efforts in reducing rates' debtors.

Moved Her Worship the Mayor, seconded Councillor Thomson and **Resolved** that the memo from the Assistant Accountant be received.

### 4.2 2010/2011 LTCCP Projects

The Committee discussed the 2010-2011 Long Term Council Community Plan Projects. The Chief Executive Officer asked the Engineer to revisit the proposed estimates to reflect the current pricing structure.

The Accountant tabled a memo detailing the 2010-2011 Annual Plan Project additions received to date. The following items were **recommended to Council:**

Name	Project	Amount	Recommendation
Life Education Trust West Coast	Support for the Trust's mobile classroom	\$5,000 annual grant for the next 3 years	This item to be referred to Discretionary Funding
Te Runanga o Ngati Waewae	Install 3 streetlights at the Arahura Marae site Construction of a footpath from SH6 to the Marae site		The Committee noted their support for the project. As per above

Name	Project	Amount	Recommendation
	Working with Ngati Waewae on the installation of a water system		As per above
Westland Sport Hub Incorporated	Develop a sport and recreation facility for the people of Westland	\$18,000 for feasibility work	The Committee noted their support for the project and agreed that \$9,000 may be available from subsidies and \$9,000 from the Reserves Development Account.
Paroa School PTA Fundraiser	Contribution towards West Coast Events Calendar	\$1,600 plus printing and distribution costs	The Committee noted the work undertaken on the West Coast Events Calendar and referred the item to the Westland Business Unit to take responsibility for the calendar.
Mrs Elva Reynolds	Pioneer Statue – to repair, redesign the surroundings and position a surveillance camera		The Committee advised that until Council is certain about redevelopment of Stafford Street, the status quo remain.
Dr Anne Hall	Form and seal extension of the road to the Waiho Beach, carpark at the end with a bike rack and a footbridge to the beach		The Committee referred the item to Franz Inc. as they have identified it as a future project.
Review of the Library Projects	Book purchasing allocation	\$44,220	The Committee noted that book purchases have already been included in the LTCCP. Not approved.  Not approved.
	Additional investment to meet recommended Public Library Standards 2004	\$20,680	
	RFID service check out of books	\$15,510	
Hokitika and Environs Reserves Management	Prestons Bush Development	\$5,000	The Committee noted this will be funded 75% from reserves
	Heritage Trail Development	\$5,000	As per above
	Cemetery/Seaview Information Kiosk	\$5,000 plus contributions from community organisations	As per above
	Sunset Point Development Traffic Management Plan. Tambo to Reynolds Steps Beachfront Development	\$50,000 from Reserves Development Fund – LTCCP Project 2012	The Committee agreed that a development plan for Sunset Point/Beachfront area would be of benefit and recommended \$5,000 be allocated from Reserves Development for the plan.

#### 4.3 ASB Valuations Reports

The ASB Cash Transactions from 1 January 2010 to 31 January 2010 and the Portfolio Valuation Report as at 31 January 2010 were tabled for Councillors information.

Moved Councillor Butzbach, seconded Councillor Birchfield and **Resolved** that the reports be received.

#### 4.4 Rates Review

The Chief Executive Officer gave a Powerpoint Presentation regarding the rates requirement as defined in the LTCCP for 2009/2010 to 2013/2014.

The following items were then discussed:

- Changing depreciation values
- Additional projects to be funded
- Proposed rates increase
- Introduction of a District Amenity Rate
- Targeted Rates based on Land Value
- Rate Requirements.

The Chief Executive Officer advised that Council has committed to reviewing the rating options. He further advised of the possibility of creating a 5 km zone around Hokitika to enable properties to contribute towards the facilities and services in Hokitika that they currently do not contribute to.

It was agreed the Chief Executive Officer provide further information for the Council Workshop on the 18 February 2010.

### 5. INWARD CORRESPONDENCE

#### 5.1 Lyn Provost, Controller and Auditor-General, Audit Office, Wellington: Regarding Audits.

The Committee discussed the letter from Lyn Provost, Auditor-General and asked that:

- i) Staff investigate the management reports being aligned with the Audit requirements.
- ii) The Chief Executive Officer provide feedback from other Councils with regard to management reports and report back to the next meeting.

6. **MATTERS TO BE CONSIDERED IN THE 'PUBLIC EXCLUDED SECTION'**

Moved Councillor Butzbach, seconded Councillor Birchfield and **Resolved** that Council exclude the public in accordance with Section 48, Local Government Official Information and Meetings Act 1987.

Council is required to move that the public be excluded from the following parts of the proceedings of this meeting, namely:

6.1 **Rates Debtors**

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

GENERAL SUBJECT OF THE MATTER TO BE CONSIDERED	REASON FOR PASSING THIS RESOLUTION IN RELATION TO THE MATTER	GROUND(S) UNDER SECTION 48(1) FOR THE PASSING OF THIS RESOLUTION
1. Rates Debtors	To protect the privacy of individuals/organisations under Section 7(2)(a)	48(1)(a)(i)

Moved Her Worship the Mayor, seconded Councillor Birchfield and **Resolved** that the business conducted in the "Public Excluded Section" be confirmed and the public readmitted.

**Next Meeting – 1 April 2010 commencing at 9.00 am**

**Meeting Concluded at 12.26 pm**

**Confirmed:**

\_\_\_\_\_  
Councillor I.W. Hustwick  
Chairman

\_\_\_\_\_  
Date

**Goal:** To complete the annual report by the statutory deadline of 31 October

**Strategy:** Create a model that can enable the report to be prepared on time by the Corporate Services team.

**Objective:** To utilise the skills of the Corporate Services staff in collaboration to prepare and substantiate certain aspects of the annual report to the standard of the auditors.

**Resources:** Manager Finance  
Accountant  
Assistant Accountant  
Human Resources Officer  
Accounts Payable Officer  
Accounts Receivable Officer  
Administrative Officer

Action Plan:	Who is responsible:	When it will be completed:	What we are measuring:
Prepare annual report document templates	Nola or Karen	30 June	Template updated with current statistics, dates, and ready for current. Arrange any revaluations!
Prepare all correspondence required	Nola	30 June	Copies of correspondence on audit file Bank confirmations, Half Boards and Solicitors
Prepare notes to the financials not dependent on July payments Collect information for performance measures	Karen Tracy/Quecha Tracy/Quecha Tracy/Quecha Karen Tracy/Quecha Karen Tracy/Quecha Karen Tracy/Quecha Tracy/Quecha Tracy/Quecha Sandra	1 August 1 August 1 August 1 August 1 August 1 August 1 August 1 August 1 August 1 August 1 August 1 August 1 August	<u>All notes completed and substantiated on audit file for COUNCIL ONLY</u> Note 6 - Employee Benefit Expense Note 13 - Other Financial Assets Note 14 - Derivative Financial Instruments Note 20 - Provisions (landfits) Note 21 - Employee Benefit Liabilities Note 22 - Borrowings Note 25 - Capital Commitments & Operating Leases Note 26 - Contingencies Note 27 - Part related to Key management personnel Note 28 - Remuneration Note 29 - Severance Payments Note 31 - Financial Instrument Risk Note 32 - Capital Management Populate performance measure criteria
Prepare general ledger after July payments	Tracy/Quecha Tracy/Quecha Dave/Allyn Dave Tracy/Quecha Dave Tracy/Quecha	15 August 15 August 15 August 15 August 15 August 15 August 15 August	<u>All journal entries and transaction balances on audit file</u> Overheads wash-up Accrual of revenue/payments in advance Capitalise assets Identify work in progress Journal reserves contributions/interest Determine impairment of receivables IFRS Adjustments
Prepare Council Financial Statements and Activity Statements	Tracy/Quecha	1 September	<u>Ensure all statements are balances to trial balance on audit file</u> Statement of Performance Statement of Position Statement of Changes in Equity Statement of Cash Flows
Prepare Remaining Notes to the Financials	Tracy/Quecha Dave Tracy/Quecha Dave Tracy/Quecha Dave Dave/Nola Tracy/Quecha Dave/Allyn Tracy/Quecha Dave Dave/Allyn Dave Tracy/Quecha Tracy/Quecha Tracy/Quecha/Allyn Tracy/Quecha/Dave	1 September 1 September 1 September 1 September 1 September 1 September 1 September 1 September 1 September 1 September 1 September 1 September 1 September 1 September 1 September 1 September 1 September 1 September	<u>All notes completed and substantiated on audit file</u> Note 2 - Summary Cost of Services Note 3 - Rates Note 4 - Other Revenue Note 5 - Other Gains/(Losses) Note 7 - Other Expenses Note 8 - Finance Costs Note 10 - Cash and cash equivalents Note 11 - Trade and other receivables Note 12 - Inventories Note 15 - Property, Plant and Equipment Note 16 - Intangible Assets Note 17 - Work in Progress Note 18 - Trade and other payables Note 19 - Deferred Income Note 23 - Equity Note 24 - Reconciliation of Net Surplus Note 27 - Related Parties Transactions Note 33 - Explanation of Variations against Budget
Prepare Westland Holdings Ltd. Annual Report	Tracy/Quecha	1 September	Pass all WHL documents to Peter Cuff for Annual Report preparation by 30-Sep
Perform consolidation of Holdika Airport Ltd., Westroads Ltd. & Westland Holdings Ltd	Tracy/Quecha	30 September	Completes all eliminating adjustments and updates figures in WDC annual report.
Complete all remaining parts of Draft Annual Report	Tracy/Quecha	30 September	Completes all subsidiary components and final financial figures. Pass to Peter Cuff for Note 6 -Tax
Audit Commences	Audit NZ	1 October	Complete Draft Annual Report Document and audit file.
Complete any adjustments required by Audit NZ	Tracy/Quecha	15 October	Make adjustments and update Annual Report.
Obtain Audit opinion and adoption by Council		21 October	
Publish Annual Report Summary	Tracy/Quecha	within 1 month of adoption	Prepare summary and obtain audit opinion within statutory deadline.

## PROPOSED 2011/12 ANNUAL PLAN TIMELINE

December 2010	Management begin comprehensive review of budgets, line by line.
February 2011	Review projects detailed in the LTCCP for 2010/2011, including estimates, consider projects carried forward and put forward projects for consideration in the 2010/2011 Annual Plan process.
Early March 2011	Annual Plan Workshop to finalise operational estimates and projects for inclusion in the Draft Plan.
March 2011	March Council Meeting <b>Adopt Draft Annual Plan</b>
End of March 2011 to April 2011	Draft Plan open for public submission
Early May 2011	Consideration of verbal and written submissions (two days allowed if required)
May 2011	May Council Meeting
June 2011	June Council Meeting <b>Final Adoption of the Plan</b>

## Projects Funded by Loans

	<u>Amount</u>	<u>Funds Required by</u>
<b><u>Wastewater</u></b>		
Desludging Hokitika treatment ponds	425,000	10/11
Investigate increasing Plant capacity for Hokitika/Franz/Fox	50,000	10/11
Franz Josef new main & pump station	434,775	10/11
Arahura Sewerage Scheme	108,741	12/13
Fox Glacier treatment pond Desludging	434,964	12/13
Franz Josef treatment pond Desludging	434,964	12/13
Franz Josef - raise stopbank & add rock protection	217,482	12/13
<b><u>Water Supply</u></b>		
Hokitika 1500m3 reservoir	358,050	10/11
Ross - water treatment to DWSNZ	300,000	10/11
Hannah's Clearing - water treatment to DWSNZ	80,500	10/11
Haast - water treatment to DWSNZ	217,482	10/11
Kumara water treatment to DWSNZ	217,482	12/13
Franz Josef - upgrade treatment plant to DWSNZ	326,333	12/13
Fox Glacier - upgrade treatment plant to DWSNZ	244,667	12/13
<b><u>Stormwater</u></b>		
Hokitika Raise stopbank & top up rock protection	204,600	10/11
Rolleston Street pump station	204,600	10/11
<b><u>Refuse</u></b>		
Butlers Development	1,915,000	10/11
Hokitika Transfer Station	400,000	10/11
Rural Transfer Stations	100,000	10/11
<b>Total Funding Required for Projects Funded by Loans</b>	<b>6,674,640</b>	
<b>PLUS Loans for Water Supply Projects from 08/09</b>	<b>1,822,232</b>	
<b>PLUS Loans required for Westland District Property Limited</b>	<b>8,000,000</b>	
<b>PLUS Outstanding Debt</b>	<b>6,300,000</b>	
<b>Total Funding Required</b>	<b>22,796,872</b>	

Client ID: 990,011,054



**Westland District Council  
PORTFOLIO VALUATION REPORT  
As at 31 Jul 2010**

Asset Allocation: x-	Investment Cost	Cost in NZD	Units	Current Unit Price	Current Value	Current (NZD)	% of Portfolio
<b>Cash &amp; Call Balances</b>							
ASB Bank Treasury Account (Cash Dist)	219,000 NZD	219,000	219,000	1.0000	219,000 NZD	219,000	5.9%
						\$2,19,000	5.9%
<b>New Zealand Fixed Interest</b>							
ANZ National Bank Ltd @ 6.80% mat 17/02/11 (ANB030) (Cash Dist)	177,057 NZD	177,057	180,000	1.0139	188,002 NZD	188,002	5.0%
ANZ National Bank Ltd @ 8.23% mat 23/07/17 (call 23/07/12)*(ANB060) (Cash Dist)	150,615 NZD	150,615	150,000	1.0402	156,301 NZD	156,301	4.2%
ASB Bank Limited Notes @ 7.03% mat 15/06/16 (call 15/06/11) (Cash Dist)	290,725 NZD	290,725	290,000	1.0104	295,585 NZD	295,585	7.9%
ASB Bank Limited Notes @ 8.22% mat 17/09/2014 - NZD (ABB050) (Cash Dist)	320,000 NZD	320,000	320,000	1.0841	356,713 NZD	356,713	9.6%
Auckland International Airport @ 7.25% mat 7/11/15 Series 15 (AIA070) (Cash Dist)	36,034 NZD	36,034	35,000	1.0406	37,012 NZD	37,012	1.0%
Auckland International Airport Ltd @ 8% mat 15/11/16 (AIA080) (Cash Dist)	230,000 NZD	230,000	230,000	1.0826	252,779 NZD	252,779	6.8%
BNZ Bond @ 7.50% mat 15/09/10 (Cash Dist)	156,308 NZD	156,308	150,000	1.0043	154,898 NZD	154,898	4.2%
BNZ Subord Bond @ 8.42% mat 15/06/17 (call 15/06/12) (BNZ080) (Cash Dist)	101,782 NZD	101,782	100,000	1.0425	105,311 NZD	105,311	2.8%
Insurance Australia Funding Ltd @ 9.105% mat 21/11/2012 (Cash Dist)	252,268 NZD	252,268	250,000	1.0139	257,903 NZD	257,903	6.9%
KiwiBank Ltd Bonds @ 7.72% mat 20/03/17 (reset 20/03/12) (KIWO10) (Cash Dist)	100,772 NZD	100,772	100,000	1.0243	105,243 NZD	105,243	2.8%
PowerCo Ltd @ 6.39% mat 29/03/2013 (PWC050) (Cash Dist)	494,762 NZD	494,762	500,000	0.9983	501,951 NZD	501,951	13.5%
Rabobank Capital Securities @ 4.123% mat (call 08/10/17) - (RBOHA) (Cash Dist)	300,000 NZD	300,000	300,000	0.8070	242,879 NZD	242,879	6.5%
Telebond Fixed Rate @ 6.92% Mat 22/03/2013 Tranche 1 (TCN480) (Cash Dist)	305,099 NZD	305,099	300,000	1.0310	316,751 NZD	316,751	8.5%
Telstra Corporation Ltd @ 7.15% mat 24/11/2014 (Cash Dist)	146,010 NZD	146,010	150,000	1.0427	158,403 NZD	158,403	4.2%
Telstra Corporation Ltd @ 6.99% mat 24/11/2011 (Cash Dist)	268,687 NZD	268,687	260,000	1.0276	270,711 NZD	270,711	7.3%
Watercare Services Ltd @ 6.86% mat 19/10/2011 (Cash Dist)	96,790 NZD	96,790	100,000	1.0264	104,576 NZD	104,576	2.8%
						<b>\$3,505,018</b>	<b>93.9%</b>
<b>Cash &amp; Call Balances</b>							
NZD Call Account		8,616			8,616 NZD	8,616	0.2%
						<b>\$8,616</b>	<b>0.2%</b>
<b>Total</b>						<b>\$3,732,634</b>	<b>100%</b>

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Client ID: 990,011,054



**Westland District Council**  
**CASH TRANSACTIONS**  
**From 01 Jul 2010 to 31 Jul 2010**

**NZD Cash Account**

Date	Interest Date	Particulars	Activity	Debit	Credit	Balance
01/07/2010			Beginning Balance			10,486.42
01/07/2010		ASB & Aegis Custodial Fees June 2010	Ongoing Fee	619.26		9,867.16
03/07/2010	30/06/2010	Cash Account	Interest		26.11	9,893.27
06/07/2010	02/07/2010	ASB Bank Treasury Account (Cash Dist)	Distribution		457.97	10,351.24
08/07/2010	08/07/2010	Rabobank Capital Securities @ 4.123% mat (call 08/10/17) - (RBOHA) (Cash Dist)	Distribution		3,092.25	13,443.49
12/07/2010	12/07/2010	ASB Bank Treasury Account (Cash Dist)	Purchase	11,000.00		2,443.49
23/07/2010	23/07/2010	ANZ National Bank Ltd @ 8.23% mat 23/07/17 (call 23/07/12)*(ANB060) (Cash Dist)	Distribution		6,172.50	8,615.99
31/07/2010			Ending Balance			8,615.99