

# AGENDA

## RĀRANGI TAKE

NOTICE OF AN ORDINARY MEETING OF

# COUNCIL

to be held on **Thursday 22 June 2023** commencing at **1:00pm** in the Council Chambers,  
36 Weld Street, Hokitika and via Zoom

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Chairperson	Her Worship the Mayor
Deputy	Cr Cassin
Northern Ward Members:	Cr Neale, Cr Burden, Cr Phelps
Hokitika Ward Members:	Cr Baird, Cr Davidson, Cr Gillett
Southern Ward Members:	Cr Cassin, Cr Manera
Iwi Representatives:	Kw Madgwick, Kw Tumahai

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In accordance with clause 25B of Schedule 7 of the Local Government Act 2002, members may attend the meeting by audio or audio-visual link.

## Council Vision

*We work with the people of Westland to grow and protect our communities, our economy, and our unique natural environment.*

# Purpose

The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002. That purpose is:

- (a) To enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) To promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

## 1. KARAKIA TĪMATANGA OPENING KARAKIA

<i>Kia hora te marino Kia whakapapa pounamu te moana Hei hurahai mā tātou I te rangi nei Aroha atu, aroha mai Tātou i a tātou katoa Hui e! Tāiki e!</i>	<i>May peace be widespread May the sea be like greenstone A pathway for us all this day Give love, received love Let us show respect for each other Bind us all together!</i>
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## 2. NGĀ WHAKAPAAHA APOLOGIES

## 3. WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a member thinks they may have a conflict of interest, they can seek advice from the Chief Executive or the Group Manager Corporate Services Risk and Assurance (preferably before the meeting). It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

## 4. NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE URGENT ITEMS NOT ON THE AGENDA

Section 46A of the Local Government Official Information and Meetings Act 1987 states:

- (7) An item that is not on the agenda for a meeting may be dealt with at the meeting if –
  - (a) the local authority by resolution so decides, and
  - (b) the presiding member explains at the meeting at a time when it is open to the public, -
    - (i) the reason why the item is not on the agenda; and
    - (ii) the reason why the discussion of the item cannot be delayed until a subsequent meeting.
- (7A) Where an item is not on the agenda for a meeting, -
  - (a) that item may be discussed at the meeting if –
    - (i) that item is a minor matter relating to the general business of the local authority; and
    - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
  - (b) No resolution, decision, or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.

## 5. NGĀ MENETI O TE HUI KAUNIHERA MINUTES OF MEETINGS

- **Ordinary Council Meeting Minutes – 25 May 2023** (Pages 5-11)
- **Extraordinary Council Meeting Minutes – 7 June 2023** (Pages 12-22)

## 6. ACTION LIST

Simon Bastion, Chief Executive

## 7. NGĀ TĀPAETANGA PRESENTATIONS

- **Waka Kotahi NZ Transport Agency Update – 1.30pm** (Circulated Separately)  
James Caygill, Director of Regional Relationships, West Coast/Canterbury/Otago/Southland
- **Citizenship Ceremony 3.15pm**

## 8. PŪRONGO KAIMAHI STAFF REPORTS

- **Financial Performance: May 2023** (Pages 28-43)  
Cody Nabben, Financial Accountant
- **Rates Write Offs & Remissions 2022-2023** (Pages 44-46)  
Lynley Truman, Finance Manager
- **Remits to Local Government New Zealand** (Pages 47-84)  
Simon Bastion, Chief Executive
- **Update on Capital Works Projects 2022-2023** (Pages 85-96)  
Scott Baxendale, Group Manager, District Assets
- **Westland Holdings Limited – Final Statement of Intent 2023-2026** (Pages 97-117)  
Joanne Conroy, Chair, Westland Holdings Limited

## 9. KA MATATAPU TE WHAKATAUNGA I TE TŪMATANUI RESOLUTION TO GO INTO PUBLIC EXCLUDED

(to consider and adopt confidential items)

Resolutions to exclude the public: Section 48, Local Government Official Information and Meetings Act 1987. 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) of the Local Government Official Information and Meetings Act 1987 for the passing of the resolution are as follows:

Item No.	General subject of each matter to be considered	Reason for passing this resolution in	Ground(s) under Section 48(1) for the passing of this resolution
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		relation to each matter	
1.	Confidential Minutes – 25 May 2023	Good reason to withhold exist under Section 7	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 exists.  Section 48(1)(a)
2.	CCO Review – Phase 2	Good reason to withhold exist under Section 7	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 exists.  Section 48(1)(a)

This resolution is made in reliance on sections 48(1)(a) and (d) of the Local Government Official Information and Meetings Act 1987 and the particular interests or interests protected by section 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

Item No.	Interest
1	Protect the privacy of natural persons, including that of deceased natural persons (Schedule (7)(2)(a))
1, 2	Protect information where the making available of the information: <ul style="list-style-type: none"> <li>(i) would disclose a trade secret; and</li> <li>(ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information (Schedule 7(2)(b)).</li> </ul>
2	maintain the effective conduct of public affairs through— <ul style="list-style-type: none"> <li>(i) the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) applies, in the course of their duty; or</li> </ul> the protection of such members, officers, employees, and persons from improper pressure or harassment; (Schedule (7)(2)(f))
2	Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities; (Schedule (7)(2)(h))
1	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (Schedule 7(2)(i))

**DATE OF NEXT ORDINARY COUNCIL MEETING – 20 JULY 2023**  
**COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**



# ORDINARY COUNCIL MINUTES

## MINUTES OF THE ORDINARY COUNCIL MEETING OF WESTLAND DISTRICT COUNCIL HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM ON THURSDAY 25 MAY 2023, COMMENCING AT 1.00 PM

The Council Meeting was live-streamed to the Westland District Council YouTube Channel and presentations were made available on the Council Website.

The Chairperson opened the meeting with an acknowledgement to Westland Milk Products on the significant announcement that has been announced this week on the building of a new \$70 million Lactoferrin Plant at its Hokitika facility, and noted it is a significant investment in the Westland District community.

### 1. KARAKIA TĪMATANGA OPENING KARAKIA

The opening Karakia was read by Cr Neale.

### 2. MEMBERS PRESENT AND APOLOGIES

Mayor	Her Worship the Mayor (via Zoom)	
<b>Members</b>	Cr Cassin, Deputy Mayor and Chairperson	
	Cr Baird	Cr Burden
	Cr Davidson	Cr Gillett
	Cr Manera	Cr Neale
	Cr Phelps	Kw Madgwick
	Kw Tumahai (via Zoom)	

### NGĀ WHAKAPAAHA APOLOGIES

Nil.

### ABSENT

Nil.

### STAFF PRESENT

S.R. Bastion, Chief Executive; T. Cook, Group Manager, Community, Planning and Regulatory Services; L. Crichton, Group Manager: Corporate Services and Risk & Assurance; S. Baxendale, Group Manager District Assets; D.M. Maitland; Executive Assistant, E. Rae, Strategy and Communications Advisor (via Zoom), C. Nabben, Financial Accountant (part of the meeting).

### 3. WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST

There were no changes to the Interest Register noted.

4. **NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE  
URGENT ITEMS NOT ON THE AGENDA**

There were no urgent items of business that were not on the Council Agenda.

5. **NGĀ MENETI O TE HUI KAUNIHERA  
MINUTES OF MEETINGS**

The Minutes of the previous meetings were included in the Council Agenda.

Moved Cr Gillett, seconded Cr Neale and **Resolved** that the following minutes be confirmed as a true and correct record of the meeting:

- Minutes of the Extraordinary Council Meeting - 12 April 2023 and the 26 April 2023.
- Minutes of the Ordinary Council Meeting - 27 April 2023.

The Chair approved his digital signature be added to the confirmed Minutes of the Extraordinary Council Meeting of 12 April 2023, the Extraordinary Council Meeting of 26 April 2023 and the Ordinary Council Meeting Minutes of 27 April 2023.

**MINUTES OF COMMITTEES TO BE RECEIVED**

The Minutes of the previous Committees and Subcommittees were included in the Council Agenda.

Moved Cr Baird, seconded Cr Burden and **Resolved** that the Minutes of the Risk and Assurance Committee meeting held on the 9 February 2023 and the Cycling & Walking Subcommittee meeting of 7 March 2023 be received.

6. **ACTION LIST**

Simon Bastion, Chief Executive spoke to the Action List and provided the following updates:

No.	Item	Current Status
1.	Pakiwaitara Building, 41 Weld Street, Hokitika	Water egress issues need to be repaired. A quote for works will be obtained for Council to consider.
	Council Office, 36 Weld Street, Hokitika	Financial information relating to repairs will be revisited for the Pakiwaitara Building and the Council Offices.
		There will a further workshop with Council regarding the Council buildings, with a report to be tabled at the July Council Meeting.
2.	Hokitika Government Building, Sewell Street, Hokitika	Funding options are still being worked through by Heritage New Zealand.
3.	Hokitika Racecourse Development	Two engagement sessions have been held. A public meeting will be held on Saturday 10 June 2023.
4.	Better off Funding – Tranche 1	A report to Council forms part of the Council Agenda. There will be a standard Report to Council going forward.
5.	Footpaths	The previous report identified some deficiencies in one of the footpath repairs that has started to fail. This item is being addressed with the contractor directly.
6.	Tourism Infrastructure Application (TIF)	Five applications for TIF Funding were made by the 8 May 2023.

Moved Cr Phelps, seconded Cr Neale and **Resolved** that the updated Action List be received and item 4. Better off Funding be removed from the listing.

## 7. NGĀ TĀPAETANGA PRESENTATIONS

### • Hokitika Regent Theatre

Mr Bruce Watson, President of the Westland Community Centre Incorporated provided a Powerpoint Presentation regarding the Hokitika Regent Theatre.

The following topics were discussed:

- A brief timeline on the history of the Regent Theatre and the principles that they operate under.
- Enhancing Wellbeing
- Operational Budget
- \$18.00 is the cost per Hokitika ratepayer to fund Council's contribution to the Theatre.
- Volunteer hours average over 7,000 hours per year.
- Future plans for the 2023 year.
- A request for the following:
  - A Councillor/s be nominated as Council Liaison.
  - Mayor, Councillors and Staff undertake a conducted tour of the Theatre.
  - Clarification of inflation adjustments. *Staff had provided clarification to Mr Watson that the inflation adjustment is the CPI.*

Moved Cr Burden, seconded Cr Phelps and **Resolved** that the presentation from Mr Bruce Watson, President of the Westland Community Centre Incorporated be received.

### • Lions Club of Hokitika

Mr Latham Martin, President, Lions Club of Hokitika provided a PowerPoint Presentation regarding the Lions Club of Hokitika.

The following topics were discussed:

- Background to the establishment of the Lions Club of Hokitika.
- Global Causes supported which are Diabetes, Environment, Hunger, Vision, Childhood Cancer, Youth, Disaster Relief.
- Legacy Projects which are Children's Day, Christmas Parade, Stafford Cemetery, Giant Christmas Tree and Christmas Lights, Wheelchair Taxi Van, 50<sup>th</sup> Anniversary Seat, Lazar Park Hall, Playground and Community Garden, Equipment and Function Hire.
- Finance, Income and Partnerships.

Moved Cr Neale, seconded Cr Davidson and **Resolved** that the presentation from Mr Latham Martin, President of the Lions Club of Hokitika be received.

### • Search and Rescue

Senior Sergeant Mark Kirkwood, Area Prevention Manager, OC Search and Rescue, West Coast - New Zealand Police, provided a PowerPoint Presentation regarding the work that Search and Rescue undertake on the West Coast.

The following topics were discussed:

- Background on the work that Search and Rescue (SAR) undertake on the West Coast.
  - Approximately 260 search and rescue jobs are undertaken each year on the West Coast, with most being in South Westland.
  - Landsar Cavesar
  - Coastguard Surf Rescue
  - Alpine Cliff Rescue, Swift Water Rescue
  - Rescue Aircraft NZ Police

- Canyonsar Mines Rescue
- Land Safety Code

Moved Cr Phelps, seconded Cr Gillett and **Resolved** that the presentation from Senior Sergeant Mark Kirkwood, OC Search and Rescue, West Coast – New Zealand Police be received.

Moved Cr Burden, seconded Cr Davidson and **Resolved** that in accordance with Clause 4.2 of Standing Orders, the Council meeting be extended beyond two hours.

- **Police - Future Planning**

Inspector Jacqueline Corner, Area Commander, and Sergeant Nerida Manson, West Coast New Zealand Police provided a verbal update to the meeting.

The following topics were discussed:

- Current staffing numbers in South Westland  
Inspector Corner advised that there is nothing changing at the moment regarding current staffing numbers in Haast, Franz Josef/Waiiau, and Ross and that Hokitika has had an additional position added to their staffing numbers.
- Social issues and anti-social behaviour.
- Wastewater Testing for Drug Use  
There are plans to expand the wastewater testing for drugs into the Westland area. Inspector Corner advised that the results of wastewater testing can be shared with the Mayor to forward to elected members on a monthly basis.
- Gangs and wearing of patches in public  
Inspector Corner advised that she will provide the Mayor with information relating to a Bylaw in relation to gang patches.

Moved Cr Phelps, seconded Cr Baird and **Resolved** that the verbal presentation from Inspector Jacqueline Corner, Area Commander, and Sergeant Nerida Manson, West Coast - New Zealand Police, be received.

- **Hokitika Protection Works**

Mr Scott Hoare, Principal, Senior Project Manager, Inovo Projects, provided a verbal update via Zoom regarding the Hokitika IRG Project Update.

The following topics were discussed:

- Seawall Extension
- River Walls – Stage 1 (State Highway bridge to Westland Milk Products), Stage 2 (Kaniere Upstream and downstream of the bridge), Stage 3 (State Highway Bridge to Sunset Point).
- Funding streams
- Programme of works

Moved Cr Baird, seconded Cr Neale and **Resolved** that the presentation from Scott Hoare, Principal, Senior Project Manager, Inovo Projects, be received.

*The meeting adjourned at 3.23 pm for afternoon tea and resumed at 3.30 pm.*

## 8. PŪRONGO KAIMAHI STAFF REPORTS

- **Financial Performance Report – April 2023**

Cody Nabben, Financial Accountant spoke to this item and advised that the purpose of the report is to provide an indication of Council's financial performance for the month to the 30 April 2023.

Cr Phelps queried grants and subsidies received and asked what those grants and subsidies were spent on. The Chief Executive advised that a full summary will be provided and circulated to Councillors.

Moved Cr Neale, seconded Cr Gillett and **Resolved** that the Financial Performance Report to the 30 April 2023 be received.

- **Update on Better Off Funding – Tranche 1 Projects**

Scott Baxendale, Group Manager, District Assets spoke to this item and advised that the purpose of the report is to provide an update to Council on the status of the Three Waters Reform, Better Off Funding Tranche One projects.

Cr Burden advised that he had been made aware there were some Community Groups that haven't had agreements signed or followed up. The Group Manager, District Assets advised that there is a staff member overseeing this process and will follow up.

Moved Cr Phelps, seconded Cr Burden and **Resolved** that the report be received.

- **Stafford Cemetery**

The Chief Executive spoke to this item and advised that the purpose of the report is to bring to Council's attention the current status of the Stafford Cemetery and to seek Council direction about the future of the Cemetery. The Chief Executive acknowledged the maintenance work that has been done by organisations and volunteers at the Stafford Cemetery. Councillors then viewed a video of the Stafford Cemetery site.

Moved Cr Phelps, seconded Cr Baird and **Resolved** that the report be received.

Moved Cr Phelps, seconded Cr Manera that staff be directed to formally close the Stafford Cemetery.

*The motion was put to the meeting and was lost 6 to 2.*

Moved Her Worship the Mayor, seconded Cr Neale and **Resolved** that further enquiries be done surrounding the Stafford Cemetery, including Health and Safety and a report come back to Council at a later stage.

- **Confirmation of Appointments to Risk & Assurance Committee**

The Group Manager Corporate Services and Risk Assurance spoke to this item and advised that the purpose of the report is to confirm the amendment to Council's appointment to the Risk and Assurance Committee.

Moved Cr Baird, seconded Cr Neale and **Resolved** that the report be received.

Moved Cr Burden, seconded Cr Gillett and **Resolved** that Council confirms the amended appointment of Councillor Neale to the Risk and Assurance Committee and the removal of

Councillor Gillett from the Risk and Assurance Committee for the remainder of the 2022-2025 Triennium.

**9. ADMINISTRATIVE RESOLUTION**

Council is required to confirm its seal being affixed to the following document:

- **ANZ Amendment to Master Mandate**

Removal and addition of nominated signatories for Westland District Council:

- Removal – John Kagagi
- Addition – Cody Nabben

Moved Deputy Mayor, seconded Cr Baird and **Resolved** that:

- A) Council confirm its seal being affixed to the ANZ Amendment to Master Mandate document.
- B) John Kagagi’s name be removed from the document.
- C) Cody Nabben’s name be added as an authorised signatory for Westland District Council.

**10. KA MATATAPU TE WHAKATAUNGA I TE TŪMATANUI  
RESOLUTION TO GO INTO PUBLIC EXCLUDED**

(to consider and adopt confidential items)

Moved Cr Phelps, seconded Cr Gillett and **Resolved** that Council confirm that the public were excluded from the meeting in accordance with Section 48, Local Government Official Information and Meetings Act 1987 at 4.21 pm.

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) of the Local Government Official Information and Meetings Act 1987 for the passing of the resolution are as follows:

Item No.	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
1.	Public Excluded Extraordinary Council Meeting Minutes – 12 April 2023  Public Excluded Extraordinary Council Meeting Minutes – 27 April 2023	Good reason to withhold exist under Section 7	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 exists. Section 48(1)(a)
2.	Public Excluded Risk and Assurance Committee Minutes – 9 February 2023  Public Excluded Cycling and Walking Subcommittee Minutes – 7 March 2023	Good reason to withhold exist under Section 7	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 exists. Section 48(1)(a)
3.	Public Excluded Risk Report	Good reason to withhold exist under Section 7	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 exists. Section 48(1)(a)

Item No.	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
4.	Public Excluded Tender Award: Forks Okarito Road Emergency Reinstatement Contract # 22-23-15	Good reason to withhold exist under Section 7	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 exists. Section 48(1)(a)
5.	Public Excluded Tender Award: Maintenance of Parks, Reserves & Cemeteries Contract # 2022-23-01	Good reason to withhold exist under Section 7	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 exists. Section 48(1)(a)

This resolution is made in reliance on sections 48(1)(a) and (d) of the Local Government Official Information and Meetings Act 1987 and the particular interests or interests protected by section 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

Item No.	Interest
1, 2	The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons. (Schedule 7(2)(a))
1, 2, 4, 5	Protect information where the making available of the information: (i) would disclose a trade secret; and (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information (Schedule 7(2)(b))
2	Maintain the effective conduct of public affairs through- the protection of such members, officers, employees and persons from improper pressure or harassment; (Schedule 7(2)(f))
2, 3	Maintain Legal professional privilege. (Section 7(2)(g))
2, 3	Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities. (Section 7(2)(h))
1, 2, 4, 5	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). (Schedule 7(2)(i))
1, 2, 4, 5	Prevent the disclosure or use of official information for improper gain or improper advantage. (Section 7(2)(j))

Moved Cr Phelps, seconded Cr Gillett and **Resolved** that the business conducted in the 'Public Excluded Section' be confirmed and accordingly, the meeting went back to the open part of the meeting at 4.55 pm.

**DATE OF NEXT ORDINARY COUNCIL MEETING – 22 JUNE 2023  
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**

**MEETING CLOSED AT 4.55 PM**

Confirmed by:

\_\_\_\_\_  
Cr Cassin  
Deputy Mayor and Chairperson

\_\_\_\_\_  
Date



# EXTRAORDINARY COUNCIL MINUTES

## MINUTES OF THE EXTRAORDINARY COUNCIL MEETING OF WESTLAND DISTRICT COUNCIL HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM ON 7 JUNE 2023 COMMENCING AT 9AM

The Council Meeting was live streamed to the Westland District Council YouTube Channel and presentations are made available on the council website.

### 1. MEMBERS PRESENT AND APOLOGIES

Chairperson	Her Worship the Mayor	
<b>Members</b>	Cr Cassin (Deputy Mayor)	
	Cr Baird (via zoom as connectivity allowed)	Cr Burden (via zoom for morning portion)
	Cr Davidson	Cr Gillett
	Cr Manera (joined for afternoon portion)	Kw Madgwick
	Cr Neale	Cr Phelps

### NGĀ WHAKAPAAHA APOLOGIES

Cr Baird – connected to the meeting via zoom at various times due to connectivity issues

Cr Manera tendered his apologies for the morning portion of the meeting and attended in person for the afternoon.

Kw Tumahai

Moved Cr Neale, seconded Cr Phelps and **Resolved** that the apologies from Cr Baird, Cr Manera and Kw Tumahai be received and accepted.

### STAFF PRESENT

S.R. Bastion, Chief Executive; T. Cook, Group Manager, Community, Planning and Regulatory Services (for part of the Meeting due to being on Fire Duty); L. Crichton, Group Manager Corporate Services, Risk and Assurance; S. Baxendale, Group Manager District Assets; D. Maitland; Executive Assistant, E. Rae, Strategy and Communications Advisor; S. Johnston; Governance Administrator (via zoom); K. Jackson, Transportation Manager; E. Bencich, Operations Manager were both in attendance during deliberations

### 2. WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST

The Interest Register had been circulated via Microsoft Teams and available on the Council table. There were no changes to the Interest Register noted.

### 3. PŪRONGO KAIMAHI STAFF REPORTS

- **Hearing, Deliberation and Decisions on Submissions to the Draft Annual Plan 2023/2024**

Emma Rae, Strategy and Communications Advisor spoke to this item and advised that the purpose of this report is to receive and hear feedback from the community on the proposals in the Draft Annual Plan 2023/2024 (DAP), deliberate on the feedback and make decisions for the final Annual Plan 2023/2024.

The following members of the public were in the Council Chambers to speak to their submission:

Anthea-Rose Keenan
Diane Gordon-Burns
Anne Daniel
Gerard O'Malley
Don Neale
Fiona Thomson
Latham Martin
Rajnikant Patel (email read by Her Worship the Mayor)
Bruce Watson
Fiona Anderson
Melanie Anderson
Patrick Phelps
James Sutherland

The following people had requested speaking rights, but were unable to attend the meeting on the day:

Stuart Paul
Sonja Barker
Jose Watson
Greg Maitland
Bede O'Connor, Federated Farmers

### Schedule of Verbal Submissions 7 June 2023

*(All full submissions are available for viewing on the Westland District Council Website)*

Submitters	Submission Number	Topics Spoken to:
Anthea-Rose Keenan	1	<ul style="list-style-type: none"> <li>• Consultation and Engagement</li> <li>• Stafford Cemetery</li> <li>• Spending for Projects</li> <li>• Tabled extra information at the meeting.</li> <li>• Pakiwaitara Building</li> </ul>
Diane Gordon-Burns	14	<ul style="list-style-type: none"> <li>• Otira Toilets</li> </ul>
Anne Daniel representing Westland Arts Incorporated, Westland Creative Fibre, WestREAP Art for Me Programme and the Hokitika Art Group.	15	<ul style="list-style-type: none"> <li>• Fees &amp; Charges for Carnegie Gallery</li> <li>• Requested an affordable rate be set for hire of the Gallery; and asked for consultation going forward.</li> </ul>
Gerard O'Malley	17	<ul style="list-style-type: none"> <li>• Otira toilets</li> <li>• Thanked the Elected Members and CE for visiting Otira as part of their Northern Ward induction.</li> </ul>

		<i>Cr Baird connected to the meeting at 9.32 am.</i>
Don Neale	22	<ul style="list-style-type: none"> <li>• Cass Square Charges</li> <li>• Waste Management Charges</li> <li>• Museum Funding Proposal</li> <li>• Exhibition Charges</li> <li>• Rates Increase</li> <li>• Coastal Hazards</li> <li>• Hokitika Racecourse</li> </ul>
Fiona Thomson on behalf of Cement Lead Road Residents	24	<ul style="list-style-type: none"> <li>• Cement Lead Road, Blue Spur– Sealing of road.</li> </ul>
Latham Martin, President of Hokitika Lions Club	25	<ul style="list-style-type: none"> <li>• 2 Requests for works to be undertaken at Lazar Park (Fencing and Drinking Fountain)</li> <li>• Toilets at Lazar Park; cleaning &amp; maintenance</li> <li>• Westland Matariki Festival Grant Funding</li> <li>• Funding for maintenance for Hokitika CBD</li> </ul>
Rajnikant Patel (email read out by Her Worship the Mayor)	31	<ul style="list-style-type: none"> <li>• Cost of Living and Rates</li> <li>• 3 Waters</li> <li>• Fees and Charges</li> <li>• Otira Public Toilets</li> </ul>
Don Neale on behalf of Bruce Watson & Hokitika Regent Theatre. Mr Neale tendered apologies from Bruce Watson and acknowledged the passing of John White who had been heavily involved in the Regent Theatre.	38	<ul style="list-style-type: none"> <li>• Regent Theatre grant - inflation adjustment provided for in the AP</li> </ul>

*Councillors adjourned for morning tea at 10:45am and reconvened at 11:00am*

Melanie Anderson; CEO from Destination Westland	46	<ul style="list-style-type: none"> <li>• Jackson Bay – Health &amp; Safety</li> <li>• Boat Trailer Car Parking</li> <li>• Boat Ramp</li> <li>• Noted that designs had already been completed at Council for a boat ramp at Jackson Bay.</li> </ul>
Fiona Anderson	45	<ul style="list-style-type: none"> <li>• Racecourse Development funding</li> <li>• Noted the Riding for the Disabled had been around for 10 years and serves a wide-ranging sector of the community.</li> </ul>
Patrick Phelps	50	<ul style="list-style-type: none"> <li>• Council Spending</li> <li>• Public Toilets - consider asking DoC to purchase a plot of land from</li> </ul>

		Council and fund the toilet at Otira.
<i>Council adjourned for 5 minutes at 11:41am and reconvened at 12:15pm</i>		
James Sutherland – on behalf of Federated Farmers Members (via zoom)	40	<ul style="list-style-type: none"> <li>• Rates / Rural Rates</li> <li>• Do not support 3 Waters Depreciation</li> <li>• Rural Rate Cap of 10%</li> <li>• Water Charges</li> <li>• Carbon Credits</li> </ul>

*Cr Manera attended the meeting at 12.25 pm.*

*Council adjourned for lunch at 12:30pm and reconvened the meeting at 1:07pm*

*Cr Burden was present in the Council Chambers for the afternoon portion of the Extraordinary Council Meeting to undertaken Deliberations.*

## DELIBERATIONS

Council deliberated on submissions received, and the decisions to the feedback from the Draft Annual Plan 2023 / 2024 and a copy of the analysis of all submissions are attached to the minutes as Appendix 5.

#	TOPIC	COUNCIL DECISION
1	<p><b>General Rates</b>  <u><i>This does not include any other rate types</i></u></p> <ul style="list-style-type: none"> <li>• Removing funding of the 3 waters depreciation from the targeted rates only, reduces the rates of those properties that use the 3 waters services.</li> <li>• Properties that have not used or been charged for 3 waters services will not see a benefit as they were never paying towards those services so there was no cost to remove.</li> </ul> <p><b>Option 5 is the preferred option of Council Staff:</b>  20% UAGC with the Rural differential reduced from 1 to 0.95, and Rural Residential differential reduced from 0.75 to 0.7</p>	<p>Moved Cr Neale, seconded Cr Manera and <b>Resolved</b> that Council remove the 3 Waters Depreciation from the Rating.</p> <p>Cr Gillett and Cr Phelps recorded their votes against the motion.</p> <p>Moved Cr Cassin, seconded Cr Burden and <b>Resolved</b> that Council adopt the preferred Option 5: 20% UAGC with Rural differential reduced from 1 to 0.95, and Rural Residential differential reduced from 0.75 to 0.7.</p> <p>Cr Neale recorded her vote against the motion.</p>
2	<p><b>Otira Toilets</b></p> <p><b>Option 1</b>  Build a permanent public toilet block and fund ongoing caretaking, cleaning, and maintenance</p>	<p>Cr Phelps removed himself from the Council table for this item and did not participate in the discussion and did not vote regarding this matter.</p> <p>Moved Cr Burden, seconded Cr Neale and <b>Resolved</b> that Option 1 be proceeded with – which is to build a permanent public toilet block and fund ongoing caretaking, cleaning, and maintenance.</p> <p>Cr Davidson and Cr Manera recorded their votes against the motion.</p>

		Discussions also to be held with Fulton Hogan, New Zealand Transport Association, Department of Conservation and KiwiRail regarding contributing/supporting the option of toilets in Otira.
3	<b>Fees &amp; Charges</b> <ul style="list-style-type: none"> <li>• Carnegie Gallery Fees and Charges</li> <li>• Hokitika Museum Entrance Fees</li> <li>• Venue Hire Rates</li> </ul>	Moved Cr Burden, seconded Cr Cassin and <b>Resolved</b> to maintain the 2022/2023 Fees and Charges for the Carnegie Gallery, Hokitika Museum, and Venue Hire rates and review charges during the Long-Term Plan process.
4.	<ul style="list-style-type: none"> <li>• <b>Council Chambers Hireage</b></li> </ul>	Moved Cr Burden seconded Cr Phelps and <b>Resolved</b> that the Council Chambers be removed from the fees and charges and the Council Chambers be unavailable for hire.
5.	<ul style="list-style-type: none"> <li>• <b>Swimming Pool Entry Fees</b></li> </ul>	Moved Cr Phelps, seconded Cr Neale and <b>Resolved</b> that the Hokitika Swimming pool maintains its current entry fees at 2022/2023 rate and that the entry fees be reviewed during the Long-Term Plan process.
6.	<ul style="list-style-type: none"> <li>• <b>Resource Management Fees</b></li> </ul>	Moved Cr Manera, seconded Cr Gillett and <b>Resolved</b> to support the increased costs within the Resource Management Fees.
7.	<ul style="list-style-type: none"> <li>• <b>Metered Water Rates</b></li> </ul>	Moved Cr Neale, seconded Cr Burden and <b>Resolved</b> that this submission is noted, and clarified that it falls under the 3 waters entity.
8.	<ul style="list-style-type: none"> <li>• <b>Increased fees for Supporting Sporting Facilities</b></li> </ul>	<p>Move Cr Gillett, seconded Cr Davidson and <b>Resolved</b> that Council accept the proposed charges.</p> <p>Cr Neale recorded her vote against the motion.</p>
<p><i>Moved Cr Cassin, seconded Cr Burden and <b>Resolved</b> that in accordance with Clause 4.2 of Standing Orders the meeting continue for more than 6-hours.</i></p>		
<p><i>Council adjourned for afternoon tea at 3pm and reconvened at 3:13pm</i></p>		
9	<ul style="list-style-type: none"> <li>• <b>Waste Management Charges.</b> Increase in fee reflects cost recovery from users.</li> </ul>	<p>Moved Cr Manera, seconded Cr Burden and <b>Resolved</b> that the car disposal fee stay as is.</p> <p>Moved Cr Manera, seconded Cr Phelps and <b>Resolved</b> that the proposed fees &amp; charges for septic discharge of waste be increased as per the fees and charges.</p> <p>Cr Davidson, Cr Gillett, and Cr Neale recorded their votes against the motion.</p>
10.	<ul style="list-style-type: none"> <li>• <b>Increase in Rates</b></li> </ul>	Submission noted and this topic had been dealt with in the Rates model.

11.	<ul style="list-style-type: none"> <li>• <b>Major Project Spending</b></li> </ul>	<p>Moved Cr Gillett, seconded Cr Burden and <b>Resolved</b> that the following items are noted and accepted as already committed to:</p> <ul style="list-style-type: none"> <li>• Swimming Pool</li> <li>• Pakiwaitara</li> <li>• West Coast Wilderness Trail</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Cass Square Playground &amp; Skate Park</b></li> </ul>	<p>Moved Cr Neale, seconded Cr Burden and <b>Resolved</b> that Cass Square Playground is under scope with the Working Group and the Skate Park project can be deferred for discussion with Council at a future date.</p> <p>Cr Phelps abstained from voting on this matter.</p>
	<ul style="list-style-type: none"> <li>• <b>Museum &amp; Carnegie</b></li> </ul>	<p>Moved Cr Cassin, seconded Cr Gillett and <b>Resolved</b> that the comments regarding the Museum Refurbishment and Digital interactive spending be noted; and that the comments regarding the Carnegie exterior upgrade also be acknowledged, noting the exterior work has been dealt to with the current repairs that are being done.</p> <p>Cr Phelps abstained from voting on this matter.</p>
<p><i>Cr Phelps left the meeting at 3.42 pm and returned at 3.43 pm.</i></p>		
12.	<ul style="list-style-type: none"> <li>• <b>Heritage Park Expenditure</b></li> </ul>	<p>Moved Cr Manera, seconded Cr Neale and <b>Resolved</b> to support the one-off funding that has been allocated to the Heritage Park. (\$80k to resolve sewage to main system and other deficiencies on site.)</p> <p>Cr Phelps abstained from voting.</p>
13.	<ul style="list-style-type: none"> <li>• <b>West Coast Wilderness Trail</b></li> </ul>	<p>Moved Cr Burden, seconded Cr Cassin and <b>Resolved</b> that the comments are noted and continue with the current funding process that Council manages.</p> <p>Cr Phelps abstained from voting.</p>
14.	<ul style="list-style-type: none"> <li>• <b>Tourism Marketing Infrastructure</b></li> </ul>	<p>Moved Cr Davidson, seconded Cr Burden that signage goes ahead.</p> <p>The motion was put to the meeting and was lost.</p> <p>Moved Cr Cassin, seconded Cr Gillett and <b>Resolved</b> that signage proceeds providing Tourism Infrastructure Fund application is successful.</p> <p>The motion was put to the meeting, became the substantive motion, and was CARRIED.</p>

15.	<ul style="list-style-type: none"> <li>• <b>Inefficient use of staff time</b></li> </ul>	Moved Cr Cassin, seconded Cr Neale and <b>Resolved</b> that this submission be noted.
16.	<ul style="list-style-type: none"> <li>• <b>Hokitika Racecourse</b></li> </ul>	<p>Moved Cr Neale, seconded Cr Cassin and <b>Resolved</b> that the current submissions be moved to the public engagement process which is currently underway.</p> <p>Cr Phelps abstained from voting.</p>
17.	<ul style="list-style-type: none"> <li>• <b>Town Planning</b></li> </ul>	Moved Cr Phelps, seconded Cr Neale and <b>Resolved</b> that this item is noted.
18.	<ul style="list-style-type: none"> <li>• <b>Road Funding</b></li> </ul>	<p>Moved Cr Burden, seconded Cr Davidson and <b>Resolved</b> that the comments be noted regarding the Special Purpose Road (Haast-Jackson Bay Road) and look forward to future updates as this progresses.</p> <p>It was noted that the submission referring to the 1200 metres of road refers to Gillams Gully Road.</p> <p>Moved Cr Cassin, seconded Cr Phelps and <b>Resolved</b> that a Business Case for the seal extensions for Cement Lead Road and Gillams Gully Road be developed, with a view to them being included as projects in the National Land Transport Programme for the 2025 year.</p>
19.	<ul style="list-style-type: none"> <li>• <b>Waste Management</b></li> </ul>	<p>Moved Cr Neale, seconded Cr Gillett and <b>Resolved</b> that the points are noted and are already being worked on as future management.</p> <p>The submission relating to the Waste to Energy Plant was acknowledged.</p>
20.	<ul style="list-style-type: none"> <li>• <b>Borrowing</b></li> </ul>	Moved Cr Burden, seconded Cr Gillett and <b>Resolved</b> that the submission be noted and note the staff comments in Appendix 5 – Submissions Analysis.
21.	<ul style="list-style-type: none"> <li>• <b>Vehicle Costs</b></li> </ul>	Moved Cr Cassin, seconded Cr Phelps and <b>Resolved</b> that the comment be noted and is in alignment with Council’s vehicle policy and management plan for upgrading vehicles.
22.	<ul style="list-style-type: none"> <li>• <b>3 Waters</b></li> </ul>	Moved Cr Cassin, seconded Cr Manera and <b>Resolved</b> that the comments be noted and note the staff comments in Appendix 5 – Submission Analysis for clarification. Note the decisions council has made regarding 3 waters depreciation funding.



23.	<ul style="list-style-type: none"> <li>• <b>Elected Members</b></li> </ul>	Moved Cr Phelps, seconded Cr Burden and <b>Resolved</b> that the comments be noted.
24.	<ul style="list-style-type: none"> <li>• <b>Biodiversity</b></li> </ul>	Moved Cr Burden, seconded Cr Manera and <b>Resolved</b> that the comments be noted and note the staff comments in Appendix 5 – Submissions Analysis.
25.	<ul style="list-style-type: none"> <li>• <b>Public Access - Walking and cycling</b></li> </ul> <p><b>Footpaths</b></p>	<p>Moved Cr Davidson, seconded Cr Phelps and <b>Resolved</b> that the comments be noted and note the staff comments in Appendix 5 – Submissions Analysis.</p> <p>Moved Cr Gillett, seconded Cr Neale and <b>Resolved</b> that the comment regarding footpath funding be noted, and confirming that the Walk 21 Charter has already been signed and adopted by Council.</p>
26.	<ul style="list-style-type: none"> <li>• <b>Sport and Recreation</b></li> </ul>	Moved Cr Burden, seconded Cr Phelps and <b>Resolved</b> that the comments be noted.
27.	<ul style="list-style-type: none"> <li>• <b>Coastal Hazards</b></li> </ul>	Moved Cr Phelps, seconded Cr Cassin and <b>Resolved</b> that the comments be noted.
28.	<ul style="list-style-type: none"> <li>• <b>Sealing Cement Lead Road</b></li> </ul>	It was noted that this item had already been considered in Item #18 above (Road Funding)
29.	<ul style="list-style-type: none"> <li>• <b>Lazar Park</b></li> </ul>	<p>Cr Burden declared a conflict of interest as a member of the Lions Club of Hokitika and did not participate in the discussion or vote regarding this matter.</p> <p><i>Cr Burden left the meeting at 4.22 pm and returned at 4.23 pm.</i></p> <p><b>Fencing of Lazar Park</b> (\$20,000 plus GST)</p> <p>Moved Cr Davidson, seconded Cr Neale and <b>Resolved</b> that Council support the \$20k funding for fencing at Lazar Park.</p> <p>Cr Burden abstained from voting.</p> <p><b>Drinking Fountain</b> (\$5,000 plus GST)  Moved Cr Cassin, seconded Cr Phelps and <b>Resolved</b> that the Drinking Fountain is not funded.</p> <p>Cr Neale recorded her vote against the motion.</p> <p>Cr Burden abstained from voting.</p> <p><b>Maintenance Grant</b> (the \$11,341.87 incl. GST)</p> <p>Moved Cr Davidson, seconded Cr Neale and</p>

		<p><b>Resolved</b> that the Maintenance Grant be increased to \$11,341.87(incl. GST) from \$2,500 to include costs of maintaining the toilets for public use.</p> <p>Cr Gillett and Cr Phelps recorded their votes against the motion.</p> <p>Cr Burden abstained from voting.</p>
30.	<ul style="list-style-type: none"> <li><b>Grant Funding</b></li> </ul>	<p><b>Matariki Festival (\$10,000 + GST)</b></p> <p>Moved Cr Manera, seconded Cr Phelps, and <b>Resolved</b> that Grant Fund of \$10,000 for the Matariki Festival be declined.</p> <p>Cr Davidson and Cr Burden abstained from voting.</p> <p><b>Hokitika Regent Theatre</b></p> <p>Moved Cr Gillett, seconded Cr Burden and <b>Resolved</b> that the Annual Grant to the Hokitika Regent Theatre be continued and to include inflation adjustment.</p> <p>Cr Manera &amp; Cr Phelps recorded their votes against the motion.</p>
31.	<ul style="list-style-type: none"> <li><b>Hokitika CBD Maintenance and grant to Lions Club of Hokitika for Maintenance.</b></li> </ul>	<p>Moved Cr Phelps, seconded Cr Manera and <b>Resolved</b> that the comments be noted and to be raised at a later date for further in-depth discussion, and to come back to Council with a report.</p> <p><i>Cr Manera left the Chambers at 4:47pm and returned at 4:48pm</i></p>
32.	<ul style="list-style-type: none"> <li><b>Hari Hari Civil Defence for generator security cage and wiring (\$50,000 incl. GST)</b></li> </ul>	<p>Moved Cr Davidson, seconded Cr Cassin and <b>Resolved</b> That \$50,000 incl. GST for a generator, security cage and wiring be agreed in principle - subject to several quotes being obtained; the Community can apply for funds from Hari Hari Complex Reserve Fund.</p> <p>Cr Neale and Cr Manera recorded their votes against the motion.</p>
		<p><i>Moved Deputy Mayor Cassin, seconded Cr Burden and Resolved that in accordance with Clause 4.2 of Standing Orders, the meeting be extended beyond 2 hours.</i></p>
33.	<ul style="list-style-type: none"> <li><b>Health &amp; Social</b></li> </ul>	<p>Moved Cr Phelps, seconded Cr Davidson and <b>Resolved</b> that the points be noted with the request of further communication regarding</p>

		health and social services and aligned with further public consultation.
34.	<ul style="list-style-type: none"> <li>• <b>Fox Glacier Community Development Funding</b></li> </ul>	<p>Moved Cr Cassin, seconded Cr Manera and <b>Resolved</b> that Council support the significant contribution of the funding of \$13,000 for Fox Glacier Development and Glacier Country from the Tourism Promotions Rate.</p> <p>Cr Phelps recorded his vote against the motion.</p>
35.	<ul style="list-style-type: none"> <li>• <b>Carbon Credits</b></li> </ul>	<p>Moved Cr Burden, seconded Cr Phelps and <b>Resolved</b> that the comments regarding Carbon Credits be noted; and the submission regarding planting the racecourse with trees be forwarded to the Hokitika Racecourse engagement process.</p>
36.	<ul style="list-style-type: none"> <li>• <b>Jackson Bay – installation of a new fit-for-purpose boat ramp and a boat trailer carpark with fee system implemented for boat users.</b></li> </ul>	<p>Moved Cr Cassin, seconded Cr Phelps and <b>Resolved</b> that the comments be noted, with a full strategic review for both commercial and community to be completed of Jackson Bay.</p>
37.	<ul style="list-style-type: none"> <li>• <b>Federated Farmers</b></li> </ul>	<p>Moved Cr Cassin, seconded Cr Burden and <b>Resolved</b> that the submission be received, that the incorrect wording in the submission is clarified, and noted that future communication from Council be worked on moving forward.</p>
38.	<ul style="list-style-type: none"> <li>• <b>Federated Farmers cont.</b></li> <li>• Carbon Credits</li> <li>• Rural Rates Cap</li> <li>• Rates Remissions Policy</li> </ul>	<p>Moved Cr Manera, seconded Cr Burden and <b>Resolved</b> that the comments regarding carbon credits, be noted; the item regarding a rural rates cap be noted and provide clarity; and the item regarding rates remission policy be noted.</p>

After the analysis of submissions had been deliberated on, the Chief Executive also raised an additional item for discussion regarding the Stafford Cemetery and advised that Council is keen to progress an MoU with an organisation regarding Maintenance, with an Annual Maintenance cost of \$6,000 being sought from Council, noting that if Council was to take over the Maintenance, it would cost a lot more than this.

Moved Cr Burden seconded Cr Neale and **Resolved** that \$6,000 be approved for Annual Maintenance costs of Stafford Cemetery.

Kw Madgwick sought clarification on the Financial Risk section of the Strategy & Communications Advisor and Finance Managers Report regarding a potential breach regarding pensioner housing.

The Strategy & Communications Advisor advised that it was a mistake that the sentence was included in the report and advised that it most likely was a carryover from a previous report.

Moved Cr Davidson, seconded Cr Manera and **Resolved** that:

1.1. Council receive the report.

- 1.2. Council hear and receive the written and verbal submissions.
- 1.3. Council deliberates on the submissions to the Draft Annual Plan 2023/2024 in the open part of the meeting.
- 1.4. The CE be instructed to make the necessary amendments to the Draft Annual Plan, including amending the Cemetery charges as outlined in cl. 3.6 and the preferred rating model.

The Mayor closed the meeting by thanking the Councillors and all those from the Community who took the time to enter a submission and to those who presented in person and online.

Cr Manera also acknowledged and thanked the Group Manager, Corporate Services Risk and Assurance and her team for all their hard work in behind the scenes in preparation for the meeting.

**DATE OF NEXT ORDINARY COUNCIL MEETING – 22 JUNE 2023  
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**

**MEETING CLOSED AT 5:41 PM**




Confirmed by:





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**Her Worship the Mayor  
Chair**

**Date:**

22.06.23 - Council Meeting - Action List

Item No.	Date of Meeting	COMPLETED IN PROGRESS OVERDUE	Item	Action	Completion Date/Target Date	Officer	Status
1	26.08.21		Pakiwaitara Building, 41 Weld Street Hokitika  Council Office, 36 Weld Street, Hokitika	Business case and scope of work to be brought to Council after the structural elements of the work have been identified, costed and timelines finalized.	Mar 23	CE	Water egress issues need to be repaired. A quote for works will be obtained for Council to consider. Financial & validation information relating to repairs/EQ strengthening/Fitout etc will be revisited for the Pakiwaitara Building and the Council offices. There will be a further workshop with Council regarding the Council buildings, with a report expected to be tabled at the August Council Meeting
2.	26.08.21		Hokitika Government Building, Sewell Street, Hokitika		Mar 23	CE	Funding options are still being worked through by Heritage New Zealand. The options will be reviewed alongside the HQ an Pakiwaitara Buildings to confirm best options going forward. Refer update from Andrew Coleman, Heritage New Zealand.
3	24.03.22		Hokitika Racecourse Development	Council to be keep abreast of the IAF Application	Sep 22	CE	IAF Application submitted – and confirmed successful (\$3.5million for infrastructure works). Council attended a workshop on the Racecourse project on the 26 <sup>th</sup> January which was supported by Josephs & Associates and O’Conner Partners. The workshop outcomes are based on the following: <ul style="list-style-type: none"> <li>• Master Planning and community engagement – to date is only a scheme plan and civils, the primary focus of the previous workstreams was to secure IAF funding to enable the project.</li> <li>• IAF Deliverables – a delivery plan for 27 April 2023</li> <li>• Detailed /as built for ‘eligible’ infrastructure.</li> <li>• Ascertain (post community engagement, master planning and updated cost estimates) the best way forward for the Council.</li> </ul> <p>Two engagement sessions have been held. A public meeting was held on Saturday 10 June 2023. Paul Zaanen will provide a verbal update within this session.</p> <p>Another council briefing is planned for the 30 June to consider outcomes of the engagement sessions.</p>

Item No.	Date of Meeting	COMPLETED IN PROGRESS OVERDUE	Item	Action	Completion Date/Target Date	Officer	Status
							Paul Zaanen from Joseph and Associates will provide an update at the meeting.
4	27.04.23		Better Off Funding – Tranche 1	Communication with Communities specifically regarding the Tranche 2 funding that has been cut.	25.05.23	S. Baxendale	A report to Council forms part of the Council Agenda. There will be a standard report to Council – this will only be included if significant changes are forthcoming.
5	25.05.23		Financial Performance Report April 2023	Summary of Subsidies & Grants received and what this has been spent on to be circulated to Councillors.	22.06.23	CE Finance Team	To be included as part of CE report in July
6	25.05.23		Stafford Cemetery	To check Museum records & GPR use Further report to come back to Council	20.07.23	CE E. Bencich	Council approved to proceed with the following: <ul style="list-style-type: none"> <li>• Interpretation panel</li> <li>• MOU with Heritage Hokitika for ground maintenance</li> <li>• Fencing</li> <li>• Minor maintenance</li> </ul> <p>Council not to proceed at this stage with Ground Penetrating Radar works</p>
7	25.05.23		Risk & Assurance Committee – amendment of appointments	Council confirmed the amended appointment of Cr Neale and removal of Cr Gillett from the R&A committee for 2022-2025	22.06.23	D. Maitland	Confirmed this has been completed.



## Hokitika Government Building Project (the Project) Update June 2023

### Westland District Council (WDC)

The purpose of this update is to inform the WDC on 'the Project' at their workshop session of the Council on 22 June 2023.

**The design process** is the current focus, and it has been accelerated with the overarching aim that Hokitika Government Building becomes an exemplar of built heritage conservation and reuse.

To address the accelerated design process regular contracted consultant workshops including Project Manager, Architect, Mechanical Services, Engineering, Quantity Surveyor, Building Services and Constructability Reviewer. These have delivered Developed Design and associated documentation. The concurrent buildability review has informed our proposed methodology and programme of works.

Condition assessments and intrusive investigations have been undertaken exploring the structure and the façade condition. The design team is continuing to work with HNZPT user group members to finesse design and develop an optimal façade remedial solution for incorporation to the detailed design.

The process has included the commissioning and receipt of Cultural Narrative from Ngāti Wae Wae representatives. Their involvement has included identifying potential appropriate opportunities to incorporate the cultural narrative in the design from layout to interpretation to art.

The Developed Design is an impressive blend of architectural finesse, heritage conservation and cost effectiveness. It is summarised by the Project Architects (Herriot, Melhuish O'Neill Architects) as, *"The proposed refurbishments aim to restore significant heritage components, namely the Sewell Street façade, and side elevations which are highly ornate and regarded. Within the building, the existing courtroom will be fully restored as a publicly accessible space. Other internal restoration is limited to specific elements such as the circulation corridors and the Lands and Deeds room ceiling due to the extent of strengthening works. The design proposal looks to critique the original programming of the building and incorporates adaptive reuse opportunities by proposing a contemporary stair addition on the South-East elevation. This proposed addition effectively links the two floors to the entrance procession with generous and compliant stair, provides generous natural light into the main circulation spaces and provides new accessibility outcomes and toilet facilities. Once complete, the building will offer an excellent opportunity for a fit-out as a commercial tenancy whilst maintaining the significant heritage values of the building for the community of Hokitika"*.

The design renders below provide a visual representation of the Hokitika Government Building.

**The enabling works** have been managed concurrently with the design phase. These include the management of site hazards and risk and the temporary roof repair. The decontamination works will commence on 26 June 2023 and the roof repairs will be undertaken mid-June 2023.

**WDC contact and advice** has continued to be provided. This includes a series of options and funding possibilities for future partnering, leasing, and tenancy to the WDC Chief Executive as well as the provision of information and CAD files to the WDC consultant RDB Project Management.

**Immediate next steps** include the finalising of the detailed design, a Crown Infrastructure Partners peer review and finalising a comprehensive and final funding submission. The Project seeks to continue to work with WDC on these next steps.

As the project progresses, we will be working to achieve broader outcomes, including environmental, social, economic, and cultural benefits. As examples the Project has held initial discussions with MBIE to establish possible training/support opportunities for local business and with Te Puni Kokiri to support and guidance training readiness particularly for local Māori business.





Proposed South-West View



Proposed South-East View

# Report to Council



**DATE:** 22 June 2023  
**TO:** Mayor and Councillors  
**FROM:** Financial Accountant

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## **FINANCIAL PERFORMANCE: May 2023**

### **1. Summary**

- 1.1. The purpose of this report is to provide an indication of Council's financial performance for the month to 31 May 2023.
- 1.2. This issue arises from a requirement for sound financial governance and stewardship with regards to the financial performance and sustainability of a local authority.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2021, which are set out in the Long Term Plan 2021 - 31. Refer to page 2 of the agenda.
- 1.4. This report concludes by recommending that Council receive the financial performance report to 31 May 2023.

### **2. Background**

- 2.1. Council receives monthly financial reporting so that it has current knowledge of its financial performance and position against budgets. A more detailed performance report is presented to the Risk and Assurance Committee (R&A Committee), previously known as the Audit and Risk Committee, on a quarterly basis which includes non-financial information against KPI's adopted through the Long Term Plan.
- 2.2. The R&A Committee received a report to the end of March 2023

### **3. Current Situation**

- 3.1. The information in the report is of a summarised nature, with only permanent variances over \$25,000 having comments. Temporary differences which are mainly budget phasing are not commented on as these will either approximate budget by the end of the financial year, or become a permanent variance which will be noted.

3.2. With the inclusion of the sustainability report, it is not necessary to include such detail to Council in the financial report, as the key business indicators are included in the sustainability report. A number of these indicators make up part of the covenants required to be reported half-yearly to the Local Government Funding Agency.

3.3. The financial performance report to 31 May 2023 is attached as **Appendix 1** and contains the following elements;

- 3.3.1. Sustainability report
- 3.3.2. Statement of Comprehensive Revenue and Expense
- 3.3.3. Notes to the Statement of Comprehensive Revenue and Expense
- 3.3.4. Revenue and Expenditure Graphs
- 3.3.5. Funding Impact Statement
- 3.3.6. Debtors
- 3.3.7. Debt position
- 3.3.8. Capital Report

#### **4. Options**

4.1. Option 1: That Council receives the Financial Performance Report to 31 May 2023.

4.2. Option 2: That Council does not receive the Financial Performance Report to 31 May 2023.

#### **5. Risk Analysis**

5.1. Risk has been considered and no risks have been identified in receiving the report, however if Council did not receive the report, it could be perceived that there was a lack of financial stewardship leading to reputational risk and conduct risk.

#### **6. Health and Safety**

6.1. Health and Safety has been considered and no items have been identified.

#### **7. Significance and Engagement**

7.1. The level of significance has been assessed as being low as the report is for information purposes only.

7.2. No public consultation is considered necessary.

#### **8. Assessment of Options (including Financial Considerations)**

8.1. Option 1: The Council receives the report. This report is to inform Council on the monthly financial position and to encourage financial stewardship.

8.2. Option 2: If the Council does not receive the report there will be no oversight of the financial position of Council or whether the costs of Council are being managed in line with budgets.

8.3. There are no financial implications to these options.



## **9. Preferred Option(s) and Reasons**

9.1. The preferred option is Option 1.

9.2. The reason that Option 1 has been identified as the preferred option is that the report is administrative in nature and to do nothing could create risks to council. Council would be carrying out its administrative stewardship in receiving the report.

## **10. Recommendation(s)**

10.1. That the Financial Performance Report for 31 May 2023 be received.

**Cody Nabben**  
**Financial Accountant**

**Appendix 1:** Finance Performance Report for 31 May 2023.

## Appendix 1



### Financial Performance

Year to 31 May 2023

## Contents

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Whole of Council Financial Summary  
Sustainability Report

Total revenue	Total expenditure	Total surplus/(deficit)
<b>\$29.68M</b>	<b>\$30.18M</b>	<b>\$-0.5M</b>
Is -2.91% less than the total budget of \$30.57M	Is 11.21% more than the total budget of \$27.14M	Against a budget of \$3.43M

### SUSTAINABILITY

**Rates to operating revenue** **58.02%**

Rates Revenue	\$17.22M
.....	
Operating Revenue	\$29.68M
.....	

58.02% of operating revenue is derived from rates revenue. Rates revenue includes penalties, water supply by meter and is gross of remissions. Operating revenue excludes vested assets, and asset revaluation gains.

**Balanced budget ratio** **98.35%**

Operating revenue	\$29.68M
.....	
Operating expenditure	\$30.18M
.....	

Operating revenue should be equal or more than operating expenditure. Operating revenue excludes vested assets and asset revaluation gains. Operating expenditure includes depreciation and excludes landfill liability and loss on asset revaluations. Year to date revenue is 98.35% of operating expenditure.

**Interest to rates revenue (LGFA Cov.)** **3.17%**

Net interest and finance costs	\$0.55M
.....	
Rates Revenue	\$17.22M
.....	

3.17% of rates revenue is paid in interest. Our set limit is 25% of rates revenue. Net interest is interest paid less interest received. Rates revenue includes penalties, water supply by meter and gross of remissions.

<b>Interest to operating revenue</b>		<b>1.84%</b>
Net Interest and finance costs	\$0.55M	
Operating revenue	\$29.68M	

1.84% of operating revenue is paid in interest. Our set limit is 10% of operating revenue. Net interest is interest paid less interest received.

<b>Liquidity Risk (LGFA Cov.)</b>		<b>153%</b>
Gross debt	\$26.82M	
Undrawn committed facilities	\$3.98M	
Cash and cash equivalents	\$10.26M	

The liquidity risk policy requires us to maintain a minimum ratio of 110% which is also an LGFA covenant. Council's current liquidity risk is 153%.

<b>Essential services ratio</b>		<b>103.86%</b>
Capital expenditure	\$6.64M	
Depreciation	\$6.4M	

Capital expenditure should be equal to or more than depreciation for essential services. Year to date capex is 103.86% of depreciation. Essential Services are Water Supply, Wastewater, Stormwater, and Rooding.

## Statement of Comprehensive Revenue and Expenditure

Statement of Comprehensive Revenue and Expense							
	Notes	Full Year Forecast (\$000)	Full Year Budget (\$000)	YTD Budget (\$000)	Actual YTD (\$000)	Variance YTD (\$000)	Var/Bud %
<b>Revenue</b>							
Rates	01	19,202	19,227	17,286	17,222	(64)	(0.37%)
Grants and subsidies	02	9,303	11,291	10,350	7,279	(3,072)	(29.68%)
Interest Revenue	03	687	7	7	637	629	8,518.61%
Fees and Charges	04	2,147	2,177	2,004	2,119	115	5.74%
Other revenue	05	2,422	1,193	921	2,425	1,504	163.23%
<b>Total operating revenue</b>		<b>33,762</b>	<b>33,896</b>	<b>30,570</b>	<b>29,682</b>	<b>(888)</b>	<b>(2.90%)</b>
<b>Expenditure</b>							
Employee Benefit expenses	06	5,814	6,079	5,574	5,062	(512)	(9.19%)
Finance Costs	07	1,250	987	904	1,182	278	30.70%
Depreciation	08	8,728	8,515	7,806	8,001	195	2.50%
Other expenses	09	17,860	13,871	12,854	<b>15,935</b>	3,081	23.97%
<b>Total operating expenditure</b>		<b>33,651</b>	<b>29,452</b>	<b>27,139</b>	<b>30,180</b>	<b>3,041</b>	<b>11.21%</b>
<b>Operating Surplus/(Deficit)</b>		<b>110</b>	<b>4,444</b>	<b>3,431</b>	<b>(498)</b>	<b>(3,929)</b>	<b>(114.53%)</b>

Comments are provided on permanent variances over \$25,000.

**Notes to the Statement of Comprehensive Revenue and Expense**

**01 Rates**

Rates overall are on track with budget

**02 Grants and subsidies**

**Grant funding is below budget but this is mainly due to timing of the grant claims which are difficult to forecast. Capital grants are generally subject to meeting specified stages of completion of the project before a claim can be submitted. A core grant received this financial year is \$1.4m for the Hokitika Swimming Pool and the final claim for the 3 waters reform projects was also received. NZTA capital expenditure claims are \$2.6M behind forecast of which \$2M relates to capital expenditure on an Special Purpose Road which has only had \$80k spent YTD.**

**03 Interest Revenue**

Unbudgeted interest received from term deposits, mainly from past grant funding receipts and prefunding. Also starting to receive interest on Swaps whereas in the past these have been a finance cost. The positive variance of \$629k more than offsets the adverse increase of \$278k in finance costs against budget.

**04 Fees and charges**

The Building department continues to be busy with processing, compliance & inspection fees exceeding budget by \$145k. Refuse fees and the waste levy are collectively above budget by \$121k - an indication of the increasing tourism numbers. Planning department fees are down \$42k against budget. Demand for Land Information Memoranda revenue is trending downwards compared to prior years and as a result is \$55k down on budget.

**05 Other Revenue**

The dividend received from WHL was \$50k above budget. Recreation Contributions exceed budget by \$172k with 22 contributions being received to date. Unbudgeted cost recoveries relating to 3-Waters now total \$269k. The other key contributor is the non-cash gain on swaps which is \$783k above budget. Election costs totalling \$28k were invoiced in March.

**06 Employee benefit expenses**

Actual salary cost is lower than planned due to unfilled roles. However the shortages in Planning and Building has resulted in an increase in Contractor costs.

**07 Finance Costs**

While finance costs are over budget by \$278k due to higher than expected interest rates, these costs are more than offset by interest revenue, as noted above.

**08 Depreciation**

Depreciation is higher than budget mainly due to higher than expected asset value revaluation gains.

**09 Other expenses**

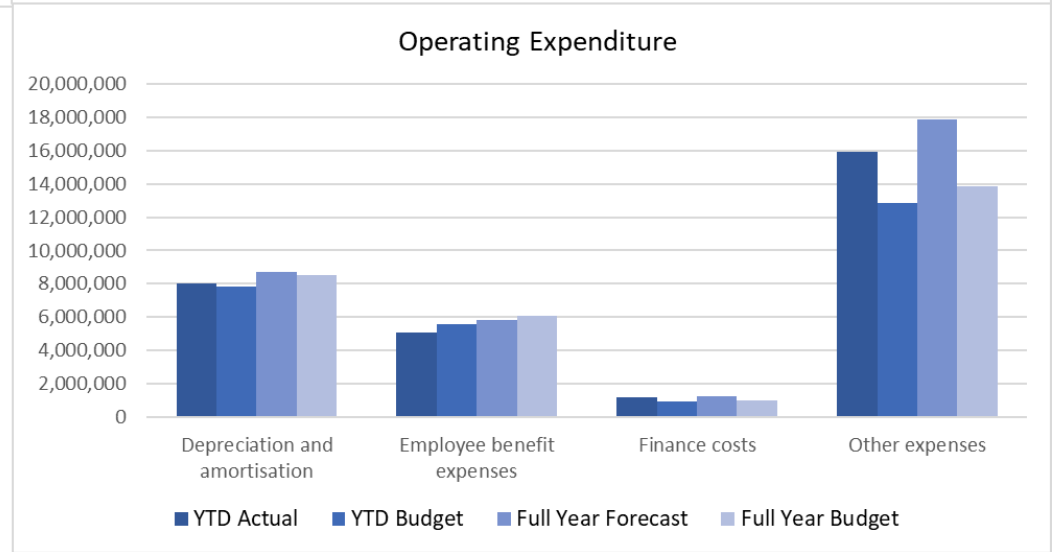
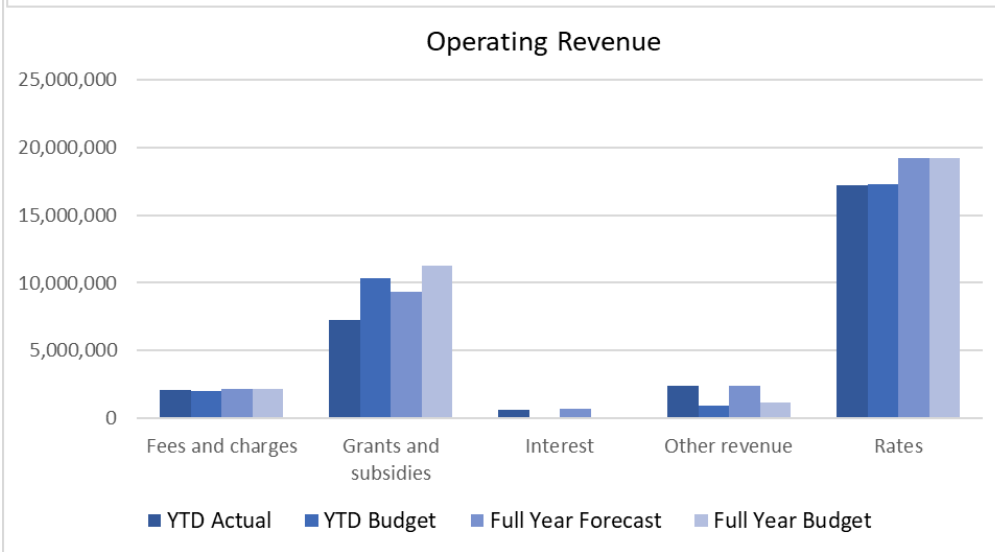
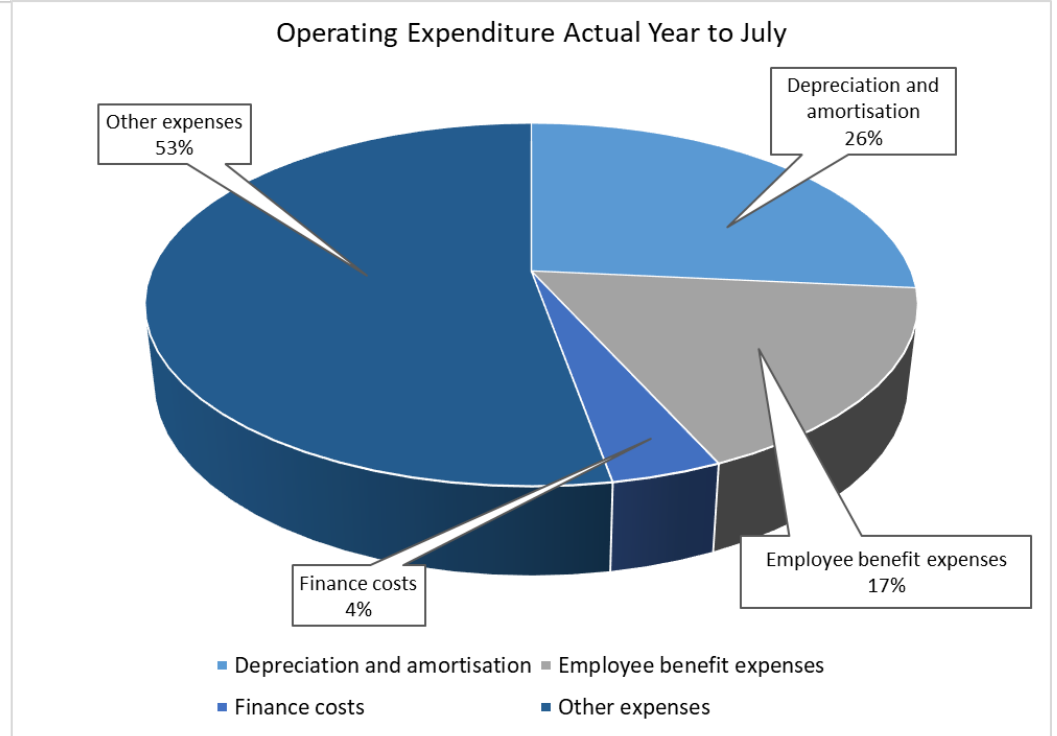
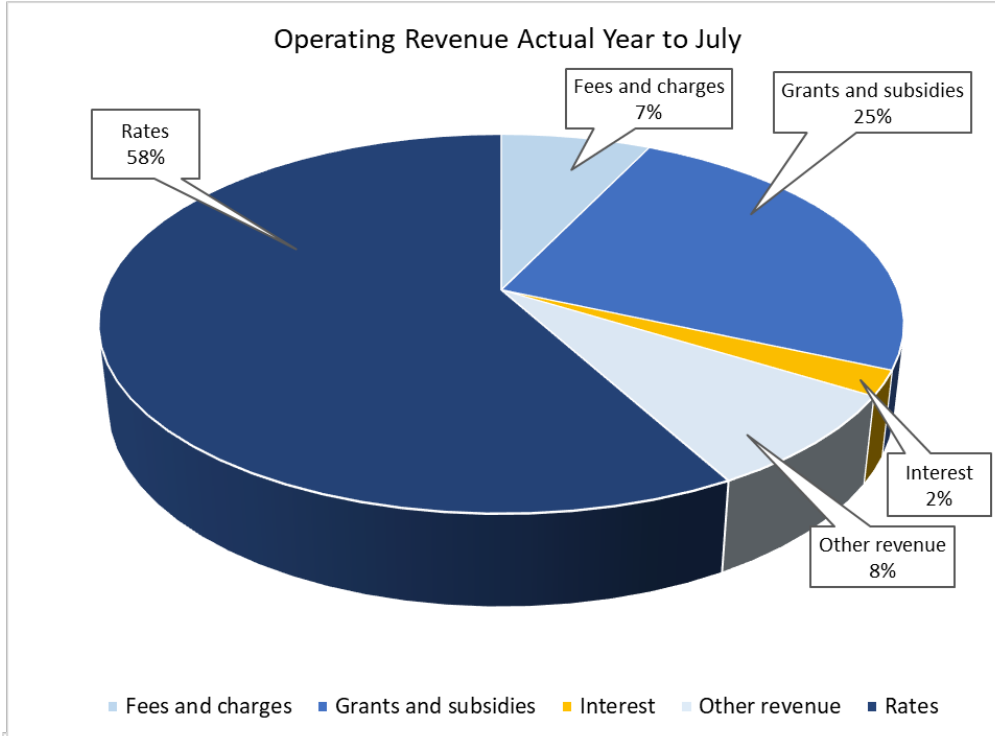
The major over budget cost is non-cash loss on Swaps \$802k (there is an offsetting gain of \$783k noted above). Land Transport expenses are over budget by \$690k (timing). Contractor costs in Planning and Building are over budget by \$348k due to staff shortages. Unbudgeted Responsible camping costs are \$365k but there is grant funding to offset this. Also included in Other Expenses are the MTFJ funded programme costs of \$286k, plus the unbudgeted continuation of the funded Halls repair works has contributed to other costs being over budget by \$249k.

## Statement of Financial Position

Statement of Financial Position			
	At 31 May 2023 \$000	Annual Plan 2022/23 \$000	Actual 2021/2022 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash & cash equivalents	10,385	2,436	9,389
Debtors & other receivables	2,138	2,819	5,029
Tax receivable	10	-	10
Derivative financial instruments	2	-	12
Other financial assets	48	-	3,048
<b>Total Current Assets</b>	<b>12,583</b>	<b>5,255</b>	<b>17,487</b>
<b>Non-current assets</b>			
Council Controlled Organisation	12,695	12,695	12,695
Deferred Tax	137	-	137
Intangible assets	105	392	136
Assets Under Construction	18,014	737	11,675
Derivative financial instruments	997	235	869
Other Financial Assets	564	825	617
Property, Plant and Equipment	488,307	460,329	493,213
Term Inventory	-	-	-
<b>Total Non-current assets</b>	<b>520,819</b>	<b>475,213</b>	<b>519,341</b>
<b>Total Assets</b>	<b>533,402</b>	<b>480,468</b>	<b>536,828</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Creditors & other payables	2,606	2,596	2,755
Employee benefit liabilities	477	384	489
Borrowings	3,000	-	3,000
Derivative financial instruments	-	94	-
Other	1,804	1,160	1,450
<b>Total Current Liabilities</b>	<b>7,887</b>	<b>4,235</b>	<b>7,693</b>
<b>Non-current liabilities</b>			
Deferred Tax	-	10	-
Employee benefit liabilities	30	42	35
Provisions	2,821	1,846	2,821
Borrowings	23,818	35,759	26,818
Derivative financial instruments	-	272	-
<b>Total Non-Current Liabilities</b>	<b>26,669</b>	<b>37,928</b>	<b>29,674</b>
<b>Total Liabilities</b>	<b>34,557</b>	<b>42,162</b>	<b>37,367</b>
<b>Net Assets</b>	<b>498,845</b>	<b>438,305</b>	<b>499,461</b>

	At 31 May 2023 \$000	Annual Plan 2022/23 \$000	Actual 2021/2022 \$000
<b>Equity</b>			
<b>Retained Earnings</b>	<b>170,085</b>	<b>182,545</b>	<b>170,583</b>
<b>Restricted Reserves</b>	<b>12,968</b>	<b>6,747</b>	<b>12,968</b>
<b>Revaluation reserves</b>	<b>315,616</b>	<b>248,926</b>	<b>315,733</b>
<b>Other comprehensive revenue and expense reserve</b>	<b>177</b>	<b>87</b>	<b>177</b>
<b>Total Equity</b>	<b>498,845</b>	<b>438,305</b>	<b>499,461</b>

## Revenue & Expenditure Graphs





## Funding Impact Statement

<b>Funding Impact Statement for Whole of Council</b>				
	2023 LTP \$000	2022 Annual Report \$000	2023 Annual Plan \$000	2023 At 31 May Actual \$000
<b>(SURPLUS) / DEFICIT OF OPERATING FUNDING</b>				
Sources of Operating Funding				
<b>General rates, uniform annual general charges, rates penalties</b>	<b>10,494</b>	<b>8,820</b>	<b>8,982</b>	<b>8,204</b>
<b>Targeted Rates</b>	<b>9,721</b>	<b>9,266</b>	<b>10,245</b>	<b>9,018</b>
<b>Subsidies and grants for operating purposes</b>	<b>2,563</b>	<b>3,208</b>	<b>2,135</b>	<b>3,007</b>
<b>Fees and charges</b>	<b>1,844</b>	<b>2,141</b>	<b>2,177</b>	<b>2,119</b>
<b>Interest and dividends from investments</b>	<b>257</b>	<b>115</b>	<b>257</b>	<b>937</b>
<b>Local authorities fuel tax, fines, infringement fees, and other receipts</b>	<b>918</b>	<b>2,621</b>	<b>944</b>	<b>2,112</b>
Total Operating Funding (A)	25,797	26,172	24,740	25,398
Applications of Operating Funding				
<b>Payments to staff and suppliers</b>	<b>18,774</b>	<b>19,660</b>	<b>19,950</b>	<b>20,918</b>
<b>Finance Costs</b>	<b>1,098</b>	<b>640</b>	<b>986</b>	<b>1,182</b>
Total Applications of Operating Funding (B)	19,871	20,300	20,936	22,100
<b>Surplus/(Deficit) of Operating Funding (A - B)</b>	<b>5,926</b>	<b>5,872</b>	<b>3,804</b>	<b>3,298</b>
<b>(SURPLUS) / DEFICIT OF CAPITAL FUNDING</b>				
Sources of Capital Funding				
<b>Subsidies and grants for capital expenditure</b>	<b>3,687</b>	<b>13,218</b>	<b>9,156</b>	<b>4,272</b>
<b>Development and financial contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in debt</b>	<b>6,378</b>	<b>8,000</b>	<b>5,941</b>	<b>-</b>
<b>Gross proceeds from sale of assets</b>	<b>-</b>	<b>4,008</b>	<b>-</b>	<b>13</b>
Total Sources of Capital Funding (C)	10,066	25,226	15,097	4,285
Application of Capital Funding				
<b>Capital Expenditure:</b>				
<b>-to meet additional demand</b>	<b>1,232</b>	<b>5,528</b>	<b>1,735</b>	<b>757,465</b>
<b>-to improve the level of service</b>	<b>5,271</b>	<b>4,045</b>	<b>14,250</b>	<b>3,342,802</b>
<b>-to replace existing assets</b>	<b>9,822</b>	<b>8,501</b>	<b>12,537</b>	<b>5,320,881</b>
<b>Increase (decrease) in reserves</b>	<b>(333)</b>	<b>9,023</b>	<b>(9,770)</b>	<b>(1,839)</b>
<b>Increase (decrease) of investments</b>	<b>-</b>	<b>4,000</b>	<b>149</b>	<b>-</b>
Total Applications of Capital Funding (D)	15,992	31,098	18,901	7,582
<b>Surplus/(Deficit) of Capital Funding (C - D)</b>	<b>(5,926)</b>	<b>(5,872)</b>	<b>(3,804)</b>	<b>(3,298)</b>
<b>Funding Balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Debtors 31 May 2023

<b>31/05/2023</b>					
<b>Type</b>	<b>Over 90 Days</b>	<b>60-90 Days</b>	<b>30-60 Days</b>	<b>Current</b>	<b>Total (\$)</b>
Building consents	12,833	9,551	14,541	63,450	100,376
Building Warrants	-	-	-	(320)	(320)
Resource consents	1,110	-	4,800	9,853	15,763
Sundry debtors	101,271	4,460	96,325	419,199	621,254
<b>Grand Total</b>	<b>115,214</b>	<b>14,011</b>	<b>115,666</b>	<b>492,182</b>	<b>737,073</b>
<b>31/05/2022</b>					
<b>Type</b>	<b>Over 90 Days</b>	<b>60-90 Days</b>	<b>30-60 Days</b>	<b>Current</b>	<b>Total (\$)</b>
Building Consents	19,403	816	10,718	12,044	42,982
Building Warrants	556	-	-	160	716
Resource Consents	3,063	1,491	453	3,402	8,409
Sundry Debtors	248,110	4,265	128,040	1,411,166	1,791,581
<b>Grand Total</b>	<b>271,131</b>	<b>6,573</b>	<b>139,212</b>	<b>1,426,773</b>	<b>1,843,688</b>

## Rates Debtors 31 May 2023

<b>Rates Debtors at 30 April 2023</b>	<b>3,614,642</b>
Rates instalment	
Less payments received	(2,929,420.23)
Paid in advance change	132,108.53
Previous years write off's	(1,182.60)
Write off's	-
Penalties	(46.06)
Discounts	(241.47)
Court Cost	-
	-2,798,782
<b>Total Rates Debtors at 31 May 2023</b>	<b>815,859.85</b>
Arrears included above at 31 May	815,860
Arrears at 30 April 2022	931,340
<b>Increase/(decrease) in arrears</b>	<b>(115,481)</b>

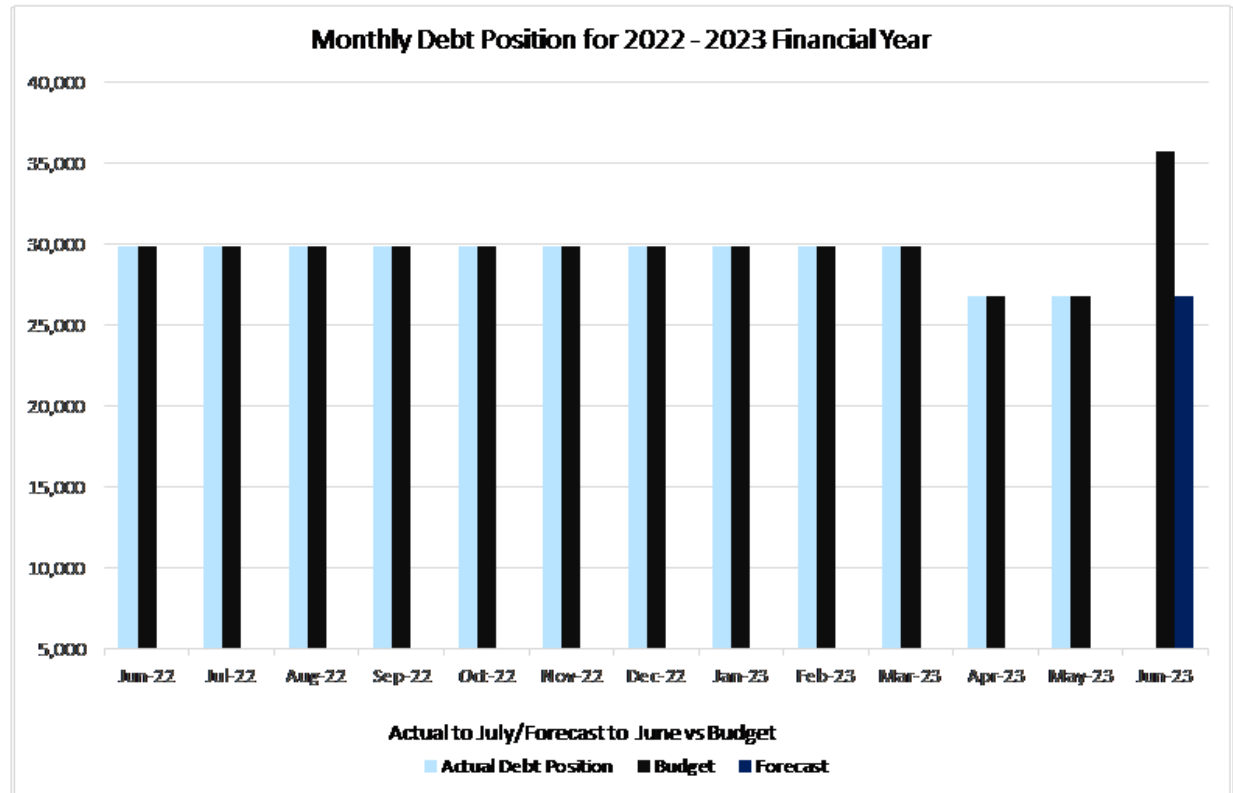
## Debt Position

### Debt Position 2022/2023 (\$000)

	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
Actual Debt Position	29,818	29,818	29,818	29,818	29,818	29,818	29,818	29,818	29,818	29,818	26,818	26,818	26,818
Budget	29,818	29,818	29,818	29,818	29,818	29,818	29,818	29,818	29,818	29,818	26,818	26,818	35,759
Forecast													26,818

### Forecast Debt Position for 2021-2022 Financial Year

Forecast as at	Jun-23
Opening Balance	29,818
Loan funded capex forecast	0
Forecast repayments 2021-22	-3,000
Forecast balance June 2023 per AP	26,818



## Capital Expenditure

### Capital Projects 2022/23

As at 31/05/2023

Project / Activity	YtD Expenses	Carry f/wd + Annual Plan	Forecast
	\$0	\$0	\$0
Leadership	115,465	558,728	151,104
Planning & Regulatory Services	4,801	<b>1,501,474</b>	<b>42,898</b>
Library & Museum	179,049	<b>1,175,658</b>	<b>629,425</b>
Water Supply	1,778,042	3,203,996	2,774,418
Waste Water	662,920	6,806,982	824,940
Solid waste	352,991	854,543	624,368
Storm water	1,434,875	2,480,533	1,890,510
Cemeteries	1,469	96,055	76,281
Swimming pools	249,298	1,629,499	249,298
<b>Facilities &amp; leisure services - other</b>	976,216	2,590,155	1,494,545
Parks & reserves	868,944	4,295,697	1,900,752
Land transportation	2,766,519	6,189,216	7,061,840
Unbudgeted capital expenditure	95,706	0	300,000
<b>Total</b>	<b>9,486,295</b>	<b>31,382,536</b>	<b>18,020,379</b>

For full details, please refer to report from District Assets.

# Report to Council



**DATE:** 22 June 2023  
**TO:** Mayor and Councillors  
**FROM:** Finance Manager

---

## Rates write offs and remissions 2022-23

### 1. Summary

- 1.1. The purpose of this report is to request Council approval to write off rates debts deemed uncollectable, and to apply remissions, for the financial year ended 30 June 2023.
- 1.2. This issue arises due to the provisions in Council's delegations manual that require staff to report to Council all the debt written off during the year.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2021, which are set out in the Long Term Plan 2021 - 31. Refer page 2 of the agenda.
- 1.4. This report concludes by recommending that Council that Council approve the write off, adjustment and remission of rates receivables and penalties totalling \$282,037 including GST (\$245,250 ex GST) for the financial year ending 30 June 2023.

### 2. Background

- 2.1. Remissions are applied in accordance with Council's Rates Remissions Policy.
- 2.2. Write offs are a last resort after Council exhausts all reasonable avenues to collect outstanding rates receivables. There are two circumstances which compromise Council's ability to recover overdue amounts:
  - 2.2.1. Section 65 of the Local Government (Rating) Act 2002 (LGRA) precludes the commencement of any court action to recover unpaid rates that are more than six years past due.
  - 2.2.2. Part 4 of the LGRA provides that rates are not collectable on unoccupied Maori land, unless it can be proven that income is derived from that land. To that extent, Maori land that is vested in trustees is liable for rates only to the extent of any money derived from the land, and that rates on multi ownership unoccupied Maori land are the liability of each owner only to the extent of their own interest in the land. These provisions render the rates on unoccupied Maori land uncollectable.

### 3. Current Situation

- 3.1. Analysis of the reason for the rates write offs and remissions are in the below table with comparative data from the previous financial year 2021-22.

Reason	22/23	21/22
Agreement	10,985	7,934
Correction	1,962	26,303
Half Rateable	32,408	29,838
Contiguous Uniform charges	10,069	55,395
Non Rateable (DOC/Low CV)	42,422	24,472
Non-Contiguous Remission on UAGC and Targeted Rates	94,988	90,412
Paid Full Year/Corrections		6,064
Payment Plan		1,367
Pre 7 Years	11,765	9,995
Subdivision		2,324
Unoccupied Maori Land	25,660	28,751
RID Review Adjustments	8,393	34,331
	<b>238,652</b>	<b>317,185</b>
<b>Special arrangement/Annual Review</b>		
Wastewater Annual Review - Reduced 5 Year corrections	43,385	28,707
<b>Grand Total</b>	<b>282,037</b>	<b>345,892</b>

3.2. Analysis of the type of write off and remission are in the below table.

Action	Type	Reason	Inc GST
<b>Remission</b>	<b>Penalties</b>	<b>Correction</b>	<b>1,962</b>
		<b>Rates</b>	
		<b>Half Rateable (C</b>	<b>32,408</b>
		<b>Uniform charges</b>	<b>10,069</b>
		<b>Non Rateable</b>	<b>42,422</b>
	<b>Subdivision</b>		
<b>Remission Total</b>			<b>86,861</b>
<b>Write Off</b>	<b>Arears</b>	<b>System Error</b>	<b>694</b>
		<b>7th Year</b>	<b>11,765</b>
		<b>Unoccupied Maori</b>	<b>25,660</b>
		<b>Correction Unoccupied Maori</b>	
	<b>Penalties</b>	<b>Correction</b>	
		<b>Paid Full Year</b>	
		<b>Payment Plan</b>	
<b>Rates</b>	<b>Correction</b>	<b>10,291</b>	
<b>AIRBNB ADJ</b>			<b>8,393</b>
<b>Write Off Total</b>			<b>56,803</b>
			<b>143,664</b>
<b>WO Previous Years Arears - Unoccupied maori land</b>			
<b>Non-Contiguous Remission on UAGC and Targeted Rates</b>	<b>UAGC Field 86</b>	<b>Council Policy</b>	<b>94,988</b>
<b>Wastewater School Review 2022-23</b>	<b>LTP</b>	<b>Annual Review</b>	<b>43,385</b>
			<b>138,373</b>
<b>Grand Total - Current year Write Offs</b>			<b>282,037</b>

3.3. The total has reduced compared to 2021-22, due to review of the rating information database in the previous year. Special arrangements as per the LGRA and WDC Remissions Policy have increased as they have been reviewed in full and adjusted in this financial year.

3.4. The budget for rates write offs and remissions for financial year 2022-23 is \$200,000 excluding GST. The total write offs and remissions are \$245,250 excluding GST resulting in a variance of \$45,250. This is due to adjustments which were unknown when preparing the Annual Plan budgets.

3.5. Rating units that qualify for remissions at the start of the financial year are identified during the preceding year and the amount to be remitted is allowed for when the rates are struck via a redistribution in the rating information database.

#### **4. Options**

4.1. Option 1: Approve the write offs and remissions amounting to \$282,037 including GST.

4.2. Option 2: Do not approve the write offs and remissions.

#### **5. Risk Analysis**

5.1. Risk has been considered and no risks have been identified.

#### **6. Health and Safety**

6.1. Health and Safety has been considered and no items have been identified.

#### **7. Significance and Engagement**

7.1. The level of significance has been assessed as being low as the decision is administrative. However, is of interest to the ratepayers of Westland District Council.

7.2. No public consultation is considered necessary.

#### **8. Assessment of Options (including Financial Considerations)**

8.1. Option 1 – Provides for a variance of \$45,250 against budget. This option is consistent with Councils rates remission policy and is prudent in respect of the write off, since under PBE IPSAS, assets must be stated at their net realisable value.

8.1.1. The financial implications have been identified.

8.2. Option 2 would breach Council's rates remissions policy. Were the write offs not applied it is certain that they would require provision, which would have the same financial impact as Option 1.

#### **9. Preferred Option(s) and Reasons**

9.1. The preferred option is Option 1.

9.2. The reason that Option 1 has been identified as the preferred option is that it is consistent with Council policy and PBE accounting standards.

#### **10. Recommendation(s)**

10.1. That the report be received.

10.2. That Council approves the total proposed rates write offs and remissions of \$282,037 including GST.

**Lynley Truman**  
**Finance Manager**



# Report to Council



**DATE:** 22 June 2023  
**TO:** Mayor and Councillors  
**FROM:** Chief Executive

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## REMITS TO LOCAL GOVERNMENT NEW ZEALAND

### 1. Summary

- 1.1. The purpose of this report is to seek endorsement of suitable Local Government New Zealand (LGNZ) remits. The remits must have formal support from at least one zone or sector group meeting, or five Councils, prior to their being submitted, in order for the proposer to assess support and achieve clarity about the ambit of the proposal.
- 1.2. This issue arises from Council formalising the process for endorsement of remits.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2021, which are set out in the Long Term Plan 2021 - 31. Refer page 2 of the agenda.
- 1.4. This report concludes by recommending that Council endorse the remits.

### 2. Background

- 2.1. The reason the report has come before the Council is that every year at the Local Government New Zealand AGM remits are presented and voted on by the members.
- 2.2. Proposed remits, other than those relating to the internal governance and constitution of Local Government New Zealand, should address only major strategic "issues of the moment". They should have a national focus articulating a major interest or concern at the national political level.
- 2.3. The remits will be considered at the Local Government New Zealand Annual General Meeting to be held on the 26<sup>th</sup> July 2023 in Christchurch.
- 2.4. There are 11 remits being proposed. A copy of the remits is attached at **Appendix 1** as follows:

#### 1 Allocation of risk and liability in the building sector –

That LGNZ:

- Engage directly with the Minister for Building and Construction to advocate for a change to the current joint and several liability framework, including examination of the MBIE policy position statement Risk, Liability and Insurance in the Building Sector.
- Make the case for alternatives and changes to joint and several liability through updating policy advice and engaging with industry groups.

## **2 Rates Rebate**

That LGNZ advocate to Central Government to:

- Raise the income threshold for rates rebate eligibility to enable more low and fixed income property owners access to the rebate
- Adjust the rebate amount in line with inflation and the cost of living
- Investigate options to make rates rebates more accessible for residents by implementing an income data sharing process similar to that of Horowhenua District Council and Levin MSD office. This will enable Councils to obtain benefit income on behalf of the ratepayer and make it easier to apply for the rates rebate
- Investigate options for data sharing between Councils, Internal Affairs and Ministry of Social Development to proactively identify households that qualify for a rates rebate rather than waiting for people to apply.

## **3 Roading/Transport Maintenance Funding**

That LGNZ advocate to Central Government to:

- Publicly lobby all political parties to increase Crown funding for state highway and local road maintenance budgets.
- Consider and pursue other avenues including the Office of the Auditor General to seek resolution of the issues facing the country in relation to the systemic rundown of our national roading infrastructure.

## **4 Local election accessibility**

That LGNZ explores and promotes options that enable councils to make greater use of co-chair arrangements for standing committees, joint committees and sub committees.

## **5 Ability for co-chairs at formal meetings**

That LGNZ ensure Local Government Elections are fully accessible by advocating to central government to make local government candidates eligible for the Election Access Fund.

## **6 Parking infringement penalties**

That LGNZ advocate to central government to enable councils to determine penalties for parking infringements.

## **7 Rural and regional public transport**

That LGNZ:

- Acknowledges the Government stated support for a major uplift in all urban bus networks nationwide under New Zealand's first emission reduction plan.
- Calls on the Government and opposition parties to commit to increasing investment in public transport for rural and regional communities to support access to essential services and amenities, vibrant rural communities and just transition to a low emission transport system.

## **8 Establishing resolution service**

That LGNZ:

- Investigates the creation of an LGNZ independent, national process to handle complaints or concerns, ensuring fairness, protection, and accountability in local government.
- Works with the Local Government Commission<sup>4</sup> to implement findings from its September 2021 Report – Local Government Codes of Conduct

## **9 Earthquake prone buildings**

- That LGNZ investigate and report to members on ways to help councils and communities that are struggling with the time frames in the Earthquake Prone Building (EPB) sections of the Building Act and council policies pertaining to Priority Thoroughfares.

**10 KiwiSaver contributions for elected members**

- That LGNZ ask the Government to amend the law to enable councils to make contributions to an elected members' KiwiSaver scheme.

**11 Audit NZ Fees**

That LGNZ calls on central government to take action to reduce council audit fees by:

- revisiting the scope and requirements of reporting and auditing on councils
- conducting a review on the practice of audit in councils and work on best practice guidance to streamline this process
- This review should examine whether the reporting and audit requirements of councils are consistent with the level of reporting and audit that is required of other public entities.

**3. Current Situation**

3.1. The current situation is that Council needs to consider if they wish to support the remits being proposed.

3.2. Her Worship the Mayor as Presiding Delegate will vote on the remits on Council's behalf at the AGM.

**4. Options**

4.1. Option 1: Is to receive the report and determine which remits will be supported by Council.

4.2. Option 2: Is to not receive the report and not to submit a vote for the remits.

**5. Risk Analysis**

5.1. Risk has been considered and no risks have been identified.

**6. Health and Safety**

6.1. Health and Safety has been considered and no items have been identified.

**7. Significance and Engagement**

7.1. The level of significance has been assessed as being of administrative in nature and therefore of low significance.

7.1.1.No public consultation is considered necessary.

**8. Assessment of Options (including Financial Considerations)**

8.1. Option 1 – this option would mean that Council has provided an input into the process of considering remits being proposed at the LGNZ AGM.

8.1.1.There are no financial implications to this option.

**9. Preferred Option(s) and Reasons**

9.1. The preferred option is Option 1.

9.2. The reason that Option 1 has been identified as the preferred option is that it supports local authorities with their endeavours to provide clear direction for LGNZ national body.

**10. Recommendations:**

10.1. That the report be received.

- 10.2. That Council support the endorsement of remits (as determined) being submitted to the Local Government New Zealand Annual General Meeting on the 26 July 2023.
- 10.3. That Council endorse Her Worship the Mayor as Presiding Delegate to vote at the Local Government New Zealand Annual General Meeting 2023 on behalf of Westland District Council.

**Simon Bastion**  
**Chief Executive**

**Appendix 1:** LGNZ 2023 Annual General Meeting – Remits



# REMITTS

// 2023 Annual General Meeting



Please note that this document is not the full set of papers for this year's AGM. It just includes the remits going forward to the AGM so members can decide how they will vote on them. The full set of AGM papers will be shared no later than 10 working days before the AGM.

# // 01

## Allocation of risk and liability in the building sector

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**Remit:** *That LGNZ:*

- *Engage directly with the Minister for Building and Construction to advocate for a change to the current joint and several liability framework, including examination of the MBIE policy position statement Risk, Liability and Insurance in the Building Sector.*
- *Make the case for alternatives and changes to joint and several liability through updating policy advice and engaging with industry groups.*

**Proposed by:** Queenstown-Lakes District Council

**Supported by:** LGNZ Metro Sector

### Why is this remit important?

This remit is important because the current joint and several liability approach to building defects sees councils/Building Consent Authorities (BCAs) often being the only party left to compensate homeowners, known as the 'last party standing'.

Ratepayers are therefore bearing a disproportionate burden, affecting the ability of councils throughout Aotearoa New Zealand to carry out core services. Councils are having to borrow money to pay for significant claims to cover the failures of other parties because they are the last party standing, reducing their ability to invest in other council services (e.g. infrastructure, community services etc). There is a presumption in the current system that ratepayers are able to bear these costs that is not tenable.

### Background and Context

#### What has caused this issue?

When there are claims by property owners relating to weather tightness and other building defects, the existing joint and several liability rule places the risk of insolvency or lack of insurance of one party onto other parties. This arbitrarily increases the liability of remaining parties (defendants) above their proportionate responsibility.

It is Queenstown Lakes District Council's (QLDC) position that requiring ratepayers to pay compensation where defendants are missing is unjust. QLDC is not unsympathetic to the need for losses to be recovered, but risk management is a shared responsibility. It is important that all participants in the system have clear accountabilities and not be able to escape their share of responsibility by ceasing to operate or liquidating.

Weather tightness and other building defect claims are a national problem.

The joint and several liability system has significant impacts including:

1. Rates increases. The settlement of large defective building claims has led to higher borrowing and interest costs for QLDC. The annual cost of the borrowing required to fund the settlements made in the past two years is \$5.3M and the increase in interest costs for



2. 2023-24 is \$4.4M, which has a rates effect of 4.03% for the year. The legal and financial challenges facing councils from these claims are ongoing and more costs can be anticipated in the future; it is not an issue that is diminishing.
3. Reduced ability to invest in community development. The subsequent effects of funding legal claims through the joint and several liability system include a loss in borrowing capacity, that could result in the reduction of investment in community assets such as parks, libraries, performing arts and recreation facilities.
4. A more cautious and demanding building consent function. The risk of being left liable has a negative impact on BCA performance and also creates higher compliance costs for the building sector. It also reduces willingness to consider non-standard solutions which potentially have a higher chance of failure. This negatively affects market performance and innovation that is vital in an era of climate adaptation.

#### Proposed changes

It is recommended that the liability framework should change to one of proportionate liability. This would reflect the roles and responsibilities of the parties involved and encourage those best placed to manage the risk (building practitioners) to actively manage it. This should be accompanied by a system of compulsory home warranty guarantee (that is effective) and/or insurance products. The homeowner interest would then be protected and there would no longer be an impediment to moving to proportional liability.

In the alternative, if the joint and several approach to liability remains, it is recommended that there should be a cap on BCA liability. A limit of 20% would be proportionate to the supervisory role BCAs perform under the Building Act 2004 and current apportionments underpinned by meaningful warranties and insurance (with a government underwrite if necessary) for residential properties and significant alterations.

#### What QLDC has already done to address this issue and bring about the proposed change

Alongside a vigorous defense of claims, QLDC is also advocating for a change to the process to address the inequitable outcomes of the current system for rate payers. It is doing this by advocating to central government, partnering with LGNZ in drafting submissions and discussion via the Metro Sector Mayors forum.

MBIE are currently reviewing the building consent process. They have refused to consider or address the impacts of the current liability settings. LGNZ (and QLDC reps in particular) have lobbied to broaden this scope, and the wider industry also seems sympathetic. It is time to escalate the issue with central government beyond officials.

### **How does this remit relate to LGNZ's current work programme?**

LGNZ is engaged in the MBIE Review of the Building Consent System through submissions and participation on the Sector Reference Group but does not have a broader advocacy work programme of its own beyond this. And to date, LGNZ's advocacy to political leaders on the issue has been minimal.

Adopting this remit will give LGNZ a stronger and more specific mandate to progress this issue, particularly at the political level, which may assist with achieving greater traction given MBIE officials

have taken the position that the joint and several liability regime is outside the scope of building consent sector reform programmes.

### **How will the proposing council help LGNZ to make progress on this remit?**

This is an acute issue for QLDC, but it affects any council that has a BCA function. QLDC is committed to advocating for a change to the current regime, and continuing to work alongside LGNZ, providing policy and strategy support and expertise where needed.

### **Is the remit relevant to local government as a whole?**

Yes. This remit is about the BCA function of councils, which includes all unitary and territorial authorities.

### **Is the remit of a major policy nature?**

Yes. This remit deals with joint and several liability within the building sector.

# // 02

## Rates Rebate

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**Remit:** *That LGNZ advocate to Central Government to:*

- *Raise the income threshold for rates rebate eligibility to enable more low and fixed income property owners access to the rebate*
- *Adjust the rebate amount in line with inflation and the cost of living*
- *Investigate options to make rates rebates more accessible for residents by implementing an income data sharing process similar to that of Horowhenua District Council and Levin MSD office. This will enable Councils to obtain benefit income on behalf of the ratepayer and make it easier to apply for the rates rebate*
- *Investigate options for data sharing between Councils, Internal Affairs and Ministry of Social Development to proactively identify households that qualify for a rates rebate rather than waiting for people to apply.*

**Proposed by:** Horowhenua District Council

**Supported by:** LGNZ Zone Three

### Why is this remit important?

Rates rebates are an important mechanism to assist low- and fixed-income ratepayers to pay their annual rates. In this cost of living crisis we are experiencing, more low and fixed income people are experiencing poverty and extreme hard times.

To support and assist all eligible ratepayers, the process should not be onerous, it should be streamlined, accessible and able to be carried out in a way where applicants' dignity is upheld.

### Background and Context

Available from the Department of Internal Affairs, a rates rebate is a partial rebate for eligible, low-income ratepayers who pay rates on their home to a Council.

The Rates Rebates Scheme provides a rebate for eligible applicants who need to apply each year and:

- Provide the total household income, before tax;
- Complete the rates rebate application form;
- If applicable, complete the retirement village or company-share declaration form; and
- Return their application to the relevant Council by 30 June each year.

To apply for the rebate, applicants must be:

- Living in their own home on 1 July of the current rating year
- Listed as the ratepayer in the Council's Rating Information Database (RID).

Looking to streamline the application process for a rates rebate, in 2022, Horowhenua District Council worked with the Levin Ministry of Social Development (MSD) office to implement a 'Rates Rebate MSD Wavier Form'. This form was designed to provide Council with customer income details to assist with the rates rebate application process. Once the form was signed by the property owner, it was lodged with MSD who then confirmed income details with Council. This removed the need for the applicant to travel to the MSD, as well Council, to provide proof of income, which can be a burden to the process and it made the process smarter and less time consuming.

As this is currently a process unique to the Horowhenua District Council and Levin MSD, it is proposed that this process and any income/data sharing initiatives be implemented into the application process country-wide.

It is also proposed that enhancements to data sharing between Councils, the Department of Internal Affairs and MSD be investigated with the aim of streamlining the process and ensuring that those who are eligible, receive the rebate, through using available incomes and rates information.

Further, it is proposed that the threshold for eligibility is lowered to enable more low- and fixed-income property owners access to the rebate. With high inflation and household costs rising over the past two years, more households are struggling including those on low and fixed incomes. An increase in the eligibility for a rates rebate, by lowering the income threshold would assist those who are potentially most vulnerable in our community.

### **How does this remit relate to LGNZ's current work programme?**

This remit is aimed at advancing a similar remit passed at the 2020 AGM:

*"That LGNZ works with the Government to lift the level of rates rebates available for low- and fixed-income property owners – with yearly increases taking into account the cost for inputs into local government services."*

LGNZ is still to make substantial progress on the 2020 remit.

### **How will the proposing council help LGNZ to make progress on this remit?**

A member of the Horowhenua District Council Executive Leadership Team and members of the Finance Team with rates rebates expertise are open to working with LGNZ to progress this work for the benefit of New Zealand's low-income ratepayers.

### **Is the remit relevant to local government as a whole?**

Yes.

### **Is the remit of a major policy nature?**

Yes: rates rebates are an important mechanism to assist low- and fixed-income ratepayers to pay their annual rates. Due to the cost-of-living crisis, more low- and fixed-income ratepayers are experiencing financial difficulty.

# // 03

## Roading/Transport Maintenance Funding

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**Remit:** *That LGNZ:*

- *Publicly lobby all political parties to increase Crown funding for state highway and local road maintenance budgets.*
- *Consider and pursue other avenues including the Office of the Auditor General to seek resolution of the issues facing the country in relation to the systemic rundown of our national roading infrastructure.*

**Proposed by:** New Plymouth District Council

**Supported by:** Kāpiti Coast District Council, Whanganui District Council, Palmerston North City Council, Grey District Council, Waipā District Council, Matamata-Piako District Council, Rotorua Lakes Council, Thames-Coromandel District Council, Masterton District Council, Whakātane District Council, Far North District Council, South Taranaki District Council, Rangitīkei District Council, Tasman District Council, Wairoa District Council, Waimakariri District Council, South Waikato District Council, Kaikōura District Council, Waikato District Council, Hamilton City Council, Mackenzie District Council, Central Hawke's Bay District Council

### Why is this remit important?

The current state of national highways is unacceptable. Sufficient increase in funding is required to achieve a national average for remaining seal life of no less than 3.6 years (pre-2010 levels) across the state highway network. This needs to be done within the next 10 years, in partnership with councils, and with corresponding asset health improvements on local roads, to ensure the safety of all New Zealanders. Other avenues to seek resolution from include the Auditor-General, relevant Ministers and the Transport and Infrastructure Select Committee.

### Background and Context

Waka Kotahi's maintenance and renewal programme has clearly been insufficient to maintain asset health measured via the average remaining seal life. There are numerous media reports about the issues being faced across New Zealand.

Graph 1 (attached in Appendix #) shows the average remaining seal life of state highways by region. This information was obtained under the Official Information Act 1982 from Waka Kotahi. It shows the significant decline in the average seal life of state highways. Nationally, the average remaining life in 2010 was 3.6 years. In 2018 this declined to around 1.8 years and remains steady. However, at a regional level there are large discrepancies.

In 2010 every region had an average remaining life of between 2.9 and 4.4 years (a range of 1.5 years difference). By 2023 the range was from -0.6 to 3.3 years (a range of 3.9 years) with four regions having a seal age of less than one year, including Hawke's Bay which recorded its seventh year with an average of less than zero.

The issue nationally is predominantly with chipseal roads rather than asphalt mix, with some exceptions. In 2023, across chipseal roads, five regions have an average remaining life of less than one year, with Hawke's Bay's roads again below zero. Within asphalt roads, Southland set an unfortunate record with an average remaining life of -2.5 years. Graph 2 (attached) shows the average remaining life of different surface types by region today.

Last year LGNZ commissioned Infometrics to undertake a report into trends in road transport funding<sup>1</sup>. That report noted that funding for roads per kilometre travelled only increased by 0.8% p/a in the five years to 2021, whilst construction costs increased 1.1% p/a in the same five years. That report ended its analysis in 2021. With considerable cost inflation over the past two years and decreased land transport revenue due to Covid, it is almost certain that the funding gap has grown even further. Inflation for Heavy and Civil Engineering Construction peaked at 15.1% pa in the September 2022 quarter<sup>2</sup>.

That increased funding gap to roads is likely to result in even further pressure on state highway maintenance and lifespans. The national stabilisation of the average remaining life of state highways may falter in the coming years, seeing further downward movement. Such a decrease will see more parts of the state highway network fail.

This year the Government is developing its next Government Policy Statement on Land Transport (the GPS). The GPS sets the funding buckets for Waka Kotahi. Influencing the development of the next GPS is one key way in which to ensure regional state highways do not continue to deteriorate. The Land Transport Management Act specifically states the Minister must regard the views of LGNZ. This remit therefore proposes a position for LGNZ.

## **How does this remit relate to LGNZ's current work programme?**

Following the commissioning of the Infometrics report, there is further work to be done to ensure New Zealand's roading infrastructure reaches an acceptable quality level. LGNZ need to have input into the development of the next GPS and undertake a much wider advocacy role by:

- Seeking further investigations from the Auditor-General on state highway maintenance and asset management practices. This will build on the 2020 investigation into the Network Outcomes Contracts<sup>3</sup> which highlighted poor performance measures for network performance.
- Meeting with relevant Ministers (including Transport, Infrastructure and Finance) on issues with the funding, renewals and asset management of state highways, to highlight the outlined issues.
- Meeting with the Transport and Infrastructure Select Committee and its members at appropriate times to highlight these issues, such as during the annual review of Waka Kotahi.

Progressing this remit would form part of LGNZ's existing, broader advocacy work on transport.

<sup>1</sup> <https://www.lgnz.co.nz/assets/PDFs/Analysing-trends-in-road-transport-funding-November-2022.pdf?vid=3>

<sup>2</sup> <https://www.stats.govt.nz/information-releases/business-price-indexes-december-2022-quarter/>

<sup>3</sup> <https://oag.parliament.nz/2020/nzta-contracts>

## **How will the proposing council help LGNZ to make progress on this remit?**

New Plymouth District Council would be available in an advocacy/committee member capacity to provide input and feedback as LGNZ undertake the tasks outlined in this remit.

## **Is the remit relevant to local government as a whole?**

Yes. This remit is about addressing the rundown of our national roading infrastructure and increasing the funding available for the network as a whole. The 23 councils that supported it represent five out of six LGNZ zones, showing it's an issue across local government.

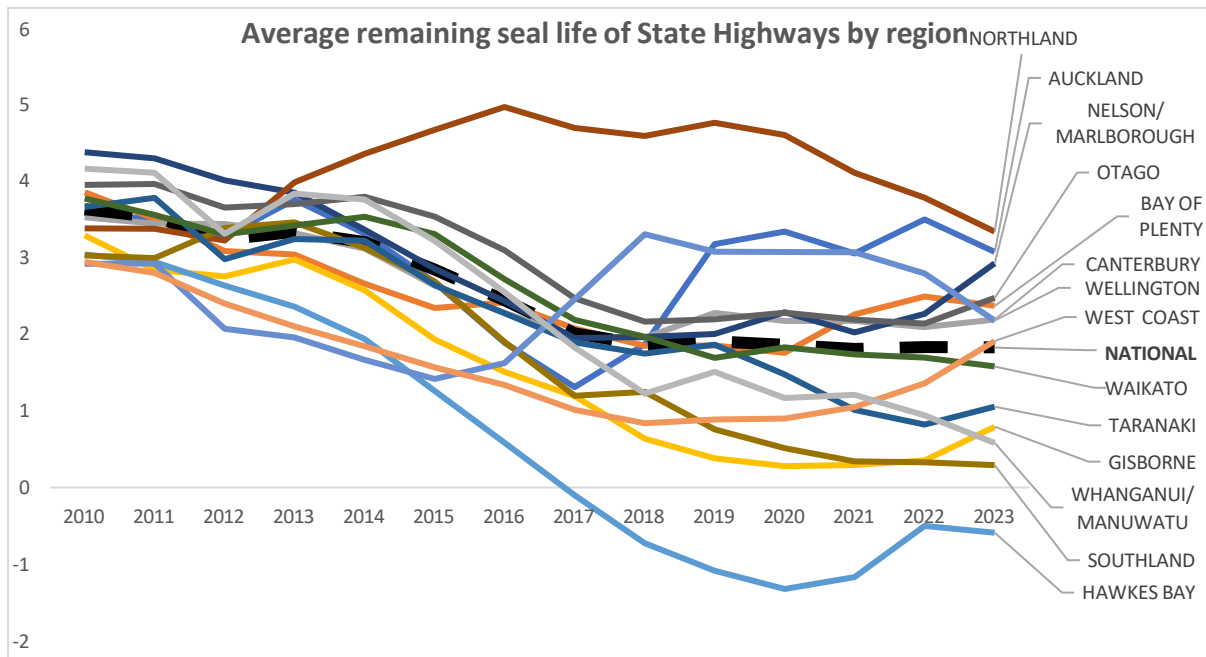
## **Is the remit of a major policy nature?**

Yes. This remit deals with national funding and a large, system-wide issue that affects the safety of our roads for all New Zealanders.

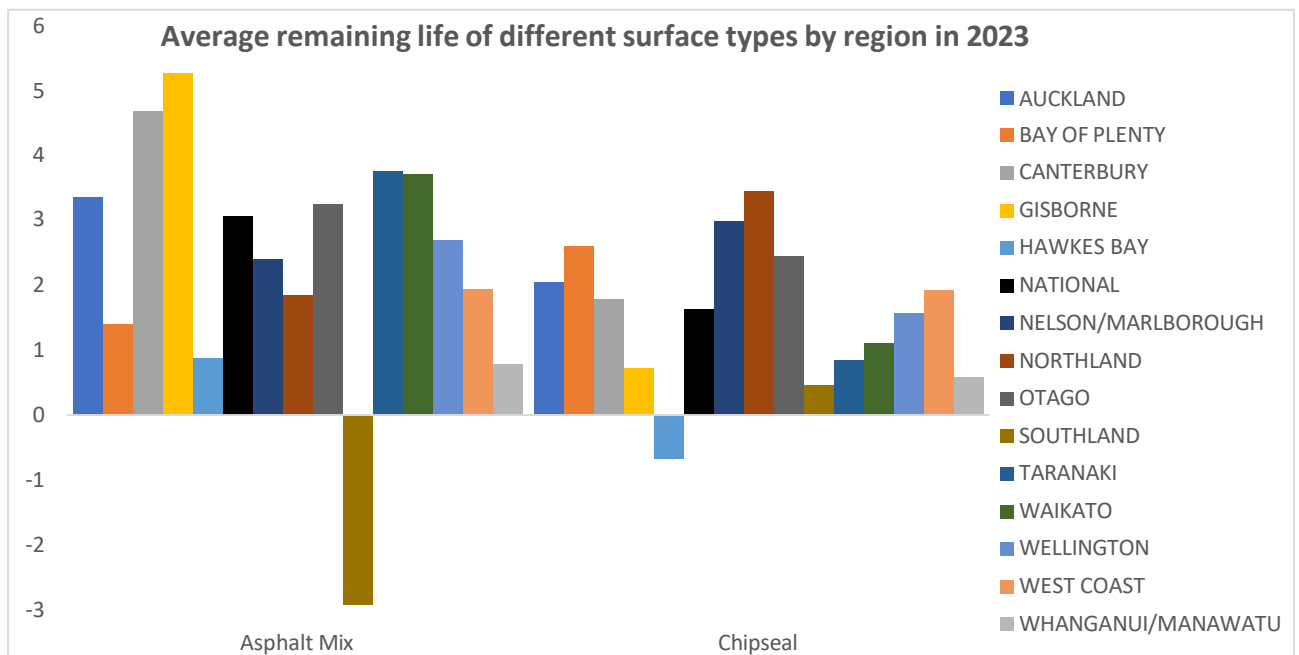
## **Supporting Document**



**Graph 1**



**Graph 2**



# // 04

## Local election accessibility

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**Remit:** *That LGNZ ensure Local Government Elections are fully accessible by advocating to central government to make local government candidates eligible for the Election Access Fund.*

**Proposed by:** Whangārei District Council

**Supported by:** LGNZ Zone 1

### Why is this remit important?

This remit aims to ensure Local Government Elections are fully accessible to disabled people who decide to stand as a candidate.

This requires action as disabled people make up 25% of New Zealand's population, which makes it the largest minority group. Yet there is almost no representation of people with disabilities in both central and local government.

### Background and Context

Local government elections have been inaccessible to candidates with disabilities.

The Election Access Fund (the Fund) currently operates for disabled people who are standing for parliament in the general elections. At present, the Fund does not extend to disabled people standing for local elections.

The disability community tend to have lower disposable incomes than the rest of the population. This makes access to council positions extremely difficult. It is a non-accessible environment, and the general cost of campaigning and other council-associated expenses are prohibitive.

The Fund can be used to pay for disability related costs during selection or campaigning, such as, accessible transport to events or meetings, or New Zealand Sign Language Interpreters.

At the time of the establishment of the Fund, while there was extensive consultation with disability organisations, the disability community expressed deep disappointment that the fund was limited to general elections. The rationale for the exclusion is unclear.

There is no good reason for such exclusion, and it diminishes the principle of enabling disabled people to stand for political roles and undermines New Zealand's commitment to Article 29 of the United Nations' Convention on the Rights of Persons with Disabilities.

We know that representation is critical for creating change for any group of people. As the largest minority in New Zealand and in the world, disabled people lack political representation, which leads to poor outcomes.

Having a voice in local government provides a different lens on various issues and has the potential to make a significant difference to disabled people and the wider community.

Whangārei District Council feel that this remit is an obvious extension of a provision that is already in place at central government level.

### **How does this remit relate to LGNZ's current work programme?**

LGNZ's vision is to create the most active and inclusive local democracy in the world. Therefore this proposed remit fits squarely in the space of ensuring inclusive participation in local government. Progressing this work could form part of the work LGNZ is already doing to promote greater diversity, equity and inclusion in local government.

### **How will the proposing council help LGNZ to make progress on this remit?**

Whangārei District Council will support the implementation of the remit to ensure that local accessibility issues are addressed, to enable inclusivity throughout the local government election cycle.

### **Is the remit relevant to local government as a whole?**

Yes.

### **Is the remit of a major policy nature?**

Yes.

## **Supporting Document**

## LGNZ Remit – Election Access Fund for Local Elections

**Submission:** The Disability Advisory Group request that Whangarei District Council (alongside other Northland councils) supports and submits a remit to LGNZ for the Election Access Fund to be extended to local body elections.

Disabled people make up 25% of New Zealand’s population, which makes it the largest minority group. Yet there is almost no representation in both central and local government.

It is important that people with lived experience of disability receive the support they need to run in both general and local body elections. Disabled people have a different lens to many issues and lack representation.

There is no reason why this access fund should not be applicable to local government elections. New Zealand ratified the United Nation Convention on the Rights of Persons with Disability (UNCRPD), in 2008. Article 29 of the Convention is Participation in political and public life. The fund is a direct response to that Article.

**Background:** The Election Access Fund currently operates for disabled people who are standing for parliament in the general elections. At present, this fund excludes disabled people standing for local elections.

*“The purpose of the Fund is to reduce cost barriers faced by disabled people by covering disability-related costs which non-disabled candidates do not face. The Fund covers both seeking selection to be a candidate, and campaigning as a candidate. The Fund will enable the Commission to pay for additional costs that candidates incur because of their disability when organising and preparing to stand for Parliamentary elections.*

*The Fund does not cover local body elections.”*

Retrieved from the Electoral Commission website: [elections.nz](https://www.elections.nz)

The disability community tend to have lower disposable incomes than the rest of the population. This makes access to council positions extremely difficult. It is a non-accessible environment, and the general cost of campaigning and other council-associated expenses are prohibitive.

The Fund can be used to pay for disability related costs during selection or campaigning. For example, accessible transport to events or meetings, or New Zealand Sign Language Interpreters.

At the time of the establishment of the fund, while there was extensive consultation with disability organisations, the disability community expressed deep disappointment that the fund was limited to general elections. The rationale for the exclusion is unclear.

There is no good reason for such exclusion, and it diminishes the principle of enabling disabled people to stand for political roles and undermines NZ's commitment to Article 29 of the UNCRPD.

We know that representation is critical for creating change for any group of people. As the largest minority in NZ and in the world, disabled people lack political representation, which leads to poor outcomes. Northland elected members should also note that their region has the second highest rate of disability at 29% according to the 2013 Disability Stats (which is being conducted again this year).

Having a voice in local government provides a different lens on various issues and has the potential to make a significant difference to disabled people and the wider community.

## // 05

### Ability for co-chairs at formal meetings

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**Remit:** *That LGNZ explores and promotes options that enable councils to make greater use of co-chair arrangements for standing committees, joint committees and sub committees.*

**Proposed by:** Northland Regional Council

**Supported by:** LGNZ Zone 1

### Why is this remit important?

There is currently a lack of clarity around what arrangements councils can adopt to enable co-chairs for standing committees, joint committees and sub-committees. This is despite growing emphasis on increasing diversity in our governing arrangements, including by the Future for Local Government Review. Enabling councils to easily appoint co-chairs is one way to increase diversity and inclusion by providing opportunities for under-represented groups, including Māori, to take a more active role in local governance. More clarity is needed for councils on how to adopt effective co-chairing arrangements.

### Background and Context

The Northland Regional Council (NRC), like many councils in New Zealand, has been continually looking at the different ways it can work effectively with its Te Tiriti o Waitangi partners. To deliver on that commitment it has established a number of joint committees and working parties, for example a Joint Climate Change Adaptation Committee. This committee was established in 2021 by the four Northland councils to ensure an effective, efficient, and equitable response to the impacts of climate change. The joint committee has 50/50 membership with each council appointing an elected member and an iwi/hapu representative. It believes that this committee would benefit from a co-chairing arrangement.

There is currently a lack of clarity around whether joint committees, standing committees and sub-committees can have co-chairs. Making it easier for councils to adopt co-chair arrangements would help to increase diversity and inclusion in local government decision-making.

Co-chair arrangements can also be a helpful way of building knowledge and skills amongst new elected members who may have little experience of local government – especially representatives from sectors of communities who are often under-represented, such as youth and migrant communities. Working alongside existing chairs can help to de-mystify council processes and support councils and communities to develop a more diverse and inclusive group of future leaders.

This remit would give LGNZ scope to explore current barriers to co-chair arrangements, find ways to overcome those barriers, and undertake work to support councils to make greater use of co-chair arrangements, for example providing guidance and/or sharing best practice examples.

## **How does this remit relate to LGNZ's current work programme?**

The particular issue the remit raises is not currently part of LGNZ's work programme. However, it aligns with two of LGNZ's goals: that more people value and participate in local government, and stronger Te Tiriti-based partnerships between local government and Māori. The remit also aligns with LGNZ's focus on increasing diversity and inclusion in local government, and the Future for Local Government Review's focus on increasing participation in local government. This remit proposes taking action that would enhance that existing work.

## **How will the proposing council help LGNZ to make progress on this remit?**

NRC would be advocates, alongside LGNZ, for any necessary changes in legislation required to provide the ability for Co-Chairs on council standing committees, joint committees and sub committees.

## **Is the remit relevant to local government as a whole?**

Yes

## **Is the remit of a major policy nature?**

Yes: the remit provides an option for increasing diverse and inclusive participation in council decision-making processes. This would also help to ensure local governance practice reflects the content and spirit of Te Tiriti o Waitangi.



# // 06

## Parking infringement penalties

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**Remit:** *That LGNZ advocate to central government to enable councils to determine penalties for parking infringements.*

**Proposed by:** Whangārei District Council

**Supported by:** LGNZ Zone 1

### Why is this remit important?

Currently penalties for parking infringements are set by legislation and are not appropriate for the cost of resourcing the infringements, nor set at a level that is appropriate for the infringement.

### Background and Context

Currently the Land Transport (Offences and Penalties) Regulations 1999, Schedule 1B Part 1 sets the amount for parking infringements and the Transport (Towage fees) Notice 20204 sets the towage fees.

Whangārei District Council is currently charging the allowable amounts under this legislation but is unable to recover actual public land towing costs from the vehicle owner.

This remit advocates for penalties to be able to be set at a local level so that they are appropriate to the costs, with particular focus on:

- ensuring that clearway towing fees allow councils to recover full costs associated with towing on clear ways, and
- allowing councils to consider increases to infringement fees for misuse of disability parking spaces.

### How does this remit relate to LGNZ's current work programme?

LGNZ is not currently working on this particular issue. However, this remit aligns with LGNZ's priority to campaign for greater local decision-making and localism, in that it advocates for councils setting parking infringement penalties at a local level that resonate with the local community - to ensure rate payers are not subsidising these activities and that those misusing services are contributing appropriately.

### How will the proposing council help LGNZ to make progress on this remit?

Whangārei District Council will support any proposed changes to the legislation that will allow for parking infringements to be set at a local level, and will also provide support if the preferred approach is to update legislation to ensure parking infringements are in line with current resourcing costs for these infringements.

### **Is the remit relevant to local government as a whole?**

Yes. This remit calls for legislative change to the Land Transport (Offences and Penalties) Regulations 1999 to allow all councils to determine penalties for parking infringements and towage fees appropriate to their local area.

### **Is the remit of a major policy nature?**

In part. This remit is calling for legislative change, but it is a relatively narrow request and we need to test members' level of interest further.

# // 07

## Rural and regional public transport

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**Remit:** *That LGNZ:*

- *Acknowledges the Government stated support for a major uplift in all urban bus networks nationwide under New Zealand's first emission reduction plan.*
- *Calls on the Government and opposition parties to commit to increasing investment in public transport for rural and regional communities to support access to essential services and amenities, vibrant rural communities and just transition to a low emission transport system.*

**Proposed by:** Waikato Regional Council

**Supported by:** Zone 2 Meeting May 2023. Remit discussed and received unanimous support.

### Why is this remit important?

Improving public transport is both an opportunity to reduce transport emissions and support a just transition to a low emission economy by providing a cheap alternative to increasing costs of owning and running a conventionally fuelled car.

A lack of explicit support for rural and regional public transport services means these communities will be exposed to the wider suite of policy shifts supporting a transition to a low emission transport system, without any meaningful alternative transport options.

Many of New Zealand's rural and regional communities have high proportions of people on low and fixed incomes and for whom the financial or practical barriers to owning an electric vehicle will be too great.

Sustainable funding for these rural and regional public transport solutions will be important to provide rural and regional communities the confidence that they will not be left behind as New Zealand transitions to a low emission transport system.

### Background and Context

The Government's emission reduction plan (2022) and subsequent policy and transport funding opportunities including Climate Emission Reduction Fund opportunities, are targeted at optimising investment in terms of carbon emission reductions.

Meanwhile several policies that were specifically intended to support a just transition have been recently abandoned and investment signals for rural and regional public transport have been muted.

Investing in rural and regional public transport is a strategic and sustainable way to improve the quality of life and economic opportunities for people living outside urban areas. Rural and regional public transport can provide multiple benefits, such as:

- Access for people on fixed incomes: Many rural residents, especially the elderly, disabled, and low-income groups, do not have access to private vehicles or cannot afford to use them frequently. Public transport can offer them a more affordable and reliable way to access essential services, such as health care, education, shopping, and social activities. Public transport can also reduce their isolation and enhance their well-being.
- A just transition to a low carbon transport system: Public transport can help reduce greenhouse gas emissions and air pollution by shifting people away from using private cars. Public transport can also support the development of renewable energy sources, such as biofuels, solar, geothermal, and wind power, by providing the infrastructure and demand for them. Public transport can also contribute to climate change adaptation by improving the resilience of rural communities to extreme weather events and natural disasters.
- Support for local economies: Public transport can link people with essential services such as healthcare. Public transport can also be an important force in supporting local economies by connecting residents (especially non-drivers) with local businesses and job opportunities. Public transport can also attract tourists and visitors to rural areas, creating more income and employment opportunities.

It is important to note public transport does not just mean a 30-seater bus. Public transport authorities like the Waikato Regional Council are becoming increasingly innovative with the services they provide and support – be they community transport services or on-demand mini-bus services, the solutions being increasingly tailored to needs of local communities.

### **How does this remit relate to LGNZ’s current work programme?**

Transport affordability and accessibility is already a part of LGNZ’s policy and advocacy work programme, but there’s no current work to gain cross-party support for better public transport for rural and regional communities. Work to progress this remit could be integrated into LGNZ’s broader transport advocacy work programme.

### **How will the proposing council help LGNZ to make progress on this remit?**

Waikato Regional Council did not specifically outline how it might work with LGNZ on progressing this remit in its application form but noted:

Many public transport authorities such as the Waikato Regional Council are already providing some rural and regional public transport services in the form of Total Mobility (subsidised taxi fares), support for community transport service providers, and some more traditional bus-based public transport.

These have been highly valued by those communities, providing many people with affordable access to essential services and amenities.

Demand for these services is growing, however the ability to afford the council or National Land Transport Fund shares is increasingly constrained.

### **Is the remit relevant to local government as a whole?**

Yes. This remit is most relevant to rural and regional councils but aims to reduce New Zealand's transport emissions overall. Improved regional public transport will also benefit provincial and metropolitan councils.

### **Is the remit of a major policy nature?**

Yes. This remit is dealing with public transport investment and a just transition to a low carbon transport system.

# // 08

## Establishing resolution service

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**Remit:** *That LGNZ:*

- *Investigates the creation of an LGNZ independent, national process to handle complaints or concerns, ensuring fairness, protection, and accountability in local government.*
- *Works with the Local Government Commission<sup>4</sup> to implement findings from its September 2021 Report – Local Government Codes of Conduct<sup>5</sup>*

**Proposed by:** Hutt City Council & YEM

**Supported by:** Invercargill City Council, Far North District Council, Hauraki District Council, Central Otago District Council, Hutt City Council, Selwyn District Council, Porirua District Council

### Why is this remit important?

This remit is critically important as it addresses the pressing issue of a lack of a proportionate, flexible, responsive, and independent process/service for handling complaints and concerns in councils and escalating issues within local government.

### Background and Context

The proposing and support councils and the Young Elected Members' Committee acknowledge that issues arise across local government that require a range of interventions – from education, mentoring, support, facilitation, mediation, inquiry, investigation, or review.

The absence of a national, standardised and independent process that triages complaints and concerns provides the right intervention for the issue, and managing escalation for complaints within local government has led to the pressing need for action. Currently, councils oversee their own problems on an ad-hoc basis, leaving many complaints unanswered and individuals hesitant to come forward. This lack of a clear and impartial process undermines transparency, accountability, and public trust in local government. It also fails to provide legal protection for complainants and increases the risk of defamation. The Code of Conduct inquiry is often very expensive and results in sanctions (if approved by a majority of Councillors in some cases) in what can only be called the “wet bus ticket”.

The intense scrutiny placed on local body governance by the community emphasises the need for regular external support to drive positive change. Without such support, unresolved issues can

<sup>4</sup> Referred to as LCG for the balance of this remit

<sup>5</sup> *Local Government Codes of Conduct/ Ngā tikanga whanonga Kāwanatanga ā-Rohe, Report to the Minister of Local Government, September 2021, Wellington [report found here](#).*

ultimately lead to the involvement of the DIA and the appointment of a commissioner, representing a worst-case scenario.

Relevant legislation, policy, or practice has not adequately addressed this issue, resulting in gaps and inconsistencies in handling complaints. Code of Conduct process enables the issue to be escalated to the Chief Executive. Informal conduct complaints are to be escalated to the Mayor, however if the Mayor is part of the problem this doesn't provide for a safe environment.

If a councillor is to escalate to a Code of Conduct complaint, often this results in a very public fight which also generally results in a public apology that doesn't really resolve anything.

It appears that where there is no national process or independent forum in which to take these issues, issues have been left to escalate or fester leading to governance breakdowns.

The absence of legal protection for complainants further exacerbates the problem, discouraging individuals from raising legitimate concerns.

We acknowledge that the process of investigation opens local government up to media scrutiny and often fails to protect the complainants coming forward. While this is keenly felt by the communities in which it is occurring, it also does a disservice to local democracy and local government generally.

Given the degree of intense community scrutiny on local body governance, regular and external support is often necessary to shift the dial.

Many terms of reference used to investigate complaints often fail to address the core issues comprehensively. Consequently, the necessary outcomes required to restore confidence in councils or individuals are not adequately addressed, resulting in slow progress and ongoing dissatisfaction.

By establishing a comprehensive framework that includes a complaints/issues/support/mediation forum and a tiered escalation process, this remit aims to promote fairness, protect complainants, restore public confidence, strengthen local democracy, and ensure timely and effective issue resolution as well as being cost effective for councils.

Taking action is crucial to uphold good governance, address grievances, and maintain the integrity of local government institutions.

## **How does this remit relate to LGNZ's current work programme?**

While there have been some conversations about the need for a national service for addressing complaints about member conduct (including with central government), and LGNZ does provide support to councils, including on an "as requested" basis and by providing a model Code of Conduct at the start of each triennium, work to develop a national, independent process/service is not one of LGNZ's current work priorities.

Work on this remit would align with LGNZ's vision of New Zealand being the most active and inclusive local democracy in the world, and LGNZ's goal that more people value and participate in local government.

## **How will the proposing council help LGNZ to make progress on this remit?**

The proposing and supporting councils and Young Elected Members' Committee have all expressed a willingness to support LGNZ with work to progress this remit, including sharing relevant experience and assisting with engaging with Ministers, officials and the Local Government Commission.

## **Is the remit relevant to local government as a whole?**

Yes.

## **Is the remit of a major policy nature?**

Yes: At some stage, virtually all councils will have faced the issue of member misconduct. The tools currently available for dealing with such issues are widely seen as inadequate. There is a need for a proportionate, flexible, responsive, and independent process/service for handling complaints and concerns in councils and an approach that is consistent across all councils.



# // 09

## Earthquake prone buildings

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**Remit:** *That LGNZ investigate and report to members on ways to help councils and communities that are struggling with the time frames in the Earthquake Prone Building (EPB) sections of the Building Act and council policies pertaining to Priority Thoroughfares.*

**Proposed by:** Manawatū District Council

**Supported by:** LGNZ Zone 3

### Why is this remit important?

Timeframes to strengthen or demolish earthquake prone buildings (EPBs) range from 50 years in low earthquake risk zones in New Zealand to 7.5 years in high-risk zones where councils have implemented Priority Thoroughfares. As the clock has been ticking for a while, that 7.5 years is already down to less than 5 years. These building owners have been issued notices under the Building Act to strengthen or demolish by a certain date.

While some strengthening has, and is taking place, it is clear that many EPBs will not be strengthened or redeveloped within the required short timeframes. These communities face the prospect of vacant sites, and worse still, abandoned buildings.

In many cases these EPBs have stood through many earthquakes for 70 – 140 years and they have considerable heritage value, but not necessarily with any real heritage protection, and they add positively to the character and aesthetic quality of towns and cities.

EPB owners have major concerns about what will happen in March 2028 when their 7.5 years is up, and other dates in other communities. In many cases they either can't afford to strengthen in the timeframe, or it is not currently financially viable to do so in the current commercial real estate marketplace. There are many cases where the property value is Land Value only, or Land Value less the cost of demolition. The buildings currently provide no added value to the value of the land.

This remit aims to address the timeframes of Priority Thoroughfares in particular, which were imposed as policy by councils, and which triggered the issuing of Building Act notices to strengthen or demolish by a certain date. The issuing of these notices seems to be more difficult to change than amending Priority Thoroughfare policies.

Manawatū District Council is concerned that town and city centres may be destroyed by legislative and policy decisions, rather than by an actual earthquake.

### Background and Context

Some towns and cities with low commercial rents and low commercial property values are struggling with the financial viability and affordability of either earthquake strengthening or redeveloping within the short timeframes. These towns and cities have lower pedestrian counts, and therefore earthquakes are of lower risk to human life than in larger cities with higher rents and values, and where both strengthening and redeveloping is more viable.

The legislation gave no criteria in terms of pedestrian or traffic count for Priority Thoroughfares. It was left for councils to decide, and some councils implemented Priority Thoroughfares and some with similar town centres did not. Communities have building owners who are prepared to make progress with strengthening if a longer timeframe existed but are not prepared to commence strengthening knowing that they can't complete all of the work required within the short timeframe required. This is an unforeseen consequence of the short timeframes of the legislation and Priority Thoroughfare policies. Instead of the buildings becoming safer over time, the short timeframe has meant that no safety improvements are taking place in many cases.

An example of this is a prominent two-storey Hotel in Feilding, being a reasonably large Edwardian building built using unreinforced masonry, as are many of Feilding's EPBs. This is a most attractive building voted by the Manawatū community to be their favourite Feilding town centre building. The rent is circa \$70,000 P/A, and the cost to strengthen is circa \$2,000,000 with likely another \$2,000,000 required for renovation. The current use and rental doesn't justify the investment within 5 years. Another use or uses will be required to justify the investment and this will likely happen in the future, but such changes take time.

This remit hopes that compromise solutions, that remove the risk to human life in a timely manner, but in affordable and viable ways will be explored, such as extending the timeframe for strengthening lower-risk parts of buildings. The proposing council recognises that a range of options may be appropriate – including legislative and policy options – and so is keen that these are looked at.

Manawatū District Council has done a lot to help get EPBs strengthened. It has organised subsidised engineering reports through Heritage Equip, held seminars, sought advice, found a strengthening company that offers a fixed price package deal at a good price and without the need for occupants to vacate the building. Along with a few other councils Manawatū District Council has achieved a change in the regulations that lifted the financial threshold for relatively minor work before the full provisions of the Building Act are triggered. It has advocated to MPs from all political parties.

### **How does this remit relate to LGNZ's current work programme?**

LGNZ is not currently actively working on this issue but has done work around EPB legislative and policy settings in the past. LGNZ has access to political parties, central government officials and other national stakeholder organisations that could help local government to make progress on this issue.

### **How will the proposing council help LGNZ to make progress on this remit?**

Several members of Manawatū District Council will assist in any way possible (including participating in working groups, providing case studies and practical examples and experience when engaging with political parties) and will continue with their own efforts and share any useful information.

### **Is the remit relevant to local government as a whole?**

The problem of EPBs affects many councils and communities throughout New Zealand, and particularly those in high- and medium-risk earthquake zones. With less than five years to go for some councils, there is an urgent need to find a compromise solution.

**Is the remit of a major policy nature?**

Yes

# // 10

## KiwiSaver contributions for elected members

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**Remit:** *That LGNZ ask the Government to amend the law to enable councils to make contributions to an elected members' KiwiSaver scheme.*

**Proposed by:** Hamilton City Council & promoted by CBEC

**Supported by:** Queenstown Lakes District Council, Palmerston North City Council, New Plymouth District Council, Kāpiti Coast District Council. Far North District Council

### Why is this remit important?

Currently, elected members are treated as independent contractors, with no entitlement to employer KiwiSaver contributions, or KiwiSaver deductions. This could be viewed as a disadvantage and a barrier to people standing for election, as the loss in KiwiSaver employer contributions can be in the tens of thousands by the time someone retires from public politics. This leaves elected members without employer contribution support for their retirements, which is provided to most other New Zealanders.

### Background and Context

Currently, elected members are considered independent contractors, rather than employees of Council. As such, they are expected to set aside their own KiwiSaver contributions and do not receive any employer contribution.

Members of Parliament became eligible for KiwiSaver, but local government elected members are not. The Remuneration Authority Report on Members of Parliament Remuneration (July 2021) states 'MPs elected after 1992 are entitled to a superannuation subsidy contribution. The scheme can be KiwiSaver or registered retirement savings...'

Hamilton City Council is advocating for changes to the Employment Relations Act 2002 to allow KiwiSaver deductions to be taken from elected members' remuneration, and for employer contributions to be allocated.

The topic of elected member remuneration has been addressed in the draft report *He mata whāriki, he matawhanui*, prepared as part of the Review into the Future for Local Government, resulting in the key recommendations 17 and 18 as set out below:

- 17 - That central and local government, in conjunction with the Remuneration Authority, review the criteria for setting elected member remuneration to recognise the increasing complexity of the role and enable a more diverse range of people to consider standing for election.
- 18 - That local government develops a mandatory professional development and support programme for elected members; and local and central government develop a

shared executive professional development and secondment programme to achieve greater integration across the two sectors.

Hamilton City Council strongly believe that as a sector we should continue to advocate for changes to remuneration (such as those outlined above) to ensure local governance roles remain attractive.

### **How does this remit relate to LGNZ's current work programme?**

This proposed remit aligns with LGNZ's strategy and policy priorities, including its vision that New Zealand is the most active and inclusive local democracy in the world, and its goal that more people value and participate in local government.

While the issue of KiwiSaver deductions and employer contributions has been highlighted in various submissions LGNZ has made in the past, there has been no official communication to the Minister of Local Government about the implications of elected members not being eligible for KiwiSaver deductions or employer contributions from councils.

### **How will the proposing council help LGNZ to make progress on this remit?**

Hamilton City Council will continue to advocate for these changes.

### **Is the remit relevant to local government as a whole?**

Yes.

### **Is the remit of a major policy nature?**

Yes: remuneration is a critical factor that citizens consider when deciding to stand or not for election.

# // 11

## Audit NZ Fees

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**Remit:** *That LGNZ calls on central government to take action to reduce council audit fees by:*

- *revisiting the scope and requirements of reporting and auditing on councils*
- *conducting a review on the practice of audit in councils and work on best practice guidance to streamline this process*

*This review should examine whether the reporting and audit requirements of councils are consistent with the level of reporting and audit that is required of other public entities.*

**Proposed by:** Whanganui District Council

**Supported by:** New Plymouth District Council, Horizons Regional Council, Palmerston North City Council, Stratford District Council, Selwyn District Council

### Why is this remit important?

While reporting and audit requirements are important for transparency and accountability, the scope of them are constantly inflating as council work programmes and rates intakes increase over time. These costs are then passed back to the ratepayer during a cost-of-living crisis and with food and housing insecurity steadily increasing. The scale and content of reporting and auditing needs to be reviewed to ensure that they are being conducted efficiently, relate to information that is relevant to the community and to council fulfilling its statutory duties, and is not overly onerous on under-resourced councils.

### Background and Context

Local authorities have significant reporting requirements under the Local Government Act 2002 (LGA). These include annual reports, which review financial and service performance for the preceding financial year, and Council-Controlled Organisation (CCO) reports, and audits of Long-Term Plans and Long-Term Plan amendments. In the interests of transparency and accuracy, these reports are required to be audited under the LGA.

The Auditor General is the auditor of all public entities and they determine who will audit specific organisations. Council audits are conducted by Audit New Zealand. We understand that some councils' CCOs have permission to seek other audit providers, but for the vast majority of councils Audit New Zealand is the only allowable provider.

Councils are legally required to conduct an audit but do not have the ability to choose between multiple organisations to conduct it, which prevents competition on cost. Further, there are barriers to the timing and efficiency of the annual audit due to only being able to use one provider. While Whanganui District Council (Council) agrees that the audit is a critical function that provides assurance on information contained within our reports, it questions whether the financial and staffing costs of audits are now exceeding the benefit provided to our communities.

Reporting and auditing are a key part of local democracy. Reporting is a necessary factor for transparency and accountability both to central government and to the communities that councils

serve. Audits ensure that the information being reported is full, accurate, and meets all its requirements under legislation.

Whanganui District Council is also aware of the technical difficulty of conducting audits. Even when conducted by organisations with extensive experience, auditing council financial reports involves working through a significant amount of financial information and highly technical analysis and close familiarity with the accounting standards financial reports are held to.

The amount of work needed to complete an audit also increases over time in line with the amount and complexity of information going into council reports. Councils have increasing expenditure and increasing workloads over time, both internally as a result of work undertaken on behalf of their communities, and externally as outside pressures such as economic conditions, legislation and pressing issues like housing require more direct local investment and management.

### **How does this remit relate to LGNZ's current work programme?**

This is an issue for the entire sector, with many councils expressing concern over the extent of fees required for obligatory audits of our reporting. It aligns with responsiveness to the needs of local government by taking action on a mandatory cost that local government bodies have no control over.

Advocacy on this issue aligns with LGNZ's commitment to localism and championing local voice on issues that are having significant impact at the local level.

LGNZ is aware of members' concerns about audit fees and has been having a number of conversations with Audit New Zealand, the Minister and central government officials. However, this remit would add further weight to the importance of the issue.

### **How will the proposing council help LGNZ to make progress on this remit?**

Whanganui District Council will submit on consultations run by either central government or LGNZ.

### **Is the remit relevant to local government as a whole?**

Yes: all councils are currently required to pay audit fees.

### **Is the remit of a major policy nature?**

Yes.

# Report to Council



**DATE:** 22 June 2023  
**TO:** Mayor and Councillors  
**FROM:** Group Manager, District Assets

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## **UPDATE ON CAPITAL WORKS PROJECTS, 2022-2023**

### **1. Summary**

- 1.1. The purpose of this report is to provide an update to Council on the status of the 2022-2023 Westland District Council, Capital Works Projects.
- 1.2. This issue arises from Westland District Councillors requiring to be kept regularly updated on all Capital projects financials and overall progress.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2021, which are set out in the Long-Term Plan 2021 - 31. Refer page 2 of the agenda.
- 1.4. This report concludes by recommending that Council receive this report.

### **2. Background**

- 2.1. The reason this report has come before the Council is due to Westland District Council having a large amount of capital works projects allocated through the annual plan; as well as externally funded through funds such as Managing Great Rides, Ministry of Business Innovation and Employment, Culture and Heritage, Lottery and Tourism Infrastructure Fund.



### 3. Current Situation

3.1. The current capital works projects situation is detailed in the below tables separated by Activity.

#### Leadership

Project	Project Scope	Project Status	Costs to Date (Excl Gst)	Open Purchase orders (Excl Gst)	Project update
Council HQ Earthquake Strengthening and upgrade	Budget Allocation: \$250,000.00  Strengthen Council HQ building to meet required NBS standard by 2026.	In progress	\$19,080.00	\$0	Funding deferred to 2023-2024.  Council HQ included in a body of works involving Pakiwaitara and Hokitika Government Building.

#### Planning and Regulatory Services

Project	Project Scope	Project Status	Costs to Date (Excl Gst)	Open Purchase orders (Excl Gst)	Project update
Civil Defence – Emergency Operations Centre (EOC)	Budget Allocation: \$1,396,398.00	In progress	\$4,801.00	\$47,588.00	Funding deferred to 2023-2024. Agency briefing questionnaire sent out to all relevant agencies and stakeholders. Initial design and services work to begin once all agency briefing questionnaires has been received back.

#### Facilities and Leisure Services – Parks and Reserves

Project	Project Scope	Project Status	Costs to Date (Excl Gst)	Open Purchase orders (Excl Gst)	Project update
Cass Square – Toilets	Budget Allocation: \$425,000.00  (Includes \$191,500 TIF)	In progress	\$64,368.00	\$5,127.00	TIF funding extension till December 2023.  Kris Rowe Builders awarded contract to install Toilet block. Awaiting building consent.

					Funding to carried forward to 2023-2024.
Cass Square – Upgrade playground equipment	Budget Allocation: \$1,056,788.00  (\$546,788 Annual Plan + \$510,000 Lottery Grant)	In Progress	\$5,396.00	\$0	Design and build tender to be submitted and returned by the end of July. Tender evaluation estimated for August.
Beachfront Development	Budget Allocation: \$407,976.00  (Includes \$230,500 TIF)	In Progress	\$288,962.00	\$41,577.00	Beachfront carpark is finished. Access ramp project is awaiting the outcome of a current TIF application submission.
Racecourse Development Master Plan – Stage One	Budget Allocation: \$4,600,499.00  (\$1,100,499.00 Annual Plan + \$3,500,000.00 IAF Funding)	In Progress	\$238,513.00	\$50,021.00	Funding to be carried forward to 2023-2024.  Joseph & Associates have completed the stake holder meetings and public meetings with the community regarding the future for the Racecourse site. Council is awaiting the receipt of all the submissions from the community, which should be in by the end of June 2023

Facilities and Leisure Services – West Coast Wilderness Trail

<b>Project</b>	<b>Project Scope</b>	<b>Project Status</b>	<b>Costs to Date (Excl Gst)</b>	<b>Open Purchase orders (Excl Gst)</b>	<b>Project update</b>
Kaniere Water Race Bridges	Budget Allocation: \$278,967.00	In Progress	\$3,100.00	\$222,700.00	Materials have been ordered; Contractor has begun on site. Funding to be carried forward to 2023-2024.
Wainihinihi Wet Weather Route Bridge	Budget Allocation: \$320,000.00	Deferred	\$0	\$0	The Wainihinihi high water route project was put on hold while the northside of Arahura alignment project was investigated.  This project (Arahura) has not obtained MBIE approval, so the Wainihinihi scope of works will need re-evaluation in the coming financial year.

					Funding to be carried forward to 2023-2024.
Totara Bridge Stage One – Forward from 2025	Budget Allocation: \$300,000.00	In Progress	\$20,278.00	\$29,258.00	Detailed visual assessment and Structural Analysis of the Totara Rail Bridge (WSP)

Facilities and Leisure Services – Stormwater

Project	Project Scope	Project Status	Costs to Date (Excl Gst)	Open Purchase orders (Excl Gst)	Project update
Livingstone St Pump Upgrade	Budget Allocation: \$1,375,622.00	Complete	\$1,195,531.00	\$60,569.00	Project complete
Beach St Realignment	Budget Allocation: \$370,631.00	Complete	\$61,222.00 current year.  \$70,590.90 Overall.	\$0	Reduced scoped project complete. Total cost of the original project included an option report from WSP. All the options provided were not affordable and exceeded the budget allocation. Subsequently revised options were provided to the Executive Team by the 3 waters team. It recommends a smaller project that covered a proportion of the works. This has seen three soak pits installed in the area to assist with the stormwater issues. To implement a full fix would cost more than \$1M according to the WSP report.
Jollie St Extension	Budget Allocation: \$252,573.00	Complete	\$65,171.00 Current year.  \$281,007.82 Overall	\$0	Project complete. Project spanned over four years.

Facilities and Leisure Services – Wastewater

Project	Project Scope	Project Status	Costs to Date (Excl Gst)	Open Purchase orders (Excl Gst)	Project update
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Hokitika WWTP Treatment and Disposal	Budget Allocation: \$6,110,487.00	In Progress	\$16,719.00 current year.  \$348,405.74 Overall.	\$0	Next working group meeting to be confirmed. Stantec/Council working with Westland Milk Products regarding the use of the ocean outfall. Hydrogeological evaluation of land discharged has been completed. Planning for engagement with stakeholders and the wider community is well advanced.
Hokitika Z line section replacement	Budget Allocation: \$414,106.00	Complete	\$414,106.00	\$0	Project Complete December 2022.  This project was an open tendered contract that was approved by Council at a cost over original budget, \$302,381.00.

#### Facilities and Leisure Services – Water Supply

Project	Project Scope	Project Status	Costs to Date (Excl Gst)	Open Purchase orders (Excl Gst)	Project update
Hokitika Water Mains Replacement	Budget Allocation: \$309,724.00	Complete	\$374,938.00	\$0	Project complete October 2022.  This project was an open tendered contract that was approved by Council at a cost over original budget, \$309,724.00.

#### Facilities and Leisure Services – Special Projects

Project	Project Scope	Project Status	Costs to Date (Excl Gst)	Open Purchase orders (Excl Gst)	Project update
Pakiwaitara Earthquake Structural works	Budget Allocation: \$450,000.00	In Progress	\$1,163.00	\$0	Annual works have been completed on the building for weather tightening purposes.  Pakiwaitara project is included in a body of works involving Council HQ and Hokitika Government Building.

Paringa Toilets	Budget Allocation: \$312,000.00  (\$76,000.00 Annual Plan + \$236,000 TIF)	Complete	\$331,080.00	\$11,155.00	New carpark and toilets have been installed and are operational. Final TIF claim has been submitted.  As a result of health and safety requirements around disability access, additional expenditure was required.
Carnegie Strengthen	Budget Allocation: \$2,933,848  (Lottery, Culture and Heritage, Annual Plan and Better Off Funding)	In Progress	\$2,721,883.37	\$29,034.46	Funding to be carried forward to 2023-2024.  Interior works complete. Significant progress has been made on the external of the building especially relating to the parapet and decorative features. The contractor is expected to be finished on site by July 18 <sup>th</sup> .
Hokitika Swimming Pool Development	Budget Allocation: \$5,238,448.00	In Progress	\$1,692,882.00	\$984,349.00	Funding to be carried forward to 2023-2024.  Stage Two has begun with the main contractor Evan Jones construction beginning on site on June 6 <sup>th</sup> .

#### **4. Options**

4.1. Option 1: Council receive this report.

4.2. Option 2: Council do not receive this report.

#### **5. Risk Analysis**

5.1. Risk has been considered and no risks have been identified.

#### **6. Health and Safety**

6.1. Health and Safety has been considered and no items have been identified.

#### **7. Significance and Engagement**

7.1. The level of significance has been assessed as being of low significance and administrative in nature.

#### **8. Assessment of Options (including Financial Considerations)**

8.1. Option 1 – Council receives this report.

8.1.1. There are no financial implications to this option.

8.1.2. Westland District Council have provided a progress report as required by Councillors.

8.2. Option 2 – Council do not receive this report.

8.2.1. There are no financial implications to this option.

#### **9. Preferred Option(s) and Reasons**

9.1. The preferred option is Option 1, Council receives this report.

9.2. The reason that Option 1 has been identified as the preferred option is that Westland District Council has provided an in-depth progress report update on the Capital works projects as requested.

#### **10. Recommendation(s)**

10.1. That the report be received.

**Scott Baxendale**  
**Group Manager – District Assets**

Appendix 1: Hokitika Carnegie Building - Project Status Report

Appendix 2: Hokitika Swimming Pool - Project Status Report

# Project Status Report

<b>Job No</b>	JA000419	<b>Report No</b>	2023-05
<b>Client</b>	Westland District Council	<b>Period Ending</b>	31 May 2023
<b>Project</b>	Hokitika Carnegie Building	<b>Prepared by</b>	Euan Gutteridge
<b>Prepared for</b>	Scott Baxendale	<b>Date</b>	14 June 2023

## Current Status

Generally, the building interior works is essentially complete and good progress is now being made on the exterior works, especially the parapet and decorative features as shown in the photos below:



- Seismic Strengthening completed in 2022
- Fire protection system upgrade completed in 2022
- New HVAC system installed and commissioned in 2022 and now in operation to maintain the required conditions inside the building.
- Interior plastering and painting (basecoat only) completed Q1 2023.
- Parapet works in progress – Completion was due 29 May 2023 however further delays have been incurred due to corrective work required on the decorative mouldings, which is being undertaken at the Contractor’s expense. This is now expected to be completed by 23 June 2023
- Exterior plastering and painting in progress – Completion was due 16 June 2023 but is now expected to be completed by 6 July 2023. Inclement weather during May and early June has restricted progress.
- Accessible car park – not started (delayed). Now expected to be completed 14 July 2023.
- Practical Completion and Handover – Revised date previously advised by the Contractor was 3 July and is now delayed until 18 July 2023

100% complete
100% complete
100% complete
100% complete
80% complete (overdue)
70% complete
Not started
Not started



**Current Risks and Issues**

**Programme**

Completion of this project has continued to take longer than expected. The skilled labour issues that were previously impacting on progress have now been addressed by the Contractor. Further delays have been incurred this month due to corrective work being required to the parapet to ensure that the placement of decorative features match the original design.

Although the Contractor has been providing additional labour to accelerate this work, including working at weekends, there has been 14 days of significant rainfall during May which has also affected progress with the external works.

The Contractor has now advised that it expects the work to be finished by 18 July 2023, subject to favourable weather conditions.

**Progress during this reporting period (01 May 2023 to 31 May 2023)**

- Corrective work on parapet in progress.
- External plastering below the parapet has been completed.
- External painting below parapet approximately 50% complete.

**Key activities planned for next period (01 June 2023 to 30 June 2023)**

- Completion of the parapet works.
- Completion of external plastering
- Completion of external painting (north and west facades).

**Programme**

As mentioned above, corrective work required to the parapet has resulted in further delays to the completion of the work. The Contractor now expects to complete the Works by 18 July 2023, subject to weather conditions.

**Financial Summary**

	<b>Total</b>
<b>Allocated Budget</b>	<b>\$2,933,848</b>
Approved contracts and variations	<b>\$2,931,057</b>
Pending contracts and variations	\$0
<b>Forecast Costs</b>	<b>\$2,931,057</b>
Variance - underspend	\$2,791
Approved claims	\$2,747,755

**Notes:**

- 1) The budget settings have been updated to reflect the new overall budget of \$2,933,848 excluding GST as agreed with Council on 12 April 2023.
- 2) Corrective work to the parapet is being undertaken at the Contractor’s expense.



# Project Status Report

<b>Job No:</b>	JA000428	<b>Report No</b>	2023-05
<b>Client</b>	Westland District Council	<b>Period Ending</b>	31 May 2023
<b>Project</b>	Hokitika Pool Redevelopment (Stage 2)	<b>Prepared by</b>	Euan Gutteridge
<b>Prepared for</b>	Scott Baxendale	<b>Date</b>	14 June 2023

**Current Status**

**Stage 1**

Concourse Strengthening, Heating and Ventilation – Completed in 2021

**Stage 2:**

Contractors are now on site progressing the building work and modifications to the pool. The pool was closed to the public on 5 June 2023 and the building was handed over smoothly to the main contractor the following morning with draining of the pool already underway.

The following activities are already underway:

- Demolition of existing reception and changing rooms and relocation of services
- Construction of temporary hoardings within the pool concourse
- Construction of foundations for new first aid room
- Strengthening works to the south and north concourse walls
- Installation of new recirculation pipework within the pool



During the pool closedown the following work will be completed:

- Construction of the new first aid room, which will initially be a temporary reception / control room until the new facilities are completed in April 2024.
- Construction of an additional shower at the east end of the pool concourse
- Seismic strengthening to the pool concourse, including construction of a new store room for the swimming club.

- Construction of the new plant room
- Installation of the new pool water treatment plant and interconnecting pipework into the pool to comply with current standards.
- Installation of a new membrane liner to the pool to reduce maintenance costs as well as duration of future closedowns.
- Setup the temporary changing and toilet facilities

This work is expected to take up to 4 months. When completed the pool will reopen with the work to complete the new reception and changing rooms continuing until April 2024. Public entry during this time will via the west entrance.

**Stage 3:**

This stage of the project is on hold until further funding can be allocated.

**Current Risks and Issues**

**Stage 2 - Plant Room redesign**

Due to the discovery of underground pilasters (pillars) running along the existing pool concourse foundations, the plant room has required to be redesigned. Although this has resulted in a delay to starting its construction, the revised design means this building will now sit at ground level and be simpler and quicker to construct. Currently we envisage that this building and plant installation can still be completed within the planned shutdown period of the pool. Furthermore, it is expected that the construction cost will be lower than the original design.

**Design documentation**

There are still some areas relating to the Architect’s drawings and specifications that have been delayed, and we are actively working with them to resolve these by end of June 2023 to avoid any delays and additional costs to the project.

**Progress made in this reporting period (1 May 2023 to 31 May 2023)**

- Contractors’ preparation for mobilisation to site.
- Receive and review Contractors’ start-up documentation – Safety Plans, Quality Plans, Contractors’ insurances.
- Contract Works Insurance arranged by WDC
- Test pits for plant room foundations and progressed redesign as a priority.

**Key activities planned for next period (1 June 2023 to 30 June 2023)**

- Pool shutdown from 6 June 2023 for up to 4 months (in progress)
- Issue revised Plant Room design for pricing, programme confirmation and consenting by mid-June 2023.
- Main Contractor to setup site establishment and commence work on Pool Concourse works and Plant Room Foundations. (In progress)
- Pool Works Contractor to commence work on poolside works (in progress).

**Programme**

The programme is currently on track:

- The new plant room and poolside works to be completed and commissioned with the four-month closedown period advised.
- The overall project works is still expected to be complete by end of April 2024.

## Financial Summary

	Stage 1	Stage 2	Total
<b>Allocated Budget</b>	<b>\$1,158,695</b>	<b>\$4,079,753</b>	<b>\$5,238,448</b>
Approved contracts and variations	\$1,197,988	\$3,581,096	\$4,779,084
Pending contracts and variations	-\$39,293	\$498,657	\$459,364
<b>Forecast Costs</b>	<b>\$1,158,696</b>	<b>\$4,079,753</b>	<b>\$5,238,448</b>
Variance	\$0	\$0	\$0
Approved claims	\$1,158,696	\$532,726	\$1,691,422

### Notes:

- 1) The budget settings have been updated to reflect the new overall budget of \$5,238,448 excluding GST as agreed with Council on 12 April 2023 and approved by Kānoa Regional Funding (MBIE) on 28 April 2023.
- 2) Overall, the project is currently on track to be completed within the approved budget.
- 3) The Plant Room redesign is anticipated to provide some cost savings and we will revise our forecast once the design has been issued and priced by the contractor. Additional design costs are expected to be offset against the savings in construction costs.

# Report to Council



**DATE:** 22 June 2023

**TO:** Mayor and Councillors

**FROM:** Joanne Conroy, Chair, Westland Holdings Limited

---

## Final Statement of Intent 2023-2026

### 1. Summary

- 1.1. The purpose of this report is to present the Final 2023-2026 Statement of Intent (SOI) for approval by Council.
- 1.2. This issue arises from the statutory requirement for Westland Holdings Limited (WHL) to present the final SOI for adoption prior to the end of June.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002.
- 1.4. This report concludes by recommending that Council approves the 2023-2026 SOI

### 2. Background

- 2.1. The reason the report has come before the Council is due to the statutory requirement for Westland Holdings Limited to present the final SOI to Council for approval.

### 3. Current Situation

- 3.1. The current 2022-2025 SOI was approved by Council in June 2022.
- 3.2. Since that date the following have been altered:
  - a) Minor changes to correct dates and remove duplication;
  - b) A new section 11 relating to capital purchases;
  - c) The word “annual” added to section 7;
  - d) The figures in the statement of financial performance;
  - e) The financial forecasts in section 10.

### 4. Options

- 4.1. Option 1: That Council approve the final 2023-2026 SOI; or
- 4.2. Option 2: That Council does not approve the final SOI as presented.

### 5. Risk Analysis

- 5.1. Risk has been considered and no risks have been identified.

## **6. Health and Safety**

6.1. Health and Safety has been considered and no items have been identified.

## **7. Significance and Engagement**

7.1. The level of significance has been assessed as medium;

7.2. No public consultation is considered necessary.

## **8. Assessment of Options (including Financial Considerations)**

8.1. **Option 1** – That Council approve the final SOI as presented.

8.2. There are limited financial implications to this option.

8.3. **Option 2** – That Council does not approve the final SOI as presented.

8.4. Financial implications may include additional legal and accounting expenses.

## **9. Preferred Option(s) and Reasons**

9.1. The preferred option is Option 1.

9.2. The reason that Option 1 has been identified as the preferred option is that it Council approval of the SOI is required pursuant to the Local Government Act. Council provided feedback to the draft SOI in February 2023.

## **10. Recommendation(s)**

10.1. That the report be received.

10.2. That Council approve the Westland Holdings Limited 2023-2026 Statement of Intent as presented.

**Joanne Conroy**  
**Chair, Westland Holdings Limited**

**Appendix 1:** Westland Holdings Limited 2023-2026 Statement of Intent



# Westland HOLDINGS

## **WESTLAND HOLDINGS LIMITED**

**Destination Westland Limited  
Westroads Limited**

**STATEMENT OF INTENT FOR THE THREE YEARS COMMENCING 1 JULY 2023**

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## 1. INTRODUCTION

This Statement of Intent (“SOI”) for Westland Holdings Limited (“WHL” or “the Company”) is prepared in accordance with Section 64 and Schedule 8 of the Local Government Act 2002.

This SOI specifies the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of WHL and its subsidiaries Destination Westland Limited and Westroads Limited (collectively referred to as “the Group”) may be judged in relation to its objectives, amongst other requirements.

The negotiation and determination of an accepted SOI is a public and legally required expression of the accountability relationship between the Company and its sole shareholder, the Westland District Council (“WDC” or “the Council”). The SOI is reviewed annually with the Council and covers a three-year period commencing 1 July 2023.

WHL supports the vision of the Westland District Council, expressed as:

*“We work with the people of Westland to grow and protect our communities, our economy and our unique natural environment.”*

## 2. COMPANY MISSION

Westland Holdings Limited primary mission is to support the Council’s Vision for Westland as outlined above.

## 3 THE OBJECTIVES OF THE COMPANY

In addition to the requirements of section 59 of the Local Government Act 2002, the principal objectives of WHL are to:

- To ensure that the strategic plan of the Company is followed and that the plan is reviewed annually;
- Monitor the performance of each of its subsidiary companies;
- Ensure that each subsidiary company has in place active and effective health and safety policies and procedures which provide a safe operating environment for all employees, contractors, and affected parties;
- Ensure that each subsidiary company operates economically and efficiently, in accordance with an agreed SOI, to optimize the returns from each subsidiary as well as the value of each subsidiary within the operating parameters determined by the Council;



- Ensure, within any legal or commercial constraints, that the SOI of each of the subsidiary companies reflect the policies and objectives of the Council;
- Keep the WDC informed of matters of substance affecting WHL and the subsidiary companies and, as much as is considered practical and reasonable in the opinion of the directors of WHL, to provide the WDC an opportunity for comment on such matters prior to taking any action;
- Ensure that there is regular and informative reporting of the financial and non-financial performance and risk exposures of WHL and the subsidiary companies;
- Report to WDC on establishment opportunities for the subsidiary companies, and other investment opportunities that have the potential to enhance the economic well-being of the region and to provide an adequate return;
- Maintain and improve good governance by regularly and constructively appraising the performance of the subsidiary company directorates, maintaining an appropriate monitoring framework, and informing WDC prior to the appointment of new directors and,
- Support the Council in reviewing or creating policies relevant to the Company, or to the Group.

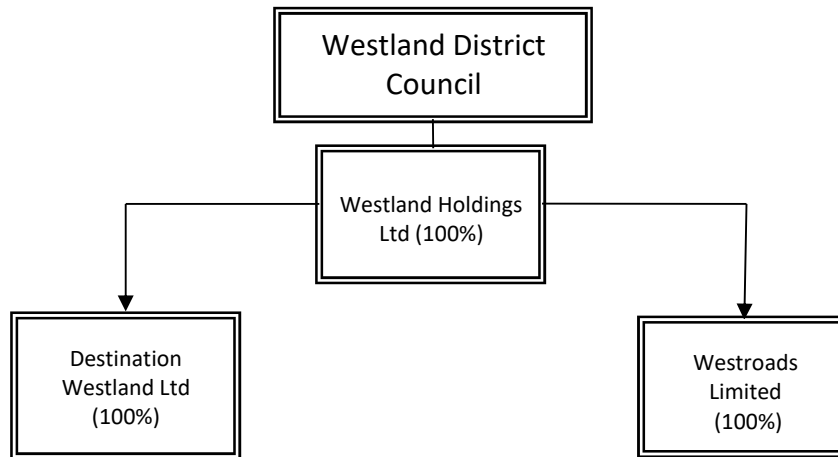
## 4. GOVERNANCE APPROACH

WHL seeks to govern the Group in a way that will ensure it:

- Achieves the objectives of its shareholder, both commercial and non-commercial, as detailed specifically in Section 3;
- Is a good employer in accordance with S:36(2) of schedule 7 of the Local Government Act 2002;
- Exhibits a sense of social responsibility by having regard to the interests of the community in which it operates; and
- Exhibits a sense of environmental responsibility by having regard to the interests of the community in which it operates.

## 5. NATURE AND SCOPE OF ACTIVITIES

WHL is a wholly owned, council-controlled organization (“CCO”) of WDC, which was formed on 24 July 2002. WHL is the controlling entity that provides objective governance of the various operating subsidiaries on behalf of WDC. The Group structure is, as follows:



**The current Directors of WHL are:**

- Joanne Conroy (Chair)
- Christopher Gourley
- Christopher Rea

## 6. SHAREHOLDING

WHL, on behalf of the Council, holds the following investments in the subsidiary companies:

- A shareholding investment in Destination Westland (DWL), representing 100% of DWL share capital; and
- A shareholding investment in Westroads Limited (“WRL”), representing 100% of WRL’s share capital.

### Ratio of Shareholders’ funds to total assets.

Shareholders’ funds are defined as the sum of the amount of share capital on issue, retained earnings/accumulated losses, revenue, and capital reserves. Total assets are defined as the sum of the net book value of current assets, investments, fixed assets, and intangible assets as disclosed in the Company’s Statement of Financial Position, prepared in accordance with the accounting policies adopted by the Directors.

The target ratio of shareholders’ funds to total assets shall not be less than 50% for the period covered by this SOI. The appropriateness of this target ratio will be reviewed annually by the Directors.

## 7. ACCOUNTING POLICIES

The annual financial statements of the Company will be prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting policies to the extent that is practicable without disclosing commercially sensitive information that, in the view of the Directors, would be of value to competitors. See Appendix A for Accounting Policy details.

## 8. PERFORMANCE TARGETS

The following performance targets have been set for the 2023/2024 financial year, and the two years following:

### Relationship with WDC/Other Governance Issues

Objective	Performance Target
1 To ensure that the financial targets and strategic direction of WHL are in line with WHL's strategic plan, which is developed in conjunction with WDC	<p>A draft SOI for WHL will be submitted for approval to WDC by 1 March each year.</p> <p>A completed SOI will be submitted to WDC by 30 June each year.</p>
2 To ensure that WDC is kept informed of all significant matters relating to its subsidiaries on a "no surprises" basis	<p>Full year and half year reporting to WDC will be provided within 60 days after 31 December and 30 June of each year.</p> <p>Major matters of urgency are reported to the appropriate Council Committee or the Chief Executive of WDC within three days.</p>
3 To ensure that WHL directors add value to the Company and that their conduct is according to generally accepted standards.	<p>The Chair will initiate an independent formal evaluation of the WHL directorate every 2 years. The next such review will be undertaken in the 2024-2025 year.</p> <p>The Company will review the training needs of individual WHL directors, and ensure training is provided, where required.</p>

### Financial Objectives and Performance Measures

Objective	Performance Target
6 To ensure that WHL returns a dividend to WDC in accordance with	WHL will agree with WDC on an achievable distribution for the 2023/24 financial year as part of the

WDC's budgets and meets other financial targets.

Council's requirement to approve the SOI for WHL. This estimated dividend receivable by WHL will be agreed with each CCO on an annual basis prior to finalizing WDC's budget.

7

Gross Revenue: Combined revenue for the 23-24 year

Equal to or greater than \$30 million

8

Net Profit before tax: Combined net profit for the 23-24 year

Equal to or greater than \$0.7 million

9

Return on Shareholder Funds for each of the three years.

At least 3%

10

Return on total assets

At least 3%

11 Gearing

Total liabilities do not exceed 60% of the total tangible assets at any time

12 Minimum Shareholder Funds

At all times Shareholder's funds are not less than \$10,000,000

### Specific Subsidiary Management and Supervisory Functions

#### Objective

#### Performance Target

13 To ensure that WHL's procedure for appointment to subsidiary directorates are open and in accordance with written policy.

That the adopted WDC Directors Policy be followed for any director appointments made.

14 To ensure that the draft subsidiary company SOI's are received on a timely basis for review and comment.

Draft SOI's are to be received by 14 February from the subsidiary companies, and final by 1 June for each year covered by this SOI.

15 To ensure that the final subsidiary company SOI's are appropriate, measurable, attainable, and timely and Connected to their strategic plan.

Comment on the draft SOI's within the statutory timeframe of 30 April each year and ensure specific and measurable targets are included as Performance Objectives.

WHL will direct the subsidiary companies to produce commercially focused SOI's that are consistent with their strategic plan, aligned to WDC's

strategic direction and achieve better social outcomes for Westland.

- 16 To ensure that the subsidiary company reporting is relevant and timely.

Subsidiary company SOI's will incorporate specific reporting requirements in accordance with legislation and accepted practice.

Subsidiary companies will also be required to provide Monthly Management reports followed by quarterly briefings to WHL in sufficient detail to allow WHL to fulfill its reporting obligations to the WDC.

All activity reports and formal reporting will be done through the Chairperson of WHL and the Chief Executive of WDC.

## Risk Management Processes

### Objective

### Performance Target

- 17 To ensure that there are adequate processes for the identification, assessment, and management of the risk exposures of the subsidiary companies.

Subsidiary company SOI's will incorporate specific statements regarding the processes for the management of risk exposures, including health and safety and reputational risk, all companies will also maintain an up-to-date risk register.

- 18 To ensure that subsidiary companies do not make decisions that could have significant implications for future Council funding.

Long term investment assessment is carried out for any new projects of a size and nature that requires WHL approval. Significant projects and their sources of funding must also be assessed and approved by Council prior to initiating the projects.

## Specific Activities to be Undertaken by WHL

- Negotiation of the individual annual SOIs for the CCOs that it owns on behalf of the Westland District Council (the subsidiary companies).
- Negotiation of the annual SOI between WDC as shareholder and WHL.
- Monitoring the performance of the subsidiary companies that WHL owns.

- Advice to WDC regarding potential CCO establishment, disestablishment, or development opportunities.
- Maintaining a Register of Potential Directors for WHL and the subsidiary companies, including public advertising, as required.
- Appointment and monitoring of the directors of the subsidiary companies.
- Hosting an annual shareholders' meeting.

### Specific Activities Not Permitted to WHL

- No subsidiary companies are to be formed by WHL without the prior approval of WDC.
- No shares are to be acquired by WHL or the subsidiaries without the prior approval of WDC.
- No shares held by WHL, or the subsidiaries are to be sold or otherwise disposed of without the prior approval of WDC.

Over time, WDC may form other CCOs within the WHL structure. WHL is an obvious vehicle for holding the shares in these enterprises, however, the directors' approach to the holding of other shares will be determined on a case-by-case basis in consultation with Council. It is anticipated that WHL will assist WDC in the identification and assessment of such future opportunities.

## 9. DISTRIBUTION POLICY

Profit retention and dividend policy will be determined from year to year by the Directors in accordance with operational results, financial prospects, and the circumstances prevailing, with the objectives of ensuring that:

- The amount of the distribution does not limit WHL's ability to fund future capital expenditure requirements of subsidiary companies to both maintain and expand current operations, nor to address issues relating to the Company's debt structure. In determining any distribution, the following must be considered:
  - i. The Directors are satisfied that the requirements of section 4 of the Companies Act (the "solvency test") have been satisfied;
  - ii. The amount of the distribution does not exceed the amount of the net profit after tax, plus cash held in reserves, in the year to which the distribution relates; and,
  - iii. Total liabilities do not exceed 50% of the total assets.

WHL will endeavor to make distributions as agreed in annual budget discussions with council in the 2023/24 year.

## 10. REPORTING TO SHAREHOLDERS

WHL will provide the following information in order to enable the WDC, as the shareholder of WHL, to make an informed assessment of the Company's performance:

- a) An annual Draft SOI in accordance with Schedule 8 of the Local Government Act 2002, delivered by the 1st of March, with WDC comments returned by the 1st of May and a completed SOI after consideration of Shareholders comments delivered by 30 June. The Final Statement of Intent of WHL will be made available to the public one month following delivery to the WDC.

- b) A half-yearly financial and progress report or presentation to Council that details the financial performance and progress of the Company and its subsidiaries. This report shall be delivered to Council no later than 28th February.
- c) An annual report in accordance with Section 67 and 71 of the Local Government Act 2002 and the GAAP reporting requirements prescribed from time to time by the Institute of Chartered Accountant of New Zealand, and any other information that the Directors deem appropriate. The annual report is to be delivered to the WDC by the 30th of September and no later than 20 days prior to the Company's AGM.
- d) An annual Shareholders meeting is to be held by the 31st of December each year with not less than 10 days' notice to the WDC.

## 11 CAPITAL EXPENDITURE

The approval of Westland District Council must be obtained for any significant purchases or developments greater than \$500,000 for any one project, including the funding mechanism for the purchase or development. For general plant replacement items, amounts in excess of \$750,000 need to be referred to Westland District Council as above.

## 12 ACQUISITION PROCEDURES

If the Directors believe they should invest in or otherwise acquire any interest in any other organisation, they shall obtain the prior approval of the WDC as shareholder by special resolution unless the total cost is less than \$500,000.

In this case prior approval is not required, but the Shareholder will be advised within 10 working days.

## 13 COMPENSATION

Currently there are no activities for which compensation will be sought from WDC.

## 14 ESTIMATED COMMERCIAL VALUE OF WHL

The value of WHL has been defined as the estimated value of Shareholders' funds as at 30 June 2022.

This value is estimated to be \$14,500,000.

The value ascribed to shareholders' funds will be that stated in the annual Statement of Financial Position of the Company as at the end of the financial year preceding each SOI.


## 15 OTHER MATTERS

WHL's directors are appointed by the Shareholders to govern and direct WHL's activities, and to oversee the governance and performance of the WDC's council-controlled organisations. The Shareholders expect this responsibility to include such areas of stewardship as:

- Commercial performance
- Non-commercial performance
- Preparation and review of business plans and budgets
- Corporate policies
- Financial and distribution policies
- Management oversight and development
- Delegations or authority
- Identification and management of business risks
- Identification and management of business opportunities
- Internal control systems
- Integrity of management information systems
- Relationships with stakeholders and external parties
- Compliance with relevant law
- Reports to shareholder



## 16. FINANCIAL FORECASTS

<b>WESTLAND HOLDINGS LIMITED</b>					
<b>FINANCIAL FORECASTS</b>					
			<b>Group Budget 2023/24</b>	<b>Group Forecast 2024/25</b>	<b>Group Forecast 2025/26</b>
			<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>			29,726,074	31,816,900	34,008,483
<b>Cost of Sales</b>			21,598,315	23,002,205	24,566,355
<b>Gross Profit</b>			8,127,759	8,814,695	9,442,128
<b>Other Income</b>			2,132,000	2,290,760	2,373,343
<b>Administrative Expenses</b>			6,551,685	6,989,873	7,380,674
<b>Depreciation</b>			2,265,340	2,401,584	2,547,365
<b>Results from operations</b>			1,442,734	1,713,998	1,887,432
<b>Finance Costs</b>			369,683	414,921	431,225
<b>Net finance costs</b>			369,683	414,921	431,225
<b>Profit before Income Tax</b>			1,073,051	1,299,077	1,456,207
<b>Subvention Payment</b>			100,000	100,000	100,000
<b>Income tax expense</b>			279,134	344,501	389,178
<b>Profit for the period</b>			693,917	854,576	967,029
<b>Total Comprehensive Income for the Year</b>			693,917	854,576	967,029
<b>Other Performance Targets</b>					
<b>Dividends</b>			270,000	300,000	325,000
<b>Earnings Retained</b>			423,917	554,576	642,029
<b>Closing Shareholder's Funds</b>			21,101,834	21,656,410	22,298,439

## APPENDIX A

# WESTLAND HOLDINGS LIMITED STATEMENT OF ACCOUNTING POLICIES



### REPORTING ENTITY

Westland Holdings Limited is registered under the Companies Act 1993 and is domiciled in New Zealand. Westland Holdings Limited is owned by Westland District Council.

The Company is a Council Controlled Trading Organisation as defined in Section 6(1) of the Local Government Act 2002.

The financial statements of the Company have been prepared in accordance with the requirements of the Companies Act 1993, and the Local Government Act 2002.

The Group consists of Westland Holdings Limited, Destination Westland Limited, Westroads Limited. All Group companies are incorporated in New Zealand.

The Company is a Tier 1 for-profit entity and has elected to report in accordance with Tier 1 for-profit Accounting Standards on the basis that it does not have public accountability.

### BASIS OF PREPARATION

#### Statement of Compliance

The Company has designated itself as a profit orientated entity for the purposes of New Zealand Equivalent to International Financial Reporting Standards (NZIFRS). The Financial Statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and Tier 1 POE Accounting Standards. They comply with New Zealand equivalents to the International Financial Reporting Standards Reduced Disclosure Regime (NZIFRS RDR) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

#### Measurement Base

The financial statements have been prepared on a historical cost basis, except for the revaluation of investment properties which are revalued every year.

#### Functional and presentation currency

These financial statements are presented in New Zealand dollars (\$), which is the Group's functional currency. All financial information presented has been rounded to the nearest thousand.

#### Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### Going Concern

The financial statements will be prepared on a going concern basis.

## **SIGNIFICANT ACCOUNTING POLICIES**

Accounting policies set out below will be applied consistently to all periods presented in the financial statements. The following particular accounting policies which materially affect the measurement of financial results and financial position will be applied:

### **PROPERTY, PLANT and EQUIPMENT**

#### **Recognition and measurement**

Land and buildings, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

#### **Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

#### **Depreciation**

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

buildings	3-50 years
plant and equipment*	1.5-25 years
office furniture and equipment	2-15 years
runway infrastructure	2-50 years

\*includes motor vehicles

### **INVESTMENT PROPERTIES**

Properties leased to third parties under operating leases are classified as investment property.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

## **INTANGIBLE ASSETS**

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination, in which the goodwill arose. Goodwill is assessed for impairment on an annual basis. Any impairment losses are recognised immediately in the profit or loss.

## **INVENTORIES**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

In the case of metal inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Metal inventory cost is calculated on a discounted sale value basis, as an approximation of weighted average cost.

Inventories include development properties that are being developed for sale. These properties are measured at the lower of cost and net realisable value and the cost includes development costs to date.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## **CONTRACT ASSETS AND LIABILITIES**

The company will report contract asset and liabilities IFRS 15.

## **IMPAIRMENT**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amounts of assets and are recognised in the profit or loss.

### **Impairment of Receivables**

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on economic factors affecting the Companies customers.

There is no impairment deemed necessary as the company are not expecting any credit losses.

### **Impairment of Contract assets and Contract liabilities**

Contract assets and contract liabilities were previously included within "trade and other receivables" and "trade and other payables" and disclosed separately as Work in Progress. Under IFRS15 these items are now combined and renamed as Contract assets

They arise from contracts enter that can span over the financial year and also reflect retention funds that are held by the client until such time as a certificate of completion has been signed off. It may take a up to 2 years to complete, because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

There has been no Impairment of Contract Assets or Contract Liabilities

### **Impairment of Goodwill**

The Company is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. During the year, with reference to all the competition in the Christchurch market the total carrying amount of Goodwill was impaired

This competitive market has had an adverse impact on the projected value in use of the operation concerned and consequently resulted in an impairment to goodwill of \$151,000.

## **FINANCIAL INSTRUMENTS**

The Company categorises its financial assets and its financial liabilities as being at amortised cost.

### **Financial Assets**

The company's financial assets comprise: cash and cash equivalents, and trade and other receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.

Financial assets are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less impairment.

### **Financial liabilities**

Financial liabilities comprise: trade and other payables, borrowings, and advances. Borrowings are initially recognised at their fair value net of transaction costs, and subsequently measured at amortised cost using the effective interest method.

### **Interest-bearing borrowings**

Interest-bearing borrowings are classified as other non-derivative financial instruments.

### **Trade and other payables**

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

## **GOODS AND SERVICES TAX (GST)**

All items in the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

## **EMPLOYEE BENEFITS**

### **Defined contribution plans**

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

### **Other long-term employee benefits**

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

### **Termination benefits**

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

Termination benefits for voluntary redundancies are recognised if the Company has made an offer encouraging

voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

### **Short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **LEASED ASSETS**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases. The leased assets are not recognised on the Company's balance sheet.

### **PROVISIONS**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### **REVENUE**

NZ IFRS 15 Revenue from Contracts with Customers introduced a new revenue recognition model that recognises revenue either at a point in time or over time. It is based on the principle that revenue is recognised when control of goods and services transfers to the customer and is based on the fulfilment of performance obligations.

The company has applied the modified approach on transitioning to NZ IFRS 15 and has applied the standard on initial application being 1 July 2018. No material impact on these financial statements has been recognised as a result of adopting this standard.

As the Company has the right to consider corresponding directly with the value of performance completed to date, customer contract revenue is recognised consistent with the amount that the Company has a right to invoice. The Company is therefore exercising the practical expedient not to explain transaction prices allocated to unsatisfied performance obligations at the end of the reporting period.

Note 8 sets out a numerical disaggregation of revenue in accordance with the disclosure requirements of the new standard.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five step analysis of transaction to determine whether, how much and when revenue is recognised.

### **Sale of Goods and Services – From 1 July 2018**

To determine whether to recognise revenue, the Company follows a 5-step process:

- 1 – Identifying the contract with a customer
- 2 – Identifying the performance obligations
- 3 – Determining the transaction price
- 4 – Allocating the transaction price
- 5 – Recognising revenue when/as performance obligation(s) are satisfied

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

If the company satisfies a performance obligation before it received the consideration, the company recognises a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

#### Sale of Goods

Revenue from the sale of metal stock for the agreed price is recognised when the company transfers the control of the goods to the customers. The goods represent a single performance obligation over which the control is considered to transfer at a point in time.

#### Sale of Goods – Before 1 July 2018

Revenue from the sale of goods is recognised when the company has transferred to the buyer the significant risks and rewards of ownership and use of the goods. Risks and rewards are considered transferred to the buyer at the time of the delivery of the goods to the customer.

#### **Revenue contracts**

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

#### **LEASE PAYMENTS**

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease.

#### **INCOME TAX EXPENSE**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### **CASH & CASH EQUIVALENTS**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term-highly liquid investments with original maturities of three months or less, and bank overdrafts.



Bank overdrafts are shown in current liabilities in the statement of financial position.

## **CONSOLIDATION**

The Company has two 100% owned subsidiary companies that are consolidated into the financial statements.

The basis of consolidation: The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income, and expenses on a line-by-line basis.

The Company consolidates as subsidiaries in the Group financial statements all entities where the Company has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where the Company controls the majority voting power on the governing body, or where such policies have been irreversibly predetermined by the Company, or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The Company measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the Company's interest in the net fair value of the identifiable assets, liabilities, contingencies recognised exceeds the cost of the business combination, the difference will be recognised immediately in the profit or loss.

Investments in subsidiaries are carried at cost in the Company's own "parent entity" financial statements.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.