



A G E N D A

Council

Council Chambers

**Wednesday 20 March 2013
commencing at 9.00 am**

Her Worship the Mayor, M.H. Pugh (Chairperson)
Deputy Mayor Councillor B.O. Thomson
Councillors J.G. Birchfield, A.N. Bradley,
J.H. Butzbach, K.J. Eggeling,
M.D. Montagu, K.R. Scott,
F.I.W. Stapleton, C.A. van Beek.

Special Council Agenda

NOTICE IS HEREBY GIVEN THAT A SPECIAL MEETING OF THE WESTLAND DISTRICT COUNCIL WILL BE HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA ON WEDNESDAY 20 MARCH 2013 COMMENCING AT 9.00 AM

Tanya Winter
Chief Executive

13 March 2013

Council Vision

"Westland will, by 2030, be a world class tourist destination and have industries and businesses leading through innovation and service."

This will be achieved by:

- *Involving the community and stakeholders*
- *Having inspirational leadership*
- *Having expanded development opportunities*
- *Having top class infrastructure for all communities*
- *Living the '100% Pure NZ' brand*

*Council by-line in promoting Westland:
"Westland, the last best place"*

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 meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

1. MEMBERS PRESENT AND APOLOGIES

1.1 Apologies

Councillor A.M. Hurley.

1.2 Register of Conflicts of Interest

2. BUSINESS

2.1 Draft 2013/2014 Annual Plan: Omnibus Report

(Pages 4-59)

2.2 Solid Waste

(Pages 60-82)

3. MATTERS TO BE CONSIDERED IN THE 'PUBLIC EXCLUDED SECTION'

Resolutions to exclude the public: Section 48, Local Government Official Information and Meetings Act 1987.

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

3.1 Annual Plan Matters

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 this resolution are as follows:

Item No.	Minutes/ Report of	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.	Report	Annual Plan Matters	Good reasons to withhold exists under Section 7.	Section 48(1)(a)

Report



DATE: 15 March 2013
TO: Mayor and Councillors
FROM: Manager Planning and Regulatory

2013/14 DRAFT ANNUAL PLAN: OMNIBUS REPORT

1.0 SUMMARY

- 1.1 The purpose of this report is to provide Council with sufficient information to proceed to the inclusion of various matters in the Draft Annual Plan.
- 1.2 This issue arises from work that has come out of previous Council meetings and the workshop held on 6 March 2013.
- 1.3 The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002 Amendment Act 2012. That purpose is:
 - (a) To enable democratic local decision-making and action, by and on behalf of, communities; and
 - (b) To meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- 1.4 Council seeks to meet this obligation and the achievement of the district vision set out in the Long Term Plan 2012-22. The matters raised in this report relate to those elements of the vision identified in the following table.

Vision's Objectives	Achieved By
Involving the community and stakeholders Having inspirational leadership Having expanded development opportunities Having top class infrastructure for all communities Living the '100% Pure NZ' brand	An accurate, timely and readily understood Annual Plan that is subject to a Special Consultative Procedure

- 1.5 Section 95 of the Local Government Act 2002 requires Council to prepare and adopt an Annual Plan each financial year. The purposes of the Annual Plan are provided for in Section 95 (5) of the Act.
- 1.6 This report concludes by recommending that Council:
- A. Instruct the Chief Executive to bring further reports as required by Council to the 11 April 2013 meeting.
 - B. Adopt the recommendations herein for the purposes of giving direction to the Chief Executive.

2.0 BACKGROUND

- 2.1 Council has been briefed on the financial situation identified in the 2011/12 Annual Report. In addition Council has work-shopped (on 6 March 2013) a number of financial matters that will need to be included in the Draft Annual Plan.

3.0 CURRENT SITUATION

- 3.1 As a result of the outcome of the 2011/12 Annual report, Council has reviewed all spheres of expenditure and reviewed income and financial management priorities and as a result of Council discussion and management investigation a number of financial priorities need to be resolved for addition to the Draft Annual Plan as provided for in the following sections to this plan.
- 3.2 The timetable for the rest of the Annual Plan process is:
- | | | |
|----------|---|---|
| 11 April | - | Further debate and consideration of final proposed details. |
| 24 April | - | Adopt Draft Annual Plan as a Proposal. |
| 30 April | - | Commence Special Consultative Procedure. |
| 30 May | - | Special Consultative Procedure ends. |
| 05 June | - | Hearing of submissions. |
| 06 June | - | Consideration of submissions. |
| 18 June | - | Final debate on content of Proposed Plan. |
| 27 June | - | Adoption of 2013-14 Annual Plan. |

4.0 CORE BUDGETS

- 4.1 A copy of the core operating budgets is attached as **Appendix 1 (Pages 10-29)**.
- 4.2 Management advice is that the core operating budgets be reviewed in detail.
- 4.3 **Recommendation:**
- THAT** the core operating budget be approved.

5.0 FINANCIAL MANAGEMENT PRINCIPLES

5.1 Attached as **Appendix 2 (Pages 30-32)** is a report prepared by the Acting Group Manager - Corporate Services.

5.2 Recommendation:

THAT the Financial Management Principles be adopted.

6.0 RURAL FIRE

6.1 Council has considered costs associated with the continuing provision of the rural fire service. Council has an obligation to provide for a rural fire force in Zone 5. The rural fire force is based at the Westroads Kaniere Depot and fulfills a statutory duty.

6.2 Council also has fire “parties” at Kokatahi and Haast, both of which are by way of the general rate. Projected 2013-14 costs are : Kokatahi- \$10,715, Kaniere and Zone- \$18,360 and Haast- \$12,705.

6.3 There are significant costs associated with, in particular, the provision of personal protection equipment for all those associated with rural fire operations. If the Kokatahi and Haast parties are to continue to be part of the Westland Rural Fire scene then they must be compliant with National Rural Fire Authority requirements and sufficient training and gear is required on a continuing basis.

6.4 The Rural Fire Force at Kaniere has not been called out in two years. It is compliant with National Rural Fire Authority requirements.

6.5 The Kokatahi and Haast parties are called out from time to time for fires and motor vehicle accidents. They are not compliant with Rural Fire Authority standards but readily could be.

6.6 Council has the option of ceasing with one or both of the Kokatahi or Haast parties. The cost savings in not funding Kokatahi and Haast fire parties are in the order of \$13,555 for the 2013-14 year. Council needs to consider the wider needs of the community.

6.7 Recommendation:

THAT Council continue to support the Kokatahi and Haast fire parties.

7.0 CIVIL DEFENCE

7.1 Council has requested further information on the civil defence Farmside satellite phones. The phone system was installed in 2010 by CDEM to provide a robust communication system for the West

Coast. The system was funded for three years and the funding ceases on 30 June. The cost for the 2012-13 year will be \$7,452 plus operational costs (minimal except in an emergency). Each site costs \$1,608 each year. There are three identified options.

- 7.2 Option 1 is to purchase the Westland part of the system at a cost of \$7,400 and pay a \$1,200 annual charge plus usage. The first year would be \$8,600 plus usage and subsequent years would be \$1,200 plus usage.
- 7.3 Option 2 is that the Haast system could be removed which would save a single site cost.
- 7.3 Option 3 is that the entire system could be removed and replaced with an improved VHF link. Such an improved link would be in the order of \$15,000 plus licence fees.
- 7.4 Indications are that if the system is removed prematurely then Council would need to refund the “incentive grant” made over the last three years. The reason that the grant was initially made was that the system installed was a reasonable and helpful communication tool for the District that is supported by the Ministry and the Group.
- 7.5 **Recommendation:**

THAT the agreement with Farmside stays in place.

8.0 PROJECTS

- 8.1 Attached as **Appendix 3 (Pages 33-40)** is a report prepared by the Group Manager Operations detailing all operating and capital projects to be included in the 2013-14 Draft Annual Plan.

8.2 Recommendation:

THAT the operating and capital projects are approved as amended for inclusion in the 2013-14 Draft Annual Plan.

9.0 UNFUNDED DEPRECIATION

- 9.1 A report and attachment prepared by the Acting Group Manager - Corporate Services is attached as **Appendix 4 (Pages 41-47)**.

9.2 Recommendation:

THAT the “Austerity Depreciation Funding Policy” be adopted.

10.0 DEBT OVERVIEW

- 10.1 A report prepared by the Acting Group Manager - Corporate Services is attached as **Appendix 5 (Pages 48-51)**.

10.2 Recommendation:

THAT the information be received.

11.0 RESERVES AND SEPARATE FUNDS

11.1 A report prepared by the Acting Group Manager - Corporate Services is attached as **Appendix 6 (Pages 52-57)**.

11.2 Recommendation:

THAT Council approve:

- A. The list of restricted reserves listed in the table "Restricted Reserves Balances March 2013".
- B. The list of Council created reserves listed in the table "Council Created Reserves March 2013".
- C. That all reserves be funded from the Westpac Bonds.

12.0 STRATEGIC ASSETS TRANSFER

12.1 Attached as **Appendix 7 (Pages 58-59)** is a report prepared by the Acting Corporate Services Group Manager relating to the transfer of strategic assets.

12.2 Recommendations:

- A. **THAT** Council continue to proceed with the proposal to transfer the following assets and advise this intention in the Annual Plan:
 - Hokitika and Ross Elderly Housing
 - Hokitika Swimming Pool
 - Ross Squash Courts
 - Kumara Sports Grounds and Toilets
 - Jackson Bay Wharf
- B. **THAT** Council budget \$45,000 from rates for the preparation of the business case, SCP and LTP amendment.
- C. **THAT** Hokitika Swimming Pool, Elderly Housing and Jackson Bay Wharf continue under the existing management contracts, until a decision is made on this proposal.

13.0 OPTIONS

- 13.1 Council can approve the 2013-14 Draft Annual Plan with the amendments identified.
- 13.2 Council can delay the approval of the 2013-14 Draft Annual Plan at this time and request staff to provide additional information and reports.

14.0 SIGNIFICANCE AND CONSULTATION

- 14.1 At this time the significance of the 2013-14 Draft Annual Plan is low as the Plan will proceed in due course to the special consultative procedure and adoption.

15.0 RECOMMENDATIONS

- A. **THAT** Council instructs the Chief Executive to bring further reports as required by Council to the 11 April 2013 meeting.
- B. **THAT** Council adopt the recommendations herein for the purposes of giving direction to the Chief Executive.

Appendix 1: 2013-14 Core Operating Budgets.

Appendix 2: 2013-14 Budget – Financial Management Principles.

Appendix 3: Operational and Capital Projects.

Appendix 4: Unfunded Depreciation.

Appendix 5: Debt Overview.

Appendix 6: Reserves and Separate Funds.

Appendix 7: Strategic Assets Transfer.

Richard Simpson

Manager: Planning and Regulatory

Appendix 1

DATE: 14 March 2013
TO: Mayor and Councillors
FROM: Chief Financial Officer

CORE OPERATING BUDGETS

NOTES

- 1) All activity managers have gone through their budgets and identified the minimum income and expenditure required to maintain existing service levels. The Executive Team has also reviewed these budgets to ensure that no unnecessary expenditure has been included.
- 2) Whilst the activity budgets should be in line with the Long Term Plan 2012/13 budget, some individual cost centres have been moved from activities and this results in some of the budgets not matching the Long Term Plan Budgets. An example of this is changing the Carnegie Building from Community Halls and Buildings to the Land and Buildings, and Community Garden from Parks and Reserves to Community Development. Unfunded Depreciation for the 2012/13 year has also not been included in the detailed budgets however it is included in the 2013/104 budgets.
- 3) Interest expenses has not yet been distributed to its relevant activities and is shown as a total in the Interest and Dividend budgets. A principal repayment on the asset portion of the debt has been included as a total figure in the Interest and Dividends budget. (see debt report).
- 4) Where there is no percentage stated in the summary activity tables this indicates that this activity is entirely self-funded and does not required a rates contribution.
- 5) The column Actual Current YTD refers to the actual figures to 31 December 2012. The column LTP budgets 2012/13 is the detailed income and expenditure which was summarised in the Long Term Plan. Expenditure is based on a reasonable estimate of the expenditure needed to operate an activity, having regard to prosed services levels, historic costs and know price levels. All activity managers are expected to understand their detailed budgets and explain exactly what expenditure these incur and income relate to.
- 6) Overheads are allocated to activities. These are the direct costs of other activities, (Corporate Services, Chief Executive, IT, Senior Managers). A change in overheads can only occur if the direct costs in these activities is reduced.

The rates increase is 21% which includes projects. There is an unallocated rates requirement figure of \$308,427 which makes up the total rates struck for the year 2012/13.

Tracy O'Malley
Chief Financial Officer

ACTIVITIES	2012/13 LTP Budget	2013/14 Same Service Level	Rates Requirement
Library	422,057	427,649	1%
Museum	216,757	238,686	10%
I-Site	22,184	146,378	560%
Events	(13,612)	(4,329)	
Corporate Planning	(25,000)	173,592	794%
Swimming Pool Hokitika	229,000	229,000	0%
Swimming Pool Depreciation	0	19,573	
Ross Swimming Pool	8,157	24,089	195%
Elderly Housing	0	22,501	100%
Community Halls & Buildings	62,596	99,240	59%
Parks & Reserves	331,369	351,373	6%
Cemeteries	50,700	33,101	-35%
Safer Community Council	51,227	12,819	-75%
Community Assistance	228,216	140,193	-39%
Community Development	295,745	163,668	-45%
Inspections & Compliance	220,693	214,244	-3%
Resource Management	244,395	180,053	-26%
Animal Control	4,563	13,328	192%
Emergency Management	100,034	96,432	-4%
Transportation	1,205,710	1,203,222	0%
Water Supply	842,702	857,579	2%
Wastewater	737,820	964,642	31%
Stormwater	467,000	570,555	22%
Solid Waste Management	886,725	1,197,565	35%
Community Township Development	329,000	297,525	-10%
Land & Buidlings	50,613	99,184	96%
Public Toilets	180,851	210,972	17%
Democracy	686,571	763,647	11%
Interest & Dividends	(331,500)	643,000	-294%
Remainder of Rates Allocation	308,427		
Total	7,813,000	9,389,480	20.2%

Capital Projects affecting rates

495,500

Rates Difference	7,813	9,884	21.0%
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	Library		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	24,000	28,673	
Less Operating Expenditure	446,057	456,322	
Net Rates Requirements	422,057	427,649	1%
Capital Expenditure	-	-	-

	Museum		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	47,100	41,000	
Less Operating Expenditure	263,857	279,686	
Net Rates Requirements	216,757	238,686	10%
Capital Expenditure	-	-	-

	I-site		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	371,828	186,000	
Less Operating Expenditure	349,644	332,378	
Net Rates Requirements	22,184	146,378	560%
Capital Expenditure			-

	Events		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	481,388	491,500	
Less Operating Expenditure	495,000	487,171	
Net Rates Requirements	(13,612)	(4,329)	
Capital Expenditure			-

	Corporate Planning		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	141,356	-	
Less Operating Expenditure	116,356	173,592	
Net Rates Requirements	(25,000)	173,592	-794%
Capital Expenditure			-

	Hokitika Swimming Pool		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue		-	
Less Operating Expenditure	229,000	229,000	
Net Rates Requirements	229,000	229,000	-
Capital Expenditure			-

	Hokitika Swimming Pool Depreciation Only		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue			
Less Operating Expenditure		19,573	
Net Rates Requirements	-	19,573	-
Capital Expenditure			-

	Ross Swimming Pool		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	-	-	
Less Operating Expenditure	8,157	24,089	
Net Rates Requirements	8,157	24,089	195%
Capital Expenditure			-

	Eldery Housing		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue			
Less Operating Expenditure	-	22,501	
Net Rates Requirements	-	22,501	100%
Capital Expenditure			-

	Community Halls & Buildings		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	-	12,780	
Less Operating Expenditure	62,596	112,020	
Net Rates Requirements	62,596	99,240	59%
Capital Expenditure	-	-	-

	Parks & Reserves		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	6,960	6,900	
Less Operating Expenditure	338,329	358,273	
Net Rates Requirements	331,369	351,373	6%
Capital Expenditure	-	-	-

	Cemeteries		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	36,300	35,900	
Less Operating Expenditure	87,000	69,001	
Net Rates Requirements	50,700	33,101	-35%
Capital Expenditure			-

	Safer Community Council		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	17,000	18,000	
Less Operating Expenditure	68,227	30,819	-
Net Rates Requirements	51,227	12,819	-75%
Capital Expenditure			-

	Community Assistance		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	130,001	124,000	
Less Operating Expenditure	358,217	264,193	
Net Rates Requirements	228,216	140,193	-39%
Capital Expenditure			-

	Community Development		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	-	-	
Less Operating Expenditure	295,745	163,668	
Net Rates Requirements	295,745	163,668	-45%
Capital Expenditure			-

	Inspections & Compliance		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	554,424	541,660	
Less Operating Expenditure	775,117	755,904	
Net Rates Requirements	220,693	214,244	-3%
Capital Expenditure			-

	Resource Management		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	128,176	156,000	
Less Operating Expenditure	372,571	336,053	
Net Rates Requirements	244,395	180,053	-26%
Capital Expenditure			

	Animal Control		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	87,000	87,200	
Less Operating Expenditure	91,563	100,528	
Net Rates Requirements	4,563	13,328	192%
Capital Expenditure			

	Emergency Management		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	1,500	-	
Less Operating Expenditure	101,534	96,432	
Net Rates Requirements	100,034	96,432	-4%
Capital Expenditure	-	-	-

	Transportation		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	2,839,290	2,820,000	
Less Operating Expenditure	4,045,000	4,023,222	
Net Rates Requirements	1,205,710	1,203,222	0%
Capital Expenditure	-	-	-

	Water Supply		
	2012/13	2013/14	2013/14
	LTP	Budget	Net
	Budget	Same	Rates
	\$	Service	Increase
		Level	to same
		\$	service
			%
Operating Revenue	1,179,298	1,150,000	
Less Operating Expenditure	2,022,000	2,007,579	
Net Rates Requirements	842,702	857,579	2%
Capital Expenditure	-	-	-

	Wastewater		
	2012/13	2013/14	2013/14
	LTP	Budget	Net
	Budget	Same	Rates
	\$	Service	Increase
		Level	to same
		\$	service
			%
Operating Revenue	63,000	30,000	
Less Operating Expenditure	800,820	994,642	
Net Rates Requirements	737,820	964,642	31%
Capital Expenditure	-	-	-

	Stormwater		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	20,000	-	
Less Operating Expenditure	487,000	570,555	
Net Rates Requirements	467,000	570,555	22%
Capital Expenditure	-	-	-

	Solid Waste Management		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	1,236,358	779,550	
Less Operating Expenditure	2,123,083	1,977,115	
Net Rates Requirements	886,725	1,197,565	35%
Capital Expenditure	-	-	-

	Community Township Development		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	-	-	
Less Operating Expenditure	329,000	297,525	
Net Rates Requirements	329,000	297,525	-10%
Capital Expenditure	-	-	-

	Land & Buildings		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	-	5,500	
Less Operating Expenditure	50,613	104,684	
Net Rates Requirements	50,613	99,184	96%
Capital Expenditure	-	-	-

	Public Toilets		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	-	-	
Less Operating Expenditure	180,851	210,972	-
Net Rates Requirements	180,851	210,972	17%
Capital Expenditure	-	-	-

	Democracy		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	1,500	1,500	
Less Operating Expenditure	688,071	765,147	-
Net Rates Requirements	686,571	763,647	11%
Capital Expenditure	-	-	-

	Corporate Services		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	112,700	1,791,434	
Less Operating Expenditure	1,482,020	1,791,434	
Net Rates Requirements	1,369,320	0	
Capital Expenditure	-	-	-

	Planning & Regulatory Manager		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	5,000	462,987	
Less Operating Expenditure	361,057	462,987	
Net Rates Requirements	356,057	0	
Capital Expenditure	-	-	-

	Interest and Dividends		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	841,500	687,000	
Less Operating Expenditure	510,000	1,330,000	
Net Rates Requirements	(331,500)	643,000	294%
Principal Repayment	-	-	-

	Operations Administration		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	10,000	795,408	
Less Operating Expenditure	681,078	795,408	
Net Rates Requirements	671,078	- 0	
Capital Expenditure	-	-	-

	Chief Executive		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	6,500	392,562	
Less Operating Expenditure	378,702	392,562	
Net Rates Requirements	372,202	-	
Capital Expenditure	-	-	-

	IT		
	2012/13	2013/14	2013/14
	LTP Budget \$	Budget Same Service Level \$	Net Rates Increase to same service %
Operating Revenue	2,600	228,990	
Less Operating Expenditure	123,078	228,990	
Net Rates Requirements	120,478	- 0	
Capital Expenditure	-	-	-

Appendix 2



DATE: 14 March 2013
TO: Mayor and Councillors
FROM: Acting Group Manager – Corporate Services

2013/14 BUDGET – FINANCIAL MANAGEMENT PRINCIPLES

Recent adverse financial results and investigations have identified financial management practices need improvement to create greater accuracy and transparency. The Local Government Act requires Council to produce a balanced budget and be prudent. It is recognised that a balanced budget in its pure sense is not always prudent and it is a requirement of an LTP to include a “statement concerning balancing of budget” which explains why council considers it prudent to not balance a budget in any particular year.

The following principles are being applied in the development of the 2013/14 Annual Plan.

Revenue (including investment income)

1. Operating revenue will be budgeted realistically based on previous experience.
2. Stretched targets may be budgeted, in the context of realistic, documented plans/business cases. These should consider the risks and uncertainties of achieving new revenue and the financial implications of not achieving the new budgets.
3. Uncertain revenue may be budgeted and transferred to reserves, so that, only when the revenue is earned does Council spend it.

Expenditure

1. Expenditure is based on a reasonable estimate of the expenditure needed to operate an activity, having regard to proposed service levels, historic costs and known price levels.
2. Employment cost budgets are based upon actual contracted costs plus vacant positions at estimated market price.
3. Depreciation is assumed to be funded, for the future renewal of assets, unless otherwise resolved by Council.
4. Changes in service level are approved by Council.

Debt

1. Debt funding is approved by Council.
2. Officers are delegated to draw down debt funding approved in an Annual Plan.
3. Debt is used for funding long term investments in equities and assets.

4. Debt may be used for funding operating expenses only after very careful consideration of whether it is prudent with particular regard to the financial impact on future ratepayers.
5. Interest costs are budgeted based on forecast debt, at interest rates based on contracted prices and for floating rates the 1 year swap rate plus 75 points.
6. Where actual costs are lower than budgeted costs, the remaining budget shall be applied to debt repayment.

Rates

1. Rates are calculated according to the revenue and financing policy.
2. Rates are a direct calculation from the budgets without any amendment other than an amendment made with the knowledge of Council to the budget.

Reserves

1. Reserves are funded from the Westpac Bonds.
2. During the course of the year the bonds will gain in value, but not deliver a cash return.
3. Reserves currently not funded, will be funded from the growth in the bonds.
4. Reserve balances will grow by interest calculated the weighted average 90 day bill rate, paid quarterly into the reserve.
5. The interest growth for the reserves will be funding from the growth in value of the bonds.
6. During 2013/14 new depreciation reserves will grow quarterly. Interest will be earned on those reserves calculated based on the average 90 day bill rate. This will be funded from external interest revenue (or deficit reserves – internal borrowing) for 2013/14.
7. Interest will be charged on any reserve in deficit at Council's weighted average cost of asset term debt.
8. No funds shall be withdrawn from the Westpac Bonds or any reserve unless provided for in the Annual Plan or by Council resolution.

Fees and Charges

1. Fees and charges will be approved by Council at the 11 April 2013 Final Annual Plan Debate. Changes will be included in the Draft Annual Plan for consultation.

Projects

1. Projects approved for inclusion in the Annual Plan shall also have their funding sources resolved.
2. Funding sources shall be confirmed to exist, prior to the project being approved.
3. Projects funded from grants and subsidies can only begin once funding is confirmed, unless otherwise resolved by Council.
4. Projects exceeding budget by more than \$20,000 or 5% (whichever is the lower) shall be approved by Council, as soon as possible after this information becomes known to officers and preferably prior to the funds being committed.

5. Where projects are approved which exceed \$50,000 (except NZTA funded projects), Council expects the Chief Executive to approve a business case prior to the project proceeding further.
6. Where projects are approved which exceed \$100,000 (except NZTA funded projects), Council will approve the business case prior to the project proceeding further.
7. Business cases will cover:
 - a. Options considered
 - b. Financial considerations (including revenue, expenditure, funding and rates implications)
 - c. Sustainability
 - d. Significance
 - e. Consideration of the purpose of local government
8. Business cases may need funding.

Carry forwards

1. It is assumed no 2012/13 projects will be carried forward (due to the expected adverse financial result).
2. All future carry forwards will be approved by Council resolution, only after confirmation of the funding sources

Stephen Halliwell

Acting Group Manager – Corporate Services

Appendix 3



DATE: 14 March 2013
TO: Mayor and Councillors
FROM: Group Manager – Assets and Operations

OPERATIONAL AND CAPITAL PROJECTS

1.0 SUMMARY

- 1.1 At Attachment 1 is the proposed planned projects for 2013-14. This proposal has been prepared with a view to including only “must have” projects.
- 1.2 The budgets from Year 2 of capital works program have been included for a comparison.
- 1.3 The proposed projects list includes all projects Operational and Capital. Projects have been coded accordingly.
- 1.4 The list provides funding mechanisms for 2013-14 projects. These have been broken down into five funding lines – Depreciation, Rates, Subsidy, Loan and Reserves.
- 1.5 The variation(s) from approved year 2 of the current Long Term Plan against the proposed works is shown in Table 1.0.

ACTIVITY	LTP Year 2	Proposed 2013-14
Library	51,467	51,400
Cemeteries	15,440	20,000
Parks and Reserves	30,880	10,000
Planning and Regulatory	108,376	-
Transportation	2,112,187	2,022,765
Water Supply	1,256,453	375,000
Wastewater	880,120	1,075,000
Stormwater	298,796	50,000

Solid Waste	360,266	188,000
Buildings	-	585,000
Conveniences	-	4000
Community Township Development	72,053	140,000
TOTAL	5,186,038	4,551,165

The rates funded projects total is \$494,500. Council may wish to focus their attention on these projects.

Vivek Goel
Group Manager – Assets and Operations

Attachment 1: Planned Projects for 2013-2014

ATTACHMENT 1 - OPERATIONAL AND CAPITAL PROJECTS

				YR 1 of Next LTP			YEAR 1 Project funding \$'s				
				YR2	YR3	YR4	Funded by	Funded by	Funded by	Funded by	Funded by
Capital (CAPEX) / Operational (OPEX)	Activity	Brief Description of Project (Comments on 2013-14 - Yr 1 projects only)	LTP / New	2013-14	2014-15	2015-16	Depreciation	Rates	Subsidy	Loan	Reserves
LIBRARY (Have used 0.9% annual inflation rate.)											
OPEX	E-content for overdrive; Audio/Visual resources	E-Books/Audiobooks/ DVDs	4,117	3,000	3,027	3,054		100%			
CAPEX	Adult - Fiction	Maintain quality and choice of fiction books	12,352	12,500	12,613	12,726	100%				
CAPEX	Adult - Non Fiction	Core collection - need to improve av age	20,587	18,400	18,566	18,733	100%				
CAPEX	Children and Young Adult resources / Junior Publications	Today's readers, tomorrow's leaders	10,293	11,500	11,604	11,708	100%				
CAPEX	Large print books	Inc number of older readers needing LP	4,117	6,000	6,054	6,108	100%				
				51,467	51,400	51,863	52,329	48,400	3,000	-	-
CEMETERIES											
CAPEX	Ross Cemetery - Expansion / Improvements	Finish off the work already started. More sites needed. Council may decide to close the cemetery.	NEW	10,000	10,000	10,000		100%			
CAPEX	Hokitika Cemetery - Expansion / Improvements	10k is required for new sites. On av 20-30 are buried per year max to 40 in a year. Pre-sales are putting pressure on available plots.	15,440	10,000	50,000	10,000		100%			
				15,440	20,000	60,000	20,000	0	20000	0	0
PARKS AND RESERVES											
CAPEX	Prestons Bush - Track upgrade within reserve				10,000						
CAPEX	Prestons Bush - Construction of Boundary fence										
CAPEX	Cass Square - Replacement of top playing surface	Urgent works - however deferred to 14-15 and 15-16	25,733		25,000	20,000					
CAPEX	Cass Square - Repairs to Statues	Political and Community input. Statues are desperate and in need of repairs. Emily Fryer report. Repairs and maintenance have been budgeted over next 3 years.	5,147	10,000	5,000	5,000		100%			
CAPEX	Cass Square - Upgrade of players stands					50,000					
CAPEX	Other Improvements - Heritage Walkway Extension , Cass Square - Furniture replacement										
				30,880	10,000	40,000	75,000	-	10,000	-	-
PLANNING & REGULATORY											
OPEX	Cost of Reviewing DP	Budgeted in Operational budgets	102,933								
OPEX	Other Renewals	Taken out	5,443								
				108,376	-	-	-	-	-	-	-
TRANSPORTATION											
OPEX	West Coast Wilderness Cycle Trail (Maintenance)	No Marketing and Maintenance budgets are budgeted yet. Council needs to have a discussions and agree on maintenance.	New	70,000				100%			

				YR2	YR3	YR4	Funded by	Funded by	Funded by	Funded by	Funded by
Capital (CAPEX) / Operational (OPEX)	Activity	Brief Description of Project (Comments on 2013-14 - Yr 1 projects only)	LTP / New	2013-14	2014-15	2015-16	Depreciation	Rates	Subsidy	Loan	Reserves
	West Coast Wilderness Cycle Trail (Marketing)			30,000				100%			
CAPEX	Walkway/Cycleway Project - Franz Josef Renewals - District	Works committed - NZTA program. Cannot delay these works as will result in increased re-seal requirements in future years. Maintenance will have a corresponding increase as well. Bridge renewals are also included which cannot be delayed.	2,112,187	1,922,765	1,984,554	2,057,983	42%		58%		
			2,112,187	2,022,765	1,984,554	2,057,983	807,561	100,000	1,115,204	-	-
	WATER SUPPLY										
	Kumara improvements - Intakes & Treatment / Upgrade with Telmetry					350,000			50%	50%	
CAPEX	Install Water Meters at Treatment Plants(Harihari , Whataroa and Fox)	Data Management. Meters are required to monitor consumption and assess the future demand. E.g. Franz Josef Water issue last year - couldn't assess the exact amount out of the treatment plant. Helps to assess the water losses and night flows as well.	51,467	25,000	25,000	25,000				100%	
CAPEX	Telemetry SCADA improvements	Remote location plants and connection to above meters. Year 2 project	51,467		50,000	100,000					
CAPEX	Hokitika Renewals - Reticulation upgrades	As per 3 water AMP programs.	123,520	120,000	120,000	120,000	100%				
CAPEX	Haast upgrade - Intakes & Treatment		669,500		650,000						
CAPEX	Fox Treatment plant		360,500			350,000					
CAPEX	Arahura - Intakes & Treatment					350,000					
CAPEX	Inclusion of Seismic Valves	These valves allow the isolation of reservoir in the vent of any movement effecting pipes etc. PHRMP's identify inclusion of these valves. Not proceeding with this will downgrade the gradings at WTP. WMP draws water from this plant and can have economic effects to local community. Canterbury events are an example. Essential lifelines project.	185,416	175,000						100%	
CAPEX	Haast - New reservoir										
CAPEX	Whataroa - Intakes & Treatment					80,000					
CAPEX	Blue Spur Upgrade Treatment Plant										
CAPEX	Airport Line Upgrade - Reticulation upgrades										

Capital (CAPEX) / Operational (OPEX)	Activity	Brief Description of Project (Comments on 2013-14 - Yr 1 projects only)	LTP / New	YR2	YR3	YR4	Funded by	Funded by	Funded by	Funded by	Funded by
				2013-14	2014-15	2015-16	Depreciation	Rates	Subsidy	Loan	Reserves
CAPEX	Kumara Reticulation upgrades - 4th Street	Council decision to form 4th street. Urban area. Properties on this road pay 50% service charge. Now needs services and a proper ring main. The contribution from developers is not sufficient.	56,184	50,000						100%	
OPEX	Mint Creek - Whataroa Rural Supply - Divestment / Closure Costs	Funds to close/transfer the supply. Council collects a targeted rate. Water Supply will have to be upgraded if stays with Council. Stock Water Supply only. Section 131 LGA can apply	NEW	5,000				100%			
CAPEX	Harihari New Reservoir										
CAPEX	Revell St mains upgrade - Reticulation upgrades										
CAPEX	Fox - New Reservoir										
CAPEX	Blue Spur Treatment plant improvement										
CAPEX	Hoki River to Blue Spur - Reticulation upgrades										
CAPEX	Blue Spur Treatment Plant										
			1,256,453	375,000	845,000	1,375,000	120,000	5,000	-	250,000	-
	WASTEWATER										
OPEX	Franz Josef Compliance issues (Infiltration Galleries)	On going problems which will require a budget for future proofing	20,587	20,000				100%			
CAPEX	Franz Josef Compliance issues - Stage 2 Plant Improvement (In progress)	Essential for resource consent compliance!. Work in progress. Quality improving	175,000	175,000						100%	
CAPEX	WWTP - Improvements at Hokitika	Includes investigation of renewal Resource Consent application	NEW	50,000	350,000		100%				
OPEX	Hokitika WWTP - Trade waste agreements	Need to review TWA asap to improve discharge		30,000				100%			
CAPEX	Haast Treatment improvements	Resouce Consent compliance! Pressure from Regional Council. Abatement Notice will apply. Non-compliance will result in no discharge allowed. Already delayed from Year 1.	350,000	375,000						100%	
	Flow Meters - Hokitika & Franz, Then Fox and Haast	Provide data to ensure resource consent compliance		60,000	25,000	30,000				100%	
	Fitzherbert St Pump Station	Replacement of 2nd pump. Pumps all Hokitika. Yr 2 project			150,000						
CAPEX	Fitzherbert Street Pumping Main	Two recent breaks on main. Abatement notice possibility	334,533	325,000			100%				
	Hokitika Outfall/Pond Treatment					6,500,000					
	Fox Glacier - Mains Replacement										
	Fox Glacier Treatment Improvements										
	Franz Josef - Mains Replacement										
	Hokitika - Z-line replacement										

Capital (CAPEX) / Operational (OPEX)	Activity	Brief Description of Project (Comments on 2013-14 - Yr 1 projects only)	LTP / New	YR2	YR3	YR4	Funded by	Funded by	Funded by	Funded by	Funded by
				2013-14	2014-15	2015-16	Depreciation	Rates	Subsidy	Loan	Reserves
	Generator (ASAP)	Experiencing problem to rent a generator. Has been needed almost every year. None in Hokitika. Have borrowed from Grey DC.		40,000						100%	
	Demand Management - Hokitika Sewer Modelling										
			880,120	1,075,000	525,000	6,530,000	375,000	50,000	-	650,000	-
	STORMWATER										
	Mains Upgrade - Gibson Quay / Sewell St Pumps	Yr 2 Project - 40 yr old Pump.	225,000		250,000						
	Mains Upgrade - Pipe renewals deferred to 3 yrs					25,000					
	Weld Street - New Mains		32,622			32,000					
	Dent Rd, Kaniere - Mains Upgrade (Renewal)										
OPEX	Franz Josef - Investigations	Operational Problems - Infrastructure failing, CCTV works., AMP program.Condition ratings and data management	20,587	25,000				100%			
OPEX	Fox Glacier - Investigations	Operational Problems - Infrastructure failing, CCTV works., AMP program.Condition ratings and data management	20,587	25,000				100%			
	Kumara - Easement over open drains					25,000					
	Hokitika Infiltration Investigation					25,000					
			298,796	50,000	250,000	107,000	-	50,000	-	-	-
	SOLID WASTE										
	Butlers - Construction of Sheds and small office				30,000						
	Truck wash and grey water system (Washpad essential)				20,000			100%			
	Butlers Extension/Additional Leachate treatment fields		51,467		50,000						
	Intermediate Capping					100,000					
	Intermediate Capping										
	Franz Josef - Establishment of Transfer Station										
CAPEX	Capping of Franz Josef Landfill (With Resource consent Obligations)	Re-profiling and preparing for final capping in 2014-15 . Budget has been increased to account for engineering drawings and cross- sections. Estimates based on Hoki landfill capping works	308,799	25,000	350,000					100%	
CAPEX	Haast Landfill - Hazardous Waste Facility	Provision of a wash pad. H&S requirement as per resource consent	NEW	3,000						100%	
CAPEX	Hokitika Capping - Landscaping	Work in progress from 2012-13. Landscaping continues as per capping plan	NEW	30,000	20,000					100%	

Capital (CAPEX) / Operational (OPEX)	Activity	Brief Description of Project (Comments on 2013-14 - Yr 1 projects only)	LTP / New	YR2	YR3	YR4	Funded by	Funded by	Funded by	Funded by	Funded by
				2013-14	2014-15	2015-16	Depreciation	Rates	Subsidy	Loan	Reserves
OPEX	Hokitika - Leachate Management system	Works on this major project have been delayed. Feasibility studies if we need to address any leachate issues and if yes what needs to be done. 500k was budgeted in year 2012-13 of LTP.	NEW	25,000	500,000					100%	
CAPEX	Other bin stations and satellite transfer stations	Estimates costs for provision of Bin trailers for glass sorting at transfer station. Detailed cost-benefit analysis are included in a separate report.	NEW	80,000				100%			
CAPEX	Kumara Landfill (Ops Project)		NEW	25,000						100%	
	Transfer station Improvements - 24/7 Recycling Access Facility				20,000	20,000					
				360,266	188,000	990,000	120,000	-	80,000	-	108,000
	BUILDINGS										
CAPEX	Cemetery shed- Demolition of store					5,000					
	Pensioner Housing	WDPL request to upgrade roofs at Pensioner Housing.	NEW	20,000						100%	
CAPEX	RSA Hokitika					20,000					
	Carnegie Building -Fire alarm system upgrade	Fire-alarm system. Overdue Project	NEW	30,000						100%	
	Carnegie Building -Security system upgrade					30,000					
	Cass Square changing sheds - fix portal structure & upgrade toilets					300,000					
	WDC Office - Toilets Upgrade (Building consent requirement)				60,000						
	WDC Office - Lift mechanism upgrade.				60,000						
CAPEX	Harihari Community Centre	To build a community centre in Harihari		290,000	1,000,000						100%
OPEX	Fox Community Centre	Grant to Fox Community Trust to fund Council share of Community hall		200,000	800,000						100%
	WDC Office - Roof replacement ground floor					180,000					
CAPEX	Refurbishing Council Front Office	Council office layout improvements	NEW	35,000			100%				
CAPEX	Ross Swimming Pool - Solar installation and plumbing fixes	On-going issue with Solar Panels at Ross Pool	NEW	10,000				25%	75%		
	Ross Swimming Pool - Pool liner and				60,000			25%	75%		
				585,000	1,980,000	535,000	35,000.00	2,500.00	7,500.00	50,000.00	490,000.00
	CONVENIENCES										
	Beach front Toilets	Repainting works and minor repairs. Budget not available in Operational Cost centres.	NEW	4,000				100%			
				4,000	-	-	-	4,000	-	-	-
	COMMUNITY TOWNSHIP DEVELOPMENT										
OPEX and CAPEX	Township Development - Rotated		72,053	70,000				100%			
	Glacier Townships funds (Franz and Fox)			70,000				100%			
			72,053	140,000	-	-	-	140,000	-	-	-
	MUSEUM										
	Lundia Shelving for collection storage				13,000						
	Research Centre re-fit										
	Large object shelving										

Appendix 4



DATE: 14 March 2013
TO: Mayor and Councillors
FROM: Acting Group Manager – Corporate Services

UNFUNDED DEPRECIATION

1.0 SUMMARY

Council budgets for 2013/14 include \$5,434,499 of depreciation expense. This proposal reduces funded depreciation by \$1,189,392 (approximately half of the initial draft rate increase for 2013/14). It also leads to a starting minimum rates increase (excluded impacts of revaluations and new assets) in 2014/15 of 4.3% and in the following 2 years 3.9%.

Council has resolved to not fully fund depreciation as stated in the policy on pages 285 and 286 of the LTP. This is part of Council's balanced budget considerations. Not funding depreciation creates a deficit in the Statement of Financial Performance.

Council should fund depreciation to ensure future generations get the benefit of the service levels used by the current generation. Different assets are renewed differently and therefore different approaches maybe applied to different assets.

Council's bookkeeping for funded and unfunded depreciation has not been transparent. In some cases depreciation is spent annually, in some cases placed in reserves and others to repay debt. It is proposed to introduce a series of accounting codes (effectively reserve transfers) so that the flow of where depreciation funds are collected and used is clear to council and cost centre managers.

Council has previously resolved (summarised) to not fund:

- Community Halls 100% (Council has elected not to replace these assets)
- Transportation 58% (Council does not fund NZTA share)
- Parks 100% (funded from Development Contributions)
- Hokitika Water 50% on Treatment (Westland Milk Products share)
- Rural Fire 100%

2.0 IMPLICATIONS OF “AUSTERITY DEPRECIATION FUNDING POLICY”

Council will fund sufficient depreciation to:

1. Maintain the Transportation renewal programme for each of the next 4 years. Further work is required on the funding model for bridge replacements (next LTP).
2. Maintain the Hokitika water pipe renewals.
3. Maintain the Library collection.
4. Short Life Assets
5. Council Headquarters.

3.0 SHORT LIFE ASSETS

While Council is funding all information technology depreciation, this is very low for the size of the network. We have centralised this budget and may have missed some depreciation expense in administrative areas. With technology being essential to the operation of Council and with much of the asset being well past its half-life it is likely that Council will need additional funding to maintain existing services in the near future. An IT Strategy will help inform this.

Funding depreciation for vehicle replacement is essential for operating core services in the short-term.

4.0 COUNCIL HEADQUARTERS

The Council Headquarters building is old and tired and needs renewal in order to continue to meet service level requirements. Additionally a number of issues are arising with the lift, toilets and alarms. Depreciation funding will go some way to funding these projects, but is likely to be insufficient to meet all requirements in the next few years, so additional funding from rates or debt may be required.

Council will reduce funding of depreciation (unfund) in a number of areas in order to manage the size of the rate increase. This will have an impact on Council's future ability to fund renewals and will lead to further borrowing for asset renewal.

5.0 INFRASTRUCTURE ASSETS

Council will fund some depreciation towards unexpected renewals in 3 waters, buildings, township works, toilets and cemeteries. With more focus on Asset Management Planning, it is hoped that by the next LTP process starting 2014, some consideration to the medium term renewal requirements can determine future funding requirements and getting the right balance between debt and reserves.

6.0 SOLID WASTE

Council has debt of \$3.0m in Waste management, costing approximately \$280,000 pa in annual interest and principal repayments for the next 20 years. The depreciation expense is \$95,000 pa. Unfunding the depreciation will mean that current ratepayers are not paying for both purchasing the asset and replacing the asset at the same time. The Butlers Landfill, although consented for 35 years has an expected operational life of at least 65 years. There is plenty of time for future users to fund its replacement. All new improvements and renewals will need to be debt funded.

7.0 ADMINISTRATIVE ACTIVITIES

Council will not be funding any depreciation in administrative cost centres for 2013/14. This should have a small impact and the odd item of essential equipment or chair may need purchasing causing a small adverse variance.

8.0 PRUDENCE

Council should consider the following when it decides that this is a prudent option:

1. Funding depreciation is important to maintaining service levels, however.
2. Very high rates increases are not considered prudent either.
3. Council's immediate renewal requirements and the nature of the assets (including remaining life and age).
4. The proposal is an improvement on the unplanned circumstances Council has found itself in (with no depreciation reserves funded).
5. The proposal plans to rectify the situation and get back to normal in 4 years, with moderate rate increases in each of the next four years (see bottom of table).

9.0 AUSTERITY DEPRECIATION FUNDING POLICY

Due to the situation Council finds itself, with low financial reserves, multiple years of deficits, moderate to high debt and high proposed rates increases the following policies are proposed:

1. Council fully funds depreciation on:
 - a. Short life assets (technology and vehicles)
 - b. Library books
 - c. Ross Pool
 - d. HQ Building.
2. Council unfunds:
 - a. 3 waters depreciation on the following reducing annual schedule 50%, 33% 15%, 0%over the next 3 years.

- b. 100% of solid waste depreciation over the remaining 20 years of the Butlers landfill loan.
- c. buildings, township works, toilets and cemeteries depreciation on the following reducing annual schedule 75%, 50%, 25%, 0% over the next 4 years.
- d. Administrative activities depreciation on the following reducing annual schedule 100%, 66%, 33%, 0% over the next 4 years.
- e. 100% of Hokitika swimming pool, Elderly Housing and Jackson Bay Wharf depreciation, pending the outcome of consultation on the transfer to WDPL.

Stephen Halliwell
Acting Group Manager – Corporate Services

	2013/14 BUDGET	Total Per Activity	Existing Policy Unfunded	2013/14 Proposed Unfunded	% unfunded	2014/15 Proposed Unfunded	% unfunded	2015/16 Proposed Unfunded	% unfunded	2016/17 Proposed Unfunded	% unfunded
Depreciation Expense											
1100541 Council : DEMAM - Depn Expense	5,455	5,455		5,455	100%	3,600	66%	1,800	33%	-	0%
1106541 Property Company : PROPCO - Depreciation Expense	13,406	13,406		13,406	100%	8,848	66%	4,424	33%	-	0%
4114541 Jackson Bay Wharf : JACKSO - Depn Expense	13,407	13,407		13,407	100%	13,407	100%	13,407	100%	13,407	100%
1400541 Sailer Community Council : SAFCOM - Depn Expense	66	66		66	100%	66	100%	66	100%	66	100%
1404541 Community Patrol : COMPAT - Depreciation Expense	-	-		-	-	-	-	-	-	-	-
2100541 Inspection Administration : PLINSP - Depn Expense	4,016	4,016		4,016	100%	2,651	66%	1,325	33%	-	0%
2200541 Dog Control : PLDOGS - Depreciation	1,230	1,230		1,230	100%	812	66%	406	33%	-	0%
2400541 Resource Management : PILLAND - Depreciation Expense	971	971		971	100%	641	66%	320	33%	-	0%
2600541 Civil Defence : PLCDEF - Depn Expense	3,236	3,236		3,236	100%	2,136	66%	1,068	33%	-	0%
4200541 Kaitake Rural Fire : RURFIR - Depn Expense	1,780	1,780		1,780	100%	1,780	100%	1,780	100%	1,780	100%
4213541 Haast Rural Fire Party : FIRHAN - Depn Expense	1,180	1,180	6,196	2,960	100%	2,960	100%	2,960	100%	2,960	100%
2701541 199 Revell Street-Flats 1-4 : PLHOKI - Depn Expense	2,552	2,552		2,552	100%	2,552	100%	2,552	100%	2,552	100%
2702541 205 Revell Street-Flats 5-10 : PLHOKI - Depn Expense	4,265	4,265		4,265	100%	4,265	100%	4,265	100%	4,265	100%
2703541 97 Tancred Street-Flats 11-20 : PLHOKI - Depn Expense	9,281	9,281		9,281	100%	9,281	100%	9,281	100%	9,281	100%
2704541 84 Sewell Street-Flats 21-42 : PLHOKI - Depn Expense	21,118	21,118		21,118	100%	21,118	100%	21,118	100%	21,118	100%
2706541 Gimmoid Street-Flats 43-46 : PLROSS - Depn Expense	5,458	5,458		5,458	100%	5,458	100%	5,458	100%	5,458	100%
3000541 Land Transport NZ Subsidy : LOTRNZ - Depreciation Expense	2,642,354	2,642,354	1,000,000	42,674	100%	42,674	100%	42,674	100%	42,674	100%
3203541 Kanlere Drainage : DRNKAN - Depn Expense	7,171	7,171		7,171	100%	7,171	100%	7,171	100%	7,171	100%
3204541 Hokitika Drainage : DRNHOK - Depn Expense	282,383	282,383		282,383	100%	282,383	100%	282,383	100%	282,383	100%
3206541 Ross Drainage : DRNROS - Depreciation Expense	6,054	6,054		6,054	100%	6,054	100%	6,054	100%	6,054	100%
3208541 Whalaroa Drainage : DRNWH - Depreciation	1,040	1,040		1,040	100%	1,040	100%	1,040	100%	1,040	100%
3210541 Franz Josef Drainage : DRNFZJ - Depn Expense	46,775	46,775		46,775	100%	46,775	100%	46,775	100%	46,775	100%
3211541 Fox Glacier Drainage : DRAFOX - Depreciation Expense	2,956	2,956		2,956	100%	2,956	100%	2,956	100%	2,956	100%
3212541 Haast Drainage : DRAHAA - Depn Expense	10,380	10,380		10,380	100%	10,380	100%	10,380	100%	10,380	100%
3220541 Foreshore Erosion Contingency : DRFORE - Depreciation	5,342	5,342		5,342	100%	5,342	100%	5,342	100%	5,342	100%
3222541 Kumara Drainage : DRKUMA - Depreciation Expense	5,958	5,958		5,958	100%	5,958	100%	5,958	100%	5,958	100%
3225541 Hanhari Drainage : DRHARI - Depreciation	8,726	376,784		188,392	50%	113,035	30%	56,518	15%	-	0%
3301541 Oira Refuse : RRFOTI - Depn Expense	881	881		881	100%	881	100%	881	100%	881	100%
3302541 Kumara Rural Refuse : RRFKUM - Depreciation	250	250		250	100%	250	100%	250	100%	250	100%
3306541 Ross Refuse : RRFROS - Depreciation	965	965		965	100%	965	100%	965	100%	965	100%
3307541 Hart Hill Refuse : RRFHAR - Depreciation	916	916		916	100%	916	100%	916	100%	916	100%
3308541 Whalaroa Refuse : RRFWHA - Depreciation	947	947		947	100%	947	100%	947	100%	947	100%
3310541 Franz Josef Refuse : RRFZJ - Depreciation	220	220		220	100%	220	100%	220	100%	220	100%
3311541 Fox Glacier Refuse : RRFXXG - Depreciation	1,792	1,792		1,792	100%	1,792	100%	1,792	100%	1,792	100%
3314541 Neils Beach Refuse : RRNEIL - Depreciation	1,113	1,113		1,113	100%	1,113	100%	1,113	100%	1,113	100%
3315541 Lake Kanlere Refuse : KANREF - Depreciation	884	884		884	100%	884	100%	884	100%	884	100%
3317541 Haast - Denis Rd Refuse Site : RRFHDR - Depreciation	16	16		16	100%	16	100%	16	100%	16	100%
3319541 Jacksons Refuse : RRFJAK - Depreciation	866	866		866	100%	866	100%	866	100%	866	100%
4503541 Butlers Refuse : BUTREF - Depreciation Expense	64,657	64,657		64,657	100%	64,657	100%	64,657	100%	64,657	100%
4504541 Hokitika Refuse : HOKREF - Depn Expense	19,136	19,136		19,136	100%	19,136	100%	19,136	100%	19,136	100%
4505541 Waste Minimisation : WASMIN - Depn Expense	2,383	95,027		95,027	100%	95,027	100%	95,027	100%	95,027	100%
3404541 Hokitika Reserves : RESHOK - Depn Expense	3,777	3,777		3,777	100%	3,777	100%	3,777	100%	3,777	100%
3406541 Ross Reserves : RESROS - Depn Expense	60	60		60	100%	60	100%	60	100%	60	100%
3418541 Cass Square : RESCAS - Depn Expense	6,252	6,252		6,252	100%	6,252	100%	6,252	100%	6,252	100%
3420541 Lazar Park : RESLAZ - Depn Expense	100	100		100	100%	100	100%	100	100%	100	100%
3421541 Whitcombe Terrace : RESWHI - Depn Expense	100	100		100	100%	100	100%	100	100%	100	100%
3423541 Business Area : RESBUS - Depreciation	1,398	1,398		1,398	100%	1,398	100%	1,398	100%	1,398	100%
3424541 Community Garden : RESCOM - Depreciation Expense	3,530	3,530		3,530	100%	3,530	100%	3,530	100%	3,530	100%
3441541 Wadeson Island : RESWAD - Depn Expense	300	300		300	100%	300	100%	300	100%	300	100%
3442541 Lake Kanlere : RESKAN - Depn Expense	1,324	1,324		1,324	100%	1,324	100%	1,324	100%	1,324	100%
3444541 Kumara Reserves : RESKUM - Depn Expense	7,658	7,658		7,658	100%	7,658	100%	7,658	100%	7,658	100%
3446541 Kanlere Reserves : RESKAN - Depn Expense	656	656		656	100%	656	100%	656	100%	656	100%
3448541 Harihari Reserves : RESHAR - Depn Expense	242	242		242	100%	242	100%	242	100%	242	100%

		2013/14 BUDGET	Total Per Activity	Existing Policy Unfunded	2013/14 Proposed Unfunded	% unfunded	2014/15 Proposed Unfunded	% unfunded	2015/16 Proposed Unfunded	% unfunded	2016/17 Proposed Unfunded	% unfunded
	Depreciation Expense											
4900541	Land Administration : INFOAD - Depn Expense	651										
4902541	GIS Maintenance : INFOGS - Depreciation Expense	3,480										
1600541	Council Website : CNLWEB - Depreciation Expense	614	4,769									
5100541	Library : LIBRAR - Depn Expense	90,035	90,035			100%						
5200541	Heritage & Culture (Museum & Art Gallery) : H & C - Depn Expense	11,231	11,231		11,231	100%	7,412	66%	3,706	33%	-	0%
5300541	Visitor Services : VSERV - Depreciation Expenses	31,781	31,781		31,781	100%	20,976	66%	10,488	33%	-	0%
5690541	Events Coordination : EVENTS - Depn Expense	930	930		930	100%	614	66%	307	33%	-	0%
6100541	Corporate Services : CORPDR - Depn Expense	27,969	27,969		27,969	100%	18,460	66%	9,230	33%	-	0%
6135541	Chief Executive : CORPGM - Depn Expense	3,760	3,760		3,760	100%	2,482	66%	1,241	33%	-	0%
6200541	Operations Administration : OPSADM - Depn Expense	2,788	2,788		2,788	100%	1,840	66%	920	33%	-	0%
6300541	Planning & Regulatory Admin : OHPLAN - Depn Expense	962	962		962	100%	635	66%	317	33%	-	0%
6465541	Hyundai Santa Fe FMM737 : OHVH25 - Depreciation Expense	8,975										
6472541	Mitsubishi Challenger FPB554 : OHVH32 - Depn Expense	5,648										
6480541	Ford Ranger GCU684 : OHVH40 - Depreciation Expense	8,078										
6488541	Vehicle 48 - Hyundai DZE848 : OHVH48 - Depreciation Expense	1,472										
6490541	Vehicle 50-Ford Focus EDQ 537 : OHVH50 - Depreciation Expense	2,097	30,269									
		5,043,498	5,043,499	1,187,396	1,173,476		783,001		478,744		174,484	
	Funded Depreciation			3,856,104	2,682,628		3,073,103		3,377,360		3,681,620	
	Effect on rates at todays value			8,400,000			4.6%		3.6%		3.6%	

Appendix 5



DATE: 14 March 2013
TO: Mayor and Councillors
FROM: Acting Group Manager – Corporate Services

DEBT OVERVIEW

1.0 SUMMARY

Debt is a major funding source for Council and is used to spread the cost of acquiring assets over time and for the efficient management of investments.

Westland's debt is divided into two types of debt:

- Asset Debt – for the purchase of assets, spreading the purchase price, generally over 20 years, thus smoothing the rates requirement for the purchase of the asset and enabling the community to enjoy the benefit of the asset sooner.
- Investment Debt – for the efficient financial management of investments in CCO's.

Debt is currently all with Westpac Bank's Multi Option Credit Line, which is a floating rate product. Council has managed its exposure to the floating rate by fixing its rates on \$10.5m of its current debt. Floating rates are currently 3.71% and Council's fixed rates vary between 4.55% and 5.99%. Council has now contracted independent PwC Treasury Management Advisors to actively work on debt, interest and risk management. They are currently reviewing our present position.

2.0 CURRENT DEBT POSITION AND PROJECTED DEBT

The table summarises Council's current Debt position and projected Debt.

Description	Investment Debt	Asset Debt	Total Debt
Westland Holdings	8,695,000		
Waste Management		3,069,700	
Water Supply		3,223,653	
Ross Pensioner Housing		2,369	
Projected Total Debt 30 June 2013	8,695,000	6,295,722	14,990,722
FORECAST 2013 DEBT			
Operating Debt		2,000,000	
Asset Debt (see project worksheet)		1,060,000	
Total Forecast Debt 30 June 2014	8,695,000	9,355,722	18,050,722

While no forecast has been prepared for beyond 2014, it is obvious from the Projects Worksheet that further significant drawdowns will be required to meet project expectations.

Council's self-determined Debt limit is \$3,000 per ratepayer or a little over \$19,500,000. Council is under this limit but is likely to reach it in the next few years if projected projects proceed. Note Council has other metrics which also limit debt, but at the present time it is the debt per ratepayer metric which is triggered first.

A lot of commentary on Council debt has occurred in recent times. Financial Analyst; Larry Mitchell has calculated that actual debt per ratepayer in 2012 was \$3,834 across all councils.

The following table is drawn from data tables on the Internal Affairs Website of rural councils, with Westland's projected debt placed in the table. Note this is comparing debt per resident.

Council	Population	LTP 2013 Debt	Debt per resident
Gore District	12,300	11,314	\$ 920
South Wairarapa District	9,420	10,138	\$ 1,076
Central Hawke's Bay District	13,500	14,741	\$ 1,092
Wairoa District	8,350	9,529	\$ 1,141
Carterton District	7,650	9,414	\$ 1,231
Otorohanga District	9,320	13,448	\$ 1,443
Chatham Islands Territory	640	1,046	\$ 1,635
Hauraki District	18,750	36,929	\$ 1,970
Westland District	8,960	18,050	\$ 2,015
Ruapehu District	13,400	29,471	\$ 2,199
Masterton District	23,500	51,985	\$ 2,212
Kaikoura District	3,850	8,603	\$ 2,234
Grey District	13,900	31,672	\$ 2,279
Buller District	11,000	27,720	\$ 2,520
Kaipara District	19,150	78,744	\$ 4,112
Waitomo District	9,630	48,086	\$ 4,993

3.0 BUDGETS FOR DEBT

The draft has provided for interest repayments on Total Debt and principle repayments on Asset Debt. These figures are included in the Interest and Dividends activity in the budget workpapers. Attached is an **Amortisation Schedule** showing the interest and principle repayments used for the budget. This is contributing \$820,000 to the rate requirement when compared to last year.

4.0 RECOMMENDATION

- A) **THAT** Council note the debt information.

Stephen Halliwell
Acting Group Manager – Corporate Services

Attachment 1: Loan Amortisation Schedule

Attachment 1

Loan Amortization Schedule



HELP

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Loan Information		Summary	
Loan Amount	9,355,722.00	Rate (per period)	4.400%
Annual Interest Rate	4.40%	Number of Payments	20
Term of Loan in Years	20	Total Payments	14,260,262.20
First Payment Date	1/01/2013	Total Interest	4,904,540.20
Payment Frequency	Annual	Est. Interest Savings	0.02
Compound Period	Annual		
Payment Type	End of Period		
Annual Payment		713,013.11	

Amortization Schedule

☒ Rounding On

No.	Due Date	Payment	Additional Payment	Interest	Principal	Balance
						9,355,722.00
1	1/1/13	713,013.11		411,651.77	301,361.34	9,054,360.66
2	1/1/14	713,013.11		398,391.87	314,621.24	8,739,739.42
3	1/1/15	713,013.11		384,548.53	328,464.58	8,411,274.84
4	1/1/16	713,013.11		370,096.09	342,917.02	8,068,357.82
5	1/1/17	713,013.11		355,007.74	358,005.37	7,710,352.45
6	1/1/18	713,013.11		339,255.51	373,757.60	7,336,594.85
7	1/1/19	713,013.11		322,810.17	390,202.94	6,946,391.91
8	1/1/20	713,013.11		305,641.24	407,371.87	6,539,020.04
9	1/1/21	713,013.11		287,716.88	425,296.23	6,113,723.81
10	1/1/22	713,013.11		269,003.85	444,009.26	5,669,714.55
11	1/1/23	713,013.11		249,467.44	463,545.67	5,206,168.88
12	1/1/24	713,013.11		229,071.43	483,941.68	4,722,227.20
13	1/1/25	713,013.11		207,778.00	505,235.11	4,216,992.09
14	1/1/26	713,013.11		185,547.65	527,465.46	3,689,526.63
15	1/1/27	713,013.11		162,339.17	550,673.94	3,138,852.69
16	1/1/28	713,013.11		138,109.52	574,903.59	2,563,949.10
17	1/1/29	713,013.11		112,813.76	600,199.35	1,963,749.75
18	1/1/30	713,013.11		86,404.99	626,608.12	1,337,141.63
19	1/1/31	713,013.11		58,834.23	654,178.88	682,962.75
20	1/1/32	713,013.11		30,050.36	682,962.75	0.00

Appendix 6



DATE: 14 March 2013
TO: Mayor and Councillors
FROM: Acting Group Manager – Corporate Services & Accountant

RESERVES AND SEPARATE FUNDS

1.0 SUMMARY

It has become apparent that the expected reserve balances are unsupported by cash reserves. This document confirms the balances as at March 2013. This report recommends a point from which to move forward from and manage reserves more effectively.

1.2 BACKGROUND

The last known balances were listed on a memo dated February 2008 to Council from the then Manager of Audit & Compliance. Balances on the general ledger were zeroed in a journal 30 June 2011 and subsequent General Ledger records are regarded as unverifiable owing to a lack of evidence supporting consistent bookkeeping of reserve movements. As a result of a financial review November 2012-March 2013 the reserve balances for unrestricted and restricted reserves have been re-established through reference to the February 2008 memo, Council minutes and other supporting evidence.

There are two major types of reserves:

- **Restricted Reserves** Reserves for which Council has a legal obligation as to their use.
- **Council Created Reserves:** Discretionary reserves to meet Council policies and obligations. These reserves often include project funds, depreciation reserves, emergency or risk management funds, rates smoothing funds, provisions and carry forwards.

Council approved a list of Reserves in the 2012/22 LTP P223. It has now become clear that Council didn't consider this to be an exhaustive list of reserves.

3.0 CURRENT BALANCES

The follow tables show the estimated balances of the reserves as at the date of this report. Finance staff have a lot of confidence in the accuracy of the restricted reserve balances. Beyond that however, officers have less confidence. This is not so important as they are all Council created reserves within Council.

- Depreciation Reserves Council has no funds to apply to depreciation reserves. A separate report covers development of the reserves.
- Carry Forwards There are no carry forward reserves (except as listed)
- Project Reserves There are no project reserves (except as listed)

- Rates Smoothing Funds There are no reserves on any rates accounts or for any other rates smoothing carry forwards

- Provisions There are no cash funded provisions (except as listed)

Restricted Reserve Balances March 2013

Restricted Reserves

Reserve Type	Description	Narrative/Story	Proposed Balance	Committed Funds
Special Fund	Offstreet Parking	Collected from developments in town to pay for off-street parking. Imposed by RMA/District Plan	\$ 28,491.00	
Special Fund	Reserve Development	Monies collected from developments. Imposed by RMA/District Plan (includes 2012/2013 contributions)	\$ 546,205.00	\$100,000 for Harihari Community Centre
Trust/Bequest	Museum Assistance Fund	Originally the Museum Bequest Fund (\$8,458) & Carnegie Furnishings (\$3,929)	\$ 17,924.60	\$50,000 to Kumara District Plan Project
Trust/Bequest	Kumara Endowment Fund	Proceeds from sale of Endowment land. Our brief research has not identified the specific terms of the endowment.	\$ 298,000.00	
Trust/Bequest	Euphemia Brown Bequest	Interest earned on funds administered by Public Trust Offices for the Estates of Euphemia & William E Brown. Will stated that the funds were to be used to provide Christmas cheer or comfort for orphan children, or aged or infirm persons residing in and around Hokitika. Estate has now been dissolved. No payments have been received since 1989.	\$ 23,208.82	
Trust/Bequest	Waiho River-Franz Josef	Crown: Money to pay for relocation of properties south of the Waiho river. Still in negotiations.	\$ 332,403.00	
Trust/Bequest	Mayors Trust Funds	Contributions from James & Margaret Isdell Trust; Coulston Herbert Trust.	\$ 31,217.00	
Special Fund	Ross Endowment Land	Various sections in Ross sold over time. Our brief research has not identified the specific terms of the endowment.	\$ 237,581.00	
Carry forwards	Big Brothers Big Sisters	Grant funding Received	\$ 1,018.00	
Carry forwards	Community Patrol	Grant funding Received	\$ 2,510.00	
Carry forwards	Graffiti	Grant funding Received	\$ 967.00	
Carry forwards	Taxi Chits	Grant funding Received	\$ 537.00	
Special Fund	Cash Bonds	Bonds collected from developers and held until works complete	\$ 156,363.92	
		TOTAL RESTRICTED	\$ 1,676,426.34	

Estimated Separate Fund Balances March 2013

Council Created Reserves March 2013

Reserve Type	Description	Narrative/Story	Estimated Balance
Emergency Fund	Foreshore Protection	Collected as part of uniform charge to put \$15k aside per year for groyn replacement on the foreshore.	\$ 23,930.00
Project Fund	Glacier Country Promotions	Rates collected from Glacier Country to provide funding for marketing projects	\$ 77,418.00
Project Fund	Three Mile Domain	Council owned. Managed by a reserve committee. Memo dated 2008 states funds are to be spent on the 3 mile reserve only.	\$ 226,531.00
Project Fund	The Preston Bush Trust	Mr Preston donated the reserve to Council. This fund was for the Community to beautify the bush with tracks and interpretation boards.	\$ 5,923.00
Project Fund	Harihari Community Complex	The Harihari Pony Club land was sold and the funding was to go towards a new community complex. Another \$100,000 was raised from the Reserve Development Fund.	\$ 289,061.00
Project Fund	Guy Menzies Day	Surplus from Guy Menzies Day Event. Community Group Surplus	\$ 5,505.66
Emergency Fund	Emergency Contingency Fund	Rates collected to support Westland in a Civil Defence emergency.	45,229.51
			\$ 673,598.17

Funds which are currently unfunded:

Council Created Reserves March 2013

Reserve Type	Description	Narrative/Story
Emergency Fund	Foreshore Protection	Collected as part of uniform charge to put \$15k aside per year for groyn replacement on the foreshore.
Project Fund	Glacier Country Promotions	Rates collected from Glacier Country to provide funding for marketing projects
Project Fund	Three Mile Domain	Council owned. Managed by a reserve committee. Memo dated 2008 states funds are to be spent on the 3 Mile Reserve only.
Project Fund	The Preston Bush Trust	Mr Preston donated the reserve to Council. This fund was for the Community to beautify the bush with tracks and interpretation boards.
Project Fund	Harihari Community Complex	The Harihari Pony Club land was sold and the funding was to go towards a new community complex. Another \$100,000 was raised from the Reserve Development Fund.
Project Fund	Guy Menzies Day	Surplus from Guy Menzies Day Event. Community Group Surplus
Emergency Fund	Emergency Contingency Fund	Rates collected to support Westland in a Civil Defence emergency.

4.0 RECONCILIATION

Total Restricted Reserves	\$1,676,426
Total Unrestricted Reserves	\$673,598
Total Reserves	\$2,350,024
Total Bonds	\$2,096,279
Shortfall	(\$253,745)

As at 28th February 2013, the value of the WDC bonds portfolio is \$2,096,279.

The shortfall on investments will need to be funded by future general reserve surpluses. If called upon before these surpluses have been realised Council shall have to borrow to make up the shortfall, although this is very unlikely as it would require all reserves to be called on at once. Not funding the full extent of reserves is provided for this reason in the current financial circumstances of Council.

5.0 RECOMMENDATION

1. **THAT** Council approve:

- The list of restricted reserves listed in the table “Restricted Reserves Balances March 2013”.
- The list of Council created reserves listed in the table “Council Created Reserves March 2013”.
- That all reserves are funded from the Westpac Bonds.

Stephen Halliwell
Acting Group Manager – Corporate Services

Nia Edwards
Accountant

Appendix 7

DATE: 14 March 2013
TO: Mayor and Councillors
FROM: Acting Group Manager – Corporate Services

STRATEGIC ASSETS TRANSFER

1.0 SUMMARY

Council in the LTP signalled its intention (LTP pages 14/15) to transfer the ownership of strategic assets to Westland District Properties Ltd. It stated that “Council will be pulling together more information on the transfer and putting it to the community for consideration”.

The properties concerned are listed as:

Hokitika and Ross Elderly Housing
Hokitika Swimming Pool
Ross Squash Courts
Kumara Sport Grounds and Toilets
Jackson Bay Wharf.

It has been Council’s intention that this information would be available for the consultation to occur in this draft Annual Plan.

Recent consideration by staff of the business case required identifies the following information requirements need to be undertaken in order to produce a meaningful Statement of Proposal, for the LTP amendment that this proposal requires.

2.0 BUSINESS CASE

The business case needs to consider:

1. Council’s rationale for undertaking this transaction.
2. Future cash flows for WDC, WHL and WDPL.
3. Legal advice on properties and property transactions.
4. Group tax advice
5. Updated valuations
6. Recent asset condition assessments, renewal requirements and development expectations
7. Special Consultation requirements and LTP amendments.

The Business Case is estimated to cost \$43,000 (including legal and tax advice \$15,000, Valuations \$3,000, Asset Management \$3,000, SCP \$5,000, Audit \$2,000, Business Analyst \$15,000). In addition WDC and WDPL will need to put officer time into the project. At this time WDC does not have the capacity to undertake this work.

This business case while assessing the impact on the parties and the group does not include the separate advice the companies will need before entering into and completing the transactions. They will need to undertake this work themselves.

3.0 EXISTING MANAGEMENT CONTRACT

The existing management contract is suitable for the short term. If this were to be a long term arrangement the contract needs renegotiation around the long term renewal and improvements of the assets. Council currently carries unfunded depreciation on these assets, yet is responsible for renewal costs. Council has received a request for \$20,000 for Elderly Housing roof renewal (see Projects report). The depreciation report proposes to continue this unfunding of depreciation for the long term.

4.0 RECOMMENDATIONS

1. **THAT** Council continue to proceed with the proposal to transfer the following assets and advise this intention in the Annual Plan.
 - Hokitika and Ross Elderly Housing
 - Hokitika Swimming Pool
 - Ross Squash Courts
 - Kumara Sports Grounds and Toilets
 - Jackson Bay Wharf.
2. **THAT** Council budget \$45,000 from rates for the preparation of the business case, SCP and LTP amendment.
3. **THAT** Hokitika Swimming Pool, Elderly Housing and Jackson Bay Wharf continue under the existing management contracts, until a decision is made on this proposal.

Stephen Halliwell
Acting Group Manager – Corporate Services

Report



DATE: Thursday, 14 March 2013

TO: Mayor and Councillors

FROM: Group Manager Assets and Operations

SOLID WASTE SERVICES – ACTIVITY REVIEW

1.0 SUMMARY

- 1.1 The purpose of this report is to highlight issues and options around Solid Waste Management in Westland District.
- 1.2 This report has two sections – Part ‘A’ and Part ‘B’. Part ‘A’ addresses the options around closure of Franz Josef Landfill. Part ‘B’ deals with current issues and options around the activity.
- 1.3 This issue arises with Franz Josef Landfill reaching its consent and design life in terms of its capacity to receive the waste.
- 1.4 The report also includes a detailed description on issues and options on how Council can improve the current levels of service to the ratepayers and residents of Westland District.
- 1.5 A PowerPoint presentation has been prepared to help Council understand the proposed variations with the current contract
- 1.6 Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002 Amendment Act 2012. That purpose is:
 - (a) To enable democratic local decision-making and action, by and on behalf of, communities; and
 - (b) To meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory

functions in a way that is most cost-effective for households and businesses.

- 1.7 Council seeks to meet this obligation and the achievement of the district vision set out in the Long Term Plan 2012-22. The matters raised in this report relate to those elements of the vision identified in the following table.

Vision's Objectives	Achieved By
Having top class infrastructure for all communities	Providing the possible alternatives to dispose waste in Westland District.
Living the '100% Pure NZ' brand	Making sure disposal of waste in Westland is affordable and in accordance with the objectives of WMMP and Waste Minimisation Act 2002.

- 1.8 This report concludes by recommending :

PART A

- a) **THAT** Council approves the closure of the Franz Josef Landfill from 30th April 2013.
- b) **THAT** Council confirms the capping of the Franz Josef Landfill, as identified in the current Long Term Plan, to be completed in 2014-15, for \$350,000 funded from loans.

PART B

- c) **THAT** Council implements the new fees and charges in South Westland as identified in the current Long Term Plan from 1st May 2013
- d) **THAT** Council accepts the quotation from South Westland Rubbish Removals Ltd, to provide waste management services in South Westland at an annual cost of \$190 per tonne of refuse, budgeted for 2013-14 at a net additional rate requirement of NIL.
- e) **THAT** Council approves the inclusion of a capital budget of \$80,000 in the Draft Annual Plan 2013-14 for purchase of the second hand trailer bins to collect sorted glass at transfer stations around Westland District.

- f) **THAT** Council supports and approves variation(s) to Contract 10/11/25 for inclusion in the Draft Annual Plan 2013-14 as follows:
- i) Remove the free trailer bin stations from Otira, Jacksons, Lake Kaniere, Bruce Bay and Neils Beach.
 - ii) Extend kerbside collection services to Lake Kaniere.
 - iii) Introduce 240 litre bins for the recycling collection and use the current 120 litre bins for refuse collection instead of bags to existing serviced properties, plus Lake Kaniere.
 - iv) Stop the kerbside co-mingled glass collection service from Hokitika residential area, replaced by the sorting trailer bins at transfer stations.

Part A

FRANZ JOSEF LANDFILL – UPDATE ON USEFUL LIFE OF THE LANDFILL

2.0 BACKGROUND

- 2.1 Franz Josef Landfill is a consented landfill. The consent expires in July 2013; however the landfill is now full.
- 2.2 **Appendix 1 (Page 68)** is the topographic survey which indicates the consented boundary of the site.
- 2.3 The current deposition of waste onto the land is the already more than anticipated.
- 2.4 The cross section profiles are included in **Appendix 2 (Pages 69-71)**. It is evident the deposition of waste above the ground level rises to at least 8.0 metres at the top edge of the refuse.
- 2.5 There is no further room available for waste in the current footprint.
- 2.6 The excess room available is required to smooth the batter and slope of the deposited waste and make arrangements for leachate drainage.
- 2.7 In the current Long Term Plan, funds have been allowed for capping of the landfill in year 2 (\$308,799) and establishment of the transfer station in year 1 (\$200,000).

3.0 CURRENT SITUATION

- 3.1 The landfill has gone past its useful life and the consent expires in July 2013.
- 3.2 The deposition of waste has reached its maximum height and any further deposition will be a significant hazard.
- 3.3 The current hazards include windblown litter as the screen (i.e. trees and bush) height is now less than the height of the deposited waste.

- 3.4 A survey done in 2012 identified encroachment on to the private property which has been corrected.
- 3.5 The landfill has been reshaped to bring the waste within the legal boundaries and consented footprint of the site.
- 3.6 Dumping continues but is being strictly monitored to ensure the capping profiles are maintained. Slopes are maintained in line with the West Coast Regional Council requirements for efficient drainage. The eastern side is still steep which needs slope management.

4.0 OPTIONS

- 4.1 Option 1: Do Nothing
- 4.2 Option 2: Continue with deposition of waste and aim for an increased life of the current landfill site.
- 4.3 Option 3: Acquire the adjacent land and submit a new resource consent application for a new landfill site.
- 4.4 Option 4: Status quo: Close the landfill and cap the site as planned.
- 4.5 Option 5: Extension of Landfill.

5.0 SIGNIFICANCE AND CONSULTATION

- 5.1 This activity will have financial implications and is of moderate significance to Council. In accordance with Council's Policy on Significance this decision is deemed to be of:
 - 5.1.1 Low significance if Council chooses to continue with Option 3 as planned, which is to close and cap the landfill, as the community has been consulted on this through the Long Term Plan
 - 5.1.2 High significance if Council chooses Options 1 or 2 as this would be a deviation from the Long Term Plan, would have financial implications and would most likely require a consultation process.
- 5.2 The option to extend the landfill life and create a new landfill site has been discussed with key stakeholders. This includes the local contractors and staff at the West Coast Regional Council.

6.0 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)

- 6.1 Option 1: Do Nothing

This is not an option. The landfill consent expires and Council has to either extend the landfill operation by applying or renewing the consent or cap the landfill as planned.

The landfill is also full and there is no further room for deposition of waste.

- 6.2 Option 2: Continue with deposition of waste and aim for an increased life of current landfill site.

This option is operationally not possible to achieve. As discussed in section 3.0, the current deposited waste has now reached the maximum threshold height. Anything beyond this height will be unmanageable.

Appendix 2 (Pages 69-71) is the cross-section profiles which clearly indicate the heights of the refuse on the landfill site.

- 6.2 Option 3: Acquire the adjacent land and submit a new resource consent application for a new landfill site.

While this may be an option, practically there are many challenges to achieve this outcome.

This option means that Council will have to establish a new landfill. It is very likely that the West Coast Regional Council will require this landfill site to be lined. If the application is submitted for an unlined landfill, it will be publically notified. Being a major tourist town in Glacier Country, one can expect submissions against the proposal.

Table 1.0 in **Appendix 3 (Pages 72-73)** is a summary of Council's current commitments and future commitments if a new application is lodged with the West Coast Regional Council.

6.2.1 New Landfill site and consent:

6.2.1.1 Discussions with West Coast Regional Council staff indicate that if an application for new landfill is lodged it is very likely to be an expensive process.

6.2.1.2 If the landfill proposed is unlined it will be a publically notified application.

6.2.1.3 An unlined landfill in the Glacier Country in the current environment will be challenged and the proposal itself does not fit in with the vision of Westland District Council.

6.2.1.4 The new proposed landfill site will be within 150kms of Class A landfill. Butlers Landfill site is classed as a Class A landfill.

6.2.1.5 Under the ETS provisions this landfill will be liable for emissions.

6.2.1.6 More details on implications are included further on the report.

The factors to consider with this option are the associated costs with land purchase and the capital cost of establishing a new landfill site. The capital costs have not been worked however based on the current market it will be close to \$1.0m before the commencement of the landfill. There will also be a period of time before the new landfill is commissioned where provision of waste will need to be made.

There will be after-care provisions and on-going landfill operating costs for the new landfill.

There are ETS obligations as well for new landfill after 2012.

6.3 Option 4: Close the landfill and cap the site as planned.

This option is as planned in current Long Term Plan.

As planned, the landfill will be closed and the refuse will have to be transported to Butlers Landfill site.

Council staff have negotiated a proposal in conjunction with the local contractor which is detailed in Part 'B' of this report. If approved we may not have to construct a transfer station at this site. This will mean that Council could save on the capital costs, the associated interest and depreciation funding costs of this project.

6.4 Option 5: Extension of landfill:

This is not an option. As highlighted above the landfill has met its life and there is no further scope of any extensions to the current site.

7.0 PREFERRED OPTION AND REASONS

- 7.1 The option that is most cost effective and economical to households and businesses is Option 4 – close and cap the landfill, provided that a variation to provide an improved level of service has been discussed in Part B of this report is also adopted.

8.0 RECOMMENDATION

The recommendations are summarised in Summary section 1.0 of this report.

Appendix 1: Topographic survey sheets with layout Franz Josef landfill site.

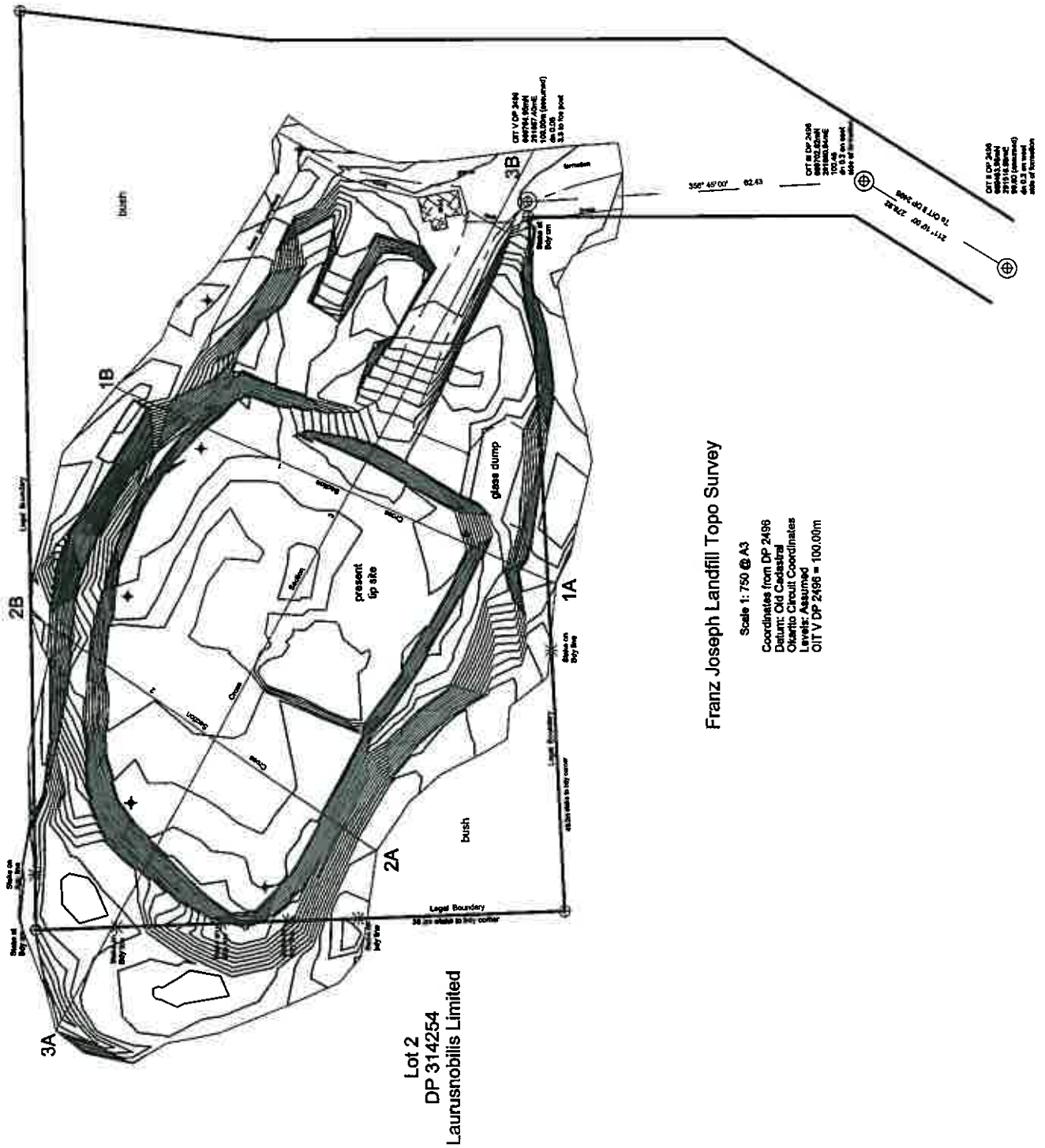
Appendix 2: Cross-section profiles of the refuse site.

Appendix 3: Resource Consents and Legal Challenges.

Vivek Goel

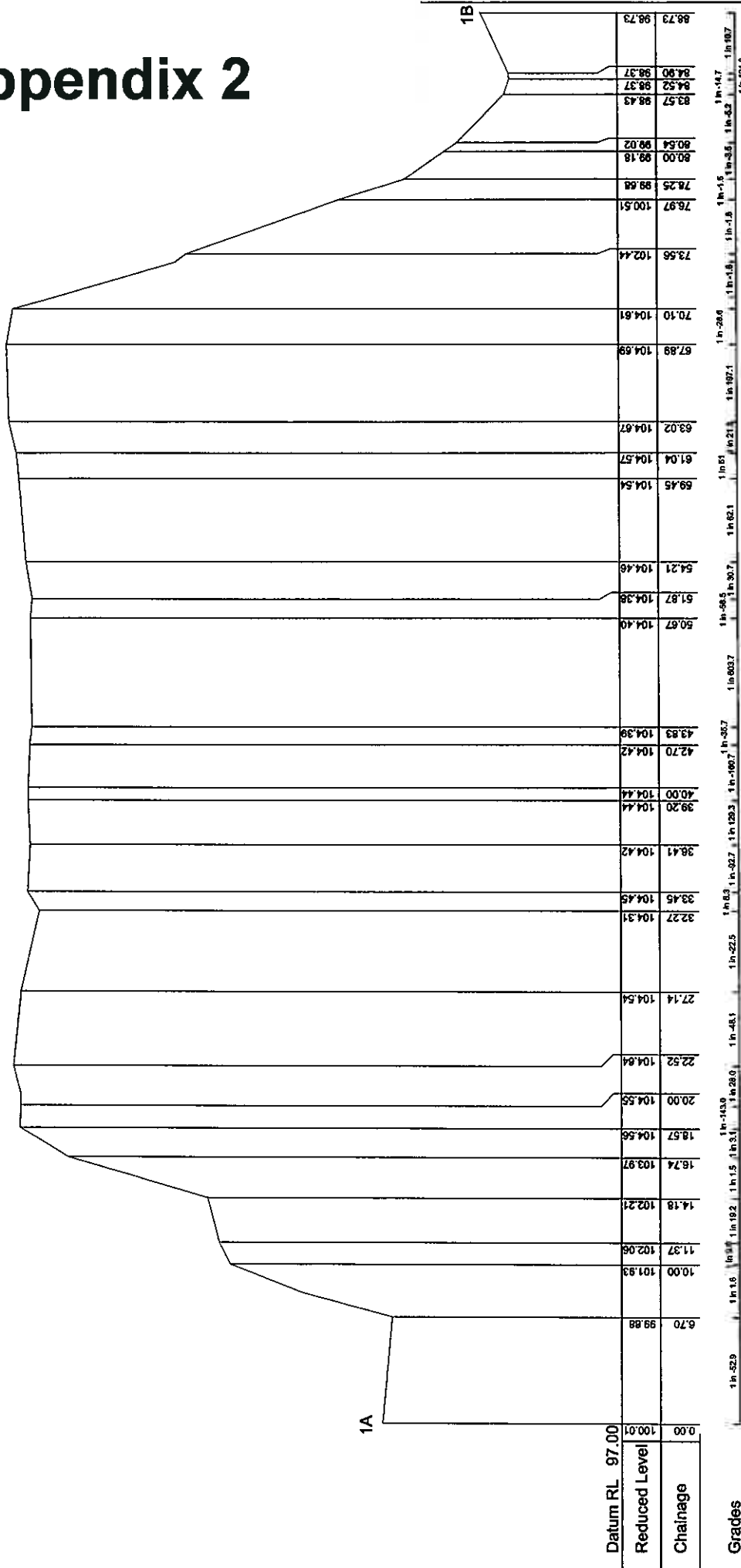
Group Manager – Assets and Operations

Appendix 1



Appendix 2

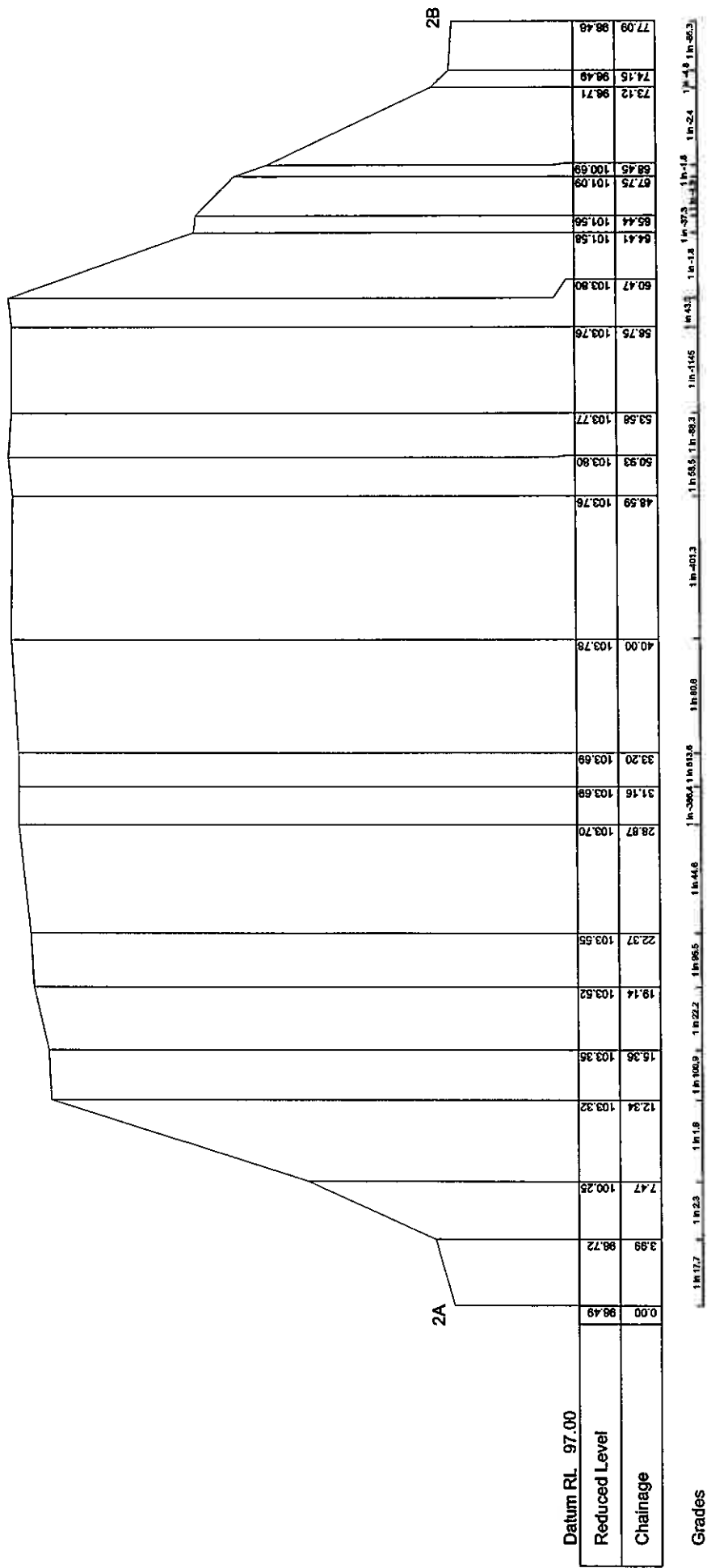
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Cross Section 1

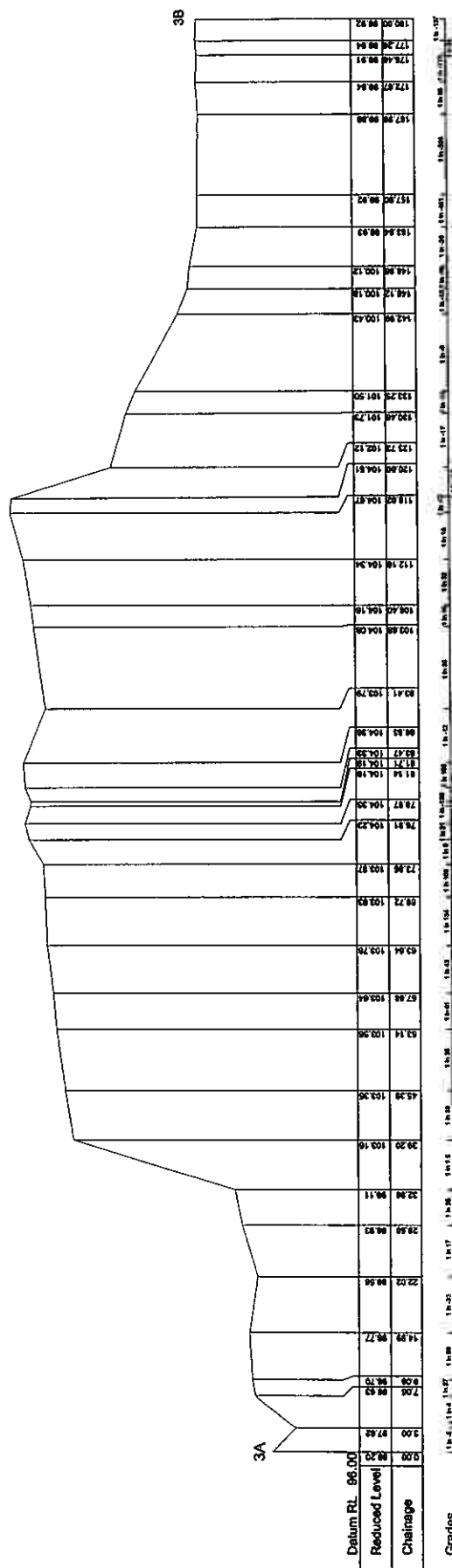
Plan By: COASTWIDE SURVEYS LTD LAND SURVEYORS <small>PO Box 104 28 2011 198005 08 2011 198002</small>	Client: Westland District Council	Project No. Franz Josef Landfill	
		Scale H 1:250 V 1:50	Rev. CS 1

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Cross Section 2

Plan By: COASTWIDE SURVEYS LTD PO Box 194 48-501 Taranaki Rd New Plymouth 5042	Client: Westland District Council	Project No. Franz Josef Landfill	Scale H 1:250 V 1:50
			Drawing No. CS 2



Cross Section 3

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Appendix 3:

Resource Consents and Legal Challenges

Form	WDC Liability	Validity	Comments
Main Application Form (RC 95025 - Discharge to Air , Land and Water - Small Landfill)	Y	Jul-13	Renewal Schedule for July 2013
Water Permit Application to Divert Water	Y	To apply	For the Creek within the Landfill
Discharge Permit Application to Discharge Contaminants to Land	Y	Jul-13	Renewal Schedule for July 2013
Discharge or Coastal Permit to Discharge Water or Contaminants to Water	Y	Jul-13	Renewal Schedule for July 2013
Discharge or Coastal Permit Application to Discharge Contaminants to Air	Y	Jul-13	Height limitations for the Landfill
Land Use Consent for Tracking / Logging / Land clearing / Land Disturbance	Y	To apply	Third Party Approvals
Assessment of Effects on the Environment		To apply	Permeable ground and Monitoring
*NEW Forestry Consent Form (PDF, 113KB)		To apply	Adjacent to DOC Land
*NEW H&H & Flipping Consent Form (PDF, 108KB)		To apply	Adjacent to DOC Land
Related Documents			
Affected Party Approval	Y		3 Owners will be the affected Parties.
Transfer Ownership of a Land Use Consent	Y	To apply	If additional land is purchased , this is a significant cost as this adds to the above costs and is a new resource consent
Transfer Ownership of a Discharge Permit	Y	To apply	
Transfer Ownership of a Water Permit	Y	To apply	
Transfer Ownership of a Coastal Permit	Y	To apply	
Transfer Location of a Water Permit	Y	To apply	
Onsite Waste Water Assessment	Y	To apply	Avoid any contamination - WCRC Regulations

Change or Cancel Consent Conditions	Y	To apply	Creek within the Landfill (Identifying the exact location is difficult)
Consent Withdrawal or Continuation Notification	Y	Jul-13	
Consent Surrender Notification	Y	Jul-13	
Costs Incurred excluding the cost of Purchase of LAND	Y	To apply	
Fees for a standard Application with the above (to apply)	\$10,000	To apply	
Additional costs from work in-house providing documents , and all resources	\$25,000	To apply	

Table 1.0: Resource Consents and Legal Challenges

Part B

SOLID WASTE CONTRACT - VARIATIONS

9.0 BACKGROUND

- 9.1 Solid Waste Services throughout Westland are provided by way of a single contract. The contractor is Mastagard Westland Ltd. The term of contract is seven years with a right to renewal for a further three year period.
- 9.2 The contract is in its 2nd year. This is an amended/varied contract.
- 9.3 The contract includes management of transfer stations and bin sites around Westland District. The annual cost of contract is \$1.1M per annum.
- 9.4 Franz Josef Landfill has met its life. Extension to the landfill is not an option. Part 'A' of this report deals with this issue.
- 9.5 There are currently six transfer stations, five un-manned bin station sites and three landfill sites within the district.

10.0 CURRENT SITUATION

- 3.1 With closure of Franz Josef landfill, an opportunity has arisen to improve the levels of service and address the irregularities or issues around Solid Waste activity.
- 3.2 The issues identified so far are:
 - 3.1.1 Irregularity in gate fee around the District
 - 3.1.2 Different Level of Services across the District
 - 3.1.3 Franz Josef Landfill has met its useful life. (Ref: Part 'A' of the report)
 - 3.1.4 No Glass Recycling.

4.0 DISCUSSION ON ISSUES

4.1 Irregularity in gate fee around the District

The Current Long Term Plan specifies the fees and charges for refuse transfer stations.

As per the planned program, Franz Josef landfill was supposed to be closed and the refuse was to be transported to the new landfill at Butlers. However with Franz Josef landfill working in extension the new fees and charges have not been implemented in South Westland. As a result the charges around the district are different. With closure of Franz Josef Landfill and all refuse now proposed to be deposited at Butlers, this irregularity can now be applied consistently.

Under the current contract there are five trailer bin stations sites. The total cost to manage and transport refuse to landfill alone is \$87,360 per annum. This excludes the cost of disposal of refuse in the landfill. These are provided free of charge.

This report proposes to make the changes consistent.

4.2 Different Levels of Services

Some satellite towns are serviced by trailer bins. These trailer sites are unmanned and the dumping is free of cost. The trailer bin at Lake Kaniere is within close proximity to Hokitika. This free service is abused regularly with residents driving to these bin station sites and dumping refuse free of cost. The cost of disposal of refuse from these bins is 100% subsidised by the rate payers.

Hokitika town gets a kerbside glass collection service. Residents outside of Hokitika area are required to bring in glass at transfer station sites. The glass is accepted as a recyclable material free of cost at transfer station sites.

This report proposes to change service levels as follows:

1. Lake Kaniere is proposed to have a kerbside collection rather than a bin station site. It is classed as small settlement zone in the current District Plan and its proximity to the current collection route places this zone in an ideal situation to have a kerbside collection service. The cost of replacing the bin station with kerbside collection can be done at NIL cost to the rates requirements.

2. The other bin stations are proposed to be removed. Council or community have an option to retain these services. However to retain the service of these bin stations could be funded by a targeted rate levied on these satellite towns services so as to avoid subsidisation. Table 4.0 shows estimated rate requirement if the trailer bins are retained.

4.3 Franz Josef Landfill

With the necessity to close Franz Josef discussed in detail in 'Part B' of this report, it is necessary to proceed a transfer station site in Franz Josef. The management of the new transfer station site is provided for in the Mastagard contract at a cost approximately \$79,500 per month. Council has unbudgeted capital and transportation costs to Butlers landfill in addition to this.

It has been proposed to close the landfill and not construct the transfer station. Franz Josef currently has a private transfer station site. It is proposed to work in alliance partnership in South Westland with other service provider and subsidise a higher level of service in North Westland by the cost of South portion of current contract. The net additional rate requirement is estimated to be NIL.

4.4 No Glass Recycling

Currently Hokitika urban town has collection of glass included in the kerbside collection. This is an un-sorted collection and is currently stock-piled at the Hokitika Transfer station site. The rest of the northern District has no kerbside glass collection. The Southern District is serviced by a private operator and Council only manages the transfer station and disposal sites.

It is proposed that the trailer bins after removal be relocated to different transfer station sites within District. These trailer bins have three separate compartments which can hold sorted glass. As part of the proposal residents can bring in sorted glass which can be disposed free of cost at the transfer station.

Council staff have been in discussions with OI, Auckland. OI is a company which deals in recycling glass in New Zealand. It is estimated that a return of approx. \$10.00 per tonne on sorted glass can be expected from OI. Discussions are underway with the representative of OI.

The above issues in combination with closure of the Franz Josef landfill have resulted in contract negotiations which have led to three options for

consideration. These options have been highlighted in section 5.0. Table 3.0 highlights the proposed changes.

THE PROPOSAL

1. Close Franz Josef Landfill as planned.
2. Do NOT construct the transfer station and save the capital costs including interest, depreciation and management costs.
3. South portion of current solid waste contract which consists of transfer stations at Whataroa and Fox Glacier, bin stations at Bruce Bay and Neils Beach and Haast landfill, be removed from the contract and replaced with improved level of service in North Westland.
4. The above South portion be re-negotiated at a competitive price with contractors in Westland. This should include management and transport of refuse to Butlers landfill.
5. For North Westland following changes be made in the current service levels
 - The current 120 litre bin be replaced by 240 litre bigger recycling bins
 - The refuse bags be replaced by the current 120 litre bin for refuse collection
 - All trailer bin stations are removed.
 - Lake Kaniere is provided with a kerbside collection same as Hokitika kerbside collection
 - Co-mingled kerbside glass collection is stopped for Hokitika area.
 - Removed trailer bin are purchased from the contractor and placed at transfer station sites to receive sorted glass
6. For South Westland the following changes are proposed:
 - No transfer station site in Franz Josef. South Westland Rubbish Removal Ltd will open their facility to public and charge fees as per Council's fee and charges structure
 - Bin trailer stations removed from Neils Beach and Bruce Bay. Residents have option to avail services from a private operator.

Council staff has received a quotation from South Westland Rubbish Removals Ltd for provision of waste services in South Westland.

The nett effect of these changes has been analysed and the financial impact on the rates is NIL.

The table below summarises the quotations and variations to the current contract.

Procurement: Quotations were invited from Westroads limited and South Westland Rubbish Removals Limited and we have the Mastagard price as the current contractor. The contract price was not revealed to anyone. Table 2.0 details the outcome of our procurement process.

Table 2.0 South Westland Portion of works – Procurement outcome

Contractor	Quotation	Ranking
Mastagard Westland Limited	Current Contractor – Prices are contracted	2
Westroads Limited	Did not quote – Not Interested	N.A.
South Westland Rubbish Removals Ltd	\$190/tonne and \$17,500 for Haast Landfill	Lowest

Table 3.0 : Proposed variations to current Mastagard contract

<i>Proposed Changes in Services Level</i>	<i>Current Cost in Contract</i>	<i>New Costs</i>
Removal of Trailer Bin Station from Otira, Jacksons, Bruce Bay and Neils Beach	\$17,472 per site per annum. Total cost is \$69,888	N.A.
Removal of Kerbside Glass collection from Hokitika	\$36,636 per annum	N.A.
Contract South Westland Rubbish Removals for management of Whataroa and Fox Transfer Station. Open their private facility to public, transport all refuse to Butlers from these sites	\$124,766 per annum (excludes any transport to Butlers landfill)	\$190 per tonne of refuse. This equates approximately \$76,000 per annum. This includes transport of refuse to

	Butlers
Remove bags and introduce 2 bin system for fortnightly kerbside collection of refuse and recycling.	No change to annual contract price
Remove trailer bin from Lake Kaniere and extend the Kerbside collection same as Hokitika	No change to annual contract price
Provide sorted glass collection at all transfer stations	Second hand trailer bins will be purchased from current contractor and placed at transfer stations. Costs – approx. : \$80,000.00 (loan funded)
Net Cost to rate payers for these changes	NIL

5.0 OPTIONS

The above assessments now result in three options for Council to consider.

Option 1: Status Quo – No change in current levels of service

Option 2: Vary the contract as per Table 2.0 to provide an increased level of service

Option 3: Vary the contract and retain the bin stations

6.0 SIGNIFICANCE AND CONSULTATION

10.1 Variations proposed in this report are significant for District. The changes to levels of service proposed do not impact the net rate requirements, however a large number of people will be affected by these changes, and solid waste management has been an area of high and emotive public interest. As such the issues highlighted in this report are considered of high significance.

10.2 The matters arising will be subject to consultation as part of 2013-14 Annual Plan.

7.0 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)

Option 1: Status Quo

This option means no change in current levels of service and business as usual. Considering this option has the following implications:

1. Free dumping of waste at the bin stations. This is currently subsidised by general rate payers and is not in line with current funding policy for this activity i.e. 50-50 split with user pay and general rates. There is potential for this subsidised service to be further abused.
2. The Franz Josef transfer station will have to be constructed as per plan. This means additional interest costs on the capital expenditure for the activity.
3. The glass continues to be stock-piled and with no disposal options. This is not an environmentally friendly option and not in accordance with Waste Minimisation and Management Plan 2012.
4. The transport of refuse from South Westland will incur more costs.
5. A net rate requirement of approximately \$148,500 per annum will be required if council proceeds with this option.

Option 2: Vary the contract as per Table 3.0 to provide an increased level of service

This is the preferred option.

1. An improved level of service will be achieved by way of a two bin system. The advantages of bin system are well documented and tested in other districts around the country.
2. Glass can be collected as sorted at transfer stations.
3. Free Dumping of waste is no longer available.
4. Same fee structure can be applied across majority most of the District.
5. Positive image for Council. The bins are proposed to be collected by a mechanical arm fitted truck with Council logo on the truck.
6. All changes come at no extra rate requirements to the rate payers. Largely due to the extra revenue obtained by charging the full price for disposal of glacier country refuse waste at Butlers.

Option 3: Vary the contract and retain the bin stations

Council has an option to consult with residents in satellite towns. This option means that Council agrees to variations as in option 2 and apply a targeted rate for provision of these trailer bins at these sites.

The estimated targeted rate requirement for the management and transport of refuse from these trailer bins is as per the table below:

Table 4.0: Estimated Targeted rate to continue with Trailer Bin Sites

Satellite Town	Total Rate Requirement	New Rate per property Only Occupied	New Rate per property (GST Exclusive) All Properties.
Otira (35 Properties - 22 occupied plus 13 unoccupied)	\$38,122	1732.81	1089.20
Jacksons (Aickens to Taipo) (42 - 15 occupied plus 27 unoccupied)	\$38,122	2541.46	907.60
Bruce Bay (98 Properties - 72 occupied plus 26 unoccupied)	\$38,122	529.47	389
Neills Beach (96 Properties - 60 occupied plus 36 unoccupied)	\$38,122	635.36	397.10

Under the current contract there are five trailer bin stations sites. The total cost to manage and transport refuse to landfill alone is \$87,360 per annum. The cost of disposal is based on 50 tons from each trailer disposed at \$143.00 per tonne per annum.

8.0 PREFERRED OPTION(S) AND REASONS

10.3 The preferred option is Option 2. This option provided improved levels of service at NIL increased cost to ratepayers

9.0 RECOMMENDATION(S)

The recommendations are summarised in Summary section 1.0 of this report.

Vivek Goel

Group Manager Assets and Operations