

# **SUBMISSIONS ON THE PROPOSAL TO REORGANISE WESTLAND HOLDINGS LTD AND SUBSIDIARIES**

Council Meeting  
Tuesday 17 February 2015  
Council Chambers  
9.00 am

## TABLE OF CONTENTS

<b>SUBMITTER</b>	<b>TIME</b>	<b>PAGE NO.</b>
Westland Residents & Ratepayers Association	9:00am	Page 1
Maxwell Dowell QSM	9:05am	Page 3
Graham Dudley Purches Chairman – Westland District Property Limited	9:10am	Page 5
Durham Havill	9:15am	Page 17
Bruce Smith	9:20am	Page 23
Frances Stapleton	9:25am	Page 43
Ben Gaia Gaia Trees	Not Speaking	Page 46
Cliff Beaumont	Not Speaking	Page 47
Margaret Gale	Not Speaking	Page 48
Arthur Prangnell	Not Speaking	Page 50
Nancy Prangnell	Not Speaking	Page 52
Jim Jameson	Not Speaking	Page 54
Fiona Pollard Kumara Residents Trust	Not Speaking	Page 56
Hugh Cameron	Not Speaking	Page 58
S.T. Watkins	Not Speaking	Page 59
Anthea Keenan	Not Speaking	Page 61

## **SUBMISSION ON THE PROPOSAL TO REORGANISE WESTLAND HOLDINGS LTD AND SUBSIDIARIES 2014**

his submission is a public document and the details provided will be available for viewing by members of the public.

### **Description of Proposal**

On 24 December 2014 Council provided public notice that a Statement of Proposal to reorganise Westland Holdings Ltd and Subsidiaries is available. The public notice provides information about how the public can acquire information about the proposal and make a submission. More information about the proposal can be found on Council's website [www.westland.govt.nz](http://www.westland.govt.nz).

The closing date for submissions is Friday 30 January 2015, 4pm.

### **Send or deliver to:**

Westland District Council  
Private Bag 704  
5 Weld Street  
OKITIKA

### **Email to:**

[consult@westlanddc.govt.nz](mailto:consult@westlanddc.govt.nz)

OR

### **Complete a submission online:**

[www.westland.govt.nz](http://www.westland.govt.nz)

Name:

WESTLAND RESIDENTS & RATE PAYER ASSN.

Organisation (if applicable):

Preferred contact details i.e. your postal address, or your email:

208 REVELL ST MAX DOWELL PSMA CHAIRMAN

12 SPENCER ST MI GARE (SECRETARY)

Phone Number:

755 6890  
(MI GARE)

755 5484  
(MI GARE)

Signature

NB: Your signature is not required if submitting by electronic means

1. **Please use one form for each submission**  
Extra forms are available from the Council Office and online [www.westland.govt.nz](http://www.westland.govt.nz)
2. **Indicate your attitude to the proposal**  
i.e. I support/oppose/ am neutral to the application.
3. **Make your submission**  
State clearly and in summary the nature of your submission. Give reasons.
4. **State any amendments you wish to have made**  
Give details.
6. **State whether or not you wish to be heard by the Council at a hearing**  
Please note: If you do not want to speak to your written submission it will still be equally taken into account.
7. **State if you would be willing to present a joint case, or you require a language interpreter, or if you would like the Council to consider audio or audio-visual presentation options.**

Use separate paper if necessary.

WE  
I support / ~~oppose~~ / am neutral to the proposal (Circle one)

My submission is:

THAT WE SUPPORT THE PROPOSAL TO DISSOLVE  
THE HOLDING CO AND THE PROPERTY CO  
TO BRING WESTROADS AND AIRPORT UNDER  
COUNCIL CONTROL AND THE APPOINTMENT  
OF CEO DIRECTORS / NOT THE OLD BOYS  
NETWORK AS A JOB FOR THE FOR LIFE  
LIKE IT IS NOW.  
TO BE APPOINTED BY ELECTION ~~THE~~

Amendments I wish to have made:

Do you wish to be heard in support of your submission? Yes / No (Circle one)

If yes, do you want to make a joint case with another party? Yes / No (Circle one)

Specify the party:

Do you require a language interpreter in order to present at the hearing? Yes / No (Circle one)

If yes, please specify your requirements:

Would you prefer to present via an audio or audio-visual link? Yes / No (Circle one)

If yes, you will be contacted to discuss arrangements.

Thank you for providing your input

## SUBMISSION ON THE PROPOSAL TO REORGANISE WESTLAND HOLDINGS LTD AND SUBSIDIARIES 2014

is submission is a public document and the details provided will be available for viewing by members of the public.

### Description of Proposal

24 December 2014 Council provided public notice that a Statement of Proposal to reorganise Westland Holdings Ltd and Subsidiaries is available. The public notice provides information about how the public can acquire information about the proposal and make a submission. More information about the proposal can be found on Council's website [www.westland.govt.nz](http://www.westland.govt.nz).

The closing date for submissions is Friday 30 January 2015, 4pm.

### Send or deliver to:

Westland District Council  
Private Bag 704  
Weld Street  
KITIKA

### Email to:

[consult@westlanddc.govt.nz](mailto:consult@westlanddc.govt.nz)

OR

### Complete a submission online:

[www.westland.govt.nz](http://www.westland.govt.nz)

Name: MAXWELL DAVID CHARLES DOWELL DSM

Organisation (if applicable): RATE PAYER.

Preferred contact details i.e. your postal address, or your email:

208 REVELL ST

HOIKITIKA

Phone Number: 7556890 — 0276272503

Nature: Maxwell Dowell DSM

NB: Your signature is not required if submitting by electronic means

- Please use one form for each submission**  
Extra forms are available from the Council Office and online [www.westland.govt.nz](http://www.westland.govt.nz)
- Indicate your attitude to the proposal**  
i.e. I support/oppose/ are neutral to the application.
- Make your submission**  
State clearly and in summary the nature of your submission. Give reasons.
- State any amendments you wish to have made**  
Give details.
- State whether or not you wish to be heard by the Council at a hearing**  
Please note: If you do not want to speak to your written submission it will still be equally taken into account.
- State if you would be willing to present a joint case, or you require a language interpreter, or if you would like the Council to consider audio or audio-visual presentation options.**

Use separate paper if necessary.

I support / oppose / am neutral to the proposal (Circle one)

My submission is:

Amendments I wish to have made:

Do you wish to be heard in support of your submission? Yes / No (Circle one)

If yes, do you want to make a joint case with another party? Yes / No (Circle one)

If yes, specify the party:

Do you require a language interpreter in order to present at the hearing? Yes / No (Circle one)

If yes, please specify your requirements:

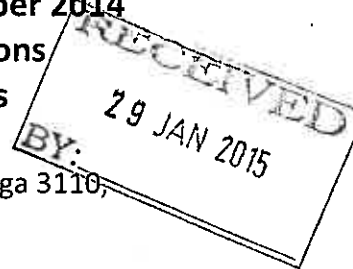
Would you prefer to present via an audio or audio-visual link? Yes / No (Circle one)

If yes, you will be contacted to discuss arrangements.

Thank you for providing your input.

*Note copy filed on-line 20/1/15*

**Submission to Westland District Council regarding its December 2014  
proposal to reorganise its Council Controlled Organisations  
namely Westland District Holdings and its subsidiaries**



**Submitter:** Graeme Dudley Purches, 22 Donnington Place, Bethlehem, Tauranga 3110,  
currently Chairman Westland District Property Limited.

**Telephone/email:** 07 571 8311 (evenings) 021 226 3368, [purches@kinect.co.nz](mailto:purches@kinect.co.nz).

**Date:** Wednesday 28 January, 2015.

I wish to be heard. If I am unable to attend I would appreciate consideration be given to allowing me to participate via telephone conference or SKYPE.

**Personal Background:** Following the resignation of the entire WDPL Board in April 2013, I joined the Board as an Independent Director. My appointment was for a period of up to one year. Durham Havill withdrew his resignation and remained as Chairman.

The resigning directors cited a lack of shareholder (WDC) support as the reason for their resignations, and it was considered an independent director could bring an external focus to matters with no "baggage" or local involvement that could cause any conflict of interest.

I hold a Certificate in Company Direction (NZIOD February 2011), a Diploma in Business Studies endorsed Public Relations and Communication Management (Massey University 2003) and I have been a Managing Director of Grajen Investments Limited, a property owner and residential rental business jointly owned by my wife Jenny and I since 2000.

Three months after I joined the Board Durham Havill resigned and I was appointed Chairman, a position I still hold today. Because of the pending CCO Review and uncertainty regarding WDPL's future, Les Singer and I have, with the approval of WDH, continued as the only directors.

While some may consider it "unusual" that an Independent Director, who lives outside Westland District and is not a WDC ratepayer should submit, I consider it would be remiss of Council not to hear my views on the proposed reorganisation, particularly in respect of WDPL. The efforts of my fellow director(s) and our staff have been considerable as we have tried, in the interests of ratepayers, to make the best of what has been a very frustrating and difficult operating environment.

### **General Observations:**

I have no desire to revisit the past, but I do not consider the proposal can be properly considered without doing so – particularly as it has become increasingly obvious that Councillors have not been well informed about WDPL and its activities.

**Note:** While I had drafted this submission prior to the WDC Public Information meeting held on Wednesday 21 January, feedback I have received from four separate parties regarding the conduct of that meeting. Comments reportedly made by the Chair Councillor Mark Dawson, regarding WDPL, without any attempt to justify them, have resulted in me making this

submission much more comprehensive, because I believe it is imperative that ALL councillors and indeed the public and ratepayers of Westland know the full background to the operations of WDPL.

In no particular order, the following are some of the issues that have made life significantly more difficult than it should have been for WDPL Staff, Directors, customers, and other stakeholders.

1. Company/Council communication – “protocols” inhibited if not prohibited WDPL from directly engaging with elected representatives. Misinformation was disseminated by some elected representatives either directly or via others with whom they had a relationship. Most of the noise generated by these “others” came from a small number of individuals, loosely associated with a self-appointed ratepayer lobby group. The behaviour of some elected representatives, again in the minority, was at times highly questionable both morally and ethically, and much of the information disseminated was misleading.

Prior to the October 2013 local body election, I requested an opportunity to directly engage with elected representatives, but this was rejected by the WDC CEO on the basis that it did not comply with “protocols”. Ongoing failures by the CEO, who was charged with communicating WDPL matters to elected representatives, effectively meant WDPL had little ability to correct/clarify any misinformation and/or misunderstandings.

2. Politics – when the immediate former Mayor, Maureen Pugh made an effort to correct any misinformation in a Council meeting environment, she was frequently challenged and effectively prevented from doing so on the grounds she had a “conflict of interest”, because of her role as a Director of WHL. In my view this was complete nonsense. My dealings with Mayor Maureen Pugh were at all times professional, and I consider her behaviour in respect of these matters completely professional.
3. The failure by Council to transfer assets as originally planned - instead putting in place a “management contract”, which was fatally flawed. For example, how can a company effectively manage a WDC asset where Council increases rates paid, in an environment where political motives prevented the company from increasing charges to recover increases in operational costs. Under the original proposal WDPL would have taken ownership of all pensioner housing. It would have allowed WDPL to revalue properties on a regular basis and fund capital and maintenance investments in a commercial manner with all the taxation and other advantages that accrue from the commercial activity.
4. A significant number of the assets transferred were later found to be worth significantly less than their transferred value. In some cases properties were either unsaleable, or unable to generate income, unless significant money was spent to get them to a commercially viable state. Ironically, in a number of these cases this involved paying Council significant fees to get required “consents”. In all cases, WDPL was required to pay WDC rates on these properties.
5. Many of the assets WDPL were given to manage (under contract) were in a very poor state. As an owner and manager WDC had failed to either correctly maintain many of its



rental properties, or treat tenants with the dignity they deserve – not only as elder citizens, but as customers paying for a service. Similarly, the Hokitika Pool was poorly maintained and staff morale was low. Under proper management, the condition of the pool and its attractiveness has been significantly improved, patronage has soared, and the staff are once again fully engaged and enjoying their jobs.

Council, as managers of the Jackson Bay Wharf, had failed to collect fees which had been previously agreed. They had not seized opportunities to earn revenue for ratepayers from a range of activities including baches and mining on road reserve. In summary, WDC had, prior to the formation of WDPL, proven to be a very poor manager of assets, and had failed to deliver value for ratepayers and other stakeholders.

6. There are a raft of other matters that should be subject to close scrutiny as part of this proposal, but for the sake of brevity and to avoid excess negativity I had not intended to deal with those in detail. However, given the concerns I noted earlier over comments made at the January 21 WDC “Information” meeting, I have instead copied below, in blue, the content of a document prepared by WDPL staff outlining some of the major issues WDPL has faced – issues that were directly attributable to action or inaction by WDC.

Document prepared with assistance of staff:

**WESTLAND DISTRICT PROPERTY LIMITED – CURRENT SITUATION**

**26 January 2015**

**Introduction**

WDPL acknowledges that it's Aged Payables for WDC, from 30 June 2012 to 29 May 2014, being an amount of \$256,141.39, mostly rates and insurance levies on properties, remains outstanding.

WDPL firmly believes it has the ability to meet that debt once it receives payment from HHL of the \$266,184 for project information earlier provided, and offset from WDC of \$85,975 in regard to costs associated with the failed Beach St road stopping. As well, WDC should reimburse WDPL \$46,000 rates charged on properties for which WDC well knew there was no ability for WDPL to earn income; indeed, WDC should buy back those 'useless' properties – that will provide WDPL with another \$97,000. These matters are addressed below.

**1. Baches on Road Reserve**

WDPL took over management of 66 baches on road reserve late in 2011. At the time of takeover, 44% of owners were in arrears of payment.

In 2011;

Income was	\$44,000
Expenses were	<u>\$21,400</u>
Net income to WDC	<b>\$22,600</b>

WDPL increased bach license fees from \$550 to \$2050 per year in exchange for greater security of tenure with License to Occupy Agreements. We also succeeded in getting Council to amend the Bach Policy to enable more baches to be built, within clearly defined guidelines. At the end of 2014 we had

77 bach sites, 9 whitebait seasonal sites and 7 'other occupations'; all with Licenses to Occupy. Only one is currently in default of payment.

In 2014;

Income was	\$111,313
Expenses were	<u>\$36,388</u>
Net income to WDPL	<b>\$74,925</b>

Once the 11 new baches are built, annual income will rise to around **\$140,000** by June 2016.

## **2. Swimming Pool**

WDPL took over management in July 2012. From end 2012 to end 2014 the catchment population for the pool only increased by 3%. By end June 2014 however, pool admissions were up 43% and revenue increased 44%.

The interior of the building has been repainted, heaters installed in the changing rooms and a many structural repairs completed. We also extended opening season from 43 to 46 weeks.

## **3. Pensioner Housing**

WDPL took over management of 46 council flats in July 2012. We now have 55 flats following the purchase of 123 Tudor St. WDPL inherited a waiting list of 42; the waiting list is now around 30.

During the first 2 months repairs (long outstanding) were undertaken to 32 of the 46 flats. We have repaired the roofs on 205 Revell St, replaced the roofs on 97 Tancred St and on one block in 84 Sewell St – the other 4 blocks are programmed within the LTP. We repainted the interior of 7 flats, installed 11 new ovens, one new bathroom and one new hot water tank.

Visits are made regularly to all tenants; all contact us directly by phone when they require repair work. We achieved a 100% satisfaction in the June 2014 Annual Survey.

## **4. Jackson Bay Wharf**

Ownership was transferred from DoC to WDC for \$1 in 1998. The wharf had hardly any income yet cost over \$50,000 per year to maintain. In 2001 Councillor Eggeling formed a committee of fishermen who recommended a charge of \$300 per tonne for crayfish and \$23 per tonne for wetfish, based on the total value of the two types of catch. This recommendation was accepted by WDC and included in the Jackson Bay Bylaw of 2001.

The fees were not changed between 2002 and 2008. Despite this, there was limited compliance; very few fishermen paid their fees.

When WDPL took over management in July 2012, more than \$160,000 was identified as outstanding. WDPL invoiced and received payment for over \$100,000 and has set in place procedures covering the use of the wharf under Licence to Occupy Agreements with fishermen. The Jackson Bay Bylaw has been revoked, giving WDPL greater commercial flexibility to negotiate with the fishermen.

A Jackson Bay Wharf Liaison Group has been established, with reps from the fishermen and processors Talleys Group and Fiordland Lobster. It is working successfully. We now have 14 registered vessels using the wharf and paying fees, and expect to have another 5 signed up before end June 2015. We expect annual income to be around \$35,000; this income is set aside in a separate account and is used exclusively for wharf maintenance. The fishermen are happy with this outcome.

## 5. Beach Street

WDC owes WDPL \$85,075 for costs incurred on behalf of WDC seeking to road stop Beach Street. Payment of this debt has not been accepted by the present CEO, yet the previous CEO, under whom the arrangement with WDPL was made, has stated:

*31/08/2014*

*Hi Marion and Graeme,*

*Yes, I can confirm your understanding, and would be happy to be a signatory to your proposed letter. While there was no written agreement, there was certainly an understanding that if in the unlikely event that the sale of road reserve on behalf of Council did not proceed because of a decision of Council, the WDPL would be reimbursed for any costs incurred in the sale process.*

*This agreement was on the basis that:*

- 1. The road reserve was owned by the Council;*
- 2. The project of disposal of the Beachfront properties was tasked to WDPL to undertake on behalf of the Council;*
- 3. It would be quite unreasonable for Council to expect WDPL to undertake a project which was controlled at every step by Council, for WDPL to incur costs when the Council decides to walk away from the project.*
- 4. If the project had been completed, the proceeds from the sale would have gone to Council, less all costs incurred.*

*I also understand that a precedent has already been set for reimbursement of costs with the McAllister land at Kumara Junction?*

*Regards,*

*Robin*

*Sent from my iPad*

## 6. Haast-Hollyford Highway

The signed agreement between WDPL and HHHL provides for payment to WDPL of \$266,183.84 and "is payable at such time as the Purchaser (HHHL) receives funding for the project". Following WDC adoption of the road reserve recently, this is now an expected outcome for WDPL in the near future.

## 7. Mining on Road Reserve

In November 2011 WDPL took over management of gold mining on road reserves. A process for involvement of WDPL was agreed with WDC at the time. Subsequently, 12 agreements, providing an 8% compensation for mining, were entered into by WDPL with existing miners.

About \$40,000 mining compensation revenue was received in 2012, but only \$300 in 2013 and none since June 2013 due to a lack of information from WDC regarding mining consent applications, despite our efforts to request them. In February 2014 in frustration we contracted Coastwide Resources, under the LGOIMA, to request full information from WDC and learned that they held current 18 applications, of which 11 involved mining on road reserves. We still do not have the information from WDC regarding the detail of those consent applications.

For several months now, we have had a mining consultant ready to take action 'in the field' on our behalf, however we have been requested by the CEO not to take the matter further pending CCO Review.

## **8. WDPL Managing WDC Properties**

Of the 39 properties owned by WDC and managed by WDPL, 20 are leased and 5 have been sold; the other 14 properties are 'on hold' by Council for a variety of reasons. We still pay rates on these properties.

## **9. WDPL Owned Properties**

Of the 21 properties owned by WDPL, 9 are leased and 5 have been sold. Of the 8 remaining properties:

- Lot 1 Three Mile is for sale (and currently under short term lease)
- 425 Petersen Road Hari Hari is for sale
- Section adjacent to Scenic Circle Franz is for sale
- Kaniere Estate Development with Westroads is on hold at the request of Westroads
- 242 Kaniere Road is on hold at the request of WDC because of the Cycle Trial
- Waiho River bed section is unable to be sold as it is in the middle of the river
- A pathway in Seddon St Kumara is unable to be sold (it's a pathway!)
- 7 Spencer St Hokitika is unable to be sold due to an error in WDC consenting
- 

**WDC pays rates on all these properties! Money for nothing!**

## **10. Property Development**

10.1 The 25 section suburban Kaniere Estate development on Lake Kaniere Road is a long term joint real estate project of WDPL and Westroads; it has been on hold pending Westroads' workload and availability since WDPL was established. There has been no property development.

10.2 Three Mile was purchased by WDC for \$350,000 and later transferred to WDPL for \$500,000 in June 2011. WDPL sought a zone change from Rural to Industrial. The plan was to subdivide the property into 23 small sections and one large section.

After 3 months of little progress with consents, the original proposal was amended to 23 small sections (Lot 1) and the adjacent section divided into 3 larger sections (Lots 2-4). Lots 2-4 were sold for \$200,000, subject to resource consent, in September 2011 (however resource consent, and therefore settlement, was not granted by WDC until November 2013).

In March 2012 WDPL applied for resource consent to subdivide the property into the 4 lots. Complications with soil contamination delayed progress. In May 2012 WDPL abandoned the Industrial Estate concept. After costs of about \$165,000, resource consent was finally granted to clear Lot 1 of contamination on 24 September 2013. Lot 1 is currently being offered for sale.

## **11. ...Pending the CCO Review**

WDPL management has met regularly with the CEO and senior WDC staff to progress operational management issues since February 2014. Increasingly, over the past 12 months, many matters have been put on hold 'pending outcome of the CCO Review'. This has effectively stonewalled much of our business development activity for the past year.

Staff prepared document ends.

**Regarding the proposal to reorganise WDC Council Controlled Organisations - in particular WDPL.**

The Statement of Proposal, prepared in accordance with the requirements of sections 83 and 83AA of the Local Government Act 2002, in respect to WDPL is, in my opinion, fatally flawed. On that basis, I am surprised and alarmed that the report is now subject to public submission. I am particularly concerned that those being consulted have, in the main, little knowledge or understanding of the real position of WDPL, or for that matter the reasons why it and the WDH/CCO structure was initiated in the first place.

Without the benefit of any in depth communication, other than intermittent updates on milestones, my understanding is as follows;

- A consultant was hired to undertake an analysis of WDC's CCO governance and reporting documents. These included Constitutions and Statements of intent, and Annual Reports of both Council and the CCOs. This appears to have been underpinned by targeted written questionnaires and interviews, involving some past and present elected members, senior staff, and CCO directors. As WDPL Chairman my only involvement was being asked to complete a questionnaire, where the questions were largely predetermined and there was no follow up to elicit further information not covered or provided for in the document design. As the holder of tertiary qualification and extensive experience at management level in business and related communication, communication audits, and surveys, I consider the process as I witnessed it, was sadly deficient.
- From my perspective, it became clear reasonably early that an outcome and a decision to take the resulting proposal to public consultation had largely been predetermined.

I am going to limit my observations regarding the proposal to matters that specifically apply to either WDPL, the working of WDPL and the "communication/reporting protocols" it was required to adhere to.

1. The proposal notes that ***"the review was in part driven by community concern about Westland CCO activities"***. Given that Council staff failed to accurately communicate reality to elected representatives, this conclusion is not surprising. No apparent effort was made to analyse or quantify ***"community concern"*** with a view to determining validity, cause, and effect or to ascertain the real extent of the concern. The research does not appear to have, for example, produced a community concern network map, or identified the impact of several negative newspaper reports. Similarly, it does not appear to have connected or identified the linkages between a very small number of elected representatives with clear political pre-election ambitions (most no longer on Council) to a very small number of disaffected ratepayers.
2. The proposal makes a significant leap of faith from perception to reality by stating that ***"the current structure ... has led to a lack of awareness of the activities of or the risk being entered into by subsidiaries, particularly Westland District Property Limited."*** Really? Exactly what activities and what risks – given neither are documented and no effort is made to explain this. Did the writer read the agreed statements of intent and

attempt to match this to outputs from WDPL? From my perspective, the majority of WDC's elected representatives were at times operating in a vacuum, but this categorically did not reflect any failings on the part of WDPL – rather, it reflected an abject failure by those charged with communicating to elected representatives according to “protocol” to do so.

3. The proposal boldly states: *‘While the management of Community Assets.....may benefit slightly from a commercial focus, the scale of activity is too small to justify a commercial company. Providing activities are appropriately resourced, they can be effectively undertaken within Council, and there is no material benefit from contracting this to Westland District Property at commercial rates.* I have deliberately underlined parts of that statement. What exactly do the authors of this report mean by or regard as “commercial rates”? This implies WDPL gets paid for undertaking these tasks – which it does not. The use of the word slightly (no quantification or explanation offered) is “interesting”. Slightly compared to the complete mess WDPL inherited? Because history shows that WDC by no measure “effectively managed” these activities in-house prior to WDPL. Many Councils in New Zealand have benefitted from a CCO structure.

And just what does “appropriately resourced” mean? Again, no effort is made to quantify this. The internal operational culture of most local and indeed central government institutions is significantly less efficient than commercial counterparts – as witnessed by the performance of former State Owned Enterprise power companies compared to NZX listed companies. The fact that all three are, since restructuring into proper commercial entities and with only 51% taxpayer ownership, now making returns to taxpayers at a very similar level to that when taxpayers owned 100%, speaks volumes.

4. The cost of implementing the restructure is *“budgeted at \$100,000, with Council aiming to complete the work within this budget.”* Again, there is no attempt to quantify this other than to say *“there may be additional costs associated with the transfer of assets and personnel into Council.”* Really? Have the proposal architects considered the tax implications of transferring back assets that are now worth significantly more than when originally transferred to WDPL? The proposal then goes on to say *“the restructure is not driven by cost savings, but, Council does expect to make some savings in overheads, for example in Directors fees, audit costs, and reporting.”* Really? The current cost of two directors, if paid on an hourly rate over the last couple of years would have been a small fortune. Their current remuneration, a fixed annual fee paid monthly, represents well under half, and probably closer to 25% of the salary of one local government employed FTE capable of carrying out similar work.

Are the auditors suddenly going to cease investigating and reporting on the revenue earning activities currently undertaken by WDPL? No. Will they do it significantly faster? Probably not. Instead, the WDC audit fees will increase. And reporting? Given the communication difficulties experienced in the current arrangement, just how is the proposed structure going to save money? Again, nothing is quantified, leaving a strong impression that this is simply guesswork formulated by people who actually don't have a clue what is involved.

5. Nowhere can I find any reference to the fact that WDPL currently pays Council for rates, consent fees, and a host of other things. Insurances are also contracted via Council, at a

cost higher than WDPL believes could be achieved if it owned the assets and obtained insurance itself. Following any transfer back into WDC, properties will still be rateable, and required to form part of annual rate calculations, with implications for all ratepayers. Presumably consent fees will still need to be charged for work undertaken, but instead Council will be paying itself by one means or other. In other words, Council net income will reduce.

6. I note *"Council's new vision promotes a focus in the delivery of core services that meet community expectations and demonstrate value and quality"*. This implies that an in-house operation can now manage to do things not only better than a commercial one, but to a much, much higher standard than was delivered prior to WDPL involvement. That level of service categorically did not meet community expectations then, and no effort has been made to quantify how this will be delivered in the future. Aspirations are one thing – delivery is another.
7. A key reason given for disestablishing WDPL is claimed to be "risks associated with property development" and "WDC seeing no need for it to be involved in property development". But hang on a second - no property development has taken place since I have been a director, and as far as I am aware there was none prior to my involvement. WDPL's only involvement in "property development" was to either sell or get a return on assets that had been transferred – assets that in some cases bore such a striking resemblance to a dog one could almost hear them barking. Has anybody involved in this proposal bothered to look at what WDPL has actually been doing? It appears not. Has anybody bothered to look at future projections, given that WDPL is over the hurdle of some major financial impediments such as Beach Street, and 3-Mile, and things are tracking along sustainably? It appears not.
8. Has anybody involved with this proposal talked to former mayors Drylie and Pugh and the former CEO, or the implementation committee, to determine why the CCO structure was implemented? A key reason was to provide a confidential and independent buffer between Council and the companies they owned, and to ensure Council assets were managed tax effectively. The only glaring example of failure I am aware of occurred in Dunedin, where over time there had developed an over reliance of elected members as directors, which prevented the buffer from working effectively and failed to provide effective commercial oversight.

There seems to be no understanding by the architects of this proposal about why a Holding Company structure was decided upon, or that similar arrangements involving Holding Companies and CCO Companies exist successfully around New Zealand. In the last financial year WDPL operated at a loss (for reasons completely beyond its control). West Roads "purchased" the resultant tax loss, meaning it did not have to pay tax. This is a demonstration of the effective use of a CCO structure. Rather than taking an analytical and technical approach to identify opportunities to improve performance and effectiveness, there seems instead to have been a focus on dismantling and effectively "throwing the baby out with the bathwater".

9. If WDPL is not going to exist, it will not pay rates, generate income to pay Council fees that help keep consenting and planning staff employed, and generally generate revenue. In this environment the architects of this proposal need to demonstrate how WDC can

generate that revenue instead. To date, the indications are that, as prior to WDPLs formation, the opposite will occur.

**In Summary:**

- a) The review lacks credibility – it is long on opinion and short on facts.
- b) There appears to be a pre-determined outcome, politically rather than commercially or pragmatically driven.
- c) Preparation for the future within Council appears to be predicated on the proposal being adopted – witness long term plans and other documents. Yet it is simply a proposal, still out for consultation - or is it?
- d) Communication from Council appears to strongly suggest that “it will happen”, yet Councillors have at this point only resolved to undertake a review. Comments such as “we have decided and we can do what we like”, or words to that effect, make a mockery of what is supposed to be a consultation process.
- e) I shudder to think how much this has cost ratepayers so far. Based upon my 24 years commercial experience, working for four large organisations at senior management level, including one in the public sector, it is highly unusual for a process such as this to come in at anything like the \$40k originally approved by Council. In understand the cost to date is now more than double that, and the implementation hasn’t even started yet. That said, the lack of rigour associated with the process, as noted earlier in my submission, would suggest this proposal was developed “on the cheap” by a contractor, predicated by a strong expression if not direction that it needed to produce a desired outcome.
- f) To put it mildly, I am incensed that Councillor Mark Dawson, as chair of the WDC Executive Committee, and chairing a public meeting regarding the CCO review, has made statements that WDPL “can’t even pay its rate bills” and other similarly disparaging remarks without, at best, any apparent knowledge or understanding of the facts, or at worst, as a result of a deliberate decision to either ignore them or not attempt to discover them. The comments made portrayed a negative impression of the efforts and achievements of Directors and staff, both past and present, of WDPL. Clearly, the Councillor concerned has no understanding of the mess created by the need for WDPL to pay WDC “subvention payments”, based on a short term loan which ended up being a much longer term loan at what by any measure were, in the 12 months prior to the loan being repaid, extortionate interest rates. The reason why this “short term” loan ended up being a “long term” encumbrance and embarrassment was simple. The loan was to carry over WDPL for a short period while it gained consent to sub-divide the 3-Mile site which was subject to a sale and purchase agreement with deposit paid. Delays within Council meant no consent was granted prior to the implementation of the new National Environmental Standards, meaning the process then took even longer again and resulted in additional costs. Neither is there any understanding of other issues WDPL has had to contend with, such as a complete disregard for an agreement, made between WDPL and Council, the dishonouring of which resulted in WDPL carrying an unbudgeted loss of \$85,074.69.
- g) I am particularly concerned that a Councillor, who I believe has commercial interests that cross over those of WDC and at least two of its CCOs, has been allowed to be a key driver of the CCO Review process. My concern is based upon what I believe are serious conflicts of interest. These conflicts, which I understand have legal implications,



SHOULD HAVE BEEN DECLARED – as was done by Mayor Mike Havill upon his appointment as a Director of WHL.

**n closing:**

I regret having to present such a negative submission, but my analysis of the facts as I see them, the continued dissemination of misinformation, and the lack of any valid or credible supporting information to justify the proposal, leaves me with no alternative.

The WDC CCO structure is not broken, but to get the best out of it, Council (management and elected representatives) need to let their “commercial guardians” get on and run the companies commercially – as had originally been intended.

In my view, a much better understanding, and probably a different and more viable proposal if one is required at all (the status quo with the issues resolved may be the best one) could result from requesting an auditing and investigative body such as Deloitte to undertake a full investigation into the operation of WDC and its CCO structure, and identify where the real problems lay. Only with the benefit of such a process, can a credible outcome, that will truly benefit Westland District, its ratepayers, its businesses, and its people, be achieved.

In lieu of this, or a satisfactory resolution to this matter, I reserve the right to join forces with other impacted parties to seek a judicial review in the interest of protecting myself, and others, from unwarranted and unacceptable reputational damage, and at the same time, protect the interests of ratepayers who have remunerated us, and have the most to lose if Council gets this wrong.

I never agreed to become a WDPL Director for the money – rather, I was asked if I could help and I willingly did so, believing I would grow from the experience. I’ve grown all right – but the experience has at times been far from pleasant, and on some occasions, extremely stressful.

In my view, the status quo, with an undertaking to truly address problems within Council and correct the inherent deficiencies of WDPL by transferring assets and responsibilities as originally planned, would be in the best interests of ratepayers, residents, businesses and the District as a whole.

WDC needs to, other than influence via Statements of Intent, leave its companies to grow and deliver. Witness the success of Ngai Tahu’s commercial arm, and Ngai Tahu Properties, or the CCOs of Councils such as Hutt City, which have done just that.

If required, I would be more than happy to abandon “protocol” and communicate directly with elected members if directed or authorised to do so by the shareholder the elected members represent – WDC.

Thank you for considering my submission.

A handwritten signature in black ink, appearing to read 'Graeme Purches', written over a horizontal line.

Graeme Purches  
Chairman WDPL

**Linda Walker**

---

**From:** Linda Walker on behalf of Durham Havill <durham@aratuna.co.nz>  
**Sent:** Tuesday, 27 January 2015 4:51 p.m.  
**To:** consult  
**Subject:** Submission on the proposal to reorganise Westland Holdings Ltd and Subsidiaries

Submitted on Tuesday, January 27, 2015 - 16:50 Submitted by anonymous user: 118.92.237.67 Submitted values are:

Name: Durham Havill  
Organisation (if applicable): Personal  
Postal Address:  
Durham Havill  
74 Havill Drive  
Hokitika  
email: durham@aratuna.co.nz  
Phone Number: 0274 483187

Submission: I oppose the proposal

Type Submission Here:

I want to make a submission and request the opportunity to address Councillors as they consider the outcome of this review.

My experience in business is known to you all. I have also had 21 years in Local Government as both Chairman of the County Council and Mayor of Westland District. When I see something like this radical proposal, which was started by the Chief Executive just after her arrival, and then continued as the political objectives of a couple of newly elected Councillors, I feel obligated to speak up.

This review has come about for political reasons with Council taking notice of a small commercially inept group claiming to represent ratepayers.

This group or its members have opposed the CCOs, Westroads, The Airport Company, the Three Mile development, the boat ramp at Jackson Bay, the Beach Street section tidy up, the road stopping for McAlister, the sale of surplus council land, the agreements to allow bach owners a licence to occupy road reserve, and many other activities. The directors and staff of some CCOs were even the subject of personal attacks, with false debts being loaded against them on the official PPSR, and complaints to government departments.

This same very small group made many requests under the Official Information Act at great expense to both Council and the CCOs.

For Council to place any weight on the noise created by this group is a nonsense as demonstrated by the fact that none, despite trying, are around Council's table.

This independent review will not withstand a judicial review as it has failed to consider the most basic of business reasons for the establishment of the CCOs in 2002, their subsequent very successful performance, both financially and in relation to service levels achieved for the ratepayer, and finally the costs and benefits of the proposal.

It has failed to consider how a Holding Company with subsidiary CCOs limits liability to Council, nor does it consider the levels of risk associated within the aviation and contracting sectors that this Council has an interest in by nature of its unique location.

The review has not considered why Councils around New Zealand use a Holding Company structure and ensures Councillors are not dragged into the business affairs of the CCOs by disgruntled individuals who feel a political path will give them the outcome they want because a commercial result won't.

Every Councillor around this table knows exactly what I am talking about with Bach and Airport queries already going direct to Councillors.

The most informed parties since the 2002 establishment have not been interviewed in person by the authors of the review and it lacks any input from a business perspective. The report seems to rely completely on a poorly thought out political agenda. Mayor Mike Havill has confirmed he has had no input into the review due to his conflict as a director of Council's Holding Company.

I hold major concerns about the potential conflict situation of Councillor Dawson, firstly through his pre determination of the outcome of this review and secondly in his involvement as a shareholder in Hanily Capital Ltd

and its involvement via their appointment of a receiver to Callery Holdings Ltd involving a number of financial and legal transactions with Council.

The review fails to do what any normal business would do when considering a significant proposal and establish exactly what the savings, costs and benefits are.

The review has failed to consider the level and quality of services delivered before and after the establishment of the CCOs.

The review makes no mention of the use of subvention payments, the requirement of Council to pay GST on the properties returned to Council, and the tax benefits that the existing structure has. It also fails to identify the costs to be incurred by WDPL in relation to its transfer of assets back to WDC.

The review does not disclose any information in relation to just how much carrying out the services being transferred back to Council will cost when under Council management. How many extra staff will be needed and what levels of service will be delivered?

The review is based on assumptions that are flawed, ie Westland District Property Ltd was established and involved principally as a property developer. This is a false claim which needs rectifying.

The comments made by Councillor Dawson to a small group at a public meeting in Hokitika that he had stood for election on the basis of getting rid of CCOs demonstrates a pre determination. His reference to a verbal submission was that he would read it and file it in an "appropriate place", then laughed, was unacceptable. His statement to the meeting "that once the recommendation was put in place" was out of order.

The complete lack of information presented to the meeting he Chaired reeks of a pre-determined outcome made for political reasons and this is no good for the people of Westland.

I note that from 2002 right through to 2012 the relationship with the former Mayor and former CEO was professional. They carried out their role to support the CCO structure well which resulted in excellent financial returns, dividends and subvention payments to Council well in excess of bank investment rate returns.

Upon the arrival of the new CE the CCOs were disconnected by her and the frustration of unanswered emails was recorded in writing on a number of occasions by staff and Directors of WDPL. One only has to take as an example the mining on Road Reserve:

In November 2011 WDPL took over management of gold mining on road reserves. A process for involvement of WDPL was agreed with WDC at the time.

Subsequently, 12 agreements, providing an 8% tribute for mining, were entered into by WDPL with existing miners. About \$40,000 in mining compensation revenue was received in 2012, but only \$300 in 2013 and none since June 2013 due to a lack of information from WDC regarding mining consent applications, despite WDPL requests for them. In February 2014 in frustration WDPL contracted Coastwide Resources, using the LGOIMA, to request full information on mining activity on legal road from WDC and learned that WDC held 18 applications, of which 11 involved mining on legal road. To date WDPL still do not have the information from WDC regarding the detail of those consent applications.

This confirms to me that Council's current management does not have the capability to carry out the functions they so desperately want returned to Council control.

Functions handled by WDPL were stopped without discussion by Council staff, which in turn reduced the company's ability to carry out its adopted business plan. A totally unacceptable outcome.

No prudent business person would cause the deliberate destruction of shareholder value as has occurred especially when the structure itself is not broken.

Council (management and elected reps) need to let the commercial Directors get on and run the companies commercially as this has given excellent returns to Council now since 2002.

I urge Councillors to stop take a breath and ask yourselves why would we turn our backs on what has been a great success story for Council since 2002. The tools exist to fine tune but if you want solid commercial returns the company structure outlives the 3 year Councillor cycles and is proven to produce solid returns to the ratepayer. Politics is Politics and business is business and when you attempt to mix the two the outcome, which is already very damaging, can only get worse.

Durham Havill  
Chairman. Aratuna Freighters  
Gresson Street  
Greymouth  
Cell phone 0274 483187  
Email [durham@aratuna.co.nz](mailto:durham@aratuna.co.nz)

Report supplied by WDPL Chairman 26-01-2015 which I have copied onto my submission as it sets out clearly just why Council should not contemplate the proposed action.

## WESTLAND DISTRICT PROPERTY LIMITED – CURRENT SITUATION

26 January 2015

### Introduction

WDPL acknowledges that its Aged Payables for WDC, from 30 June 2012 to 29 May 2014, being an amount of \$256,141.39, mostly rates and insurance levies on properties, remains outstanding.

WDPL firmly believes it has the ability to meet that debt once it receives payment from HHHL of the \$266,184 for project information earlier provided, and offset from WDC of \$85,975 in regard to costs associated with the failed Beach St road stopping. As well, WDC should reimburse WDPL \$46,000 rates charged on properties for which WDC well knew there was no ability for WDPL to earn income; indeed, WDC should buy back those 'useless' properties – that will provide WDPL with another \$97,000. These matters are addressed below.

### 1. Baches on Road Reserve

WDPL took over management of 66 baches on road reserve late in 2011. At the time of takeover, 44% of owners were in arrears of payment.

In 2011	Income was	\$44,000
	Expenses were	\$21,400
	Net income to WDC	\$22,600

WDPL increased bach licence fees from \$550 to \$2050 per year in exchange for greater security of tenure with Licence to Occupy Agreements. We also succeeded in getting Council to amend the Bach Policy to enable more baches to be built, within clearly defined guidelines. At the end of 2014 we had 77 bach sites, 9 whitebait seasonal sites and 7 'other occupations'; all with Licences to Occupy. Only one is currently in default of payment.

In 2014	Income was	\$111,313
	Expenses were	\$36,388
	Net income to WDPL	\$74,925

Once the 11 new baches are built, annual income will rise to around \$140,000 by June 2016.

### 2. Swimming Pool

WDPL took over management in July 2012. From end 2012 to end 2014 the catchment population for the pool only increased by 3%. By end June 2014 however, pool admissions were up 43% and revenue increased 44%.

The interior of the building has been repainted, heaters installed in the changing rooms and a many structural repairs completed. We also extended opening season from 43 to 46 weeks.

### 3. Pensioner Housing

WDPL took over management of 46 council flats in July 2012. We now have 55 flats following the purchase of 123 Tudor St. WDPL inherited a waiting list of 42; the waiting list is now around 30.

During the first 2 months repairs (long outstanding) were undertaken to 32 of the 46 flats. We have repaired the roofs on 205 Revell St, replaced the roofs on 97 Tancred St and on one block in 84 Sewell St – the other 4 blocks are programmed within the LTP. We repainted the interior of 7 flats, installed 11 new ovens, one new bathroom and one new hot water tank.

Visits are made regularly to all tenants; all contact us directly by phone when they require repair work. We achieved a 100% satisfaction in the June 2014 Annual Survey.

### 4. Jackson Bay Wharf

Ownership was transferred from DoC to WDC for \$1 in 1998. The wharf had hardly any income yet cost over \$50,000 per year to maintain. In 2001 Councillor Eggeling formed a committee of fishermen who recommended a charge of \$300 per tonne for crayfish and \$23 per tonne for wetfish, based on the total value of the two types of catch. This recommendation was accepted by WDC and included in the Jackson Bay Bylaw of 2001. The fees were not changed between 2002 and 2008. Despite this, there was limited compliance; very few fishermen paid their fees.

When WDPL took over management in July 2012, more than \$160,000 was identified as outstanding. WDPL invoiced and received payment for over \$100,000 and has set in place procedures covering the use of the wharf under Licence to Occupy Agreements with fishermen. The Jackson Bay Bylaw has been revoked, giving WDPL greater commercial flexibility to negotiate with the fishermen.

A Jackson Bay Wharf Liaison Group has been established, with reps from the fishermen and processors Talleys Group and Fiordland Lobster. It is working successfully. We now have 14 registered vessels using the wharf and paying fees, and expect to have another 5 signed up before end June 2015. We expect annual income to be around \$35,000; this income is set aside in a separate account and is used exclusively for wharf maintenance. The fishermen are happy with this outcome.

#### 5. Beach Street

WDC owes WDPL \$85,075 for costs incurred on behalf of WDC seeking to road stop Beach Street. Payment of this debt has not been accepted by the present CEO, yet the previous CEO, under whom the arrangement with WDPL was made, has stated:

31/08/2014

Hi Marion and Graeme,

Yes, I can confirm your understanding, and would be happy to be a signatory to your proposed letter. While there was no written agreement, there was certainly an understanding that if in the unlikely event that the sale of road reserve on behalf of Council did not proceed because of a decision of Council, the WDPL would be reimbursed for any costs incurred in the sale process.

This agreement was on the basis that:

1. The road reserve was owned by the Council; 2. The project of disposal of the Beachfront properties was tasked to WDPL to undertake on behalf of the Council; 3. It would be quite unreasonable for Council to expect WDPL to undertake a project which was controlled at every step by Council, for WDPL to incur costs when the Council decides to walk away from the project.

4. If the project had been completed, the proceeds from the sale would have gone to Council, less all costs incurred. I also understand that a precedent has already been set for reimbursement of costs with the McAllister land at Kumara Junction?

Regards,

Robin

Sent from my iPad

#### 6. Haast-Hollyford Highway

The signed agreement between WDPL and HHHL provides for payment to WDPL of \$266,183.84 and "is payable at such time as the Purchaser (HHHL) receives funding for the project". Following WDC adoption of the road reserve recently, this is now an expected outcome for WDPL in the near future.

#### 7. Mining on Road Reserve

In November 2011 WDPL took over management of gold mining on road reserves. A process for involvement of WDPL was agreed with WDC at the time.

Subsequently, 12 agreements, providing an 8% compensation for mining, were entered into by WDPL with existing miners.

About \$40,000 mining compensation revenue was received in 2012, but only \$300 in 2013 and none since June 2013 due to a lack of information from WDC regarding mining consent applications, despite our efforts to request them.

In February 2014 in frustration we contracted Coastwide Resources, under the LGOIMA, to request full information from WDC and learned that they held current 18 applications, of which 11 involved mining on road reserves. We still do not have the information from WDC regarding the detail of those consent applications.

For several months now, we have had a mining consultant ready to take action 'in the field' on our behalf, however we have been requested by the CEO not to take the matter further pending CCO Review.

#### 8. WDPL Managing WDC Properties

Of the 39 properties owned by WDC and managed by WDPL, 20 are leased and 5 have been sold; the other 14 properties are 'on hold' by Council for a variety of reasons. We still pay rates on these properties.

#### 9. WDPL Owned Properties

Of the 21 properties owned by WDPL, 9 are leased and 5 have been sold. Of the 8 remaining properties:

- Lot 1 Three Mile is for sale (and currently under short term lease)
- 425 Petersen Road Hari Hari is for sale
- Section adjacent to Scenic Circle Franz is for sale
- Kaniere Estate Development with Westroads is on hold at the request of Westroads
- 242 Kaniere Road is on hold at the request of WDC because of the Cycle Trial
- Waiho River bed section is unable to be sold as it is in the middle of the river
- A pathway in Seddon St Kumara is unable to be sold (it's a pathway!)
- 7 Spencer St Hokitika is unable to be sold due to an error in WDC consenting

We pay rates on all these properties.

#### 10. Property Development

10.1 The 25 section suburban Kaniere Estate development on Lake Kaniere Road is a long term joint real estate project of WDPL and Westroads; it has been on hold pending Westroads' workload and availability since WDPL was established. There has been no property development.

10.2 Three Mile was purchased by WDC for \$350,000 and later transferred to WDPL for \$500,000 in June 2011. WDPL sought a zone change from Rural to Industrial. The plan was to subdivide the property into 23 small sections and one large section.

After 3 months of little progress with consents, the original proposal was amended to 23 small sections (Lot 1) and the adjacent section divided into 3 larger sections (Lots 2-4). Lots 2-4 were sold for \$200,000, subject to resource consent, in September 2011 (however resource consent, and therefore settlement, was not granted by WDC until November 2013).

In March 2012 WDPL applied for resource consent to subdivide the property into the 4 lots. Complications with soil contamination delayed progress. In May 2012 WDPL abandoned the Industrial Estate concept. After costs of about \$165,000, resource consent was finally granted to clear Lot 1 of contamination on 24 September 2013. Lot 1 is currently being offered for sale.

#### 11. ...Pending the CCO Review

WDPL management has met regularly with the CEO and senior WDC staff to progress operational management issues since February 2014. Increasingly, over the past 12 months, many matters have been put on hold 'pending outcome of the CCO Review'. This has effectively stonewalled much of our business development activity for the past year.

Do you wish to be heard in support of your submission?: Yes If yes, do you want to make a joint case with another party?: No Specify the party:

Do you require a language interpreter in order to present at the hearing?: No If yes, please specify your requirements:

The results of this submission may be viewed at:

<https://www.westlanddc.govt.nz/node/217/submission/99>



## **Submission to Westland District Council on the Proposal to Reorganise Westland Holdings Limited and Subsidiaries December 2014**

Submitter: Bruce Smith, 483D Hau Hau Road, Hokitika 7810

Date: 15-01-2015

Phone: (03)755 8048 or (021) 922 860

### **I wish to be heard**

In 2009 Council was struggling with a number of issues that were unresolved over a period of years and decided to investigate via a committee if the solutions were best suited to a commercial structure. The issues included but were not limited to the non-collection of fees at Jackson Bay, Mining of Council owned land without compensation, Subdivisions in Ross contracted but not completed, Lease and Licence renewals, payments and reviews and the sale of land both owned and abandoned. Risk Management was well investigated and why you would use limited liability companies considered. A committee was established with a number of members including the Chairman of West roads Ltd Durham Havill and the Chairman of Hokitika Airport Ltd myself. The committee investigated successful CCO structures where similar problems had been encountered like the Hutt Valley and recommended that Council establish a CCO Westland District Property Ltd to manage the property assets of Council. This was resolved and the company established in 2010 with both D Havill and myself as Directors. The management contract between the two entities set out the responsibility of WDPL.

#### *Background*

*A. The Council owns the properties*

*B. The Council has agreed to appoint the Company to manage the Properties on behalf of the Council and the Company has agreed to accept the appointment in accordance with the provisions of this agreement.*

On the 28-10-2011 following the appointment to the WDPL board of Sue Merriman and Hugh Little my role changed to General Manager. On the 27-03-2013 Both Directors resigned citing a lack of shareholder(Council) support. Following this in June of 2013 I advised the Board of my decision to resign.

With the exception of Durham Havill no one from the 2009 transition committee including myself was interviewed by the Authors of this CCO review to consider just what the commercial reasons were that drove the decision.

## **Proposal to reorganise Westland Holdings Limited and subsidiaries**

This Statement of Proposal is prepared in accordance with the requirements set out in sections 83 and 83AA of the Local Government Act 2002.

### **Review approach**

The Review was informed by an analysis of key governance and reporting documents, such as the CCO's constitutions and Statements of Intent, and the available Annual Reports of Council and the CCOs. The Review was also informed by a survey of, and targeted interviews with, past and present elected members, senior staff and CCO Directors.

The Review findings and potential options to improve the structure, governance and effectiveness of the CCOs, and the advantages and disadvantages of each option, were discussed with Councillors and senior council staff at a series of Council workshops. Following on from this, the findings of the Review and recommended changes to the structure and governance of Council's CCOs were reported to Council at an ordinary Council meeting in January 2014.

Please note those paragraphs in italics taken directly from the report are the basis for my responses below the extract.

### **Council's reason for the proposal.** (Ref: Proposal to Reorganise Westland Holdings Limited and Subsidiaries December 2014)

An independent Review of the structure, governance and effectiveness of Council's CCOs, including Westland Holdings Limited, Westland District Property Limited, Hokitika Airport Limited, and Westroads Limited and its subsidiary Westroads Greymouth Limited has been undertaken. The Review *(A) was in part driven by community concern about Westland's CCO activities.*

Findings of the independent Review recommended changes to the way in which Council assets and services are managed and to the structure and governance of Council's CCOs.

The Review found that the current structure of Council's CCOs is not optimal and is more complicated than it needs to be, given the size and scope of what is being delivered. It also found that *(B) the current structure has inhibited a common understanding and appreciation of issues between Council as shareholder and the directors of Westland Holdings Limited's subsidiaries Westland District Property Limited, Hokitika Airport Limited, and Westroads Limited and its subsidiary Westroads Greymouth Limited.* This has led to a *(C) lack of awareness of the activities of or the risks being entered into by subsidiaries, particularly Westland District Property Limited.* *(D) Westland District Property Limited's involvement in property and other developments has exposed Council to the commercial risks associated with the property development market.* Council has indicated that it no longer wishes to be actively involved in the property development sector, *(E) and on this basis there is no reason to continue to have a property development company.*

While the management of community assets (such as the Hokitika Swimming Pool, pensioner housing and the Jackson's Bay Wharf), mining license royalties, properties on road reserves, and

disposal of surplus land may benefit slightly from a commercial focus, the scale of activity is too small to justify a commercial company. Provided these activities are appropriately resourced, they can be effectively undertaken within Council and there is no material benefit from contracting this to Westland District Property Limited at commercial rates.

The performance of Hokitika Airport Limited has improved and the company is now making a small surplus. Given the strategic nature of the airport and its value to the Westland community, it is proposed that it should be retained as a commercial company and any profits reinvested in the future renewal and upgrading of airport assets.

Westroads Limited has proved to be a well performing maintenance and construction company engaged in roading, utilities and parks with significant third party revenue and is highly regarded in the community. *(F) However, the Review found no compelling reason for Westroads Limited and Westroads Greymouth Limited to continue as separate entities.* Given this, Council also intends to further investigate the *(G) advantages of amalgamating Westroads Greymouth Limited into its parent Westroads Limited.*

When considering Council and Westland Holdings Limited balance sheets together, the restructure will have no material effect on the financial result. Westland District Council's balance sheet will show the current investment in shares in Holdings as now split into shares in Westroads Limited and Hokitika Airport Limited, with \$3m of assets and \$1m of associated debt transferred from Westland District Property Limited.

*(H) The cost of implementing the restructure is budgeted at \$100,000, and Council is aiming to complete the work within this budget. (I) There may be additional costs associated with the transfer of assets and personnel into Council. These are unable to be quantified at this stage but are not expected to be material.*

While the restructure is not driven by cost savings, Council does expect to make some ongoing savings in overheads, for example in directors' fees, audit costs, and reporting.

#### Alignment with Council's Vision

*(J) Council's new vision promotes a focus on the delivery of core services that meet community expectations and demonstrate value and quality.* This proposal to reorganise Westland Holdings Limited and its subsidiaries allows Council to focus more directly on core business in alignment with Council's strategic direction.

**My responses refer to the sentences *in italics* above.**

The Review *(A) was in part driven by community concern about Westland's CCO activities.*

- A) Reference to community concern is most likely related to the noise historically generated by the Westland Residents and Ratepayers' Group. No council should ever put the political manoeuvring of a local Hokitika minority group above the good of the Westland community as a whole.

It also found that *(B) the current structure has inhibited a common understanding and appreciation of issues between Council as shareholder and the directors of Westland Holdings Limited's subsidiaries Westland District Property Limited, Hokitika Airport Limited, and Westroads Limited and its subsidiary Westroads Greymouth Limited.*

- B) This statement fails to report on the reasons why a Holding Company structure is used around New Zealand, which is to keep rates down, risk management and to allow commercial decisions to be made without political interference. CCOs were set up in response to calls for a confidential independent non-political buffer between councils and the companies they own, ensuring that a commercial approach is taken to managing the interface between council and councils' companies.

This has led to a *(C) lack of awareness of the activities of or the risks being entered into by subsidiaries, particularly Westland District Property Limited.*

- C) The only investment made by WDPL in real estate development was a 50% stake in a subdivision purchased with Westroads to ensure work existed when business for Westroads was quiet. The three mile site was purchased by Council before WDPL was established and later transferred to WDPL. The investment in additional Pensioner housing was approved by both Westland Holdings Ltd and the full Council. The report relies heavily on WDPL being a property developer which is incorrect; WDPL was established to manage some of Council's assets, including their disposal. WDPL at no time had income from property development (refer audited accounts).

*(D) Westland District Property Limited's involvement in property and other developments has exposed Council to the commercial risks associated with the property development market*

- D) No property development has taken place, therefore there have been no commercial risks. Once again, this statement is incorrect and unable to be backed up by facts.

Council has indicated that it no longer wishes to be actively involved in the property development sector, *(E) and on this basis there is no reason to continue to have a property development company.*

- E) WDPL was established to manage some Council assets including their disposal and was not at any stage established as a property development company. The 2011 Management Agreement between WDC and WDPL makes no mention of property development which confirms the purpose of the agreement was to allow WDPL to manage properties owned by Council.

Westroads Limited has proved to be a well performing maintenance and construction company engaged in roading, utilities and parks with significant third party revenue and is highly regarded in the community. *(F) However, the Review found no compelling reason for Westroads Limited and Westroads Greymouth Limited to continue as separate entities.*

- F) The question of the value in retaining Westroads Greymouth is a matter for the Westroads board who no doubt will have considered both strategic reasons and risk management in their decision not to merge Westroads Greymouth into Westroads Ltd.

Given this, Council also intends to further investigate the *(G) advantages of amalgamating Westroads Greymouth Limited into its parent Westroads Limited*

G) Once again, this is a Westroads commercial board decision.

*(H) The cost of implementing the restructure is budgeted at \$100,000, and Council is aiming to complete the work within this budget.*

H) The report is silent on what the work has cost to date (the initial Council approved cost for the Review was \$40,000) and the now additional estimate of \$100,000 cost to Council does not include the real costs of winding up the entities with their associated employment, tax and legal costs which could reach \$400,000. The report is also silent on the losses incurred to date by WDPL as a result of contracted incomes being stopped by Council and the loss of positive direction caused by a lack of Council management support since late 2012.

*(I) There may be additional costs associated with the transfer of assets and personnel into Council. These are unable to be quantified at this stage but are not expected to be material.*

I) For Council to publically consult without any idea of what the real costs are is not acceptable. Surely Council should have been able to determine at least an estimate of likely costs before proceeding? I believe these costs to be 'material' for the companies involved.

*(J) Council's new vision promotes a focus on the delivery of core services that meet community expectations and demonstrate value and quality. This proposal to reorganise Westland Holdings Limited and its subsidiaries allows Council to focus more directly on core business in alignment with Council's strategic direction.*

J) Council's new vision came into effect in September 2014; the Review started in 2013. The new vision never existed when the report was commissioned; nor were the CCOs ever invited to amend their Long Term and Annual Planning to accord with the new vision.

#### **There are matters that are of concern to me.**

1. The original architects of the CCO structure under Mayor Drylie were never interviewed. If they had been, it is likely that the writer would have learned that the CCOs were set up in response to calls for a confidential independent non-political buffer between Council and the companies it owned ensuring that a commercial tax effective and with a focus on risk management approach was taken to managing the assets and the interface with the Council's companies.

2. The former CEO of twenty four years and the former Mayor of nine years were not interviewed nor were other members of the transition committee which included Council staff.

3. No consideration was given in the report as to why Council had, since 2002, taken the stance of shifting functions into a CCO structure.

4. No consideration was given in the report on the levels of service that were previously supplied by council management in relation to the contracted functions based on the current service provided.

5. The report lacks consideration as to why a Holding Company exists and why CCOs exist, despite there being easily accessible reports available for many CCO structures in New Zealand.

6. The report is silent on risk Management for the Council and why you would use limited liability companies.

Limited liability is a principle of business law which shields the owners of a business from the business's liabilities. Owners of a business which has limited liability may lose only what they have invested in the business, meaning creditors cannot reach to the owner's personal assets to cover the businesses' debts. You may say but we are a Council and fully insured however that's only partially correct and risks exist that warrant caution in how you structure Councils activities.

The commercial scene in New Zealand is littered with SOEs and companies that hold contracts that when they were entered into were great but now due to a change in market conditions are a liability that causes the entity to fail. Solid energy bought the complete rail capacity on the Midland Line, a great deal at the time when Coal was king. Now it's a huge liability. Timberlands had similar contractual liabilities, in these cases the Crown has picked up the tab at the cost of the tax payer. In recent times Target Pest Ltd owned by Environment Canterbury and with contracts with the animal health board for possum control ran at large losses and had contractual commitments that had the business not been in a limited liability company would have required Canterbury ratepayers to bail it out. The Council appointed receivers and liquidators reducing the exposure to only the share capital invested by Council.

The CCO report recommends taking back into Council a number of activities and dissolving WDPL plus Westland Holdings Ltd without considering the commercial reality of what the likely impact will be both in service and revenues. Look at the areas where Council have taken back control of an activity already and see the drop in revenue. This would be acceptable if the money generated by WDPL was now being generated by Council but it is not and the revenues are nil or minimal. I refer to Gold income, Commission on land sales, and Jackson Bay.

Of further concern is the downward trend being experienced in all other activities with the exception of Pensioner housing where the addition of the Tudor Street block has increased revenue.

Figures supplied under the Official information act.

<b>WDPL</b>		<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>WDPL Income</b>	<b>2010-2011</b>	<b>WDPL 2011-2012</b>	<b>WDPL 2012-2013</b>	<b>WDPL 2013-2014</b>
Gold income		40600	371	0
Com on land sales			123700	1739
Leases	163550	213000	101842	97274
Licences		115481	114842	110413
Property sales		20869	0	0
Rentals		34486	65834	47663
Recovery of disputed costs		72621	0	0
Misc Income		3220	8491	11398
Jackson Bay		1430	211000	14241
Hokitika Swimming Pool			348000	321692
Pensioner Flats	124550		166000	234088

**In my opinion:**

The Review lacks credibility; it looks like there is a predetermined political outcome rather than a genuine review aimed at considering the CCO structure and its reason for existing, the levels of service it provides, its focus on risk management and on keeping rates down via income to Council and providing a buffer to allow the CCOs to operate in a commercial environment, without political interference.

**My perception of a predetermined political outcome is supported by:**

1. Frequent local newspaper reports going back 12 months on Council's decision to implement the political and staff decisions made which have now been mimicked in this report.
2. My understanding that staff has been informed that the report will be implemented
3. The impact of its implementation already being included in the preparation of the 2015 LTP
4. No resolution of Council exists other than to carry out a CCO review for Councillors and the public to consider.

**I note that:**

1. Councillors only agreed by resolution to a CCO Review. No decision has yet been made.
2. Review costs to date have not been disclosed. (\$40,000 budget). How much has this Review actually cost the community so far?
3. Council's \$100,000 estimate of the cost to implement the Review does not include full costs of reabsorption of the companies into Council, which could well exceed \$400,000. Should a more accurate estimate not have been made before proceeding to public consultation?

**I also note that the recommendations have been made without any reference to the following:**

**Jackson Bay Wharf**

The report is silent on how Council management previously struggled with the fishing industry's refusal to supply catch details over a 6 year period, making invoicing of catch levies by Council impossible. Intervention on a commercial basis by WDPL in 2011 brought matters into line and raised over \$100,000 in back charges. Council management interference in 2013 over WDPL's dealing with a major recalcitrant fisherman resulted in some current crayfish catch remaining unpaid. The report is silent on how fishermen feel about the level of service provided by council and then by WDPL; they were not interviewed.

**Pensioner Housing**

The report is silent on the appalling state of repair of Council pensioner flats which was well documented when they were handed to WDPL for management. Since 2012 WDPL has undertaken extensive repairs, increased the stock of available flats and achieved a 100% satisfaction from the latest pensioner survey. The report is silent on how and when the commitment to the elderly by the previous council including the investigation into a retirement village for Westland was changed and

by whom. The report is silent on how pensioners feel about the level of service by council and then by WDPL; they were not interviewed.

### **Hokitika swimming pool**

The report is silent on Council's Annual Plan process that stalled year after year the most basic functions of heating the changing rooms, painting the interior, installing simple individual cubicles for privacy in changing rooms and many other upgrades that occurred soon after WDPL took over management control. Pool admissions have now increased by over 25%.

The report is also silent on how pool users feel about the level of service provided by council and then by WDPL; they were not interviewed.

### **Baches on Road Reserve**

The report is silent on how issues of bach management were a constant thorn in the side at many Council meetings - non payment of fees, lack of control, issues with building consents and the lack thereof. With commercial management the level of service has improved dramatically, commercial returns have increased significantly and there is much greater control over the use of road reserve for recreational purposes.

The report is silent on how Bach owners feel about the level of service provided by council and then by WDPL; they were not interviewed.

### **Mining on Council owned land**

The report is silent about the lack of revenue from mining on council owned land. WDPL introduced Mining Access Agreements and established compensation fees for product extraction soon after it was established. Regrettably, since late 2012 no miner has paid compensation fees, due to the non-provision of relevant information to WDPL by council management and the lack of council support to establish a management regime.

### **No consideration has been given to the customers involved in these activities**

None have been interviewed. No comment is made in the report about the level of service these activities now receive as Council took back management of these activities and no mention is made of the loss of revenue to nil that has and will continue to occur under council control.

### **The report raises doubt as to the reason for it being commissioned**

The report raises the question whether an in-house political/staff decision was made to have an outcome engineered by the report, was this decision supported by the full Council with full disclosure? The Local Government Act does not allow informal meetings to achieve pre-determined outcomes; every meeting must be advertised and its resolutions minuted.

### **The report notes advantages of the proposed option A:**

1. *It simplifies the governance structure of Council's two key operating companies (Westroads Limited and Hokitika Airport Limited), provides for greater accountability between these operating companies and Council, and makes it easier for Council to fulfil its responsibilities as a Shareholder.*



This statement is made without any reference to why the CCO structure exists, which is to allow commercial decisions to be made without political interference which helps keep rates down. A proven formula used by Councils in New Zealand and offshore.

*2. It provides for a closer relationship and facilitates an understanding of important and strategic issues between Council as shareholder and its two key operating companies of Westroads Limited and Hokitika Airport Limited.*

The Statement of Intent required by current legislation provides Council with the tool to allow just that interaction.

*3. It reduces Council's exposure to commercial risk of the property market and allows Council to focus more directly on the core business of infrastructure and community facilities provision.*

The Statement of Intent required by legislation provides Council with the tool to allow just that interaction. The statement that WDPL was established as a property developer is made without proper research and is incorrect, WDPL was established as a manager of some of Council's assets including their disposal. WDPL at no time had income from property development. Councillors are entitled to rely on expert and independent advice, this report fails miserably to meet even minimum standards.

*4. There is likely to be long term savings from the simplified structure in respect of directors' fees, audit costs and reporting.*

We are a community and the most important aspect of levels of service has been completely ignored by the writers of this report, as is the need to insulate Councillors from CCO activities by having a commercial focus and independent boards.

### **Disadvantages of the proposed option A:**

- 1. There is a requirement to closely manage the process of the restructure.*
- 2. There will be some initial costs associated with the proposed restructure, as well as, in the longer-term, ongoing costs of employing staff to manage the property portfolio within Council.*

The report notes cost to manage the property portfolio but is silent on the costs to manage bach sites, pensioner housing, swimming pool, and monitoring of compensation agreements for mining Council owned land. Also to be considered are management of the Jackson Bay wharf and management of Council leases on Council owned land.

How can Councillors consider this recommendation when it is devoid of what costs will fall to Council, what impact it will have on staff numbers within Council and what levels of service will be achievable?

### **The report notes advantages of the proposed option B:**

- 1. It simplifies the governance structure of Council's operating entities, provides for greater clarity of accountability between the operating companies and Council, and makes it easier for Council to exercise its shareholder role.*

This statement is made without any reference to why the CCO structure exists, which is to keep rates down and allow commercial decisions to be made without political interference. A proven formula used by Councils in New Zealand and offshore.

*2. It provides for a closer relationship and understanding of important and strategic issues between Council as shareholder and its operating companies, Westroads Limited, Hokitika Airport Limited and Westland District Property Limited.*

The Statement of Intent required by legislation provides Council with the tool to allow just that interaction.

*3. There may be some slight savings resulting from the simplified structure in respect of directors' fees, audit costs and reporting.*

We are a community and the most important aspect of levels of service has been completely ignored by the writers of this report, as is the need to insulate Councillors from CCO activities by having a commercial focus and independent boards.

### **Disadvantages of the proposed option B:**

*1. Council would continue to be exposed to commercial risk of the property market, and there would be no change in focus on Council's core business of infrastructure and community facilities provision.*

The only investment made by WDPL in real estate development was a 50% stake in a subdivision purchased with Westroads to ensure work existed when business for Westroads was quiet. The three mile site was purchased by Council before WDPL was established and later transferred to WDPL. The report relies heavily on WDPL being a property developer which is incorrect, WDPL was established to manage some of Council's assets, including their disposal. WDPL at no time had income from property development.

*2. There will be some costs associated with the proposed restructure.*

But Council doesn't know what they are.

### **The report notes advantages of the proposed option C:**

*1. This option would have been advantageous if there were compelling financial reasons for retaining Westland Holdings Limited. The review found no compelling financial reason for retaining Westland Holdings Limited.*

This statement is made without any reference to why the CCO structure exists which is to keep rates down and allow commercial decisions to be made without political interference. A proven formula used by Councils in New Zealand and offshore.

*2. There would be some improvement in the governance relationship between Council and the operating subsidiary companies, but not to same extent as the proposed option.*

The Statement of Intent required by legislation provides Council with the tool to allow just that interaction.

### **Disadvantages of the proposed option C:**

*1. The responsibilities and accountability of the directors of Westland Holdings Limited would be seriously compromised.*

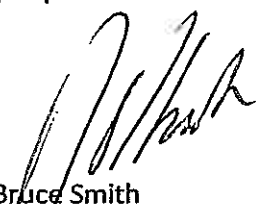
The Statement of Intent required by legislation provides Council with the tool to allow just that interaction. This 'disadvantage' is not backed by any evidence and should be ignored.

*2. Council would continue to be exposed to commercial risk of the property market, and there would be no change in focus on Council's core business of infrastructure and community facilities provision.*

The report relies heavily on WDPL being a property developer, which is incorrect. WDPL's property management role can readily be amended by Council by resolution to accord with the new Council Vision. This 'disadvantage' is not backed by any evidence and should be ignored.

Supported by proven best practice in other New Zealand local government authorities' CCOs, and based on a commitment to a high level of service for our Westland community, the CCO model that currently exists offers substantial advantages not available from an in-house management regime that has already been proven not to work due to a lack of commercial expertise.

**I submit that OPTION C, the status quo, is the best option for the Council and as a result the people of Westland.**



Bruce Smith  
Hokitika

**For Reference:**

## **CONFIDENTIAL REPORT ON ESTABLISHMENT OF A PROPERTY COMPANY FOR WESTLAND DISTRICT COUNCIL**

03 June 2010

Jeff Eaton, Director,  
Toovey Eaton & Macdonald Limited,  
Wellington

**Report for Wellington City Council on getting the best from council-controlled organisations  
Plimmer|consulting; August 2012**

### **Why have arm's-length entities?**

The move to arm's-length entities generally over the last 30 years has reflected attempts to get greater efficiency and effectiveness in achieving outcomes. With its origins in the New Public Management movement, characteristics include the creation of 'task specific' organisations and some form of performance target setting, monitoring and reporting. There was an expectation that adopting private sector business models would help achieve this.

A look across the models operating in New Zealand, the United Kingdom, Australia, and Canada, and a review of OECD's extensive research in this area shows that the overall model is widely adopted.

### **Business specific objectives rather than multifaceted political objectives**

Enabling a focus of decision-making and resources on delivering effectiveness and efficiencies in a specific area through a constrained set of business objectives can enhance governance, strategy, risk management and ultimately improve outcomes;

### **Professional and specifically experienced governance**

By appointing directors or trustees based on merit, decision-making in those specific areas can be enhanced.

A separate entity can be an effective way to form partnerships with other political entities. (the alternative being a joint committee which may operate more slowly – needing to seek decisions from the individual councils and having to work through sometimes conflicting political expectations).

### **Empowering community-based organisations**

A trust, for example, can have support from an organisation such as a council but still encourage donations, sponsorship and other support, which might not be available if the activity was delivered in-house.

### **Ring-fencing resources, both financial and other resources.**

This can reduce or remove the risk of the activity being diminished or not prioritised in the future. This can be a way to protect resourcing for an activity, for the future, especially if it has been under-resourced in the past.

In contrast to councils, CCOs are focussed on achieving a "constrained" set of business objectives. This brings a unifying focus to the organisation along with efficiencies through a corresponding drive to align resources with the required outcomes. As opposed to the multifaceted nature of councils, efficiency gains can be made in CCOs through the alignment of systems and processes to the specific needs of the business.

## **EXAMPLES of CCOs**

### **Far North Holdings Limited (FNHL) is owned by Far North District Council of New Zealand**

It is an entity referred to as a Council Controlled Trading Organisation under the Local Government Act 2002 and is registered under the Companies Act 1993. FNHL has a diverse asset ownership with interest in Port Opua, Bay of Islands Marina, Kaitia and Kerikeri Airports, Paihia Maritime Buildings and Paihia Wharf, Williams Road Car Park, Kaitia Education Campus. It works very closely with its shareholder, Far North District Council (FNDC), in assessing how it can add commercial value. In this respect, FNHL has taken over the management of FNDC Maritime Assets.

**By managing assets and providing alternative income streams, it is estimated that the Far North District Council general rates would have been approximately 4% per annum higher each year over the past 10 years without this income.**

Far North District Council established FNHL to act as a vehicle for the delivery of Council's commercial activities and to create a structure delivering services in the most efficient and cost effective manner. The existence of FNHL as a separate commercial entity provides advantages to Council in:

- Providing efficient corporate governance and commercial direction
- Rationalising operating activities and cost structures
- Maximising commercial skills
- Providing the right tax structures for operations
- Providing better communications between shareholders and operating subsidiaries

### **Christchurch City Holdings Ltd**

**CCHL was set up 1993 in response to calls for a confidential independent non-political buffer between the Council and the companies it owned. CCHL therefore ensures that a commercial approach is taken to managing the interface with the Council's companies.**

The Council has an interest in ensuring that the region's strategic assets are operated in a commercial manner, but also in a way that is beneficial for the region as a whole. Through Statements of Intent, the Council is able to establish broad parameters reflecting the public nature of these assets, but without inhibiting proper commercial management. CCHL remains committed to the ownership and monitoring role entrusted to it by its shareholder, Christchurch City Council.

Reasons for retaining ownership of the city's key infrastructure assets include:

- diversification of the City's income stream and reduction of the rates burden;
- local control of key strategic assets;
- capturing the value of the capital growth of the infrastructure companies for the benefit of future generations;
- recognition of community interests; and
- the application of good governance to the city's commercial assets.

### **CCHL helps city keep rates lower**

**Christchurch City Holdings Limited, the city council's holding group of trading companies, is celebrating its 20th anniversary. Chief executive Bob Lineham reviews its growth into a \$1.4 billion business.**

In the early 1990s the Christchurch City Council wanted to build a vast range of "enhancement assets" - for example, swimming pools, libraries, a stadium and convention centre.

The council at the time was resistant to selling company investments to pay for these new facilities. With encouragement from the council's finance chairman, Derek Anderson, it was agreed that if the council couldn't sell the assets, then it would make the companies perform and achieve commercial rates of return.

Grouping the council-owned assets under the umbrella holdings group Christchurch City Holdings Limited, was the agreed-upon solution.

Since then, the original mandate has definitely been achieved, with CCHL's group equity increasing from \$260m in 1995 to over \$1.4 billion today. Over the same period, CCHL has returned over \$1 billion in dividends and capital payments to the council and achieved an overall average shareholder return of 14 per cent per annum.

This has had a major flow-on effect for the people of Christchurch, the ratepayers. Through retaining its investment in its companies, the council keeps rates at least 13 per cent lower than they would otherwise have been and ratepayers can have confidence that the city's key monopoly infrastructure assets are well governed.

**Urban Plus was established by the Hutt City Council and was the best model with the best results and after visiting them the conclusion was this model is outstanding.**



The Nature and Scope of the Activities to Be Undertaken By the Company

The principal objective of the Company is:

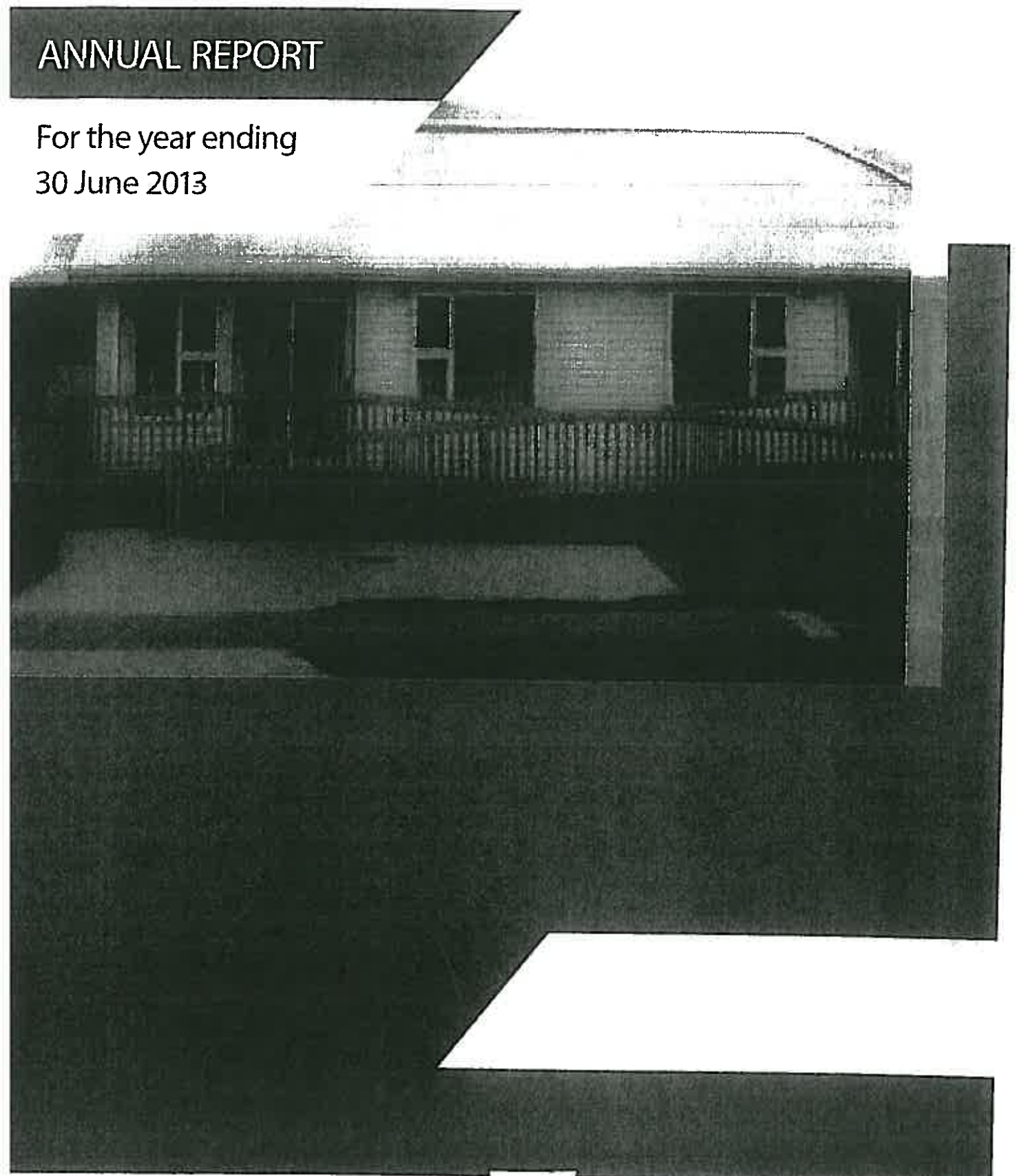
1. to own and operate a portfolio of rental housing to provide community housing for the socially disadvantaged elderly in accordance with normal commercial guidelines and the housing policy of the Council.
2. to develop property in preparation for sale or lease, which are declared surplus to the needs of the Hutt City Council and which provide an appropriate return for the costs and risks of development.

3. to manage property and building assets of the Hutt City Council in accordance with the Council's policies (as applicable) and the terms and conditions of the contract for services agreed between the company and the Council.

4. to otherwise become involved in property-related transactions on a commercial basis that support the Shareholders' vision for the future development of the city

## ANNUAL REPORT

For the year ending  
30 June 2013







## Chairman's Report

The objectives for UrbanPlus Limited for the year have been to focus on reducing our level of indebtedness, redefine our core focus, position the company for future growth and achieve our targets.

Gary Nichols who was appointed as Chief Executive in March 2012 has concentrated on building a new team so that our four key activity areas are positioned well to ensure that the company meets its objectives under the Statement of Intent, achieves our core KPIs and delivers the advisory services and facilities management to our shareholder.

I am pleased to report that we believe that the Company is well on the way to achieving these objectives and has improved its performance resulting in the Company's ability to reduce its borrowings to \$9,000,000 as compared to the previous year's level of \$10,500,000.

### FINANCIAL PERFORMANCE

The Company's result for the year ended June 2013 reflects a profit of \$372,270 as compared to a budgeted loss of \$192,677. The result also highlights a much improved position as compared to the previous year's loss of \$1,470,612.

The result before Depreciation and Impairments reflects an operational surplus of \$1,116,787 as compared to a budgeted surplus of \$496,323. This is also favorable as compared to last year's operating surplus of \$383,249.

The profit as compared to the budgeted loss position is due to the following:

1. Lower financing costs due to debt reduction,
2. Employee and operating costs being higher than budget by 4%,
3. Depreciation being higher than budget due to the slower progress in selling down some of the Company's housing stock which no longer meets the core focus of providing social housing for the elderly,
4. Rental income being higher due to slower sell down of housing stock as covered in point 3,
5. Gain on the sale of commercial property stock.

Looking ahead we believe that Urbanplus will be in a position to increase the number of housing units, improve its performance through enhanced internal systems and processes, and provide improved services to our shareholder Hutt City Council.

To my fellow Directors, Angus Finlayson, Arthur Stewart and Roger Styles, my sincere thanks for your contribution and effort to Urbanplus. Our appreciation also goes to our Chief Executive Gary Nichols and his dedicated team who have contributed much in achieving this result.

Brian Walshe  
Chairman

# Chief Executive's Report

This year completes the sixth full year of operations for Urban Plus Limited.

The four major areas of activity for Urbanplus and the year's highlights are:



## 1. PROPERTY MANAGEMENT

The 'core business' of Urbanplus involves the management of 183 residential housing units specifically aimed at the elderly. They are varying in age and quality from 1940's developments through to our newest 2013 development. Property occupancy has been maintained at greater than 97% for the 12 month period. Maintenance has continued with our strategy to optimise spend that will provide the lowest long run cost. Spend has been within budget in this area.

## 2. FACILITIES MANAGEMENT

Urbanplus continues to provide Facilities Management services to Hutt City Council via a Memorandum of Understanding. All operational maintenance and capital projects have been within budget and finalised on time.

Major projects included:

- interior decoration / upgrade of the War Memorial Library
- various exterior repainting projects to selected property across the portfolio
- Eastbourne Community Hall re-cladding of translucent sheeting
- Maungaraki Hall window replacement
- Tenders that resulted in formal contracts across the portfolio for routine maintenance work that included:
  - house washing programme
  - heating, ventilation and air conditioning
  - cleaning

Management reporting across the Hutt City Council portfolio changed during the year where Urbanplus now has direct reporting and accountability to seven Divisional Managers.

## 3. PROPERTY DEVELOPMENT

Urbanplus develops land specifically aimed at the elderly (major activity for this area of the business) but also acquires surplus property from Hutt City Council for:

1. on-sale
2. if potential exists, to develop housing for the elderly, or:
3. create subdivision potential to enhance value prior to sale

During the year, minimal development has taken place due to our 2012/13 strategy and focus to reduce debt. While we have met our debt reduction target (see Financial Performance below), this has impacted on our capacity to complete capital intensive development work. Notwithstanding that, we have completed one new development during the year that has added two new single bedroom units at our existing Hollard Grove / Colson Street property utilising existing land. These units are a refinement of our learnings from previous developments and incorporate our latest thinking in terms of wet bathrooms (combined with a laundry), cavity sliding doors, open-plan lounge / dining etc.

Immediately prior to the end of the financial year, Urbanplus purchased from Hutt City Council, 47 Laings Road (the Te Awakairangi building). This centre city site has potential for commercial leasing, sale as is, or high-value residential housing development.

Investigation continues in the intensification of development on owned land within the portfolio. We are also exploring potential relationships with other complimentary providers within the social housing sector.

## 4. PROFESSIONAL PROPERTY ADVICE

Urbanplus continues to assist Hutt City Council in the provision of professional property advice including commercial negotiations with land owners, leasing and property management advice to Council in terms of its leased estate, and supporting major initiatives including the Making Places Project, the seismic strengthening of the administration building and adjacent halls, and on occasion, property acquisition. This work has grown in the last 12 month period, and has added to Urbanplus's income.

## GENERAL MANAGEMENT

We have continued with a programme of continuous improvement focusing in the following areas:

### Statutory Compliance

- Health and Safety in Employment Act.
- Asbestos Management (little negative response has been received after notifying tenants).
- Unit Titles Act 2010 – as it applies to selected property within the portfolio.

### Budgeting and reporting

- greater depth of detail in terms of forecasting expenditure against each property.
- splitting the business into three major areas at budget preparation time to ensure reporting can be aligned with the Statement of Intent categories and performance targets.
- improved disciplines and accountability in adhering to those budgets.
- longer-term budgeting – extended out to three-year forecasting.

We are now providing property management services to Seaview Marina Limited including commercial lease management, rent collection, property strategy and long-term maintenance planning.

## THE MARKET

Last year, we commented that we expected the 2012/13 year to be very weak for property. This trend has continued and we have seen a continuation of flat and difficult trading conditions in the 2012/13 year. While Urbanplus is a small player in the residential sector of the market, we are always conscious that we need revenue from our development activities to fulfil our other important social housing functions in the community. We note the Government's concern about affordability in the housing sector, and that there is real pressure in both Auckland and Christchurch due to demand exceeding supply. While we do not see that population growth driven high demand in Lower Hutt, we must note that the Government initiatives to contain house prices by interest rate intervention will affect national trading in all commodities. We do however, have insatiable demand in the social housing sector that has affected our waiting lists due to:

1. Housing New Zealand condemning their two-storey brick dwellings that are under 34% National Building Standard.
2. Stokeswood evicting tenants from their Stokes Valley rest home.
3. Masonic Village embarking on a large expansion project that has required vacating several of their dwellings.
4. Wellington Mission evicting selected tenants.

We are confident that we could expand the portfolio significantly without exhausting demand.

We remain of the view that the Lower Hutt market is unlikely to change for the next few years. That has focused thinking on current trading conditions what we will need to work within for the short / medium-term future. On that basis, Urbanplus will continue to seek the opportunities that are in this market, and work to deliver improved levels of service and sales returns. On that assumption, there does not appear to be any perceived benefit in holding surplus property waiting for an improved market as this is not forecast to happen over the next few years. Sales proceeds will continue to be used to relieve debt in the short-term with a watching brief on expanding the portfolio as opportunities arise.

## GENERAL

The Asset Management Plan has been reviewed and a number of adjustments and updates have been incorporated. These better reflect the condition of the properties and have added to certainty in terms of budgeting and managing the maintenance programme.

In line with our Health and Safety initiatives, we are embarking on a rolling programme of chimney removal across the residential portfolio.

## FINANCIAL PERFORMANCE

We have been successful in our programme of divesting property that is not a good fit with our social housing objectives, or well configured for our target market of appropriate housing for the elderly. This has reduced our debt to \$9 million achieving our target for the end of the financial year.

The Company made a total comprehensive income of \$372,270 compared to a budget of (\$192,677), a significant improvement on the 2012 total comprehensive income of (\$1,470,612). Major contributors to this significant change in performance are:

- a. control of operating costs
- b. reduced financing costs due to interest rates remaining low for longer
- c. more revenue generated in the following areas:
  - i. Profits on commercial developments sales
  - ii. Increased rental income due to delay in sale of surplus rental property
  - iii. More consulting work

In addition to the development at Hollard Grove and Colson Street, the company purchased over \$1 million of property from Hutt City Council and reduced debt from \$10.5 million down to \$9.0 million.

## STRATEGIC DIRECTION

The major issues identified at the April 2013 Strategy Session facing Urbanplus going forward include:

- 1. becoming more active in the market to identify development opportunity
- 2. potential to expand / restructure the portfolio to better meet the needs of the elderly
- 3. take a more strategic view of portfolio recommendations and decisions
- 4. de-risk the business by expanding the services offered to third-parties outside of Hutt City Council
- 5. funding capacity too tight that will potentially restrict development opportunity
- 6. focus on the 'socially disadvantaged elderly'
- 7. an ongoing programme of reducing debt - tempered with restricting development opportunity

We will be striving to achieve success in each of these areas in the 2013/14 year.



Gary Nichols  
Chief Executive

0004

23 JAN 2025



FREEPHONE: 0800 474 834

- [Home](#)
- [About Westland](#)
- [Your Council](#)
- [Services](#)
- [Hokitika Museum](#)
- [News & Events](#)
- [Publications](#)
- [Contact Us](#)
- [Small Text](#)
- [Medium Text](#)

RECEIVED

CE	Mayor	GM PCE	GM DA	GM CS	EA	
✓						

- In this section
- [About This Site](#)
  - [Accessibility](#)
  - [Copyright](#)
  - [Disclaimer](#)
  - [Privacy Statement](#)
  - [Sitemap](#)

- 1 [Home](#)>
2. Submission on the proposal to reorganise Westland Holdings Ltd and Su

### Submission on the proposal to reorganise Wes

Fr. 10/31/2014 - 11 28 — peter oliver@we

This submission is public and the details provided will be displayed to mem

Description of Proposal -

Council is currently consulting on a proposal to reorganise Westland Holdin

To disestablish Westland Holdings Ltd

To disestablish Westland District Properties Ltd

The closing date for submissions is 4pm on Friday 30 January 2015.

Name Frances Stapleton

Organisation (if applicable) Not applicable

Postal Address \* 112 Stafford Street,  
Hokitika 7810

email francess@quik.co.nz

Phone Number 027 404 7835

[Top](#)

[web design](#) by hairyLemon

Submission. \*



I support the  
proposal



I oppose the  
proposal



I a  
pri

Type Submission Here.

*Hearing date will be in February – date to be advised*

Do you wish to be heard ☒

in support of your ☐ Yes

submission? ☐ No

If yes, do you want to ☐

make a joint case with ☒ Yes

another party? ☐ No

Do you require a ☐

language interpreter in ☒ Yes

order to present at the ☐ No  
hearing? \*

Submit

*F. L. W. Stapleton*

Submission on the Proposal to Reorganise Westland Holdings Ltd  
and subsidiaries 2014

I wish to reiterate the points I made at the public meeting , held on  
January 22nd 2015

I oppose the proposal to reorganise Westland Holdings Limited  
and Subsidiaries

The main issue of my submission is my opposition to the  
reorganization of the Property Company

The Property Company has performed to a high standard in the  
areas of pensioner housing and the Hokitika Swimming pool. I have  
concerns that this positivity will be lost if the responsibility returns  
in house to council

The Property company staff have worked in the area of  
communication with the pensioner tenants and attended promptly  
to areas of maintenance and general concern

Staff at the Swimming pool have felt positive re their work and  
value by regular visits and communication with Property  
Company staff

The refurbishment of the pool generally has improved the site and  
created positivity with swimming supporters

One on one contact from persons with people and management  
skills should be paramount

IN HOUSE DID NOT WORK WELL PREVIOUSLY

Thankyou

Frances Stapleton





## Linda Walker

---

**From:** Linda Walker on behalf of Ben Gaia <treeman007@xtra.co.nz>  
**Sent:** Wednesday, 21 January 2015 6:02 p.m.  
**To:** consult  
**Subject:** ~~Submission on the proposed Westcoast Gaia Westland Holdings Ltd and Subsidiaries~~  
**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Submitted on Wednesday, January 21, 2015 - 18:01 Submitted by anonymous user: 219.89.211.69 Submitted values are:

Name: Ben Gaia  
Organisation (if applicable): Gaia Trees Postal Address: Ruatapu RD3 Hokitika  
email: [treeman007@xtra.co.nz](mailto:treeman007@xtra.co.nz)  
Phone Number:  
Submission: I support the proposal  
Type Submission Here: I agree that WDC should focus on core services including pensioner housing and the pool. They could go further and re-absorb the costly Westroads and save money exploring pointless private toll roads that will never be allowed to be built by the NZ public in a National Park.  
Council should not give support to the Hollyford Road and waste our rates investigating it again and again.  
Do you wish to be heard in support of your submission?: No If yes, do you want to make a joint case with another party?: No Specify the party:  
Do you require a language interpreter in order to present at the hearing?: No If yes, please specify your requirements:

The results of this submission may be viewed at:  
<https://www.westlanddc.govt.nz/node/217/submission/98>



## Linda Walker

---

**From:** Linda Walker on behalf of Cliff Beaumont <Beaumont3@xtra.co.nz>  
**Sent:** Wednesday, 14 January 2015 10:40 a.m.  
**To:** consult  
**Subject:** Submission on the Westland District Council Proposal to Borrow \$5.1m to Advance Water Treatment Plant Upgrade at Hokitika

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Submitted on Wednesday, January 14, 2015 - 10:40 Submitted by anonymous user: 125.239.135.102 Submitted values are:

Name: Cliff Beaumont  
Organisation (if applicable):  
Postal Address:  
192 KJN  
RD2  
Hokitika  
email: [Beaumont3@xtra.co.nz](mailto:Beaumont3@xtra.co.nz)  
Phone Number:

~~Submission on the Westland District Council Proposal~~

Type Submission Here: I have respect for the CEO of the council and trust her to make good decisions. So far she has been amazingly pressured by the knockers. It is time the people of Westland stood up and supported their Council  
Do you wish to be heard in support of your submission?: No If yes, do you want to make a joint case with another party?: No Specify the party:  
Do you require a language interpreter in order to present at the hearing?: No If yes, please specify your requirements:

The results of this submission may be viewed at:  
<https://www.westlanddc.govt.nz/node/217/submission/97>

**SUBMISSION ON THE PROPOSAL TO REORGANISE WESTLAND  
HOLDINGS LTD AND SUBSIDIARIES 2014**

28 JAN 2015

submission is a public document and the details provided will be available for viewing by members of the public.

**Description of Proposal**

24 December 2014 Council provided public notice that a Statement of Proposal to reorganise Westland Holdings Ltd Subsidiaries is available. The public notice provides information about how the public can acquire information about the proposal and make a submission. More information about the proposal can be found on Council's website [www.westland.govt.nz](http://www.westland.govt.nz).

The closing date for submissions is Friday 30 January 2015, 4pm.

**Send or deliver to:**

Westland District Council  
Post Office Bag 704  
Veld Street  
Hokitika

**SCANNED**

**Email to:**

[consult@westlanddc.govt.nz](mailto:consult@westlanddc.govt.nz)  
OR

**Complete a submission online:**  
[www.westland.govt.nz](http://www.westland.govt.nz)

Name: Margaret Gale

Organisation (if applicable): \_\_\_\_\_

Preferred contact details i.e. your postal address, or your email:

12 Spencer Street  
Hokitika

Phone Number: 7555484

Signature: M. Gale

NB: Your signature is not required if submitting by electronic means

**Please use one form for each submission**

Extra forms are available from the Council Office and online [www.westland.govt.nz](http://www.westland.govt.nz)

**Indicate your attitude to the proposal**

i.e. I support/oppose/ am neutral to the application.

**Make your submission**

State clearly and in summary the nature of your submission. Give reasons.

**State any amendments you wish to have made**

Give details.

**State whether or not you wish to be heard by the Council at a hearing**

Please note: If you do not want to speak to your written submission it will still be equally taken into account.

**State if you would be willing to present a joint case, or you require a language interpreter, or if you would like the Council to consider audio or audio-visual presentation options.**

Use separate paper if necessary.

I ~~support~~ / oppose / ~~am neutral to the proposal~~ (Circle one)

My submission is: That the amount of money paid to the directors and managers and staff of these companies, is ridiculous, considering the Councils financial dire straits. In my opinion, these companies should be disbanded, and the functions that they perform, should be managed "in house" i.e. by the Council itself, even if Council has to employ 1 or 2 qualified people to do this. And, in this event, council would have full transparency and full control of decisions and proceedings

Amendments I wish to have made: As above

Do you wish to be heard in support of your submission? Yes / No (Circle one)

If yes, do you want to make a joint case with another party? Yes / No (Circle one)

Specify the party:

Do you require a language interpreter in order to present at the hearing? Yes / No (Circle one)

If yes, please specify your requirements:

Would you prefer to present via an audio or audio-visual link? Yes / No (Circle one)

If yes, you will be contacted to discuss arrangements.

Thank you for providing your input



**SUBMISSION ON THE PROPOSAL TO REORGANISE WESTLAND HOLDINGS LTD AND SUBSIDIARIES 2014**

submission is a public document and the details provided will be available for viewing by members of the public.

**Description of Proposal**

24 December 2014 Council provided public notice that a Statement of Proposal to reorganise Westland Holdings Ltd Subsidiaries is available. The public notice provides information about how the public can acquire information about proposal and make a submission. More information about the proposal can be found on Council's website [www.westland.govt.nz](http://www.westland.govt.nz).

**The closing date for submissions is Friday 30 January 2015, 4pm.**

**For deliver to:**  
Westland District Council  
Post Bag 704  
Herald Street  
TIKA

**Email to:**  
[consult@westlanddc.govt.nz](mailto:consult@westlanddc.govt.nz)  
**OR**  
**Complete a submission online:**  
[www.westland.govt.nz](http://www.westland.govt.nz)

Name: ARTHUR PRANGNELL

Organisation (if applicable): \_\_\_\_\_

Preferred contact details i.e. your postal address, or your email:

118 KANIERE ROAD  
HOKITIKA 7811

Phone Number: 755 7073

Signature: [Signature]

NB: Your signature is not required if submitting by electronic means

- Please use one form for each submission**  
Extra forms are available from the Council Office and online [www.westland.govt.nz](http://www.westland.govt.nz)  
**Indicate your attitude to the proposal**  
i.e. I support/oppose/ are neutral to the application.  
**Make your submission**  
State clearly and in summary the nature of your submission. Give reasons.  
**State any amendments you wish to have made**  
Give details.  
**State whether or not you wish to be heard by the Council at a hearing**  
Please note: If you do not want to speak to your written submission it will still be equally taken into account.  
**State if you would be willing to present a joint case, or you require a language interpreter, or if you would like the Council to consider audio or audio-visual presentation options.**

**Use separate paper if necessary**

I support / oppose / am neutral to the proposal (Circle one)

My submission is:

I support getting rid of all CEO's  
all they have achieved is to filter monies  
from the council who should be operating  
the finances internally.

Imagine the savings - directors fees  
alone would be a bonus

Amendments I wish to have made:

Do you wish to be heard in support of your submission? Yes / No (Circle one)

If yes, do you want to make a joint case with another party? Yes / No (Circle one)  
Specify the party:

Do you require a language interpreter in order to present at the hearing? Yes / No (Circle one)  
If yes, please specify your requirements:

Would you prefer to present via an audio or audio-visual link? Yes / No (Circle one)  
If yes, you will be contacted to discuss arrangements.

Thank you for providing your input.

## **SUBMISSION ON THE PROPOSAL TO REORGANISE WESTLAND HOLDINGS LTD AND SUBSIDIARIES 2014**

submission is a public document and the details provided will be available for viewing by members of the public.

### **Description of Proposal**

24 December 2014 Council provided public notice that a Statement of Proposal to reorganise Westland Holdings Ltd Subsidiaries is available. The public notice provides information about how the public can acquire information about proposal and make a submission. More information about the proposal can be found on Council's website [www.westland.govt.nz](http://www.westland.govt.nz).

**The closing date for submissions is Friday 30 January 2015, 4pm.**

### **For delivery to:**

Westland District Council  
Private Bag 704  
Havelock Street  
Hokitika

### **Email to:**

[consult@westlanddc.govt.nz](mailto:consult@westlanddc.govt.nz)

**OR**

### **Complete a submission online:**

[www.westland.govt.nz](http://www.westland.govt.nz)

Name:

*Nancy Rangnell*

Organisation (if applicable):

Preferred contact details i.e. your postal address, or your email:

*118 Kaniere Road*

*Hokitika 7811*

Phone Number:

*(03) 755 7073*

Signature

*N Rangnell*

NB: Your signature is not required if submitting by electronic means

### **Please use one form for each submission**

Extra forms are available from the Council Office and online [www.westland.govt.nz](http://www.westland.govt.nz)

### **Indicate your attitude to the proposal**

i.e. I support/oppose/ are neutral to the application.

### **Make your submission**

State clearly and in summary the nature of your submission. Give reasons.

### **State any amendments you wish to have made**

Give details.

### **State whether or not you wish to be heard by the Council at a hearing**

Please note: If you do not want to speak to your written submission it will still be equally taken into account.

State if you would be willing to present a joint case, or you require a language interpreter, or if you would like the Council to consider audio or audio-visual presentation options.

Use separate paper for each submission



I support / oppose / am neutral to the proposal (Circle one)

My submission is:

I totally agree with the disbanding  
of the Holding company & Property Company  
& bringing CCO's back under the W.D. Council umbrella!

amendments I wish to have made:

do you wish to be heard in support of your submission? Yes / No (Circle one)

yes, do you want to make a joint case with another party? Yes / No (Circle one)  
specify the party:

do you require a language interpreter in order to present at the hearing? Yes / No (Circle one)  
yes, please specify your requirements:

would you prefer to present via an audio or audio-visual link? Yes / No (Circle one)  
yes, you will be contacted to discuss arrangements.

Thank you for providing your input.

## **SUBMISSION ON THE PROPOSAL TO REORGANISE WESTLAND HOLDINGS LTD AND SUBSIDIARIES 2014**

submission is a public document and the details provided will be available for viewing by members of the public.

### **Description of Proposal**

24 December 2014 Council provided public notice that a Statement of Proposal to reorganise Westland Holdings Ltd Subsidiaries is available. The public notice provides information about how the public can acquire information about proposal and make a submission. More information about the proposal can be found on Council's website [www.westland.govt.nz](http://www.westland.govt.nz).

**The closing date for submissions is Friday 30 January 2015, 4pm.**

### **For deliver to:**

Westland District Council  
Private Bag 704  
Wellington Street  
TIMARU

### **Email to:**

[consult@westlanddc.govt.nz](mailto:consult@westlanddc.govt.nz)

OR

### **Complete a submission online:**

[www.westland.govt.nz](http://www.westland.govt.nz)

Name: SIM SAMUELSON

Organisation (if applicable): \_\_\_\_\_

Preferred contact details i.e. your postal address, or your email:

\_\_\_\_\_  
\_\_\_\_\_

Phone Number: 03/7557563

Signature: \_\_\_\_\_

NB: Your signature is not required if submitting by electronic means

### **Please use one form for each submission**

Extra forms are available from the Council Office and online [www.westland.govt.nz](http://www.westland.govt.nz)

### **Indicate your attitude to the proposal**

i.e. I support/oppose/ am neutral to the application.

### **Make your submission**

State clearly and in summary the nature of your submission. Give reasons.

### **State any amendments you wish to have made**

Give details.

### **State whether or not you wish to be heard by the Council at a hearing**

Please note: If you do not want to speak to your written submission it will still be equally taken into account.

State if you would be willing to present a joint case, or you require a language interpreter, or if you would like the Council to consider audio or audio-visual presentation options.

**Use separate paper if necessary**



I support / oppose / am neutral to the proposal (Circle one)

My submission is:

AS A LONG TERM RATEPAYER I DO NOT  
RECALL EVER BEING ASKED IF I WAS /  
WAS NOT, IN FAVOUR OF WESTLAND HOLDING  
BEING ESTABLISHED  
MY ANSWER IS GET RID OF IT/THEM  
AND GET BACK TO BASIC COUNCIL DUTIES

amendments I wish to have made:

o you wish to be heard in support of your submission? Yes / No (Circle one)

yes, do you want to make a joint case with another party? Yes / No (Circle one)  
specify the party:

o you require a language interpretor in order to present at the hearing? Yes / No (Circle one)  
yes, please specify your requirements:

ould you prefer to present via an audio or audio-visual link? Yes / No (Circle one)  
yes, you will be contacted to discuss arrangements.

Thank you for providing your input.

**Linda Walker**

---

**From:** Linda Walker on behalf of Fiona Pollard <fionapollard300@gmail.com>  
**Sent:** Friday, 30 January 2015 1:06 p.m.  
**To:** consult  
**Subject:** Submission on the proposal to reorganise Westland Holdings Ltd and Subsidiaries

Submitted on Friday, January 30, 2015 - 13:06 Submitted by anonymous user: 202.180.98.53 Submitted values are:

Name: Fiona Pollard  
Organisation (if applicable): Kumara Residents Trust Postal Address:  
C/- Fiona Pollard  
2 Tui Street  
KUMARA 7832  
email: [fionapollard300@gmail.com](mailto:fionapollard300@gmail.com)  
Phone Number: 03 7369 321  
Submission: I support the proposal  
Type Submission Here:  
Submission to Westland District Council regarding the proposal to disband the Westland District Property Ltd & Westland Holding Ltd

I support the proposal for the WDC to disband Westland District Property Ltd and take responsibility for the tasks of this Council's controlled trading organisation. I believe that the WDPL commercial aims are deterrent to the goals of local small communities in Westland.

I am the current Chair of the Kumara Residents Trust, and together with the Trust have been working on the Chinese Memorial Garden project in Kumara.

One of the sections of land was previously owned by WDC and transferred to WDPL to administer. KRT had negotiated with WDPL a 21 year lease (+ 21year renewal) for the use of the section for the purposes of a Chinese Memorial Garden, (at a peppercorn rental).

With the proposal to change the land status of the land to reserve approval by Council, this requires that this particular section be transferred back into WDC ownership. The recent negotiations between Council and WDPL has been of a commercial nature.

In order for this section to become a reserve for community purposes, there is an expectation that KRT (a community group), will be required to pay current land value (\$18k) for this section which was originally owned by our local council, in order for it to be transferred back to Council. This expectation that the community is required to use funds sourced for the actual project on paying for this land transfer is very unsatisfactory.

There is no community spirit or goodwill in this scenario.

While there are good reasons for the WDC to have some commercial entities (like the Airport & Westroads), the WDPL has not shown good faith and judgement in this particular scenario.

I support the disbandment of WDPL and the WDC taken full responsibility of the land the WDPL currently owns and administers on behalf of WDC and ratepayers of Westland.

Thank you for considering this submission, I do not wish to be heard.

Fiona Pollard

Chair  
Kumara Residents Trust

Do you wish to be heard in support of your submission?: No If yes, do you want to make a joint case with another party?: No Specify the party:  
Do you require a language interpreter in order to present at the hearing?: No If yes, please specify your requirements:

The results of this submission may be viewed at:  
<https://www.westlanddc.govt.nz/node/217/submission/102>

## Linda Walker

---

**From:** Linda Walker on behalf of Hugh Cameron <hughcameron@slingshot.co.nz>  
**Sent:** Thursday, 29 January 2015 11:51 a.m.  
**To:** consult  
**Subject:** Submission on the proposal to reorganise Westland Holdings Ltd and Subsidiaries

Submitted on Thursday, January 29, 2015 - 11:51 Submitted by anonymous user: 101.98.233.229 Submitted values are:

Name: Hugh Cameron  
Organisation (if applicable):  
Postal Address:  
86 Pine Tree Road  
Kaniere  
email: [hughcameron@slingshot.co.nz](mailto:hughcameron@slingshot.co.nz)  
Phone Number: 03 755 8063

Submission: I support the proposal

Type Submission Here:

I fully support the expert consultant's recommendation to rid ourselves of both the holding company and the property company. The various alternatives to that proposal described in the document are extremely undesirable in my view.

-----  
The holding company has never been of any value and has succeeded only in appointing the most unsuitable and under-qualified directors to run its subsidiaries. This function must be transferred to the elected representatives, who are answerable to the electorate for their mistakes and/or their cronyism.

-----  
The property company serves only to syphon off funds that would otherwise go directly to council's coffers and spend those funds on the most ludicrous legal battles and other equally stupid and spendthrift activities.

-----  
Both of those ridiculous CCOs must be got rid of forthwith to prevent further unnecessary losses and anguish to the long-suffering ratepayers of this district.

Do you wish to be heard in support of your submission?: No If yes, do you want to make a joint case with another party?: No Specify the party:

Do you require a language interpreter in order to present at the hearing?: No If yes, please specify your requirements:

The results of this submission may be viewed at:

<https://www.westlanddc.govt.nz/node/217/submission/101>

**SUBMISSION ON THE PROPOSAL TO REORGANISE WESTLAND HOLDINGS LTD AND SUBSIDIARIES 2014**

28 JAN 2015

Submission is a public document and the details provided will be available for viewing by members of the public.

**Description of Proposal**

On 24 December 2014 Council provided public notice that a Statement of Proposal to reorganise Westland Holdings Ltd and Subsidiaries is available. The public notice provides information about how the public can acquire information about the proposal and make a submission. More information about the proposal can be found on Council's website: [www.westland.govt.nz](http://www.westland.govt.nz).

The closing date for submissions is Friday 30 January 2015, 4pm.

**Send or deliver to:**

Westland District Council  
Post Bag 704  
Meld Street  
TIMARU

**Email to:**

[consult@westlanddc.govt.nz](mailto:consult@westlanddc.govt.nz)

OR

**Complete a submission online:**

[www.westland.govt.nz](http://www.westland.govt.nz)

Name: S. T. WATKINS

Organisation (if applicable): \_\_\_\_\_

Preferred contact details i.e. your postal address, or your email:

3. Tramway St.

ROSS 7812

Phone Number: 7554954

Signature

NB: Your signature is not required if submitting by electronic means

**Please use one form for each submission**

Extra forms are available from the Council Office and online [www.westland.govt.nz](http://www.westland.govt.nz)

**Indicate your attitude to the proposal**

i.e. I support/oppose/ am neutral to the application.

**Make your submission**

State clearly and in summary the nature of your submission. Give reasons.

**State any amendments you wish to have made**

Give details.

**State whether or not you wish to be heard by the Council at a hearing**

Please note: If you do not want to speak to your written submission it will still be equally taken into account.

State if you would be willing to present a joint case, or you require a language interpreter, or if you would like the Council to consider audio or audio-visual presentation options.

Use separate paper if necessary.

I support ☒ oppose / am neutral to the proposal (Circle one)

My submission is: ① Due to what it costs to Run ① Property Company  
 ② HOKI Holdings, and the return that was returned to  
 W.D.C. I feel that this could be run by a  
 competitive staff member and avoid the excessive  
 wages being paid to the Directors & managers  
 of these two companies.  
 I also ~~so~~ feel that West-Roads should be  
 sold off as this is the same old situation.  
 Large cost, little return to W.D.C. i.e. repay  
debt.

Amendments I wish to have made:

Do you wish to be heard in support of your submission? Yes / ☒ No (Circle one)

If yes, do you want to make a joint case with another party? Yes / ☒ No (Circle one)

Specify the party:

Do you require a language interpreter in order to present at the hearing? Yes / ☒ No (Circle one)

If yes, please specify your requirements:

Would you prefer to present via an audio or audio-visual link? Yes / ☒ No (Circle one)

If yes, you will be contacted to discuss arrangements.

Thank you for providing your input

25.1.15  
via email.

SUBMISSION TO STATEMENT OF PROPOSAL ON REORGANISING WESTLAND DISTRICT COUNCIL  
SUBSIDIARIES:

Westland Holdings Ltd  
Westroads Limited Hokitika  
Westroads Limited Greymouth  
Hokitika Airport Limited  
Westland Wilderness Trust  
Westland Business Unit (already disestablished)  
Tourism West Coast  
West Coast Rural Fire Authority  
Westland District Property Ltd  
Wildfoods Festival  
West Coast Wilderness Trail

Apart from West Coast Rural Fire Authority I realise that the above subsidiaries have created cost or risk/ loss to Westland District Council and it's ratepayers. Hokitika Airport Ltd is a necessary asset to our district which may need subsidy.

Special consultative procedures seemingly were NOT carried out when instigating subsidiaries and ratepayers were not given adequate information. Subsidiaries are NOT seen as a core service – yet require considerable Council time and cost.

Legal/consulter costs have been high, especially WDPL due to entrepreneurial ideas or unlawful events taken place. Auditors have made comment about taxation risks and set up. GST arrear re motel purchase has been noted (unsure if disclosed?).

Dividend returns and performance, by subsidiaries, has at times not met requirements (or has eventuated risk), as sort by ratepayers or not returned as stated within intents.

On evaluation, as a ratepayer, I prefer that subsidiaries (if any are to be kept) show viability, accountability & excellent performance. Directors are to be effective and responsible – Director's Appointment Policy requires attention. Performances must be monitored and reported efficiently. Councillors & Ratepayers should be kept informed openly and transparently in a punctual manner.

I concur with Council Auditors and tax advisors (albeit considerable cost) in that there must be less complexity & cost/risk to Council and/or ratepayers.

Therefore agree with the proposal, but reiterate need to monitor Westroads Ltd, and other subsidiaries above closely, thoroughly and make any necessary amends more stringently, as a responsibility of Council control.

Yours faithfully  
Anthea Keenan