



A G E N D A

Council Meeting

**Council Chambers
36 Weld Street
Hokitika**

**Thursday
25 June 2015
commencing at 9.00 am**

His Worship the Mayor, M.T. Havill (**Chairperson**)
Cr. J.H. Butzbach, Cr. P.M. Cox, Cr. M.S. Dawson,
Cr. D.G. Hope, Cr. L.J. Martin, Cr. M.D. Montagu,
Cr A. P. Thompson, Cr. C.A. van Beek



COUNCIL MEETING

NOTICE IS HEREBY GIVEN THAT AN ORDINARY MEETING OF THE WESTLAND DISTRICT COUNCIL WILL BE HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA ON THURSDAY 25 JUNE 2015 COMMENCING AT 9.00 AM

Tanya Winter
Chief Executive

19 June 2015

COUNCIL VISION

Westland District Council will facilitate the development of communities within its district through delivery of sound infrastructure, policy and regulation.

This will be achieved by:

- Involving the community and stakeholders.
- Delivering core services that meet community expectations and demonstrate value and quality.
- Proudly promoting, protecting and leveraging our historic, environmental, cultural and natural resource base to enhance lifestyle and opportunity for future generations.

Purpose:

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

- (a) To enable democratic local decision-making and action, by and on behalf of, communities; and
- (b) To meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses

1. MEMBERS PRESENT AND APOLOGIES:

1.1 Apologies

1.2 Interest Register

2. CONFIRMATION OF MINUTES

2.1 Confirmation of Minutes of Meetings of Council

2.1.1 Council Meeting – 28 May 2015

(Pages 5-28)

3. PUBLIC FORUM

The public forum section will commence at the start of the meeting.

4. BUSINESS

4.1 Mayor's Report

4.2 Update from Councillors

Morning tea at 10.30 am.

4.3 Audit Management Report Year Ended 30 June 2014

(Pages 29-59)

4.4 Policy on Appointment and Remuneration of Directors of Council Organisations and Council Controlled Organisations

(Pages 60-72)

4.5 Financial Performance: YTD April 2015

(Pages 73-79)

4.6 Hari Hari Squash Courts – Cyclone Ita Insurance

(Pages 80-86)

Lunch at 1.00 pm.

4.7 Westland District Property Ltd (WDPL) – Return of Properties to Council

(Pages 87-91)

4.8 Rates Write Offs and Remissions 2014-15

(Pages 92-95)

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

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

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

5.1 **Confidential Minutes**

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

Item No.	Minutes/ Report of	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
4.1	Confidential Minutes	Confidential Report	Good reasons to withhold exists under Section 7	Section 48(1(a))

Date of Next Ordinary Council Meeting
23 July 2015
Council Chambers



Council Minutes

MINUTES OF AN ORDINARY MEETING OF THE WESTLAND DISTRICT COUNCIL, HELD IN THE FERN ROOM, MUELLER WING, SCENIC HOTEL, FRANZ JOSEF ON THURSDAY 28 MAY 2015 COMMENCING AT 10.00 AM

1. MEMBERS PRESENT AND APOLOGIES

His Worship the Mayor, M.T. Havill (**Chairperson**)

Deputy Mayor P.M. Cox

Cr. J.H. Butzbach, Cr. M.S. Dawson (from 10.29 am), Cr. D.G. Hope, Cr. L.J. Martin, Cr M.D. Montagu, A.P. Thompson, Cr. C.A. van Beek.

1.1 Apologies

Cr M.S. Dawson for lateness.

Staff in Attendance

T.L. Winter, Chief Executive; P.G. Anderson, Operations Manager, G. Borg, Group Manager: Corporate Services; J.D. Ebenhoh, Group Manager: Planning, Community and Environment; V. Goel, Group Manager: District Assets; D.M. Maitland, Executive Assistant, K. Jury, Corporate Planner (part of the meeting), R. Beaumont (part of the meeting).

1.2 Interest Register

The Interest Register was circulated and amendments were noted.

2. CONFIRMATION OF MINUTES

2.1 Confirmation of Minutes of Meetings of Council

2.1.1 Council Meeting – 23 April 2015

Moved Cr Montagu, seconded Cr Cox and **Resolved** that the Minutes of the Ordinary Meeting of Council held on the 23 April 2015 be confirmed as a true and correct record of the meeting.

2.1.2 Executive Committee Meeting – 7 May 2015

Moved Cr Thompson, seconded Cr Montagu and **Resolved** that the Minutes of the Executive Committee Meeting of Council held on the 7 May 2015 be received.

2.1.3 Extraordinary Council Meeting – 11 May 2015

Moved Cr Butzbach, seconded Cr Thompson and **Resolved** that the Minutes of the Extraordinary Meeting of Council held on the 11 May 2015 be confirmed as a true and correct record of the meeting.

3. PUBLIC FORUM

The following members of the public attended the public forum section of the meeting:

- **Royal Forest and Bird Protection Society, Presentation regarding the Haast-Hollyford Road**

Jen Miller, Regional Conservation Manager, Canterbury and West Coast Region, Royal Forest and Bird Protection Society and Peter Anderson, Lawyer for Royal Forest and Bird Protection Society attended the meeting and gave a presentation regarding the Haast-Hollyford Road.

Ms Miller and Mr Anderson expressed concern to Council regarding the Extraordinary Council Meeting held on the 18 December 2014 and the resolution that was passed by Council.

His Worship the Mayor thanked Ms Miller and Mr Anderson for their presentation to Council.

- **Helen Lash, Community Development Officer, Franz Josef Community Council**

Helen Lash, the Community Development Officer from Franz Josef, spoke on her behalf and also on behalf of Rob Lash, Chairman of the Franz Josef Community Council, regarding the Franz Josef Water Supply.

Cr Dawson attended the meeting at 10.29 am.

- **Craig Rankin, Chairman of Franz Inc.**

Craig Rankin, the Chairman of Franz Inc., attended the meeting and spoke regarding various items regarding Franz Josef, including Plan Change 7, the Town Revitalisation Plan, the Rating Review and various other items regarding Franz Josef.

His Worship the Mayor thanked Mr Rankin for attending the meeting and speaking to Council.

- **Helen Lash – National Hazard Management Plan**

Helen Lash spoke regarding the National Hazard Management Plan and Plan Change 7.

His Worship the Mayor thanked Mrs Lash for attending the meeting and speaking to Council.

- **Lindsay Molloy and Brian Manera, Chairperson of the Harihari Community Association**

Mr Molly and Mr Manera attended the meeting and spoke regarding insurance on the squash courts at Harihari.

His Worship the Mayor thanked Mr Molloy and Mr Manera for attending the meeting and speaking to Council.

4. BUSINESS

4.1 Mayor's Report

His Worship the Mayor provided the following update:

- Provided an update on the Long Term Plan progress, advising that Council are halfway through the public consultation process, and that there is still a public consultation process before we get to any conclusions.
- Said the Council needs to find a rating mechanism that works for the district and is equitable for everyone, and needs to keep working to find those answers that we need.

4.2 Update from Councillors

Councillors provided the following updates:

i) Deputy Mayor Cox

- 11 May 2015 Extraordinary Meeting
- LTP Meetings in Ross, Kumara, Hokitika
- Executive Committee Meeting
- LTP and CCO workshops

ii) Cr Martin

- Ordinary Council commitments
- Attended the Heritage Hokitika meeting

iii) Cr Butzbach

- Ordinary Council commitments
- Attended the RSA Annual General Meeting

iv) Cr Thompson

- 19 May 2015 attended the LGNZ workshop in Wellington- training in Standing Orders and Conflicts of Interest and Chairing Meetings
- LTP meetings – Kumara
- Kumara Residents Meeting
- Hokitika LTP meeting
- Wildfoods meeting

v) Cr Montagu

- Kokatahi-Kowhitirangi Rural Fire Party – AGM

vi) Cr Hope

- Meeting with NZTA and Council Engineers regarding the special purpose road at Jackson Bay
- Cellular Blackspot Fund and working with other local authorities
- Attended the Hokitika LTP meeting
- Wildfoods presentation

vii) Cr van Beek

- Chaired the Safer Community Council Meeting
- Attended the Kumara Residents Trust Meeting
- Apologies for missing the Kumara and Ross Long Term Plan Meetings
- Attended the Wildfoods Meeting and the Hokitika meeting for the LTP

Moved Cr Dawson, seconded Cr Thompson and **Resolved** that the verbal reports from the Mayor and Councillors be received.

4.3 Plan Change 7: Managing Fault Rupture Risk In Westland– Commissioners’ Decision

The District Planner spoke to this item.

Moved Cr Dawson, seconded Cr Montagu, and **Resolved** that the report “Plan Change 7 (Managing Fault Rupture in Westland) Commissioners’ Decision” be received.

4.4 Use of Waiho River Relocation Funds For Property Purchase

The Group Manager: Planning, Community and Environment spoke to this report.

Moved Cr van Beek, seconded Cr Butzbach and **Resolved** that Council approve the transfer of \$300,000 of the \$302,875 in the Waiho Relocation Fund to the West Coast Regional Council as partial funding for the purchase of the Glacier Gateway Motel.

Moved Cr Butzbach, seconded Cr Thompson and **Resolved** that Council approve the release of any remaining amount in the Waiho Relocation Fund (currently \$2,875) to the West Coast Regional Council at a future date, as a contribution towards the costs of demolition and disposal of the Glacier Gateway Motel building material.

4.5 Submission on West Coast Regional Policy Statement (RPS)

The Group Manager: Planning, Community and Environment and District Planner spoke to this item.

Moved Cr Montagu, seconded Cr Thompson and **Resolved** that the amended draft submission on the West Coast Regional Policy Statement attached as Appendix 1 to these Minutes be approved for submission to the West Coast Regional Council.

4.6 Quarterly Performance Report to 31 March 2015

The Group Manager: Corporate Services spoke to this meeting.

Moved Cr Hope, seconded Cr Dawson and **Resolved** that Council receives the Quarterly Performance Report to 31 March 2015 as attached to the agenda.

4.7 2015 Wildfoods Festival Wrap-Up

The Chief Executive spoke to this item.

Moved Cr Martin, seconded Deputy Mayor Cox and **Resolved** that the report “2015 Wildfoods Festival Wrap-up” be received.

5. MATTERS TO BE CONSIDERED IN THE ‘PUBLIC EXCLUDED SECTION’

Moved Cr Martin, seconded Cr Dawson and **Resolved** that Council exclude the public in accordance with Section 48, Local Government Official Information and Meetings Act 1987 at 11.48 am.

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

5.1 Confidential Minutes

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

Item No.	Minutes/ Report of	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
5.1	Confidential Minutes	Confidential Report	Good reasons to withhold exists under Section 7	Section 48(1)(a)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

No.	Item	Section
5.1	Protection of privacy of natural persons/organisations.	Section 7(2)(a)

Moved Cr Dawson, seconded Cr Martin and **Resolved** that the business conducted in the "Public Excluded Section" be confirmed and accordingly the meeting went back to the open part of the meeting at 11.52 am.

MEETING CLOSED AT 11.52 AM

Confirmed by:

Mike Havill
Mayor

Date

Date of Next Ordinary Council Meeting:
25 June 2015
Council Chambers, 36 Weld Street, Hokitika.

SUBMISSION

**TO PROPOSED RPS
 WEST COAST REGIONAL COUNCIL
 PO BOX 66
 GREYMOUTH 7840**

Submission made under Schedule 1, Part 1 Section 6 of the Resource Management Act 1991

SUBMISSION OF:

Westland District Council
Private Bag 704
HOKITIKA 7842

Contact Person: Rebecca Beaumont
District Planner
Westland District Council
Private Bag 704
Hokitika 7842

Telephone: (03) 756 9086
Email: rebecca.beaumont@westlanddc.govt.nz

The Westland District Council will not gain an advantage in trade competition through making a submission.

The Westland District Council does wish to be heard in support of their submission and would consider presenting a joint case with others who have made a similar submission.

This is a submission on the following:

The Proposed West Coast Regional Policy Statement

The specific provisions of the proposed this submission relates to are:

The whole document

The decision sought is:

The Westland District Council supports the intent of the RPS, however recommends amendments to better reflect the outcomes sought by Westland District Council.

The reasons for the submission are:

Please refer below

Introduction

The Westland District Council (WDC) is supportive of the concepts promoted by the Proposed West Coast Regional Policy Statement (RPS). The RPS is an extremely important document which guides how the Regional and District Councils will mould and develop various statutory documents that have a significant bearing on the future of the West Coast Region.

We would like to see the importance of the RPS and what it means for the people of the Region to be even more strongly reflected. Recognition needs to be given to the importance of this document and its wide level of influence. The RPS is not a Regional Council document, it is a document for everybody and the District Councils will be looking to it for guidance as to how we carry out many of our functions. As submitters we wish to both promote the plan as notified but to suggest ways that it can be further improved.

Strong direction from the RPS will enable Councils to clearly work together as we strive to implement the projects set out in the West Coast Economic Strategy and the Triennial Agreements which seek to align our policy and regulatory documents, work towards one District Plan for the West Coast, and ensure that regulation is consistent, efficient and reduced where possible. Further detail and clarity within the methods, implementation and explanation sections would enable and inform these processes further and we have suggested amendments in the body of this submission.

There is a strong theme throughout the plan of enhancing business and development opportunities. The Westland District Council is extremely supportive of the enhancement of the Region including the promotion of business which leads to the betterment of our people. However, in enhancing business opportunities some balance will be required as some activities may affect the viability of other activities, including other businesses.

Recent case law has further confirmed the importance of an RPS to set out how Part II matters of the RMA will be provided for at a regional level. Ensuring that the RPS addresses and contains provisions for all Part II matters, will provide further clarity for plan users as we apply the requirements of the RMA to proposals on the West Coast. The RPS as notified misses the opportunity to provide this regional guidance due to omissions of a number of sections.

Accordingly the following sections contain suggestions, including amendments, as to how the RPS could be further improved. Where changes to wording are suggested these are shown in bold and are underlined or struck through.

SUBMISSION POINTS

1. Positive Reinforcement

Across the course of the RPS there are important themes including:

- The encouragement and promotion of the development of resources in the Region;
- To provide for employment and development opportunities;
- Streamlined regulation;
- Regional Collaboration; and
- The creation of strong resilient communities.

The WDC supports these themes and concepts that will, together with other factors, lead to the strengthening and revitalisation of the West Coast. It is agreed that an important part of assisting in strengthening the economic position of the West Coast is to enable the utilisation of resources and it is recognised that the West Coast is resource rich. Resources include minerals, water availability, pastoral areas, the rich natural environment and features and our townships and residents. These features can be utilised in different ways to enable stronger economic viability and strong resilient communities.

The approach within the RPS to recognise the broader definition of environment, as set out in the RMA is supported. This approach reflects the existing Westland District Plan, and the direction that Council intends to progress in when reviewing the Westland District Plan over the next ten years. The recognition of the importance of community and the importance of increasing the resilience and sustainability of our townships is also supported and encouraged.

It is recognised that there are several tools to support economic growth and the creation of strong resilient communities and the RPS is but one of these tools. The provisions of the RPS should complement other strategies and initiatives being developed by Councils and the community so that these various documents work together towards an end goal. It is pleasing to see that reference to the West Coast Regional Economic Development Plan has been included in the RPS as this demonstrates a consistency of documents. The proposed RPS will reflect and give statutory weight to much of the work that is being jointly progressed by the local authorities on the West Coast.

Ensuring the availability of resources for their utilisation also provides clear guidance as to how a district council should approach the imposition of regulatory controls. This could include the simplification of land use controls but also stronger regulations to ensure other activities do not impose limitations on potential development. For example, ensuring that lifestyle developments will not impact or limit other activities, such as mining to occur. In the preparation of future regulatory documents such as a new district plan the WDC will be looking towards the guidance of the RPS and like the WCRC we will be looking at how a district plan will also assist in the promotion of development in our district including the strengthening of our communities.

The role of the RPS is also to set the environmental bottom lines for the region. Through setting the minimum baseline values at the overarching level of the RPS, the expectation for management of activities through Regional and District Plans can also be made clear. This in turn provides consistency between plans within the region, certainty to plan users, and to our community about the outcomes that are acceptable. The RPS as drafted is clear in its intent to promote development throughout the region, and the management of reverse sensitivity for industries and infrastructure. With additional clarity provided through policies relating to the management of effects on the natural and physical environment and promoting the mitigation of adverse effects, it is considered that the RPS will shape the positive development of our Region.

Overall the WDC is extremely supportive of enabling the development and enhancement of the West Coast. The benefits of doing so are clear. The WDC also suggests the WCRC should consider further how the promotion of development and enhancement of the Coast can be further promoted through the RPS particularly in reference to methods. Guidance should be provided as to the next steps that could be taken and the RPS further amended to include this.

2. Maintaining Opportunities

The RPS is supportive of the development opportunities across the region for the purpose of supporting and encouraging business, creating stronger and resilient communities and creating employment opportunities. The WDC is supportive of these concepts but it is suggested that in some instances in order to foster development it will be necessary to consider what environments need to be protected and enhanced.

We need to make the West Coast an attractive place to live and provide opportunities for those people who live here. Substantial weight needs to be given to the impacts of tourism and the significant positive benefits it can have. People visit the West Coast for a variety of reasons but one of the key reasons is the seemingly untouched, wild, natural beauty. It is possible to develop tourism opportunities, such as the West Coast Wilderness Trail, Treetop Walkway, Waiatoto Jet, and Glacier Guiding based on this natural beauty. Tourism activities, and their multiplier effects, contribute significantly to the Westland and regional economy.

It is not enough to rely on the 86% of the Region which is vested in Conservation ownership. We want to see the Region as a whole being the best that it can.

It is therefore suggested that a balance needs to be incorporated into the RPS to ensure we retain all business and development opportunities including those that necessitate a protection and enhancement of our environment.

As part of this we also need to promote that on the West Coast we do things well. A development can be undertaken in various ways which will have varying levels of impact. For example a well-managed and designed mining activity may well have far different impacts compared to a poorly designed and managed activity. Development can occur in areas of natural beauty with appropriate controls to ensure that this beauty is not irrevocably impacted on, and it is important to ensure that the RPS is promoting the consideration of these values. This is not to say that the West Coast is a museum that should not be altered. It is simply stating that a “development at any cost” approach will be damaging to Westland’s development over time.

It is recognised that there is a careful balance required and in accordance with the overall thrust of the RPS it is also recognised that development to maintain and enhance the region is of primary importance. This does not alter the fact that we need to use these resources wisely such that a maximisation of opportunities is available so that undertaking one activity does not negatively influence another. An example of this could be significant adverse visual impacts of a development negatively effecting local tourism.

If we can achieve an appropriate balance and do things well we will maximise the opportunities for the enhancement of our region.

Currently we question whether the RPS provides the appropriate balance, as it seems to be only promoting development without considering how it should actually be done. On this basis, the WDC encourages the following changes:

Economy and Environment

The Regional Policy Statement is developed giving weight, and finding the balance, between economic and environmental considerations. It recognises that a healthy West Coast economy needs a healthy environment. This Regional Policy Statement is enabling, balancing improving the economy and using our resources wisely, with managing and investing in the environment to achieve our future aspirations for improvement throughout the West Coast. **This includes ensuring that developments do not significantly limit or negatively impact other opportunities, and that when development is carried out it is done so in a manner that manages environmental effects.**

Issues	
Use and Development	<ol style="list-style-type: none"> 1. Recognising the central role of resource use and development on the West Coast. 2. Managing conflicts arising from the use and development of resources. <u>3. Ensuring developments are carried in accordance with best practice so as to ensure the qualities of the West Coast are maintained where possible.</u>
Biodiversity and Landscapes	<ol style="list-style-type: none"> 1. The RMA requires Councils to provide protection to significant indigenous vegetation and significant habitats of indigenous fauna. 2. While the protection of significant indigenous vegetation and habitat of significant indigenous fauna is provided for within regional and district plans, in the context of the current abundance of conservation land it would be sensible for ownership of all such significant areas to be within the Department of Conservation's land portfolio. 3. The relatively unmodified environment of the West Coast provides a wealth of outstanding natural features and landscapes, and outstanding natural character. Management of these areas should not unnecessarily restrict future employment, regional growth or development. <u>4. Attracting and maintaining residents and visitors requires suitable management of potential impacts on the amenity and character of the West Coast, including its biodiversity and landscapes.</u>
Land and Water	<ol style="list-style-type: none"> 1. Managing adverse effects on water quality arising from point source and diffuse source discharges to waterbodies from activities on land. 2. Potential overuse of water resources can occur in certain areas during drier seasons.

3. Integrating the management of subdivision, use and development activities on land with the potential effects on water quality.

4. Managing activities on land and water to reduce impacts on other potential activities, including developments, and to ensure the attractions of the West Coast environment are maintained and enhanced.

Page 14, Fourth Paragraph

The relatively recent emergence of the strengthening dairy and tourism sectors have provided alternatives to the mineral extraction industries. But the future of the region cannot rely on these three sectors alone. Further diversification of the economy is crucial - to counteract fluctuations in the commodities market, exchange rates and the needs and wants of our export and tourism markets. The dispersed nature of the West Coast means that even small to medium-sized investment can have significant positive impacts. The West Coast needs to present itself as an attractive place to live and do business, inviting diversification of the key industries and providing alternatives from the cornerstones of the traditional earners. This diversification will come in part from providing reliable access to regional resources, **an availability of quality living environments, an assurance that other activities that may affect a development are suitably controlled,** as well as ensuring sound, consistent and reliable regulatory processes.

Page 15, Policy 2

2. Regional and District Plans shall:
 - a) Only contain regulation if it is the most effective and efficient way of achieving resource management objective(s), taking into account the costs, benefits and risks;
 - b) Be as consistent as possible;
 - c) Be as simple as possible;
 - d) Use or support good management practices;
 - e) Minimise compliance costs where possible;
 - f) Assist in the enhancement of the Region through the encouragement of the area being an attractive place to live and visit;**
 - g) Enable subdivision, use and development that accords with the Regional Policy Statement; and**
 - h) Focus on effects and, where suitable, use performance standards.**

Page 17, Anticipated Environmental Results

ANTICIPATED ENVIRONMENTAL RESULTS

1. Improved coordination and collaboration with resource management and related functions between the Regional and District Councils, using shared services principles.
2. Simplified application of regulation, using a light touch wherever possible.
3. New use and development fits within the context of the surrounding environment and provides a range of lifestyle choices.
- 4. Development is encouraged and promoted using best practice to manage environmental impact, so that significant potential development and opportunities are not precluded.**

METHODS

1. Provide for sustainable use and development of natural resources through Regional and District Plan rules, and resource consents.
2. **When encouraging the development of resources, ensure such use and development will not significantly impact other development opportunities and that best practices are incorporated into a development to manage environmental impacts.**

It is also considered that Policy 3(c) in Section 7 Biodiversity and Landscapes requires amendment to recognise the benefit obtained from our Outstanding Landscapes in the Region. There are sufficient policies elsewhere within this RPS that ensure that during consideration of any proposal, the benefit obtained from the use and development will be considered alongside any effects. It is not necessary therefore to have the consideration of the benefits derived from use and development being assessed as a criteria when considering if subdivision, use and development of an outstanding landscape or feature is appropriate. This duplication weakens, rather than strengthens the clarity of the RPS.

3. Heritage

As promoted in the introduction of this submission the RPS covers issues of significance to both the Regional Council and the District Councils. The RPS is designed to guide all of the Councils and in fact requires Councils to follow specific directions through other documents including District Plans. The Westland District Council considers that a significant resource management issue for the region is heritage.

Our Council's vision includes "proudly promoting, protecting and leveraging our historic, environmental and natural resource base to enhance lifestyle and opportunity for future generations". We consider that heritage is valued by this Council and the Westland community. The RPS does not consider the protection of heritage values to be a regionally significant issue and states that guidance can be provided for within the Regional and District Plans without mention within the RPS. We disagree and consider the RPS should include provisions reflecting the contribution of heritage to our region, and promoting the protection of significant heritage items.

As previously stated, the RPS provides the guidance as to the implementation of the RMA at a Regional level. Through not including guidance on a matter stated within the RMA as a matter of national importance, the RPS has missed an opportunity to set consistent regional direction as to how each Council will manage how potential effects of the use and development of land and resources on heritage values and amenity will be managed, and to set out methods for the positive benefits brought about by protecting our significant historic heritage can be enhanced.

It is our view that Westland's heritage forms a core part of our identity, and is leveraged for tourism and associated commercial development. Heritage buildings and features also add to the character and amenity of our towns.

The West Coast has an abundance of heritage and archaeological sites, of varying significance. In order to facilitate use and development within the region, whilst protecting heritage values, the RPS could contain provisions relating to the importance of protecting and preserving significant heritage items, places, buildings and archaeological sites, and the ability to work with and advocate to Heritage New Zealand to study, record or relocate other items of less significance.

It is important to acknowledge that ongoing use of heritage buildings allows for their protection, and avoids “demolition by neglect”. The requirement to strengthen earthquake prone buildings to meet the current Building Code is a significant challenge for communities across the Region.

However heritage is also more than built structures, and in addition to Part II, the New Zealand Coastal Policy Statement requires additional matters to be provided for within Regional Policy Statements and Plans in relation to historic heritage within the coastal environment. It is considered that even if the WCRC does not agree that the protection of heritage is a significant matter for the Region, that the RPS should contain provisions relating to heritage values as part of providing for integrated management within the Region and to meet the requirements of the Act.

It is therefore proposed that a new section is incorporated into the RPS which is set out below. The Council considers that the provisions strike the right balance by recognising the contribution of heritage to our communities, while ensuring that the focus is on significant heritage.

Page 11, Table 2, New Section

Issues	
<u>Cultural and Historic Environment</u>	<u>1. Recognising the history of the West Coast and ensuring its pivotal role in the creation of the Region are recognised, protected and enhanced.</u>

Page 41, New Section 12

12. Heritage

Background to the Issues

Historic heritage contributes to the West Coast’s unique identity. The West Coast’s communities each have sites and areas, both natural and built and including areas within past and present settlements, which have particular cultural and heritage value. The contribution that such sites, and their associated values, have on cultural well-being are often not recognised or appreciated until they are lost forever.

Section 6(f) of the Resource Management Act 1991 (RMA) recognises the protection of historic heritage from inappropriate subdivision, use and development as a matter of national importance, which must be recognised and provided for. The definition of Historic Heritage in Section 2 of the RMA is broad and inclusive and includes the management of the relationships and linkages of historic heritage sites, places and areas in their whole context as historic landscapes. Historic landscapes in the coastal environment are specifically recognised in Policy 17 of the New Zealand Coastal Policy Statement.

The significant issues in relation to the management of heritage for the West Coast are:

1 – LOSS OR DEGRADATION OF HISTORIC HERITAGE - Inappropriate use, development or subdivision can lead to loss or degradation of historic heritage values that make a significant contribution to a regional sense of identity.

2 – HISTORIC CULTURAL AND HISTORIC HERITAGE LANDSCAPES - Historic cultural and historic heritage landscapes can be adversely affected by inappropriate subdivision, use and development.

Based on these issues, the following Objectives, Policies and Methods are suggested:

Objective 1 – Protection of historic heritage

Historic heritage values are identified and protected from inappropriate subdivision, use and development.

Explanation/Principal Reasons

Historic heritage supports the cultural, social and economic wellbeing of the community. For example, many community activities celebrate the historical characters, industries and other activities in the region.

Protecting this resource will ensure that the opportunity to benefit from historic heritage is open to both current and future generations.

Objective 2 – Built heritage

The built heritage of the West Coast is appropriately recognised, and where possible utilised.

Explanation/Principal Reasons

The West Coast's built heritage supports community identity and wellbeing and is integral to the character of the region. Recognising the West Coast's built heritage and utilising it in a manner that provides for contemporary use while integrating the resource into the streetscape and landscape, and ensuring that the values of the resource are retained, will increase the community's understanding and appreciation of built heritage and enable the resource to be protected for future generations.

Objective 3 – Historic heritage values

Historic heritage values are appropriately managed to avoid or mitigate the potential adverse effects of natural processes and climate change.

Explanation/Principal Reasons

Natural hazards may pose a risk to historic heritage (for example, flooding, earthquakes, storms). Climate change may intensify the effects of certain natural hazards (for example, coastal erosion because of sea level rise). Avoiding these effects may be achievable in certain circumstances, but it may be impractical and even undesirable in others. Therefore, it is important to improve knowledge around the threats that natural hazards and climate change pose to the West Coast's heritage, so that priority and resources can be given to protecting and managing the region's most important historic heritage.

Policy 1 – Public awareness and appreciation

Promote public awareness and appreciation of the West Coast's historic heritage.

Explanation/Principal Reasons

Raising public awareness and increasing the understanding of historic heritage will help protect the resource for future generations. Non-regulatory methods such as providing information, education and financial incentives for protection where possible are important because much of the region's historic heritage is on privately owned land.

Policy 2 – Protection of historic heritage

Protect historic heritage values from inappropriate subdivision, use and development.

Explanation/Principal Reasons

On the West Coast, there are a wide range of historic heritage resources including built heritage, heritage landscapes, archaeological sites and cultural heritage resources significant to tangata

whenua. Some heritage values are being modified or damaged by subdivision, use and development. Local authorities have an obligation under Section 6(f) of the Act to protect historic heritage values.

Policy 3 – Integration with new use

Encourage the integration of historic heritage with new subdivision, use and development in both rural and urban areas.

Explanation/Principal Reasons

Integrating historic heritage with new subdivision, use and development can help retain heritage values as well as enhance contemporary developments. Provided that the values and integrity of the historic heritage site are not compromised, redevelopment should sympathetically extend the life and enhance appreciation of the site's historic heritage. For example, subdivisions utilising water races as walkway features may be allowed to reduce allotment sizes.

Policy 4 – Consultation

Consult tangata whenua, Heritage New Zealand Pouhere Taonga, and the community in the management of historic heritage.

Explanation/Principal Reasons

Tangata whenua have occupied the West Coast for 700 years or more. Therefore, a significant proportion of the region's heritage (including wāhi tapu, wāhi taonga and other sites of cultural significance) is associated with Māori occupation. To recognise the sensitivity associated with some historic heritage resources this policy affirms the need to consult with tangata whenua, as kaitiaki, when managing the West Coast's historic heritage resources.

Heritage New Zealand Pouhere Taonga is the Crown entity that promotes the recognition, protection and promotion of New Zealand's historic and cultural heritage. It is also the consenting authority for all pre-1900 archaeological sites and compiles Rarangi Taonga: the Register of Historic Places, Historic Areas, Wāhi Tapu and Wāhi Tapu Areas. The Register is established under the Historic Places Act 1993, therefore consultation with Heritage New Zealand Pouhere Taonga is not only valuable, it is often a legal requirement.

Many historic heritage values are determined at a community level. These values may also be significant at a local level. Local significance should not necessarily be considered as of lesser importance than regionally, nationally or internationally recognised values. To determine local values and their significance, consultation with the community is essential.

Policy 5 – Natural processes and climate change

Manage the adverse effects of natural processes and climate change on historic heritage values.

Explanation/Principal Reasons

Many of the West Coast's historic heritage sites are located along the coastline, so they are particularly vulnerable to coastal erosion. Natural processes such as flooding and changing weather patterns and alterations associated with climate change, such as sea level rise, can erode and break down the physical structure of heritage sites and modify the surrounding landscape. Natural hazards may also pose a risk to historic heritage (for example flooding, earthquakes and storms.) A number of methods are available to manage historic heritage values at risk from natural processes and climate change, for example salvage, relocation or excavation; and methods to obtain information from the site for records such as augering and radio carbon dating.

Policy 6 – Collaborative management

Provide for the West Coast's historic heritage resources to be managed in a regionally consistent, collaborative and integrated manner.

Explanation/Principal Reasons

A number of agencies including the West Coast Regional Council, the territorial authorities, the Department of Conservation, Heritage New Zealand, Te Runanga o Makaawhio, Te Runanga o Ngati Waewae and Te Runanga o Ngai Tahu have roles and responsibilities regarding the management of historic heritage on the West Coast. For example, Heritage New Zealand maintains a register of historic and wāhi tapu places and areas. This aids the management of historic heritage by providing information to local authorities and the community. However, each agency has skills, interests and values that contribute to heritage management. To ensure the resources of each agency are employed to greatest effect and the best outcome is achieved, open communication and the free flow of information between all parties is important.

Policy 7 – Adaptive reuse

Encourage the adaptive reuse of historic heritage.

Explanation/Principal Reasons

Adaptive reuse involves modifying historic heritage buildings or structures that may require new architectural interior/exterior features to allow for a compatible new use with the least possible loss of historic heritage. It is an effective way to prevent historic heritage buildings and structures from becoming degraded due to neglect and to retain the usefulness of the building or structure to conserve historic heritage for future generations. This policy recognises the direct relationship between social, cultural and economic wellbeing and the ability to repair, reconstruct, seismic strengthen, conserve and maintain historic buildings, while being sensitive to the historic values of the buildings and their surrounds. Economics will often be a factor as to how quickly or easily re-use can be achieved, and will need to be considered on a case-by-case basis.

Policy 8 – Decisions relating to protection

Ensure that decisions relating to the protection of historic heritage take into account factors such as any heritage values, financial cost and technical feasibility.

Explanation/Principal Reasons

The contribution of an historic heritage resource to the West Coast's identity and culture will depend on the nature and significance of the resource. It may be appropriate to allocate funding to protecting only those resources of significance to the community. However, such a decision must take into account the values of the resource, the cost of protecting the resource and the technical feasibility.

METHODS

The West Coast Regional Council will:

Method 1 - Regional heritage inventory

The West Coast Regional Council will collaborate with the territorial authorities, tangata whenua, Heritage New Zealand, Department of Conservation and other relevant stakeholders to facilitate, develop and provide access to a GIS-based inventory of Historic Heritage (Regional Heritage Register) for the West Coast region.

Local Authorities will:

Method 2 – District Plans and Regional Plans

Establish and maintain provisions in regional plans and district plans that:

- a) Provide for the protection of Historic Heritage from the potential adverse effects associated with natural processes and climate change.
- b) Provide for the protection of historic heritage from inappropriate subdivision, use and development.

Mechanisms may include:

- i) Archaeological and heritage assessments.
- ii) Heritage alert layers.
- iii) Accidental discovery protocols.
- iv) Cultural value assessments and/or cultural impact assessments.
- v) Conservation, open space and other appropriate covenants.
- vi) Heritage orders; and
- vii) Financial and other incentives.

Method 3 – Identification, prioritisation and protection of historic heritage.

Work collaboratively to identify known historic heritage sites, structures, areas, landscapes or places that require protection from inappropriate subdivision, use and development.

Local Authorities will be encouraged to:

Method 4 - Regional heritage forum

Collaborate with regional and territorial authorities, tangata whenua, Heritage New Zealand, Department of Conservation, Te Runanga o Makaawhio, Te Runanga o Ngati Waewae, and Te Runanga o Ngai Tahu, the New Zealand Archaeological Association and other stakeholders (as relevant) to facilitate the establishment of a Regional Heritage Forum. This forum will develop and assess options for a framework for the management of Historic Heritage.

This framework may include recommendations such as:

- a) the development and management of the West Coast Coastal Heritage Inventory Project;
- b) new or additional provisions in regional or district plans;
- c) heritage schedules;
- d) the development of regional and local heritage strategies;
- e) the development of protocols for dealing with cross-boundary issues;
- f) identification of available incentives or grants;
- g) identification and monitoring of threats and recommendations to address or respond to those threats.

Method 5 - Education, information, advocacy and consultation

- a) Advocate for appropriate recognition and consideration of specialist assessment and other resources, including the Heritage New Zealand Guidance Series.
- b) Undertake and support education programmes and the provision of information that promote awareness, understanding and conservation of Historic Heritage.
- c) Consultation shall be undertaken to ensure the views of interest groups and the public are taken into account in preparing documents and prior to making decisions on non-statutory matters.
- d) Advocate for the protection and, where possible, the enhancement of Historic Heritage to landowners and developers, and consult and engage with Heritage New Zealand, tangata whenua, the Department of Conservation and other relevant interest groups concerned with Historic Heritage.
- e) Actively encourage and support tangata whenua to identify areas and values of cultural, spiritual and traditional significance (including appropriate protocols and access) and to monitor and manage such areas by providing technical advice, information and/or administrative support.

Method 6 – Other Methods

Collaborate with other local authorities to investigate additional methods that may be used to implement the policies of this chapter of the West Coast Regional Policy Statement.

Explanation/Principal Reasons

The methods provide a means of achieving a council's objectives and policies in relation to meeting their statutory obligations under the Act. The costs of adopting these methods are outweighed by the benefits, particularly where the sustainable management of the natural and physical environment in relation to Historic Heritage is concerned. These methods are considered to be most appropriate for achieving the West Coast Regional Council's objectives and policies, and meeting their wider statutory obligations.

4. Natural Hazards

Natural hazards have been identified as a significant resource management issue in the RPS and this is supported. There is growing understanding of the risks and effects of natural hazards and the importance of attempting to reduce the substantial effects that a natural event can have. The Westland District Council has been working on potential hazard controls in the Franz Josef area and attempting to control or reduce the effects of fault rupture during an Alpine Fault earthquake event. We expect that these kinds of attempts will be supported through the RPS.

A review of the provisions of the RPS identifies strong objectives and policies relating to the need to increase community awareness, improving planning to reduce the susceptibility of the West Coast community, avoiding the need for protection works, and avoiding the adverse effects of climate change through the location and protection of new development. These provisions are supported.

The Franz Josef/Waiau community has expressed a strong desire for an 'all hazard' approach to hazard identification and mitigation to facilitate the future development of Franz Josef, a critical contributor to the regional economy. This will require a cross Council, multi-agency approach. Clear direction set within the methods of the RPS would provide clarity as to how the Councils intend to work together to plan for the future of communities such as Franz Josef/Waiau that are subject to multiple hazards. It is also an important function of the RPS under section 62(1)(i)(i) to set out local authority roles in the region in relation to setting out objectives and policies in relation to the "*control of the use of land to avoid or mitigate natural hazards or any group of hazards*". The present provisions within the 'reasons' section of this chapter simply state that the WCRC will control functions under the Land and Water Plan and activities within the CMA or beds of lakes and rivers and other waterbodies. This does not give any clarity as to how the Regional and District Plans will jointly address a hazard such as the Waiho River. It is our view that the requirements of section 62(1)(i)(i) and section 30(i)(c)(iv) of the RMA have not been met in this regard.

It is also considered that in promoting the development of the region consideration needs to be given to those areas which are appropriate for development and will not be susceptible to significant natural hazards. A developer would expect to have this information readily available in considering the establishment of an activity.

It is suggested that the methods of implementation could be further strengthened to better reflect the objectives and policies.

On this basis the following amendments are recommended:

METHODS

1. Increase understanding and public awareness of natural hazards, including the potential influence of climate change on natural hazard events.
2. Use the most up to date and accurate information available in areas potentially affected by natural hazards.
- 3. The Regional Council shall, with the support of District Councils, develop or support programmes, where necessary, to investigate the following:**
 - a. Identify areas subject to coastal erosion;**
 - b. Identify areas subject to coastal inundation including at risk from a tsunami;**
 - c. Determine areas subject to 1% AEP flood events;**
 - d. Delineate fault avoidance zones along known active fault traces;**
 - e. Delineate areas susceptible to liquefaction and lateral spreading; and**
 - f. Identify those built up areas at risk from land slippage and erosion.**
- 4. The Regional and District Councils will work together to investigate and define potential high hazard areas where information is uncertain or insufficient.**
- ~~53.~~ Include provisions in regional and district plans that address natural hazard issues including the control of the use of land to avoid or mitigate natural hazards. Particular methods may include:
 - a) Special hazard controls, including rules and zones
 - b) Identification of natural hazards on maps and registers;
 - c) General building and development controls or criteria;
 - d) Subdivision controls.
- ~~64.~~ Take into account the location, nature and potential extent of natural hazards when providing and planning for the provision of essential lifeline utilities.
- ~~75.~~ The Regional Council will maintain detailed regional flood response strategies in priority catchments as well as initiating and maintaining flood protection works where communities are willing to fund such works.
- 8. The Regional and District Councils will promote the development and use of guidelines to guide the design and assessment of new development in relation to hazards.**
- ~~96.~~ The Regional and District Councils will maintain and implement the Civil Defence Emergency Management Group Plan for the West Coast, and Local Arrangements, setting out regional and district emergency responses and contingency provisions in the event of a natural hazard event as members of the Civil Defence Emergency Management Group.
- ~~107.~~ The Regional and District Councils will maintain a civil defence emergency management response capability, which includes the ability to assist in the establishment and coordination of disaster relief and recovery assistance programmes.
- 11. Both the Regional and District Councils request applicants for privately initiated plan changes or resource consents, where relevant, to provide baseline information or fund investigation on risks or impacts of natural hazards such as flooding, land instability, coastal hazards or active faults at a local scale, in order that the environmental effects of the proposal or change can be adequately assessed at an appropriate level of detail. This may include the applicant working with the West Coast Regional Council to gather information.**
- 12. Initiate, coordinate and promote activities that assist communities to build resilience to the effects of natural hazards**

13. Assist vulnerable communities to adapt to the consequences of natural hazards, including those that are likely to be adversely affected by climate change and resultant sea level rise.

5. Coastal Environment

The coastal area is a significant part of the West Coast and it is important that there is a clear understanding of the roles and responsibilities between councils particularly in relation to cross boundary issues and how they will be managed.

It is noted that the RPS provides direction that the coastal environment is not limited to the area below Mean High Water Springs (MHWS) and it instead covers those areas where there is a coastal influence. This is supported. It is considered that the WCRC has a broader role within the management of the Coastal Environment than stated in the introductory paragraphs of this section which seems to state that management of the Coastal Environment above the Coastal Marine Area is the “jurisdiction of district councils”. The efficient management of the coastal area is a cross boundary issue for the West Coast, and the RPS could be a document to clearly set out how the multitude of requirements set out within the NZCPS and RMA will be managed within the coastal environment. The WCRC needs to review this section of the RPS to ensure that the requirements of the NZCPS are met in full.

Following the West Coast Regional Council’s release of the draft Coastal Plan, there appears to be a policy gap in managing the coastal environment between the draft Coastal Plan and the Land and Water Plan. It may be that some of these matters could be resolved through greater discussion and collaboration between Councils and additional guidance within the RPS.

One method of cross boundary management is that the current methods state that the Coastal Plan will identify hazards within the CMA only. Given that an area of hazard is unlikely to terminate at the Mean High Water Spring, and indeed has most likely been considered a hazard area because of effects occurring above Mean High Water Spring, it is considered that this method should be amended to address hazards within the Coastal Environment. Alternatively, if the WCRC does not wish this component to be within the Coastal Plan, then it could create an additional schedule to this RPS in relation to Coastal hazards and then state that Regional and District Plans will address hazard risks within those areas.

Although it may be considered to have been addressed within the Natural Hazards section, it is considered that in areas of significant hazard risk, new development and use should be avoided where possible. The current method 2 utilises resource consent, building consents, and rating districts only to manage hazard risk when in some situations plan provisions would provide greater certainty.

Page 33, Methods

METHODS

1. Allow appropriate use and development in the coastal environment, and manage adverse effects of activities by provisions in the Regional Coastal Plan, the Land and Water Plan, and district plans.
2. Use provisions in regional and district plans, resource consent, building consent, and rating district processes to assess and manage the risk of coastal hazards affecting development in the coastal environment.
3. Identify Coastal Hazard Areas in the Regional Coastal Plan, including areas at high risk of being affected by a coastal hazard.
4. Consider using expert advice where there may be a medium or high risk of significant existing development being affected by a coastal hazard.

5. Review and amend the Coastal Plan and the Land and Water Plan to ensure the area influenced by the coastal environment is addressed by both documents including direct connections and overlap between the two documents.

6. Management of Activities

The provisions relating to recognising the importance of the use and development of resources and the need to manage potential conflicts of interest with these are supported.

A significant issue for District Council generally is the management of activities including their location so as to ensure resources, particularly infrastructure, are used to their potential. A common issue in regards to this is the locating of commercial activities. It is preferable to group similar activities together such that potential effects can be contained to an area. This has a more controlled effect compared to commercial activities being scattered over a wider area amongst areas such as residential.

Given the common and ongoing issues with the management of activities and their groupings including retention of a commercial area it is sought that support is provided through the RPS.

Within Westland District there is perceived conflict between mineral extraction, commercial activities, and their residential or rural residential neighbours. Encouraging specific methods within District and Regional Plans to address this is supported. However, in order to implement the proposed policies into the District and Regional Plans, it is considered that further work will be required to obtain sufficient information to identify where significant mineral resources exist within each District. This information will also benefit the Councils to promote opportunities within each District and could be undertaken as an economic development initiative. It is considered necessary that this information is collated by the Council, as alternatively individual landowners will be required to obtain this information themselves which will increase costs and deter development for rural activities that may be required to establish whether or not a mineral resource is present prior to further development of agricultural activities. If an additional method was added to clarify that the Region was collating this information and will make this publicly available, then it will enable clear precise implementation of this policy.

It is also considered that there is a lack of clarity as to how plan users will determine if land is “likely to be needed for regionally significant infrastructure” due to the broad definition of what regionally significant infrastructure is.

Accordingly amendments are suggested to be incorporated into the RPS as set out below:

Page 11, Table 2, Second Point:

Issues	
Use and Development	1. Recognising the central role of resource use and development on the West Coast.
	2. Managing conflicts arising from the use and development of resources.
	<u>3. Ensuring developments are carried in accordance with best practice so as to ensure the qualities of the West Coast are maintained as best as possible.</u>

4. Encouraging activities of a like nature to be grouped together to ensure potential effects are controlled and infrastructure is efficiently utilised.

Page 19, Policies

POLICIES

1. Recognition will be given in resource management processes to the role of resource use and development on the West Coast and its contribution to enabling people and communities to provide for their economic, social and cultural wellbeing.
2. To recognise that natural and physical resources important for the West Coast's economy need to be protected from significant negative impacts of new subdivision, use and development, and land protection with particular emphasis on either:
 - a) Reverse sensitivity for:
 - i) primary production activities;
 - ii) industrial and commercial activities;
 - iii) minerals extraction*;
 - iv) significant tourism infrastructure; and
 - v) existing and planned regionally significant infrastructure.
 - b) Sterilisation of:
 - i) land with significant identified mineral resource; or
 - ii) land which is likely to be needed for regionally significant infrastructure.
- 3. Activities shall be managed, including through the use of zoning's to ensure activities of a like nature are grouped together so as to manage potential effects and also to enable the efficient use of infrastructure.**

Method –

The West Coast Regional Council shall, with the support of Minerals West Coast, Development West Coast and the District Councils undertake a study to collate information held on the mineral resource of the West Coast, to be utilised to confirm whether the resource is considered 'significant' in relation to Policy 2(b).

7. Integrated Management

A theme through the RPS is the integrated management of activities. For example a significant issue in section 8 (Land and Water) is identified as follows:

"3. Integrating the management of subdivision, use and development activities on land with the potential effects on water quality."

An integrated management approach is considered appropriate and should be encouraged as it provides the opportunity for all aspects of a proposal to be considered together at the same time. Likewise an integrated approach would mean that regional and district councils should work together to consider an issue and how that issue is managed. The WDC supports the promotion of integrated management in the RPS and encourages that the concept is progressed further through additional changes to the RPS such as the additional provisions suggested in this submission to add further clarity to Council roles and responsibilities. Section 1.3.2 and 1.3.3 could also be rewritten to provide further clarity in this regard. This will enable all four Councils to progress towards our combined plans with more efficiency and ease.

Report



DATE: 25 June 2015

TO: Mayor and Councillors

FROM: Group Manager: Corporate Services

AUDIT MANAGEMENT REPORT YEAR ENDED 30 JUNE 2014

1 SUMMARY

- 1.1 The purpose of this report is to present the Audit Management Report (attached as Appendix 1) for the year ended 30 June 2014.
- 1.2 The report is written by Bede Kearney, Audit Director for Audit New Zealand and has been reviewed by Council management. Observations and comments from both are contained within the report.
- 1.3 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in September 2014, which will be set out in the next Long Term Plan 2015-25. These are stated on Page 2 of this agenda.
- 1.4 This report concludes by recommending that Council receive the Audit Management Report for the year ending 30 June 2014.

2 BACKGROUND

- 2.1 Audit Management Reports are provided annually to Council and provide commentary and recommendations on observations made by the audit team during the Annual Report audit process.
- 2.2 A draft report is delivered to the Chief Executive in the first instance to enable the Executive Team to provide a response to the comments. This then enables elected members to receive a full report on the issue/recommendation and the action being taken by staff to address it.

3 CURRENT SITUATION

- 3.1 The Audit Management Report for 30 June 2014 was delayed due to the late adoption of the Annual Report in January 2015, and then further delayed due to the heavy workload in producing the Long Term Plan 2015-25.
- 3.2 A consequence of this is that many of the recommendations by Audit NZ have either been implemented or are in the process of being implemented.
- 3.3 While Council's approach is that this Report be made public, three comments have been redacted to protect the privacy of individuals. They are on pages 26, 27, and 29-30.

4 RECOMMENDATION

- A) **THAT** Council received the Audit Management Report 30 June 2014.

Gary Borg
Group Manager: Corporate Services

Appendix 1: Audit Management Report 30 June 2014

Report to the Council on the audit of
Westland District Council
for the year ended 30 June 2014

Key messages

We have completed the audit for the year ended 30 June 2014. This report sets out our findings from the audit and draws attention to areas where Westland District Council (the District Council) is doing well or where we have made recommendations for improvement.

We issued an unmodified audit opinion

We issued an unmodified audit opinion on 29 January 2015. This means that we were satisfied that the financial statements and statement of service performance fairly reflect the District Council's activity for the year and its financial position at the end of the year. The annual report was not adopted within the statutory timeframe as set out in the Local Government Act 2002.

Financial sustainability

The District Council reported a surplus after tax of \$1,107k this is well above the budgeted loss of (\$2,172k) and is also up from the prior year loss of (\$1,080k). This is largely due to receiving more capital income than budgeted for the West Coast Wilderness Trail.

Looking forward, the 2014/15 budget builds on the work done to produce the "Getting Real" Annual Plan last year. The 2012-22 Long Term Plan (LTP) indicated that the overall rates increase for 2014/15 would be 5.4% the actual increase in the 2014/15 Annual Plan was much higher at 12.67%, as the increases in the LTP were not sustainable.

We are satisfied that the going concern assumption remains relevant for the District Council based on the Council's commitment to financial sustainability through to the "Getting Real" plan, improving actual and forecast financial results and the improvements in the level of monitoring and reporting compared to the prior year.

Control environment

We updated our knowledge and understanding of the District Council's control environment. In particular, we assessed whether there were any significant changes to the District Council's control environment since our interim management report in August 2014. Our assessment of the control environment was unchanged. This means that, in performing our final audit of the annual report our audit approach was as planned as we were able to place reliance on certain aspects of the control environment. We note the high level of staff changes during the financial year. This impacted on both the control environment and the processes for preparing the annual report.

Issues identified during the audit

The following table summarises our recommendations and their priority. A table of less significant findings identified in the audit are included in Appendix 5 of this report. This covers a number of issues of non compliance with accounting standards and suggested system improvements (financial and non financial).

Recommendations	Urgent	Necessary	Beneficial
Rates Review rating documentation to make sure the various documents are consistent, clear and comply with legislative requirements. Implement internal control checks to address the lack of segregation of duties.	✓		
Reporting against performance measures Put systems in place to monitor and report against all measures including the new mandatory performance measures. Continue working on telling a fuller and comprehensive performance story. Address system issues reported in our interim management report not addressed. These include monitoring key performance measures throughout the year and capturing all relevant information to enable accurate reporting against the performance measures.		✓	
Sensitive Expenditure Align the sensitive expenditure policy and current practice.		✓	
Financial Prudence Regulations 2014 Add the "rates income limit" to the financial strategy as part of the 2015- 25 LTP process.		✓	
Delegations Update the delegation authority policy to clarify the approval limits for capital expenditure.		✓	
Breach of investment policy Invest in line with the Investment Policy requirements.		✓	
Annual plan 2014/15 Address 2014/15 breaches noted in this report, when drafting the 2015-25 LTP.		✓	

There is an explanation of the priority rating system in Appendix 1.

Thank you

We would like to thank the Council and management for the assistance provided to the audit team during our visit.



Bede Kearney
Audit Director
9 June 2015

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1 Our audit opinion

We issued an unmodified audit opinion

We issued an unmodified audit opinion on 29 January 2015. This means that we were satisfied that the financial statements and statement of service performance fairly reflected the District Council's activity for the year and its financial position at the end of the year.

In forming our audit opinion, we considered the following matters.

Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. However, in the course of the audit, we found:

- certain misstatements that are individually and collectively not material to the financial statements and the statement of service performance; and
- certain disclosures required by generally accepted accounting practice, had been omitted from the financial statements.

We have discussed the unadjusted misstatements and disclosure deficiencies with management. We are satisfied that these misstatements are individually and collectively not material. These misstatements are included in Appendix 2 of this report.

1.1 Statutory deadline breach

Section 98 (3) of the Local Government Act requires that each annual report must be completed and adopted, by resolution, within four months after the end of the financial year to which it relates. As at 31 October 2014, the annual report had not been completed and adopted and it was not adopted until 29 January 2015. This has been adequately disclosed in the Annual Report.

2 Control environment

In our interim audit we concluded that overall, there are aspects of the control environment that we can rely on to reduce the level of our audit testing. These are the key internal controls within the financial and non-financial systems we tested at our interim audit. However we found we cannot rely on the certain higher level controls, including monitoring of actual performance against the budget by management and the council. As a result, consistent with the prior year, we planned and performed additional transaction testing.

At our final audit we updated our knowledge and understanding of the District Council's control environment. In particular, whether there had been any changes to the District Council's control environment since our interim report to the District Council in August 2014 that may have affected our planned audit approach. We did not identify any such changes and therefore in performing our final audit of the annual report, our approach remained unchanged.

Management Comment

Monthly financial reporting to Council commenced in July 2014. Although outside the period for this audit, management briefed Audit NZ that this has now commenced. With the appointment of a new Finance Manager in Dec 2014 this process is being refined and improved every month.

2.1 IT Disaster Recovery Plan

Recommendation

Update the IT Disaster Recovery Plan.

Findings

The District Council's existing Disaster Recovery Plan is out of date in relation to the current IT infrastructure and systems. It should revise the IT Disaster Recovery Plan to reflect the current situation.

Management Comment

Agreed.

2.2 Areas susceptible to fraud

Recommendation

Perform a review to identify fraud risk areas across the organisation.

Findings

The District Council has not undertaken a recent review of transactions, activities or locations that may be susceptible to fraud in the last year.

Management Comment

Agreed. The internal control environment has been identified as an area of focus for the Executive Committee in 2015/16.

3 Our focus for this year

We outlined our focus areas in our audit arrangements letter dated 10 June 2014, we comment on our findings below.

3.1 Financial sustainability

We assessed the District Council's 2013/14 results and financial position as part of assessing the financial sustainability and going concern. The District Council made a surplus after tax of \$1,107k this is well above the budgeted loss of (\$2,172k) and is also up from the prior year loss of (\$1,080k). This is largely due to more capital income than budgeted for the West Coast Wilderness Trail, vested assets and regulatory income. The improved Financial Performance from the prior year is largely

due to an increase in Rates, as a result of funding shortfalls identified in the “Getting Real” Annual Plan.

Looking towards the future, we looked at what the District Council has planned for the coming year. The 2014/15 Annual Plan builds on the work done to produce the “Getting Real” Annual Plan last year. The 2012-22 Long Term Plan (LTP) indicated that the overall rates increase for 2014/15 would be 5.4% the actual increase in the 2014/15 Annual Plan was much higher at 12.67%, as the financial forecasts in the LTP were not considered by the council adequate to address the range of issues facing it. The increase is largely driven by council’s plan to fund more depreciation and to reduce its debt.

The District Council has forecast the following results for the coming year:

- 2014/15 – loss after tax of \$(1,155k).
- New debt of \$835k and repayment of \$424k.

We note the Council’s commitment to sustainability through the “Getting Real” plan and improving actual and forecast financial results, combined with the improved level of monitoring and reporting compared to the prior year. The District Council has been receiving quarterly reports covering both financial and non-financial performance, including reporting on borrowings and reserves and projects underway.

We are satisfied that the going concern assumption remains relevant for the District Council.

We will continue to discuss financial performance with the council and management and monitor progress in respect of the proposed initiatives to improve financial sustainability.

Management Comment

Agreed.

3.2 Capacity and capability in the Finance team

There have been further significant staffing changes within the Finance team during the 2013/14 financial year. The changes include a new Group Manager of Corporate Services and Finance Manager. The Finance Manager role had been vacant for some time and was successfully filled with a new appointee who started in June. However, the appointee resigned after only three months in the role. Without a Finance Manager the responsibilities for finalising the annual report fell on the Group Manager: Corporate Services. This was on top his normal role. In addition, a new Accountant was appointed during this time, and a person on contract. Both were new to local government.

We note that due to these staff changes and the loss of institutional knowledge, there was limited quality assurance performed on the draft annual report before we received it for audit. There were a large number of inconsistencies in the original report. We believe many of the errors could have been picked up by a robust QA

review. The Group Manager: Corporate Services had to deal with resolving these issues in the absence of a Finance Manager, and now that the Finance Manager's role has been filled, this experience should be good grounding for him to carry out this QA review in future.

These issues had significant implication on the District Council not being able to meet its statutory deadline for signing its annual report. As agreed in audit arrangements letter dated 10 June 2014, we kept an open dialogue with management, to identify at an early stage any issues that arose which put at risk the Council's ability to meet its reporting deadlines. Through this we worked together to find a solution that worked for both parties. This included, prioritising work and rearranging our resourcing so we could perform some work before the Finance Manager left.

While there were major disruptions to our planned audit timetable, and we incurred significant additional costs, we appreciate the efforts of the Group Manager: Corporate Services and the finance team to enable us to get the audit completed, given the issues being faced at the time.

We will continue to liaise closely with management on any the changes or additions to the Finance Team and its ability to meet the agreed deliverables going forward.

Management Comment

Agreed.

3.3 Rates

Rates are the District Council's primary funding source. Compliance with the Local Government (Rating) Act 2002 (LGRA) in rates setting and collection is critical to ensure that rates are validly set and not at risk of challenge.

During our interim audit we considered the District Council's compliance with aspects of the LGRA that materially impacted on the financial statements. Principally this means a focus on the 2013/14 rates setting process – the consistency and completeness of the resolution and the Funding Impact Statement (FIS), and reviewing a sample of targeted rates to assess whether the matters and factors used are consistent with the LGRA. We also followed up on issues identified from our review of 2012/13 rates in 2013.

We Note: *that our review of compliance with Rating legislation is completed for the purposes of expressing our audit opinion. It is not, and should not be seen, as a comprehensive legal review. This is beyond the scope of the audit, and our expertise as auditors. The Council has responsibility for ensuring that it complies with applicable laws and regulations.*

Findings

From our review of the rates process we noted that the revenue and financing policy in the FIS stated that "Differential General Rates are applied as detailed in the District Council's Rating Policies".

We understand that the District Council has no other rates policy apart from the revenue and financing policy in the FIS. We recommend that the District Council update its policy and clarify what it means by "Councils Rating Policies".

From our final audit we noted no new issues and confirmed that the above issue is still to be addressed.

Management Comment

This has been addressed through the Long Term Plan process.

Prior year follow up

Recommendation	Current Status
<p>Council has used terminology that is not in the Local Government Rating Act (LGRA) or has incorrectly defined a rate as per the Act. This could cause confusion in respect of the Tourism rate (which is actually intended to be a targeted rate and was collected on this basis, and not a general rate as disclosed). There is also confusion in respect of the refuse rate (which is set and charged on a differential basis, not a uniform basis as disclosed).</p> <p>Also, the Council has used the terms "Commercial Uniform Charge" and "Uniform General Charge", which are not statutory terms under the LGRA and can be confused with the statutory term "Uniform Annual General Charge". This means a ratepayer could incorrectly assume its Tourism Promotions rate is a general rate rather than a targeted rate.</p>	<p>These terms were not used in the 2013/14 Annual Report nor the 2014/15 Annual Plan.</p>

In Section 3 of our 2012/13 management report, our review of controls around revenue identified the following issues, which are still outstanding:

- No evidence of independent review of the reconciliation between the rates information database (RID) and the QV information.
- No evidence of independent review of rates assessments and invoices for compliance with relevant legislation.
- No procedures to ensure that the provisions of the Rates Remissions Policy are followed.

Management comment

Agreed.

3.4 Earthquake prone buildings

Since the 2010 Canterbury Earthquakes, local authorities and other entities have been assessing whether their buildings are Earthquake prone and whether strengthening is required to bring them up to the building code.

In the prior year, we noted that the District Council had not undertaken structural reviews of its buildings. During our interim visit, we noted that the District Council has subsequently obtained an assessment for its two significant buildings and these meet the building code requirements.

We also noted the RSA building is now closed due to safety reasons. The Westland District Council building did not have a Warrant of Fitness (WOF) and was operating with a public use certificate. A consent application to meet WOF compliance standards was lodged, and construction work undertaken to address these standards.

The Council building obtained a WOF on 12 November 2014.

3.5 Reporting against performance measures

As part of our year-end audit of the reported service performance information, we focused on:

- the quality of the overall “story” the performance reporting tells;
- the reliability/accuracy of the reporting;
- the completeness of the reporting against the performance framework as outlined in the LTP; and
- Compliance with relevant legislation (in particular the Local Government Act 2002, Schedule 10).

Recommendations

Systems are put in place to monitor and report against all of its measures including the new mandatory performance measures.

Continue to work on telling a fuller, more comprehensive performance story.

Identify non active members for both the library check out system and online system, so these can be removed from the Library system.

Address the system issues reported in our interim management report.

Findings

As in the prior year, due to the financial constraints faced by the District Council, some performance measures were not reported against. In particular Council did not undertake its residents’ satisfaction survey or the BERL impact report in relation to the Wildfoods Festival.

As part of our interim report to the Council we recommended that where the performance measures are not being reported the District Council should provide additional narrative to provide a full and cohesive story, based on the work the District Council had undertaken during the year to maintain or improve the levels of services. Some additional narrative was provided.

While the Statement of Service Performance had some shortcomings in some areas, overall we were able to issue an unmodified audit opinion because the key measures were reported on. Looking forward, we expect the District Council to work on telling a fuller and comprehensive performance story. The performance framework is currently being reviewed as part of the development of the 2015-25 LTP. As part of the LTP process, the District Council should focus on ensuring it has systems in place to monitor and report against all of its measures including the new mandatory performance measures.

Management Comment

Council has received quarterly reports that include tracking of performance measures (except the resident satisfaction ones). Greater levels of management and elected member scrutiny has been in place for 2014/15.

Council has learnt its lesson in regards to being too enthusiastic with the number of performance measures and will have a minimal number in the 2015-25 LTP (aside from the mandatory ones). Budget is included in the next LTP to undertake the Residents Satisfaction survey.

3.6 Sensitive Expenditure

Recommendation

Review the sensitive expenditure policy and align with current practice and review credit card limits.

Findings

As part of interim audit, we tested sensitive expenditure and noted that the sensitive expenditure incurred is reasonable and has been appropriately authorised. However, in relation to mileage allowance paid to Councillors, we noted that the mileage rates paid to the Councillors were higher than those stated in the District Council's sensitive expenditure policy. Also the limit of the I-Site Manager's credit card is inconsistent with the limit stated in the Council's credit card policy.

Management Comment

Mileage was paid in accordance with IRD rates, however Council's Sensitive Expenditure Policy needs updating to come in line with these rates.

Council's credit card policy was changed in 2014/15 by resolution of Council.

3.7 Funding arrangements and procurement

As in prior years, we recommended that District Council compares its policies and

procedures for funding arrangements and procurement against the good practice guidance provided by Office of the Auditor-General.

The District Council is in the process updating its procurement policy. We will review the completed policy once this has been approved by the Council.

Management Comment

Council has adopted a procurement policy which primarily applies to the District assets or core infrastructure. The policy has been updated using the good practice guidance and meets the NZTA procurement requirements. NZTA has approved this policy.

Council intends to apply the same procurement policy and procedures across the organisation. This work is in progress and a Council wide policy is aimed to completed by 30 June 2016.

3.8 Asset Management Plans

Asset Management Plans (AMPs) play an integral part in the maintenance of the District Council's significant infrastructure assets. These assets deliver most of the quality-of-life services that are critical to the community.

During the 2012-22 LTP audit and the 2012/13 audit, we reviewed the AMPs and provided feedback on these. We noted areas where asset management planning could be improved.

The District Council has stated that asset management will be a major focus for the 2014/15 financial year. A full time asset management planner, whose role is to focus on implementing our recommendations and improving the process, has been appointed.

Also as part of the development of the 2015-25 LTP, the District Council has prepared a draft infrastructure strategy and it is in the process of updating its AMP's. These are being peer reviewed.

We will review these updated documents as part of the LTP audit.

Management Comment

No comment.

3.9 Legislative environment and changes to the annual report

Recommendation

Add a "rates income limit" to the financial strategy as part of the 2015- 25 LTP process.

Findings

Local Government (Financial Reporting and Prudence) Regulations 2014

The Financial Reporting and Prudence Regulations came in to effect this year. From our review of the annual report, we found that with one exception the Council complied with these disclosure requirements.

The Council reported its financial performance in the Funding Impact Statements (FIS) formats as specified Schedule 2 of the Regulations.

The benchmark performance information reported in the annual report has been disclosed in accordance with the criteria for measuring performance in Schedule 2, and disclosure requirements in Schedule 5. However, we note that there is no rates income limit as requested by Clause 17 (1)(a) of the Regulations. The District Council should consider adding this to the financial strategy as part of the 2015- 25 LTP process.

Information on core assets, which is required to be disclosed in financial statements, has been shown in accordance with section 6 of the Regulations.

Local Government Act (LGA) 2002 Amendment Act 2014

Schedule 5 and Schedule 10 of the LGA have been amended to require additional insurance and rates disclosures. The Council has appropriately complied with the new requirements.

Management Comment

Rates income limit has been included in the Long Term Plan 2015-25.

3.10 Governance and accountability

Based on our interactions with the Council we note its commitment to addressing the District Council's financial position and its sustainability. Management is now able to provide a better level of support with the improvements to financial management processes and information.

As outlined in our audit arrangements letter meeting with the District Council, our LTP audit focus will be on the District Council's financial sustainability.

Management Comment

No comment.

3.11 Sector issues

We identified the following local authorities areas of focus in our audit arrangements letter dated 10 June 2014.

- Public Private Partnerships.
- Elected members remuneration and allowances.

We have no issues to bring to your attention.

4 Other matters

Other matters noted during our audit of the annual report.

4.1 Delegations

Recommendation

Update the delegation authority policy to clarify the approval limits for capital expenditure and capex.

Findings

From our review of property plant and equipment additions we noted that all capital expenditure (capex) was signed off as approved. The capex was either approved by a General Manager or the Operations Manager while the capex seemed to be approved at an appropriate level, we noted that the Council's delegation authority is not clear on who has authority to approve capex, meaning we could not determine compliance with the delegation authority. The Council should review and update the delegations authority to clarify the approval of capex.

Management Comment

Agreed. The entire Staff Delegations manual is due for review. This is on the Executive Team workplan for the calendar year 2015.

4.2 Conflict of interest risk assessment

Recommendation

Develop and adopt a conflict of interests policy with the appropriate supporting registers and training.

Findings

The District Council does not have an organisation wide conflict of interest policy. This policy should be supported by regular training to staff on the policy requirements.

The policy should be complemented by an interests register which covers both elected members and senior management. The register for both the council and management should provide sufficient information in respect of the nature of the interest, whether it is pecuniary or non-pecuniary, and whether it represents actual, potential, or perceived conflict. The register should also state what the planned action is to manage the conflict.

Management Comment

An interests register has been in place for elected members for some time. It is circulated at every monthly Council meeting, and can be updated at any time. As a result of this audit recommendation a staff interests register is now in place. The register includes any role in the organisation, but particularly where financial decisions are being made. The register is being updated to include a section on the planned action to manage the conflict. Council will also be developing a policy on managing conflicts of interest, and will look to industry and OAG best practise guidelines for assistance with this.

4.3 Breach of investment policy

Recommendation

Review investments and ensure they are in line with the investment policy.

Findings

From our review of the Council's investment policy we found the District Council has been in breach of its investment policy since May 2009. The District Council currently holds investments in securities that have a lower credit rating than the minimum requirement in accordance with the District Council's Investment policy.

Management Comment

Council was already in breach when the policy was written, as a result of the credit rating of two investments being marginally downgraded. These investments were retained. The Investment Policy is under review as part of the 2015-25 Long Term Plan process.

5 Annual plan review (2014/15)

Recommended

Address the following 2014/15 Annual Plan legislative and financial reporting standard breaches when drafting the 2015-25 LTP.

Findings

When reviewing the Annual Plan, we noted the District Council has not complied with the following legislative requirements:

Local Government Act (LGA) 2002 LGA

- Schedule 10 clause 20: "The whole of council funding impact statement must be in the prescribed form."

We found, the columns used, categories of sources of funding in the Annual Plan (AP) are different to what is required in the Local Government (Financial Reporting) Regulations 2011 Section 5 form 3, and funding balance is not disclosed.

Management comment

Agree. Will be corrected in Annual Report 2014/15 and Long Term Plan 2015-25.

- “The GOA FIS must follow the template in form 1 from the schedule, but need only present the current year.”

We found, the columns used, categories of sources and applications of funding in the AP is different to what's required in the Local Government (Financial Reporting) Regulations 2011 Section 5 form 1, and funding balance is not disclosed.

Management comment

Agree, for ease of understanding these were presented in a single schedule with the Whole of Council FIS, as discussed above.

FRS 42 Prospective Financial statements

- “Para. 38 - cashflows from dividends received and paid shall be disclosed separately.”

We found, dividends are not shown separately.

Management comment

Agreed. This has been corrected in the LTP.

6 First financial statements prepared using the new public benefit entity accounting standards

The District Council is required to prepare the 30 June 2015 financial statements using the new public benefit entity accounting standards.

To ensure a smooth audit of the first financial statements prepared using the new standards, the District Council needs to:

- determine its reporting tier;
- assess and document the differences that may have a recognition, measurement, presentation, or disclosure effect on the District Council and group's financial statements;
- update the statement of accounting policies to comply with the new standards;
- prepare an opening statement of financial position and restate comparatives (including disclosures) to comply with the new standards;

- determine any required system changes to comply with the new standards; and
- consider group reporting implications that could arise from accounting policy differences between the PBE group and its for-profit subsidiaries.

We plan to audit the updated accounting policies, opening statement of financial position, and restated comparatives during the final audit visit. It is important that the above work is completed in advance of our review.

We will be progressively updating our model financial statements and publishing a table of key differences in the new PBE standards. These publications will be available on our website from mid 2015.

We expect the District Council to have adequately prepared for the adoption of the new standards. If the audit takes more time than planned because your entity has not been prepared to apply the new standards, we will look to recover additional fees.

Appendix 3 includes further information about the new accounting standards.

We will audit the updated statement of accounting policies, opening statement of financial position, and restated comparatives, under the new standards, as an integral part of auditing the first financial statements prepared under the new standards. We will discuss further with the Council, the timing of this transition audit and our expectations.

Management Comment

Council are aware of the changes and will include them as part of our year end process.

7 Status of previous recommendations

The status of each matter that was outstanding in prior reports, including the interim report issued to the District Council are summarised in Appendix 5 of this report.

Appendix 1: Explanation of priority rating system

Our recommendations for improvement and their priority are based on our assessment of how far short the District Council is from a standard that is appropriate for the size, nature, and complexity of its business.

We have developed the following priority ratings for our recommended improvements:

Urgent Major improvements required	Needs to be addressed <i>urgently</i> These recommendations relate to a significant deficiency that exposes the District Council to significant risk. Risks could include a material error in the financial statements and the non-financial information; a breach of significant legislation; or the risk of reputational harm.
Necessary Improvements are necessary	Address at the earliest reasonable opportunity, <i>generally within 6 months</i> These recommendations relate to deficiencies that need to be addressed to meet expected standards of good practice. These include any control weakness that could undermine the system of internal control or create operational inefficiency.
Beneficial Some improvement required	Address, <i>generally within 6 to 12 months</i> These recommendations relate to deficiencies that result in the District Council falling short of best practice. These include weaknesses that do not result in internal controls being undermined or create a risk to operational effectiveness. However, in our view it is beneficial for management to address these.

Appendix 2: Unadjusted misstatements and disclosure deficiencies

We identified the following financial misstatements during the annual audit that were not corrected in the financial statements. In our opinion, the misstatements, which individually and collectively were not material, and were included in the letter of representation from council, are not material and did not affect the audit opinion issued.

Note	Statement of comprehensive income		Statement of financial position	
	Dr \$000	Cr \$000	Dr \$000	Cr \$000
1			116	116
2	27	27		
3	38	38		

Explanation for uncorrected misstatements

- 1 To account for GST on revenue which has not been paid - relates to an invoice to Development West Coast for the cycle trail.
- 2 Transfer finance expense from expenditure to Other Comprehensive Income (OCI).
- 3 To correctly treat the movement in available sale assets through OCI not through the surplus.

We identified the following financial misstatement disclosures during the audit that were not corrected. In our opinion, these misstatements are not material and do not affect the audit opinion to be issued:

Detail the uncorrected misstatement	Explanation of the uncorrected misstatement
Group fixed asset note. The value of property leased to subsidiaries should be adjusted in the cost and accumulated depreciation column rather than in the reclassification column.	We accepted this on a materiality basis due to it having no impact on the net book value.
Note 8 - increase/(decrease) in employee entitlements of \$102k should be \$69k to match the balance sheet movement.	We accepted this on a materiality basis.
The movement in reserves figure in the whole of Council FIS is a balancing item which did not have any documentation to support it.	The District Council was not able to produce an accurate figure for the movement in reserves for the whole of Council FIS.

Appendix 3: Mandatory disclosures

Area	Key messages
Our responsibilities in conducting the audit.	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the District Council.</p>
Auditing standards	<p>We carry out our audit in accordance with generally accepted audit standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The the District Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We confirm that, for the audit of the District Council's financial statements for the year ended 30 June 2014, we have maintained our independence in accordance with the requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.</p> <p>Other than the audit, we have not provided any engagements for the District Council during the year ended 30 June 2014. In addition, we have no relationships with, or interests in, the District Council.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the District Council during or since the end of the financial year.</p>
Unresolved disagreements	<p>We have no unresolved disagreements with management about matters that individually or in aggregate could be significant to the financial statements. Management has not sought to influence our views on matters relevant to our audit opinion.</p>

Appendix 4: New public benefit entity accounting standards

The public benefit entity tier structure for the new accounting standards

Tier	Public Sector PBE Tier Criteria	Standards
1	Expenditure >\$30 million or public accountability (as defined)	PBE Accounting Standards
2	Expenditure <\$30 million	Tier 1 standards with the Reduced Disclosure Regime (RDR)
3	Expenditure <\$2 million	Simple Format Reporting – accrual
4	Entities allowed by law to use cash accounting	Simple Format Reporting - cash

All entities start at Tier 1, but can choose to be in another tier if they satisfy the criteria of that tier.

PBE transition timeframe for the public sector



Adopting the Tier 1 and 2 PBE standards for the first time

Some of the main points to be aware of are:

- The process is similar to converting to the New Zealand International Financial Reporting Standards (NZ IFRS) but we expect it to be less difficult.
- You should use the same accounting policies as under NZ IFRS, unless PBE standards require a change.
- For your first financial statements:
 - Prepare an opening statement of financial position as at transition date. You do not have to publish this.
 - Restate comparatives where required.
 - Use standards that are effective at the end of the first reporting period.
- The opening statement of financial position and the restated comparative will need to be audited.

The public benefit entity Reduced Disclosure Regime

Eligible public entities have opportunities to reduce their disclosures. We encourage public entities to consider adopting the RDR.

- Examples of aspects where the RDR will apply in all circumstances are:
 - Financial instruments.
 - Capital management.
 - Reconciliation of surplus/deficit to net operating cash flows.
 - Standards issued but not yet effective, previous year opening to closing reconciliations.
- Example of aspects where the RDR will apply in certain circumstances are:
 - Asset and goodwill impairment.
 - Associate investments.
 - Income tax.
 - Agricultural activities.
 - Where business combinations take place.

Appendix 5: Less significant findings

Recommendation	Current status	Management's proposed action as recorded in prior management reports and/or discussions held during the audit	Additional management comment
Formalise legislative compliance systems			
Introduce a formal legislative compliance system that identifies legislative risks and responses, as part of a broader risk management framework with the intention to integrate this within the District Council's risk management software system.	In Progress	The Chief Executive has acknowledged the benefit of legal compliance systems. However, at present the District Council's resources are focused on other projects.	<i>The entire Executive Team have now been trained to use Council's risk management software – Quantate. A risk register is on the weekly Executive Team agenda, and risks are categorised, a lead officer assigned, and the action being taken recorded.</i> <i>Legislative Risk is one of the categories.</i> <i>It has been agreed with Council's Executive Committee that only those items that rate "Severe" or "Extreme" are reported up to them.</i>
Sale of Council assets to staff members			
Establish formal processes and policies as to which assets can be sold to employees and criteria they have to meet before they are considered for sale to staff.	Outstanding	No changes made.	<i>Procedure has been agreed by Exec Team but a formal process has not yet been documented.</i>
Receipt of year-end financial information from Council's CCO. s			
Request draft financial information from the CCOs at an earlier date, to assist in preparation of the annual report. Prepare subvention agreements earlier to ensure consistent disclosure in the financial statements of all group entities.	In Progress		<i>Council's review of its CCOs has significantly delayed the planning, reporting and monitoring process for 2014/15.</i> <i>In terms of the 2014/15 Annual Report, staff are aware of the reporting requirements and the</i>

Recommendation	Current status	Management's proposed action as recorded in prior management reports and/or discussions held during the audit	Additional management comment
Liaise with Westland Holdings Limited so all Council's relevant performance measures are included in the SOI of each CCO. This is to ensure that the companies are aware of these measures and collate the information required for reporting. Obtain explanations from the CCOs on significant variances against planned performance. This will enable the District Council to have the information available to add to the Annual report so it can comply with section 68 of the LGA.			<i>year-end process will be synchronised between CCOs and Council.</i>
Lack of functionality in the NCS system			
Investigate how to produce a historic extract of creditors or identify a process to run a report on 30 June, and how to generate annual leave and sick leave reports.	In Progress		<i>Creditors report was produced for 2013/14. The process has improved for 2014/15.</i>
Reconciliation of Westroads invoices to Mastagard reports			
Regularly reconcile the report from Mastagard to the invoices provided by Westroads.	Complete	No change recorded.	<i>Solid Waste Activity has been very much under resourced. However we have now started reconciliations and the tonnages are also being reported to MfE on monthly basis.</i>
Aging of bonds payable			
The Council should consider whether the statutes of limitations apply and write off the balances that have been held for over seven years.	Complete		<i>List is regularly reviewed and actions followed up.</i>

Recommendation	Current status	Management's proposed action as recorded in prior management reports and/or discussions held during the audit	Additional management comment
Revaluation of infrastructure assets			
<p>Implement the recommendations made by MWH in the 2012 valuation report.</p> <p>Improve the quality of information in the BizAsset system for water infrastructure assets.</p> <p>If the Council intends to undertake in-house valuations, it should follow a formalised quality assurance processes.</p> <p>The independent QA review should be a formal review by an appropriately qualified 3rd party. This would incorporate a review of the quality and reliability of the underlying asset information, as well as the extrapolation of this information into the valuation.</p>	In Progress	<p>Recommendations still to be implemented, however management has asked us about what kind of QA would they need for internal valuation and we have provided examples. Nothing formal is in place yet.</p>	<p><i>The valuations for transportation were undertaken by MWH again in 2015 and 3 Waters was peer reviewed by ANA consultants.</i></p>
Creditor Masterfile Access Control			
<p>Both Assistant Accountants should have restricted access within NCS from being able to create creditor masterfile changes. Their role should be limited to review of these changes only.</p>	In Progress		<p><i>System access controls are under review.</i></p>
Disposal of Fixed Asset Procedures			
<p>Implement a formal process for notification of the Assistant Accountant of all disposals to ensure the FAR is up to date.</p> <p>Perform a physical stocktake of assets to confirm if any assets, which have been disposed, are still included on the FAR.</p>	In Progress		<p><i>The Asset Management Planner and Accountant have started work on the stocktake of assets and are establishing a procedure that ensures the FAR is kept up to date.</i></p>

Recommendation	Current status	Management's proposed action as recorded in prior management reports and/or discussions held during the audit	Additional management comment
No accrual made for sick leave			
The Council should discuss with NCS as to how reports can be run that show historical balances.	In Progress	Payroll report has been fixed but the system is still incapable of running retrospective report.	<i>Improved information now available.</i>
Library Lease Agreement			
Council obtains a signed lease agreement from the lessor.	Complete	Discussed with staff on 15 October 2014. Staff have talked to the lessor and will send a new lease agreement for the lessor to sign.	<i>The library building has a current lease agreement.</i>
Disclosure errors in the financial statements			
<p>When reviewing the accounts we noted a number of issues with the financial statements. Most of these were resolved before we gave audit clearance. We accepted the treatment of the following items based on materiality.</p> <p>1 Group fixed asset note. The value of property leased to subsidiaries should be adjusted in the cost and accumulated depreciation column (as consistent with the prior year) rather than including it in the reclassification column.</p> <p>2 Note 8 – increase/(decrease) in employee entitlements of \$102k should be \$69k to match the balance sheet movement.</p> <p>3 Additional Disclosure: Local Government Amendment (No3) Act)</p>	Outstanding		Noted.

Recommendation	Current status	Management's proposed action as recorded in prior management reports and/or discussions held during the audit	Additional management comment
<p>Clause 31A - Insurance of assets - p 127.</p> <p>The amount of assets (and the other figures which relate to this value) which are self-insured needs to be disclosed as at 30 June 2014 not 1 July 2013.</p>			
Annual leave payout			
	Complete		<p>Noted.</p> <p>Redacted from public report to protect the privacy of an individual.</p>
Information to support the landfill provision			
Review the assumptions and costs that calculate the landfill provision to determine if it is still appropriate.	Complete		The landfill provisions have been revisited and estimated accordingly for the LTP 2015-25.
Library Memberships			
Recording of active library members National library guidance, is that a member is considered void if the member has not been active for two years. Monthly a report is run from Library the system and anyone who has not been active for more than two years is removed. However, no members have been removed for 2013/14, as some members who have been deleted have			<p>Staff have addressed this issue as follows:</p> <p>A report was run in early 2015 identifying borrowers that had not used their library card within the last two years (Total 586).</p> <p>A letter was then sent out by email to 382 borrowers and a print copy to 204 borrowers</p>

Recommendation	Current status	Management's proposed action as recorded in prior management reports and/or discussions held during the audit	Additional management comment
<p>complained. They still use the online services even though they have not taken out a book in two years. As the online services system does not link to the library check out system there is no way of library team telling if someone is non active for both. If members are not deleted going forward this will inflate the total numbers of memberships, which are used for the SSPs reporting.</p>			<p><i>requesting that they update their contact details and let us know if they wanted to extend their library privilege. So, if the borrower did not contact us by the date mentioned in the letter, their borrower record was deleted from the library management system (LMS).</i></p> <p><i>Borrowers who are remote users only (OverDrive, online databases) contacted us, so their borrower record was not deleted.</i></p> <p><i>The present LMS (.elm) does not have the functionality to record borrowers who do not issue physical items but still access electronic resources, so the above manual system needs to be used. A new system to be rolled out in the next few years (KOTUI) does have this functionality so can streamline the process.</i></p>
Capitalisation of Work in Progress (WIP)			
<p>From our review of WIP we noted that capital costs incurred for the West Coast Wilderness cycle trail were not capitalised accordance with NZIAS 16, Property, Plant and Equipment. The trail costs have been capitalised based on funding received for the project as at 30 June 2014, rather than the</p>	<p>For future reference</p>		<p><i>Componentisation will become available as improvements are made to Council's asset management planning.</i></p>

Recommendation	Current status	Management's proposed action as recorded in prior management reports and/or discussions held during the audit	Additional management comment
<p>portion of the trail that is available for use at that date.</p> <p>We also note, the different asset types relating to the trail have not been componentised in to indefinable components.</p> <p>We accepted these accounting treatments based on materiality grounds.</p>			
Impairment of PP&E			
<p>NZIAS 16 Property plant and equipment (PP&E), requires the District Council to perform a formal assessment as to whether there is any significant difference between the carrying amount and fair value of the assets that are not revalued during the year. The District Council did not revalue any PP&E assets in 2013/14, nor did the District Council provide us with its own fair value assessment.</p> <p>We undertook our own assessment. We concluded that there was no material movement in the fair value of its PP&E since the last valuations that would trigger a valuation.</p>	For action in 2014/15		<p>Agreed. Water valuations took place in Dec 2014. Land and buildings are programmed for June 2015.</p>
Severance Payment			
	Complete		<p>Redacted from public report to protect the privacy of individuals.</p>

Report



DATE: 25 June 2015

TO: Mayor and Councillors

FROM: Chief Executive

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS OF COUNCIL ORGANISATIONS AND COUNCIL CONTROLLED ORGANISATIONS

1 SUMMARY

- 1.1 The purpose of this report is for Council to adopt a revised Policy on Appointment and Remuneration of Directors of Council Organisations (COs) and Council Controlled Organisations (CCOs).
- 1.2 This issue arises because it is good practise to review Director Appointment Policies periodically to ensure that they are meeting the needs of both Council as ultimate shareholder, and the CCOs themselves.
- 1.3 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in September 2014, which will be set out in the next Long Term Plan 2015-25. These are stated on Page 2 of this agenda.
- 1.4 This report concludes by recommending that Council adopts the revised CCO Director Appointment and Remuneration Policy attached as **Appendix 1**.

2 BACKGROUND

- 2.1 Council has had a Director Appointment Policy in place for some time.
- 2.2 Section 57 of the Local Government Act requires the following be in place for CCOs:

s.57 Appointment of directors

(1) A local authority must adopt a policy that sets out an objective and transparent process for —

- (a) the identification and consideration of the skills, knowledge, and experience required of directors of a council organisation; and*
 - (b) the appointment of directors to a council organisation; and*
 - (c) the remuneration of directors of a council organisation.*
- (2) A local authority may appoint a person to be a director of a council organisation only if the person has, in the opinion of the local authority, the skills, knowledge, or experience to—*
- (a) guide the organisation, given the nature and scope of its activities; and*
 - (b) contribute to the achievement of the objectives of the organisation.*

- 2.3 In March 2015 Council held a workshop to review the current Director Appointment Policy, identify any changes it wanted and provide direction for a revised policy.

2 CURRENT SITUATION

- 2.1 Council identified the following issues in the current Director Appointment Policy:
- There was no finite term for Director appointments – directors could stay on the CCO boards indefinitely
 - Director remuneration was out of step with other similar CCO boards around the country
 - Elected members and Council staff should not be appointed to CCO boards
 - The skills for directors needed to be more clearly specified, particularly in regards to the governance role they are expected to perform.
- 3.2 With the above factors in mind the current policy was revised and a proposed draft policy was workshopped with Council on 25 May 2015. Two minor changes were made, and the draft is attached as **Appendix 1**.
- 3.3 It is worth noting that most of the current policy was retained. The enhancements were made using examples of good practise policies from other Councils with CCOs. The changes are highlighted in yellow in the attached draft policy.
- 3.4 The draft revised policy was sent to the Chair of Westland Holdings Ltd (WHL) for wider distribution to the subsidiary CCOs for their comment. This feedback has been received and is attached as **Appendix 2**.
- 3.5 The main feedback from the CCOs is around the proposed finite term of directors. The current directors are concerned that Council has not taken into consideration that Westland is a small and isolated community, and there is a small pool of people to draw from with the skills to be company directors. The other concern is that if Council (or WHL) were to use this policy, the entire

Westroads Board would be vacant, thus losing a huge amount of skills and knowledge.

- 3.6 The feedback from Westroads Ltd gives some examples from other Councils and also some suggestions of how rotation could be achieved to ensure the right mix of skills and experience is on the boards, without losing significant expertise built up by current directors.
- 3.7 An assumption that seems to have been made in the feedback received is that directors would largely come from the local community. The appointment of the current Chair of Westland District Property Ltd has demonstrated that there is interest from outside the district for these roles. If they are remunerated more in line with national benchmarks, the roles could attract a wider pool of candidates. Of course Council would have to balance this off against the benefits of having directors with local knowledge.

3 OPTIONS

- 3.1 The options available to Council are:
 - 3.1.1 Option 1: status quo – leave the existing policy in place
 - 3.1.2 Option 2: adopt the draft policy attached as **Appendix 1**
 - 3.1.3 Option 3: make changes to the draft policy and adopt an amended version

4 SIGNIFICANCE AND ENGAGEMENT

- 4.1 The decision to adopt a policy on the appointment of directors to CCOs is administrative in nature and therefore is assessed as having a low level of significance. However, Council's share in WHL is listed as a strategic asset in the Significance and Engagement Policy and therefore it is important to have a robust, transparent policy in place for appointment of directors to the CCOs.
- 4.2 There is also a high level of community interest in the CCOs, and in the CCO Review undertaken in 2014-15 and previous Annual Plan consultation processes submitters have suggested that Council update this policy.
- 5.3 Adopting a policy such as this one is administrative in nature and therefore wider community engagement is not necessary.
- 5.4 The draft policy was sent to the Chair of WHL and subsidiaries for comment and this feedback is attached as **Appendix 2**.

5 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)

- 5.1 Option 1 would mean that the current policy remains in place for now. This option is a legitimate option open to Council. Council has a policy in place that complies with the law. However, elected members have identified sections in the policy that they would like changes made, and this option would not address that.
- 5.2 Option 2 would see Council adopting the policy attached as Appendix 1. While this reflects the direction Council stated in the previous two workshops, feedback from the CCOs themselves has been received and should be considered.
- 5.3 Option 3 would see Council making some changes to the policy to reflect the feedback from the CCO directors. Most of the feedback from the CCOs is around the tenure and rotation of the CCO directors. Westroads Ltd have provided Council staff with examples of policies used by other Councils which may be worth considering.
- 5.4 Council staff have also examined the Wellington City Council policy and feel that the Clause below could be appropriate as it provides the flexibility required in the case where the individual continues to make the right level of contribution to the board to the ongoing benefit to the company but still upholds the principles of refreshment.

Term of Appointment

Subject to any specific trust deed or constitution requirements, the initial term for a CCO director will be for a period of up to three years. Subject to a review of the director's performance at the end of each term, any provisions in the CCO trust deed or constitution, and a review of the needs of the CCO board in question, the typical tenure for a director will be six years. This is to ensure that the board benefits from the knowledge and experience a director develops during their first term.

Following six years of service on a board, and subject to any maximum term in the trust deed or constitution, there will be an option for further terms if appointed as Chair or Deputy Chair of the CCO.

Following nine years of service, and subject to any maximum term in the trust deed or constitution, a director may be re-appointed, but only in exceptional circumstances.

The rationale is that after six to nine years on the board, it is usually helpful to bring in fresh ideas and drive to the board. However, where an individual continues to display the necessary qualities to continue to take the entity forward, additional terms may be recommended at the discretion of the Executive Committee or Westland Holdings Ltd.

Where necessary, directors shall be appointed for terms of one to three years in order to avoid all the board members' terms becoming vacant at the same time. Where an appointment replaces

an existing director, typically the appointment will be for the remainder of that director's term to maintain the effect of staggering expiry dates.

Any consideration of terms and reappointments should consider the question of succession and the need to balance fresh ideas with the need to maintain experience and institutional knowledge within the board.

Where possible, the appointment period will expire on 31 December to assist in the process of roll-overs and new appointments.

- 5.5 There are no financial implications associated with this decision. While the policy includes a section on director remuneration, this report is not recommending changes to that.

6 PREFERRED OPTION AND REASONS

- 6.1 The preferred option is Option 3. This retains the draft policy as directed by Council but includes more flexibility around the length of tenure by directors, and balances the need to bring fresh ideas to a board with the benefit of institutional knowledge.
- 6.2 Council may wish to expand the policy to place a requirement on CCO boards to demonstrate that they have succession plans in place for directors, and particularly the role of Chair.
- 6.3 Council may also wish to reinforce with WHL that periodic reviews of the performance of directors should be undertaken to ensure they are still fit to undertake the role.

7 RECOMMENDATION

- A) **THAT** the Policy on Appointment and Remuneration of Directors of Council Organisations and Council Controlled Organisations be adopted by Council with an amendment to section 4; Appointment Process as outlined in 6.4 above.

Tanya Winter
Chief Executive

Appendix 2: Feedback from CCOs

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS OF COUNCIL ORGANISATIONS AND COUNCIL CONTROLLED ORGANISATIONS

1. Introduction

Westland District Council either owns or has an interest in a number of Council Organisations (COs) and Council Controlled Organisations (CCOs).

Council Organisations (COs) are organisations in which one or more local authorities controls any proportion of the voting rights or right to appoint directors.

Westland's CO's are:

- Tourism West Coast
- West Coast Rural Fire Authority
- Westland Wilderness Trust

Council Controlled Organisations (CCOs) are best described as any organisation in which one or more local authorities control 50% or more of the voting rights or have the right to appoint 50% or more of the directors. Council Controlled Trading Organisations (CCTOs) are similar to CCOs except a CCTO has the objective of trading for profit.

In the rest of this document CCO is used to mean both CCO and CCTO.

CCO's within Westland are:

Westland Holdings Limited which holds 100% of the shares in:

- Westroads Ltd;
- Westland District Property Ltd; and
- Hokitika Airport Ltd.

The Local Government Act 2002 S(57) (2) states that Council may appoint a person to be a director of a Council Organisation only if it considers that the person has the skills, knowledge and experience to:

- guide the organisation given it's the nature and scope of its activities.
- contribute to the achievement of the objective of the organisation.

S(57) (1) of the Local Government Act 2002 requires a policy to be adopted setting out an objective and transparent process for the identification and consideration of the skills, knowledge and experience required of directors of Council organisations, the appointing of directors and the remuneration to directors of a Council organisation.

2. Council Organisations (COs)

Council may appoint an elected representative or other nominated person as a director of a CO where requested by the organisation.

Council will consider the skills, knowledge and experience of the elected representative or nominated person to the activities and objectives of the organisation concerned.

These appointments are honorary appointments with no remuneration paid by Council. Remuneration can however be paid by the organisations themselves.

3. Council Controlled Organisations (CCOs)

It is considered that any person appointed to be a director of a CCO should, as a minimum, have the following skills:

- An understanding of governance and in the distinction in the roles and responsibilities of a director/trustee from that of management.
- Independence of thought and sound judgement in making balanced decisions.
- An intellectual ability and enquiring mind; demonstrated in ability formulate strategy and to test facts, options, benefits and risks when dealing with complex matters.
- A high level of personal integrity and candour.
- Commercial, technical or other experience and skill relevant to the activities of the organisation.
- The ability to work as a member of a team in an environment where dealing with differences of views is seen as an essential attribute of effectiveness.
- An understanding of the wider issues of a publicly accountable shareholder. In particular the ability to understand and find an optimal balance between meeting the public and private good objectives of the organisation.

4. Rotation and Refreshment

CCO appointments will be for a fixed term, with the candidate entitled to one renewable term. An extension beyond a second term will be by a specific vote of Council to that effect, justified only on the basis of necessary and interim continuity of the organisations board to function effectively and will not exceed one further standard term and three terms in total.

The default term is no more than four years unless the organisation's Rules or Constitution says otherwise.

Where possible the timing of director/trustee appointments will be made in a way that allows for staggered rotation. Creating a staggered rotation can be a reason for Council making one-off extensions of term the office of selected directors/trustees.

Where a director/trustee appointment terminates before their formal term of appointment has expired, Council may choose to appoint a replacement director for the completion of the term, with one renewal, or commence a new term.

Any entitlement for a director/trustee to stand for office for a second term does not amount to an automatic appointment. The decision to reappoint rests with the shareholder.

5. Appointment Process

When vacancies arise in any CO/CCO which Council directly controls, Council will identify a shortlist of candidates, who are considered to meet the above criteria, and will make a decision in a public excluded meeting in order to protect the privacy of these persons.

When canvassing for candidates for board appointments, Council or WHL shall:

- Take advice from the existing board on the needs of the board
- Make it publicly known that any interested and suited people can apply for possible selection.

Elected members and Council staff may not stand for election on a CCO.

Where a vacancy arises in organisations that are subsidiaries of WHL, the directors of WHL will be responsible for the appointment using a process that is consistent with this Policy. Council reserves the right to recommend suitable candidates and to veto any director appointment intended by WHL, if Council considers the appointment will not be in the best interests of achieving Council's vision and strategies. Council offers WHL the opportunity for Council to advertise the vacancy and conduct the administration of applications on behalf of WHL.

All candidates offered appointments shall first make themselves aware of the nature and circumstance of the business before taking up the appointment, and Council will liaise with the organisation's board to give the appointee access to suitable information needed for the appointee to make an informed decision to take on the appointment.

Public announcement of the appointment will be made as soon as practicable after the Council has made its decision.

6. Conflicts of Interest

Westland District Council expects that directors of council organisations will avoid situations where their actions could give rise to a conflict of interest.

Council expects directors to follow the principles of the Institute of Directors in New Zealand INC (IOD) Conflicts of Interest, and Best Practice for New Zealand Directors Statements to minimise these situations.

In the case of any CCO, including Westland Holdings Limited or its subsidiaries, Hokitika Airport Limited, Westland District Property Limited and Westroads Limited, and any other subsidiaries of these subsidiaries, the director's remuneration, together with business transactions with businesses in which a

director has an interest, may not exceed 10% of the annual gross revenue of the CCO without the prior approval of Council. Any director of a CCO may be dismissed for a breach of this requirement

Each CCO board of directors/trustees, including subsidiaries of holding companies, will adopt and keep current a board Code of Conduct that is in keeping with (IOD) recommended practice and consistent with Council's Code of Conduct.

7. Remuneration

Director's fee remuneration of Council Organisations is a matter of public interest.

Where Council or Westland Holdings Limited is the sole shareholder it will set directors fees either by resolution at the Annual General Meeting or review and approve fees on an annual basis (for those organisations that do not have an AGM). When approving the level of directors fees the following factors will be considered:

- The need to attract and retain appropriately qualified people to be directors of the CCO.
- Remuneration levels paid to comparable organisation.
- The objectives, nature and scale of the CCO.
- The past performance of the CCO.
- The financial situation of the CCO
- The responsibilities of the director, particular that of chair.

Where Council or Westland Holdings Limited cannot exercise direct control, such as in an organisation where it holds less than 50% of the shares, it can, if required, monitor salaries paid against the above factors and may publicly disclose the name of any organisation which it considers is not complying with the above factors.

All directors will be entitled to claim reimbursement of necessary and prudently incurred expenses arising from the performance of their duties as a director. Where the CCO has a board policy on reimbursement it must be consistent with this requirement.

8. Holding Companies Consistency

Where Council holds 50% or more shares in a CCO holding company, where this company holds subsidiary companies, then for the holding company, each subsidiary and their subsidiaries, the policies set out here will be adopted by/be consistent with their policy and practice.

Diane Maitland

From: Graeme King <graeme.king@renton.co.nz>
Sent: Friday, 12 June 2015 2:14 p.m.
To: Tanya Winter
Subject: FW: WDC - Comment on directors appointment and remuneration
Attachments: CCO Policy Appointment of Directors to Council Controlled Organisations - Western Bay of Plenty.pdf; CCO Policy - Waitomo Policy on Appointment of Directors.pdf; Comment on the draft policy on the appointment and remuneration of directors of CCO.pdf; Council Controlled Organisations-Hamilton City Council Policy.pdf; 20150612130026460.pdf

Hi Tanya

Please find attached response from Westroads.

Linda from Airport writes as follows:

"The rotation and refreshment policy is of some concern to HAL. The turnover of directors say every 6 years does not leave a lot of experience and knowledge on the board at any one time, particularly when we are operating with such a small number. For us at the moment Les has served his maximum of three terms, I am into my third term, and Marcel is in his second term. While it is good to keep fresh ideas and perspectives in the mix, it might be detrimental to have such a prescriptive policy in place. What happens if there are no suitably qualified people available?"

Graeme (WDPL) didn't have any particular issue.

WHL hasn't met however from my point of view I re-iterate the sentiments of Westroads.

Hokitika hasn't got the luxury of having a large pool of suitable people with the ability to run these companies as council requires. Any policy that restricts the length of service of well capable persons is going to be detrimental in my view.

We are struggling presently to get the right people on board now as it is, and there is no easy solution insight.

The ultimate responsibility of WHL is to appoint directors to its CCO's, and this must remain the case.

Regards

Graeme

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Comment on the draft policy on the appointment and remuneration of directors of CCO's prepared by Westroads Ltd.

Westroads Ltd has been a phenomenally successful company for the Westland District Council. Over its 20 year existence, its value has grown from \$1.4m to near \$7m this year, a 400% increase. It has also paid out more than \$9m in dividends. The directors are confident that this level of return wouldn't have been achieved without the input and the guidance of the current directors. Equally they believe there would be no chance of a return like this if the company had been rotating directors every four years like the draft policy proposes.

As an overall comment the policy appears to have been drafted for a larger population base than Westland District. The population and business community within Westland does not allow for a large pool of suitably qualified and experienced directors from which to pick replacement directors from.

Westroads Ltd has 4 directors

- Durham Havill (20 years' experience with Westroads, previous experience leading Council's and experience leading a large workforce with a large investment in equipment)
- Peter Cuff (20 years' experience with Westroads, more than 20 years' experience as a chartered accountant, focusing on growth of clients and experienced director both as a director and chair of other organisations.)
- Maurice (Jacko) Fahey (10 years' experience on the board and 10 years' experience as General Manager of the company. This practical experience has been invaluable to the current GM and other board members when it comes to tendering)
- Bryce Thomson (16 years' experience with Westroads, experienced business person and past councillor and hearings commissioner)

The draft policy would see all of these directors replaced over a short period of time. The wealth of knowledge and experience would be lost to Westroads.

The unenviable challenge for Westland Holdings would then be to find 4 directors with the experience, knowledge and skill of the current board, who also have Westland at heart. Although you can find directors out of district, many decisions are made for what is the betterment of Westland and using the director's personal local contacts to achieve favourable outcomes.

One of the biggest losses would be around pricing. Contracts themselves will span over this term and approving multi-million dollar tenders without the prior experience would be near suicidal. It would in effect make the GM's position unreplaceable as he would then be the only person in that organisation with the experience of the previous tender rounds. The GM leaving would then be a significant risk to the business.

Contrast this other policies

- Hamilton City Councils policy – attached which allows two full terms, plus reappointment after at least 1 term absence
- Waitomo District Councils policy which has no restriction on reappointment of existing directors
- Western Bay of Plenty District Council which allows reappointment subject to skills the incumbent brings to the board, the skills which the board needs and succession issues as well as length of tenure

The draft policy appears to be more extensive than required and more prescriptive. The result is likely that there will be compromises made in the quality of candidates to meet the objective of replacing current directors.

Compare this with the current policy, which has directors retiring on rotation and being reappointed subject to them being the best appointee. Perhaps work could be done around this process, but the process should require any new appointee to have equal or better skills and should also take account of how the company is performing.

In summary we submit that while much of the policy is appropriate, the rotation and refreshment policy needs to be substantially rewritten to suit a smaller community and taking into account the concerns we have raised above.

For the board

Durham Havill



Westroads Chairman

12 June 2015

Report



DATE: 25 June 2015

TO: Mayor and Councillors

FROM: Group Manager: Corporate Services

FINANCIAL PERFORMANCE: YTD APRIL 2015

1 SUMMARY

- 1.1 The purpose of this report is to provide information on Council's financial performance (2014/15) for the ten months to 30 April 2015.
- 1.2 This issue arises from a requirement for sound financial governance and stewardship with regards to the financial performance and sustainability of a local authority.
- 1.3 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in September 2014, which will be set out in the next Long Term Plan 2015-25. These are stated on Page 2 of this agenda.
- 1.4 This report concludes by recommending that Council receives the financial performance review to 30 April 2015, attached as **Appendix 1**.

2 BACKGROUND

- 2.1 Council receives monthly financial reporting so that it has current knowledge of its financial performance and position against targets and objectives adopted in the Annual Plan 2014/15.

3 CURRENT SITUATION

- 3.1 The development of Council's financial reporting and control continues.
- 3.2 The Financial Performance Report to 30 April 2015, attached as **Appendix 1** contains the following elements:
 - 3.2.1 Graphical summary depicting:
 - 3.2.1.1 Cost of service current, budget and forecast
 - 3.2.1.2 Operating revenue by type versus budget
 - 3.2.1.3 Operating expenditure by type versus budget
 - 3.2.1.4 Cash flow to date and forecast
 - 3.2.2 High level variance analysis
 - 3.2.3 Whole of Council Cost of Service Statement including Full Year Forecast
 - 3.2.4 Cost of Service Statement by Activity
 - 3.2.5 Projects Progress Report with traffic lights status indicators

4 OPTIONS

- 4.1 Council can either receive or decide not to receive the report.

5 SIGNIFICANCE AND ENGAGEMENT

- 5.1 This report is for information only and, while feedback is invited from Council in order for staff to continuously improve the quality of information provided, no assessment of significance or consultation, and no analyses of options are required.

6 RECOMMENDATION

- A) **THAT** Council receives the Financial Performance Report to 30 April 2015, attached as **Appendix 1**

Gary Borg
Group Manager: Corporate Services

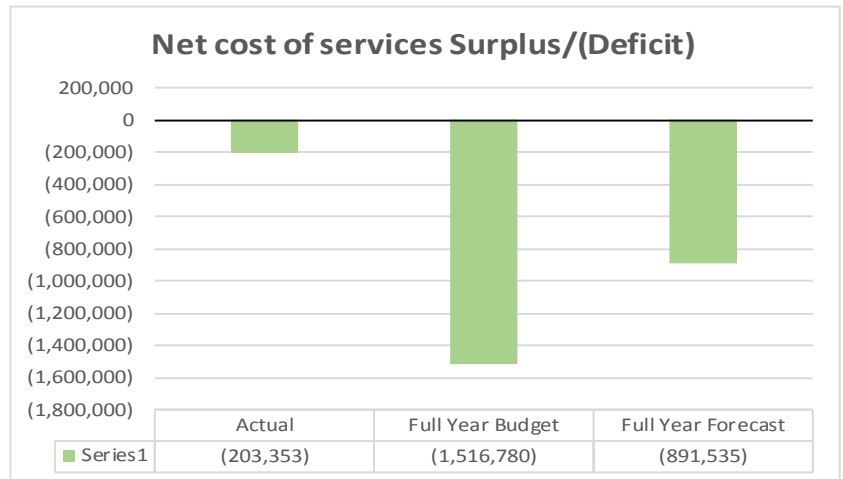
Appendix 1: Financial Performance YTD April 2015



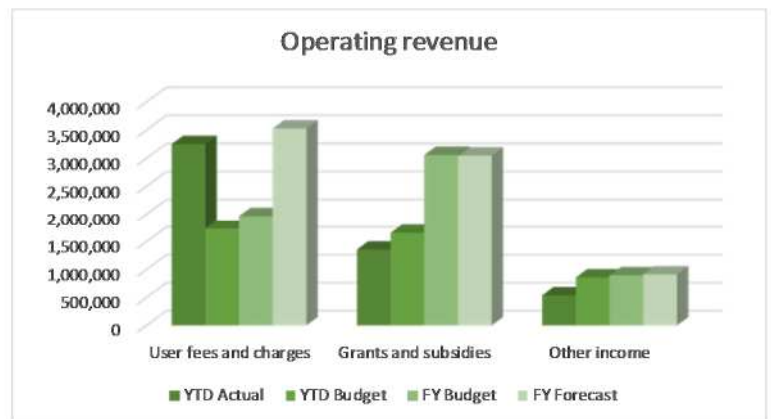
Financial Performance YTD April 2015

Net cost of services Surplus/(Deficit)

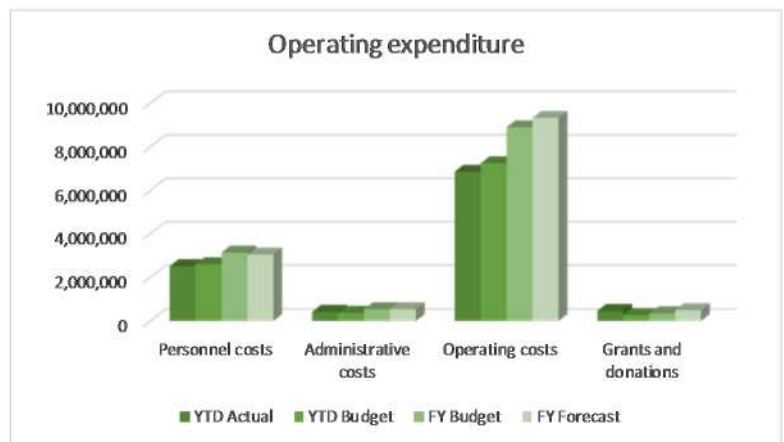
Actual	(203,353)
Full Year Budget	(1,516,780)
Full Year Forecast	(891,535)



	YT Mar Actual	YT Mar Budget	FY Budget	FY Forecast
Operating revenue				
User fees and charges	3,252,762	1,734,389	1,967,048	3,531,250
Grants and subsidies	1,357,147	1,657,183	3,059,974	3,047,468
Other income	538,735	858,263	894,687	912,928

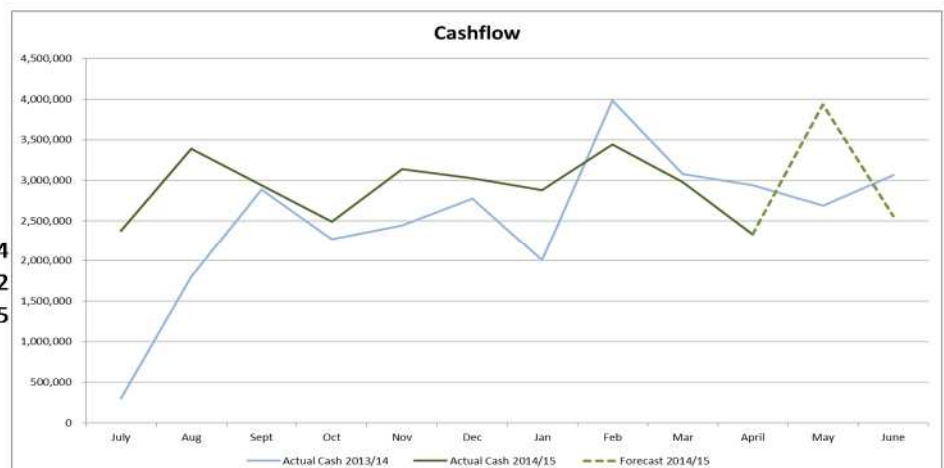


	YT Feb Actual	YT Feb Budget	FY Budget	FY Forecast
Operating expenditure				
Personnel costs	2,512,212	2,600,822	3,128,999	3,045,293
Administrative costs	429,780	378,093	541,419	544,784
Operating costs	6,863,971	7,249,584	8,901,924	9,336,597
Grants and donations	466,797	282,183	352,909	499,502



Cash Balances

Closing Balance Cheque Account	630,414
Call Account	191,112
Term Deposit	1,511,335



Variance analysis

Operating revenue	
User fees and charges	Positive variance mainly due to Metered water.
Grants and subsidies	NZTA subsidy mainly timing differences, further \$760k received in May
Other income	Lower events revenue & i-SITE commission offset by unexpected Museum donation and higher AA commission than budgeted
Operating expenditure	
Personnel costs	
Administrative costs	
Operating costs	Maintenance costs lower than budget, however these are expected to track budget by year end
Grants and donations	Main variances Fox community centre \$100k, Franz development fund \$35k

WESTLAND DISTRICT COUNCIL	Year to April			Full year 2014-2015	
	Actual	Budget	Variance	Budget	FY Forecast
Operating revenue					
User fees and charges	3,252,762	1,734,389	1,518,373	1,967,048	3,531,250
Grants and subsidies	1,357,147	1,657,183	(300,035)	3,059,974	3,047,468
Other income	538,735	858,263	(319,527)	894,687	912,928
Total revenue (A)	5,148,644	4,249,834	898,811	5,921,709	7,491,646
Operating expenditure					
Personnel costs	2,512,212	2,600,822	88,611	3,128,999	3,045,293
Administrative costs	429,780	378,093	(51,687)	541,419	544,784
Operating costs	6,863,971	7,249,584	385,613	8,901,924	9,336,597
Grants and donations	466,797	282,183	(184,614)	352,909	499,502
Total operating expenditure (B)	10,272,759	10,510,682	237,922	12,925,251	13,426,176
Net operating cost of services - surplus/(deficit) (A - B)	(5,124,115)	(6,260,848)	(1,136,733)	(7,003,542)	(5,934,531)
Other expenditure					
Interest and finance costs	697,116	733,175	36,059	900,711	900,711
Overheads	4,004,014	4,390,141	386,127	5,289,327	4,897,949
Depreciation	4,712,936	4,311,620	(401,316)	5,194,722	5,620,021
Total other expenditure (C)	9,414,065	9,434,936	20,870	11,384,761	11,418,682
Total expenditure (D = B + C)	19,686,825	19,945,618	258,793	24,310,012	24,844,859
Funded by					
Rates	10,191,806	10,590,181	(398,375)	11,386,142	11,386,142
Overhead recoveries	4,143,022	4,552,866	(409,845)	5,485,381	5,075,536
Total funded (E)	14,334,827	15,143,047	(808,219)	16,871,523	16,461,678
Net cost of services - surplus/(deficit) (A + E - D)	(203,353)	(552,737)	349,384	(1,516,780)	(891,535)

Cost of service statement by activities

Following statement excludes rates revenue and indirect expenses, such as depreciation, overheads and interest.

Cost of service statement by activities	Year to April			FY Budget	Full year 2014-2015
	Actual	Budget	Variance		Forecast
Operating revenue					
Corporate services group	486,618	596,539	(109,921)	615,289	657,289
Planning, community and environment group	851,973	736,219	115,754	850,016	1,011,756
District assets group	169,577	71,700	97,877	84,880	396,516
Solid Waste	627,471	600,113	27,358	703,350	734,437
Stormwater	0	0	0	0	0
Transportation	987,102	1,493,603	(506,501)	2,873,674	3,019,695
Wastewater	57,572	45,500	12,072	45,500	52,564
Water Supply	5,989	0	5,989	0	5,989
West Coast Wilderness Trail	6,768	0	6,768	0	8,553
Total operating revenue	3,193,070	3,543,674	(350,604)	5,172,709	5,886,800
Operating expenditure					
Corporate services group	2,352,770	2,202,815	149,955	2,647,248	2,782,748
Planning, community and environment group	1,598,669	1,742,285	(143,617)	2,074,076	2,368,531
District assets group	2,152,762	2,073,166	79,595	2,626,348	2,828,551
Solid Waste	1,280,921	1,308,480	(27,559)	1,754,545	1,798,961
Stormwater	63,914	48,745	15,169	69,346	92,248
Transportation	1,205,093	1,783,765	(578,673)	2,099,958	1,995,232
Wastewater	288,475	308,365	(19,890)	388,287	421,099
Water Supply	681,917	629,585	52,331	769,061	914,086
West Coast Wilderness Trail	141,720	0	141,720	0	141,720
Total operating expenditure	9,766,240	10,097,206	(330,967)	12,428,868	13,343,176

Project progress report

						Legend - Key
		Forecast on Budget				Project Delayed - Will not be completed by 30th June 2015
		Forecast over Budget				Project on-Track - Will be completed by 30th June 2015
						Project Complete - 100% Progress
Project / Activity	YTD exp	2014-15	Forecast	Budget Track	Progress / Track	Progress comments
	\$0	\$0	\$0			
Museum						
Heat Pump for Drummond Hall	-	5,000	16,000			Works in Progress. At this stage works are scheduled for completion on 30 June 2015.
Total	-	5,000	16,000			
Corporate Services						
Rates Review	43,049	55,000	43,049			Project Complete
CCO Review Implementation	78,932	100,000	100,000			The CCO Review has been concluded, however staff are working on recommendations in the review as identified in the table below. Some of this work will be contracted out and budget is required for that. There will be some carry over.
Website Development	15,266	15,000	15,266			Works Complete
IT upgrades	2,772	30,000	30,000			Works committed. Invoices yet to come.
Total	140,019	200,000	188,315			
WATER SUPPLY						
Power to Reservoirs - Hari Hari	37,313	50,000	45,000			Works are complete. - 08/06/2015
Whataroa rural water supply (Mint creek)	525	50,000	50,000			Works quotation received. Will be carryover
Haast WTP Upgrade	259,141	400,000	400,000			Works are 90% complete - but delayed due to a major leak. Some carryover
Kumara Capital Assistance Programme Funding Application	4,783	15,000	10,000			Project Complete. Application submitted. Decision expected in Oct 2015
Condition assessments - Water	8,259	20,000	20,000			Works in Progress. Expected completion by 30 June 2015. Could be some carryover
Total	310,020	535,000	525,000			
WASTEWATER						
Fitzherbert Street Pump Upgrade # 2	58,121	100,000	100,000			Works complete. Waiting on invoices
Fitzherbert street - Sewer Pipeline upgrade	200,658	350,000	350,000			Works complete. Waiting on invoices
Haast Ponds Improvements	33,320	150,000	150,000			Tentative completion at this stage is 30 June 2015.
Condition assessments - Wastewater	9,814	20,000	20,000			Some carryovers
Total	301,913	620,000	620,000			
STORMWATER						
Stormwater Pipe repairs	44,373	50,000	50,000			Work in progress. Will be complete by 30 June 2015
Condition assessments - Stormwater	10,927	20,000	20,000			Condition Assessments in progress
Total	55,300	70,000	70,000			
SOLID WASTE						
Improvements at Hokitika Landfill	-	20,000	20,000			Works in Progress. Expected reports by 30 June 2015
Kumara Landfill	23,600	25,000	23,600			Works Complete
Franz Josef Landfill	-	25,000	25,000			Carry Over - No works done in 30 June 2015
Total	23,600	70,000	68,600			
BUILDINGS						
Pensioner Housing - re-roofing	23,719	20,000	23,719			Works done
RSA Hall Demolition	25,000	25,000	25,000			Works done
Council HQ re-roofing	-	125,000	125,000			Works scheduled to start on 20 June 2015. Delays due to other commitments. Carryover
Total	48,719	170,000	173,719			
SWIMMING POOLS						
Hokitika Pool - Thermal liner	-	20,000	20,000			Works complete.
Total	-	20,000	20,000			
EMERGENCY MANAGEMENT						
Kaniere Rural Fire Party (Pump replacement)	8,986	11,000	11,000			Works in progress
Total	8,986	11,000	11,000			
DISTRICT ASSETS						
GIS & Asset plans	21,070	25,000	25,000			Development of 3 Waters and Transportation complete. Land & Buildings in progress
Asset valuations (as required)	-	30,000	30,000			In Progress
Total	21,070	55,000	55,000			
TOWNSHIP DEVELOPMENT						
Hokitika Beachfront Landscape Project (collaboration with Westland Arts Incorporated)	-	-	-			
Total	909,627	1,756,000	1,747,634			

Report



DATE: 25 June 2015

TO: Mayor and Councillors

FROM: Chief Executive

HARI HARI SQUASH COURTS – CYCLONE ITA INSURANCE

1 SUMMARY

- 1.1 The purpose of this report is to make a decision on how the insurance proceeds for the Hari Hari Squash Courts are distributed.
- 1.2 This issue arises from a request from the Hari Hari Community Association to receive some of the insurance money Council obtained from the claim after Cyclone Ita in April 2014.
- 1.3 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in September 2014, which will be set out in the next Long Term Plan 2015-25. These are stated on Page 2 of this agenda.
- 1.4 This report concludes by recommending that Council allocate the Hari Hari Community Association \$83,060 to recognise the community ownership of this facility, but also to acknowledge the cost to Council in insurance premiums and the demolition and removal after Cyclone Ita.

2 BACKGROUND

- 2.1 The Cyclone Ita storm event occurred on Thursday 17 April 2014. Gale force winds up to 150km/hr struck Westland as the tail of this ex-tropical cyclone lashed the West Coast.
- 2.2 The worst of the winds skipped Hokitika but struck inland at Lake Kaniere, Kowhitirangi, Ross, Hari Hari, Whataroa and Franz Josef, resulting in significant damage to infrastructure throughout Westland District.

- 2.3 The Hari Hari Squash Courts were damaged beyond repair, and demolition was undertaken by Council to make them safe and secure.
- 2.4 Council's insurance agents were notified of the damage from the event immediately, and staff inspected the relevant sites with appointed assessors.

2 CURRENT SITUATION

- 2.1 Due to the scale of the event across the district Council staff agreed with insurance agents that one claim would be made for damage. The Hari Hari Squash Courts were included in this claim, which was accepted by the insurer and \$88,208 ex GST (after a deduction of \$15,000 excess) was paid to Council for the loss.
- 2.2 At that point in time, because Council had been paying the insurance premiums, and the squash courts were listed on the Fixed Asset Register, staff assumed that the facility was owned by Council.
- 2.3 Because one claim was made Council staff used the insurance payout to offset the costs of the clean-up and repairs to damaged infrastructure across the district as follows:
- Net Insurance Received - \$88,208
 - Total cost to Council - \$167,699
- 2.4 The specific costs for the demolition and removal of the Hari Hari Squash Courts was \$3,502.00.
- 2.5 Proportionately, \$1,091 of the insurance recovery related to repairs to the public toilets, leaving \$87,117 relating to the squash courts.
- 2.6 Available records indicate that the Hari Hari Squash Courts were first insured by Council in 2011. Cumulative insurance premiums amount to \$555.
- 2.7 In April 2015 the Chief Executive received an email from the Chairperson of the Hari Hari Community Association that provided information on the history of the squash courts from the Community Association's perspective (this is attached as **Appendix 1**).
- 2.8 The Chairman also asked to speak at the Council meeting on 28 May 2015 to present the Association's case to Council on the ownership of the squash courts. In this presentation he clarified that the Association was requesting that after insurance premiums and the costs of demolition and removal of the

squash courts are deducted, that the balance of the insurance payout be made available to the Association.

- 2.9 Following this presentation Council requested a report at the June 2015 Council meeting so that a formal decision could be made about the insurance proceeds for the squash courts.

3 OPTIONS

- 3.1 Council has the following options available to it
- 3.1.1 **Option 1:** Status quo – Council retains the entire \$87,117 insurance money from the squash courts.
 - 3.1.2 **Option 2:** Council releases the entire \$87,117 insurance money to the Hari Hari Community Association.
 - 3.1.3 **Option 3:** Council deducts the insurance premiums and the costs of demolition and removal of the squash courts after Cyclone Ita, and makes the funding balance of \$83,060 available to the Hari Hari Community Association.

4 SIGNIFICANCE AND ENGAGEMENT

- 5.1 The level of significance is assessed as moderate for this decision. While insurance matters are largely administrative, this particular decision affects an asset that was not owned by Council. Therefore the level of community interest, particularly in Hari Hari, is high. While the insurance money has been received, it was spent in the 2013-14 financial year to offset expenditure caused by Cyclone Ita. There is therefore no financial provision in the 2014-15 budgets.
- 5.2 Wide consultation is not required on this matter. The Hari Hari Community Association have made their views known via email and through attending the May 2015 Council meeting. They have also provided input into this report.

5 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)

- 5.1 Option 1 would have no financial impact on Council as the insurance money has already been received and spent. However, if this course of action is taken it is likely that the Hari Hari community will feel aggrieved that a facility they have owned and maintained for 35 years no longer exists and they have nothing to show for it.

- 5.2 Option 2 fails to recognise that there were costs met by Council for a number of years for this facility. The Community Association has not requested the full amount of the insurance money.
- 5.3 Option 3 provides a middle ground which acknowledges the community ownership, and also that Council has met the cost of the insurance premiums and funded the demolition and removal of the squash courts after Cyclone Ita. This is the option that the Community Association prefers and is what was requested at the Council meeting in May 2015. The funding of \$83,060 required for this option has not been budgeted for, and the insurance payment was received in the 2013-14 financial year and used to partially cover the costs of the repairs and clean-up.

6 PREFERRED OPTION AND REASONS

- 6.1 Option 3 is the preferred option. The financial impact would be \$83,060 which would be funded from general reserves thus creating a negative variance against budget in the Hari Hari parks and reserves cost centre. This option means that Council acknowledges that the squash courts were owned by the community, but that there were costs to Council in having the facility in the Fixed Asset Register and paying insurance premiums. This option also recognises that there were costs associated with the demolition and removal of the facility after Cyclone Ita.

7 RECOMMENDATIONS

- A) **THAT** Council approves payment of \$83,060 to the Hari Hari Community Association, being the balance of the insurance payout to Council after Cyclone Ita destroyed the Hari Hari Squash Courts in April 2014.
- B) **THAT** this be funded from general reserves with a negative variance against the 21-014-15 budget in the Hari Hari parks and reserves cost centre.

Tanya Winter
Chief Executive

Appendix 1: Hari Hari Squash Courts History
Appendix 2: Letter from Chairman, Harihari Community Association

HISTORY OF THE HARI HARI SQUASH COURTS

The first recorded minutes of the Hari Hari Squash Racquet Club was on 24th July 1979 although it appears to have been in existence at least 1 year earlier as there are records of donations prior to that date.

On 22nd August 1979, Westland Savings Bank issued a loan of \$8,000 (no. 1-051389-91) to the club for 60 months at monthly instalments of \$135. The loan was made up of \$6,000 of principle and interest of \$2,100. The purpose of this was to enable the Club to build a squash court.

This loan was guaranteed by 12 local people, 2 of whom still reside in the district and this was collateral required by the bank.

The club entered into a formal lease agreement with the Minister of Lands, to lease a parcel of land of 250 square metres (rural section 5778 Block 1 Poerua Survey District) in the Hari Hari reserve on 22 May, 1980.

The building was built by volunteer labour and was opened on the 2nd of February, 1980 as they were confident that the lease would be signed.

The only contribution made by the Westland District Council appears to be a \$300 grant from the Sports & Recreational Reserve Fund in the 1978/79 year.

When this land changed from the Lands & Survey Department to the Westland District Council is not known but should be in Council records.

The Squash Club ceased as a separate entity in about the year 2000 which was the last recorded meeting and since then maintenance, all repairs, electricity, replacing murals etc have been the responsibility of the Hari Hari Community Association. It was considered a community asset which could be lost and this is why the Community Association took it over.

In later years Debra Manera has managed it for the Community Association with any income from the subs. or casual games being paid directly to the Hari Hari Community Association.

The wind storm of Cyclone Ita, just prior to Easter 2014, completely destroyed the building. The initial clean-up was undertaken by the Community Association with the idea of making it safe and secure. This was stopped by Westland District Council's, Operations Manager, Vivek Goel, who insisted that it was Council's responsibility.

In the aftermath damage assessment was undertaken by Council staff and repairs to the Water supply and wind-thrown trees across the roads and damage to the public toilets as well as the clearing and levelling of the Squash Club was authorised. The toilets were also built by the Community.

In subsequent discussions with John Bainbridge and the Hari Hari Community Association, it was established that the Council's insurance would cover any damage to the community assets; water supply, toilets, tree damage etc. It was also pointed out to John that the Squash Club was not insured by the Community Association. John felt that because of the nature of the event that it could well be covered under the Council's policy and he said he would look into the matter.

On (...date?) the Community Association received an email from John stating that a claim had been lodged by Council and subsequently approved by its insurer for the Squash Courts. The cost of the clean-up for the Squash Courts would be deducted from this amount.

We now respectfully request that the balance of the claim be paid out by Council to the Hari Hari Community Association.

This report was compiled for the Westland District Council on behalf of the Hari Hari Community Association by

Lindsay Molloy,

Immediate past Chairman

Hari Hari Community Association

To Tanya Winter


Westland District Council

RE: HARI HARI SQUASH COURTS

Your recommendation to the Council regarding the Hari Hari Squash Courts was discussed at the Hari Hari Community Association meeting held on the 17th June 2015.

We thank you for your accurate and fair recommendation. The Hari Hari Community Association supports you fully in this report.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Brian Manera', written over a horizontal line.

Brian Manera
Chairman for
Hari Hari Community Association

Report



DATE: 25 June 2015

TO: Mayor and Councillors

FROM: Chief Executive

WESTLAND DISTRICT PROPERTY LTD (WDPL) – RETURN OF PROPERTIES TO COUNCIL

1 SUMMARY

- 1.1 The purpose of this report is to recommend that eight nominated properties owned by Council and managed by WDPL be returned to Council and the outstanding rates and penalties be written off.
- 1.2 This issue arises following the outcome of the CCO Review and the need to progressively resolve outstanding issues so that a way forward can be determined for WDPL's future business activity.
- 1.3 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in September 2014, which will be set out in the next Long Term Plan 2015-25. These are stated on Page 2 of this agenda.
- 1.4 This report concludes by recommending that Council approves the return of the eight nominated properties and effects associated financial adjustments for rates incurred on those properties.

2 BACKGROUND

- 2.1 WDPL was incorporated on 6 May 2010 and a Management Agreement was put in place on 30 June to enable it to manage Council's strategic assets, being the Jackson Bay Wharf, Hokitika Swimming Pool and the pensioner flats; together with a range of properties and unformed legal road.
- 2.2 Whilst a range of properties were transferred to WDPL for management, transfer of strategic assets did not take place, having been removed from the settlement as Audit NZ believed correct consultation by Council had not

occurred at that time. This placed a severe limit on WDPL's ongoing ability to borrow funds against asset value for project and property development. Much of WDPL's activity was therefore reduced solely to property management.

3 CURRENT SITUATION

- 3.1 On behalf of Council, WDPL currently manages 26 properties, excluding the wharf, pensioner flats and swimming pool. Of these properties, WDPL is paying rates on eight which cannot earn revenue and are proposed to be returned to Council:
 - 3.1.1 One is a legal road - Bladier Road, Kokatahi
 - 3.1.2 Two are sections that Council has set aside for the Fox Community Centre - Council has already independently leased them to Fox Inc. for a token lease of \$1 per year
 - 3.1.3 Three are car parking areas – 20 & 22 Revell Street & Dramatic Society
 - 3.1.4 One is a corner section reserved for road widening – 33 Revell St
 - 3.1.5 One is the Ross Playgroup Centre – a community hall (WDPL does not manage community halls as part of its Management Agreement)

4 OPTIONS

- 4.1 Option 1: Do nothing (maintain the status quo)
- 4.2 Option 2: Return the eight nominated properties to Council and effect associated financial adjustments for rates incurred on those properties.

5 SIGNIFICANCE AND ENGAGEMENT

- 5.1 The return of these properties to Council is of low significance as they were originally Council properties, and since their transfer to WDPL they have been managed under WDPL's Management Agreement with Council. However, there are potential financial implications with this decision, and should Council agree to take back these properties, financial provision would be required in the 2014-15 budget.
- 5.2 Engagement between the affected parties, Council and WDPL, has already taken place on several occasions on this matter. Wider public consultation is not considered necessary as the return of these properties will not change the level of service to the community.

6 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)

- 6.1 Council, having resolved to retain WDPL as an operating entity, needs to provide direction for its future activity. Option 1 creates a burden for WDPL and leaves them to retain properties that they have no chance of generating a financial return from.
- 6.2 Option 2, returning the properties to Council, does not require any change of titles, only administrative adjustments to the rating database. The task of managing carparks, roads and community halls is already an allocated function of Council. There are, however, financial implications, and these are detailed below.
- 6.3 The properties to be returned are listed in **Appendix 1**.
- 6.4 WDPL paid \$23,972.53 for rates on these properties for the periods 2010/2011: 2011/2012: 2012/2013 and the first instalment for the 2013/2014 year.
- 6.5 WDPL has been charged \$17,302.47 for rates for the balance of the 2013/2014 period and for the 2014/2015 year, and penalties of \$3,205.65. These amounts are outstanding.
- 6.6 Should Council decide to proceed with the return of the property, it has three options:
- Option 1: Ask WDPL to pay the \$17,302.47 outstanding for part of 2013/14 and 2014/15 and the penalties. A total of \$20,507.82.
- Option 2: Refund WDPL the \$23,972.53 they have paid and pay the \$17,302.47 in outstanding rates and rates arrears and write off the penalties. WDPL have suggested this option is preferable to them.
- Option 3: Don't refund WDPL the \$23,972.53, but Council pays the \$17,302.47 current balance and writes off the \$3,205.65 penalties.

7 PREFERRED OPTION AND REASONS

- 7.1 The preferred option is to return the properties to Council and write off the outstanding rates incurred on those properties as outlined in Option 3 clause 6.6. This would mean that WDPL have paid rates for most of the time the properties were being managed by them, but also recognises that the properties have no value to them going forward.

8 RECOMMENDATIONS

- A) THAT** the eight properties being managed by Westland District Properties Ltd as outlined in **Appendix 1** be returned to Council and that Council write off the outstanding rates of \$17,302.47 and penalties of \$3,205.65 on those properties.
- B) THAT** the total amount of \$20,507.82 be included in the rates write offs for 2014-15.

Tanya Winter
Chief Executive

Appendix 1: List of Westland District Properties Ltd Properties to be returned to Westland District Council

Appendix 1: List of Westland District Properties Ltd properties to be returned to Westland District Council

Properties to be returned			Monies Paid				Total	Balance 2013/14	Charged but not paid			Total
			2010/2011	2011/2012	2012/2013	2013 1st Instl			2014/15	Total	Penalties	
25760-42601	Bladier Road Kokatahi	Road	105.50	122.90	46.40	13.70	288.50	41.20	72.90	114.10		114.10
25800-62001	Cook Flat Road Gox Glacier	WDC holds a lease with Fox Inc	1894.10	1901.20	1796.60	586.70	6178.60	1778.10	2722.80	4500.90	817.35	5318.25
25800-62003	Cook Flat Road Gox Glacier	WDC holds a lease with Fox Inc	na	na	476.70	157.23	633.93	471.67	772.60	1244.27	228.00	1472.27
25860-36900	22 Revell Street	WDC to assess carparking requirements	1591.80	1670.10	1882.30	524.30	5668.50	1573.20	2288.10	3861.30	732.00	4593.30
25860-36901	20 Revell Street	WDC to assess carparking requirements	682.70	702.80	606.40	171.60	2163.50	515.00	759.20	1274.20	240.45	1514.65
25860-37600	7-9 Revell Street	Dramatic Society	68.80	70.70	75.00	20.70	235.20	62.30	89.50	151.80	28.55	180.35
25860-38500	33 Revell Street	Section needed for realignment of road	1330.70	1410.20	1576.00	426.40	4743.30	1279.50	1842.70	3122.20	593.55	3715.75
25890-28300	Monteith Street Ross	Ross Play Group and Community Hall	1081.80	1127.30	1454.10	397.80	4061.00	1193.50	1840.20	3033.70	565.75	3599.45
			\$6,755.40	\$7,005.20	\$7,913.50	\$2,298.43	\$23,972.53	\$6,914.47	\$10,388.00	\$17,302.47	\$3,205.65	\$20,508.12

Report



DATE: 25 June 2015

TO: Mayor and Councillors

FROM: Group Manager: Corporate Services

RATES WRITE OFFS AND REMISSIONS 2014-15

1 SUMMARY

- 1.1 The purpose of this report is to request Council approval to write off rates debts deemed uncollectable, and to apply remissions, for the financial year ended 30 June 2015.
- 1.2 This issue arises because Council has not delegated the authority to staff to write off rates receivables.
- 1.3 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in September 2014, which will be set out in the next Long Term Plan 2015-25. These are stated on Page 2 of this agenda.
- 1.4 This report concludes by recommending that Council approves the write off, adjustment and remission of rates receivables totalling \$89,521.40 including GST [\$77,844.70 ex GST], along with associated penalties of \$5,331.27 [4,635.89 ex GST] as detailed in **Appendix 1**. The total amount is \$94,852.67 including GST [\$82,480.58 ex GST].

2 BACKGROUND

- 2.1 Remissions are applied in accordance with Council's Rates Remissions Policy. While the delegations manual requires review it is appropriate that Council should approve the associated write off.
- 2.2 Write offs are a last resort after Council exhausts all reasonable avenues to collect outstanding rates receivables. There are two circumstances which compromise Council's ability to recover overdue amounts:

- 2.2.1 Section 65 of the Local Government (Rating) Act 2002 precludes the commencement of any court action to recover unpaid rates that are more than six years past due.
- 2.2.2 Part 4 of the Act provides that Rates are not collectable on unoccupied Maori Land, unless it can be proven that income is derived from that land. To that extent, Maori Land that is vested in trustees is liable for rates only to the extent of any money derived from the land, and that Rates on multi ownership unoccupied Maori Land are the liability of each owner only to the extent of their own interest in the land. These provisions render the rates on unoccupied Maori Land uncollectable.

3 CURRENT SITUATION

- 3.1 A detailed list of proposed remissions and write offs was presented to the Executive Committee in an informal meeting on 11 June 2015. The amounts detailed in **Appendix 1** are after adjusting for mitigating actions agreed at that meeting.
- 3.2 Council's debt recovery agent and local Iwi representatives have been consulted to identify those debtors against whom further action may still be possible.
- 3.3 The relevant section of the remissions policy applied are in respect of properties that are:
- 3.3.1 wholly or partially non-rateable pursuant to Schedule 1 of the Local Government (Rating) Act 2002, or
 - 3.3.2 subdivisions eligible for temporary relief from multiple fixed charges.
- 3.4 The write offs predominantly relate to the circumstances described in 2.2.1 and 2.2.2.
- 3.5 In addition there are adjustments that arose as a result of corrections to the rating information database, and the treatment of licenses to occupy.
- 3.6 The budget for rates write offs and remissions for 2014/15 is \$60,000 excluding GST. The budget did not allow for the effect of the rates increases on remissions.
- 3.7 Despite this the amount proposed is similar to the total, on a like for basis, to the total for 2013/14; indicating some progress on debt collection.

4 OPTIONS

- 4.1 The following options are available:
- 4.1.1 **Option 1:** Approve the write offs and remissions amounting to \$94,852.67 including GST as summarised in **Appendix 1**.
 - 4.1.2 **Option 2:** Do not approve the write offs and remissions
 - 4.1.3 **Option 3:** Approve one or either, or a proportion of those proposed.

5 SIGNIFICANCE AND ENGAGEMENT

- 5.1 The decision is administrative and not significant.
- 5.2 Consultation is not required on this matter.

6 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)

- 6.1 Option 1 would generate a variance of \$22,480.58 against the budget for 2014/15. This option is consistent with Council's rates remissions policy and is prudent in respect of the write offs, since under IFRS, assets must be stated at their net realisable value.
- 6.2 Option 2 would breach Council's rates remissions policy. Were the write offs not applied it is certain that they would require provision, which would have the same financial impact as Option 1.
- 6.3 Option 3 could breach Council's rates remissions policy and would still require partial provision, which is illogical. As stated in 3.1 and 3.2, the amounts are proposed after exploring all options.

7 PREFERRED OPTION AND REASONS

- 7.1 Option 1 is the preferred option. It is consistent with Council policy and IFRS.

8 RECOMMENDATIONS

- A) **THAT** Council approves the total proposed rates write offs and remission of \$94,852.67 including GST, as summarised in **Appendix 1**.

Gary Borg
Group Manager: Corporate Services

2014/2015 Rates Write Offs

Rates	2014/2015	2013/2014
Rates Remitted	12,546.80	11,541.60
Half Rates Remitted	17,135.00	15,595.00
Unoccupied Maori Land	20,923.70	17,537.35
Pre 7 Years	1,880.50	4,180.05
Subdivision Remissions	26,068.80	27,604.00
Rate Adjustments	10,966.60	6,718.30
Ross Rates correction		8,987.90
	89,521.40	92,164.20
Penalties		
Penalties Remitted	205,000.00	184,997.45
Unoccupied Maori Land	4,368.80	3,567.30
Pre 7 Years	962.47	7,182.95
	210,331.27	195,747.70
	299,852.67	287,911.90
Rates Debtors		
As at 30 June 2014	1,367,412	1,360,969
Rates Struck	11,568,378	10,137,043
Cash Received	10,485,603 (Cr)	10,229,262 (Cr)
Net Penalties	157,189	171,810
Write Offs	87,641 (Cr)	92,164 (Cr)
Discounts	27,603 (Cr)	23,963 (Cr)
Decreased Paid in Advance	74,577 (Cr)	42,979
As at 31 May 2015	2,417,555	1,367,412