



# AGENDA

RĀRANGI TAKE

NOTICE OF AN ORDINARY MEETING OF

# COUNCIL

to be held on **23 June 2022** commencing at **1:00 pm** in the Council Chambers, 36 Weld Street, Hokitika and via Zoom

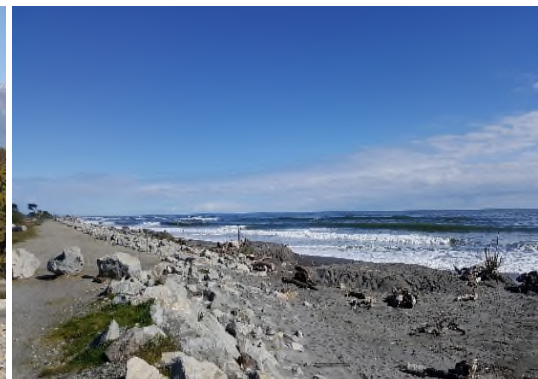
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Chairperson: Deputy Mayor Carruthers

Members: His Worship the Mayor  
Cr Hart  
Cr Martin  
Kw Tumahai

Cr Davidson  
Cr Hartshorne  
Cr Keogan  
Cr Neale  
Kw Madgwick

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

# Council Vision

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

## Purpose

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

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

### 1. KARAKIA TĪMATANGA OPENING KARAKIA

### 2. NGĀ WHAKAPAAHA APOLOGIES

His Worship the Mayor

### 3. WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST

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

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

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

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

- (7) An item that is not on the agenda for a meeting may be dealt with at the meeting if –
  - (a) the local authority by resolution so decides, and
  - (b) the presiding member explains at the meeting at a time when it is open to the public, -
    - (i) the reason why the item is not on the agenda; and
    - (ii) the reason why the discussion of the item cannot be delayed until a subsequent meeting.
- (7A) Where an item is not on the agenda for a meeting, -
  - (a) that item may be discussed at the meeting if –

- (i) that item is a minor matter relating to the general business of the local authority; and
- (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) No resolution, decision, or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.

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

Minutes circulated separately via Microsoft Teams.

- **Ordinary Council Meeting Minutes - 26 May 2022**
- **Extraordinary Council Meeting Minutes – 14 June 2022**

### **MINUTES OF MEETINGS TO BE RECEIVED**

- **Community Development Committee Meeting – 20 October 2021**
- **Cycling and Walking Committee Meeting – 3 March 2022**
- **Community Development Committee Meeting – 7 March 2022**

## 6. **ACTION LIST**

(Pages 5-7)

Chief Executive: Simon Bastion

## 7. **NGĀ TĀPAETANGA** **PRESENTATIONS**

- **Chorus Update** (1.30pm)  
Head of Corporate Relations, Chorus: Nathan Beaumont
- **Community Service Award – Howard Hughes**  
Deputy Mayor David Carruthers (3:30pm)

## 8. **PŪRONGO KAIMAHI** **STAFF REPORTS**

- **Chief Executives Report** (Pages 8-17)  
Chief Executive: Simon Bastion
- **Financial Report** (Pages 18-33)  
Finance Manager: Lynley Truman
- **Rates Write-Offs** (Pages 34-37)  
Finance Manager: Lynley Truman
- **Elected Members Allowance Policy** (Pages 38-46)  
Group Manager, Corporate Services: Lesley Crichton
- **Westland Holdings Limited – Final Statement Of Intent** (Pages 47-67)  
Chairperson, Westland Holdings Ltd: Joanne Conroy

## 9. ADMINISTRATIVE RESOLUTION

- LGNZ Conference – confirmation of attendance 20-22 July in Palmerston North

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

(to consider and adopt confidential items)

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

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



Item No.	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
1.	<b>Confidential Minutes – 26 May 2022</b>	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.  Section 48(1)(a)



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





Item No.	Interest
1	Protect the privacy of natural persons, including that of deceased natural persons ( )
1	Protect information where the making available of the information: (i) would disclose a trade secret; and (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information (Schedule 7(2)(b)).
1	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (Schedule 7(2)(i))

**DATE OF NEXT ORDINARY COUNCIL MEETING – 28 JULY 2022  
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**

23.06.22 - Council Meeting - Action List

Item No.	Date of Meeting	COMPLETED IN PROGRESS OVERDUE	Item	Action	Completion Date/Target Date	Officer	Status
1	10.12.20		Speed Limit Register Review – Stage 2	<p>Review of the speed limits on the below roads/areas:</p> <ul style="list-style-type: none"> <li>• Kokatahi/Kowhitirangi Area</li> <li>• Old Christchurch Road</li> <li>• Kaniere Road</li> <li>• Lake Kaniere Road and surrounding areas (Hans Bay, Sunny Bight, Lake Kaniere)</li> </ul>	Sep 2022	GMDA, Transportati on Manager & CE	<p>This item is on hold awaiting Waka Kotahi NZ Transport Agency speed limit review.</p> <p>A review was presented to Council on the 30/09/21. Stage 2 to be reviewed &amp; presented to Council in Feb 22 to begin public consultation with the intended implementation scheduled for April/May. This is in line with Waka Kotahi’s review period.</p> <p>Waka Kotahi has advised okay to start having conversations and consulting with public in the lead-up to rule changes being finalized toward mid-2022. Changes should not be made until new rules set.</p> <p>Council resolved in Feb to request feedback on other roads within WDC that wish the speed limits reviewed.</p> <p>This process has been deferred to after Annual Plan consultation. In the meantime, CE is happy to take any requests directly (email) and can be part of the submissions gathered.</p>
2	10.12.20		Ross Chinese Gardens – Flooding issues	Update to Council on progress	Feb 2021	CE	<p>Lake level management – a meeting has been held, an engineering design will be completed, and an application for a resource consent has been submitted to the WCRC.</p> <p>Lake Level Project – onsite meeting with DoC was held. The engineering design will be completed and application for resource consent will be submitted to the WCRC, with an endeavour to have this completed through the summer period.</p>

Item No.	Date of Meeting	COMPLETED IN PROGRESS OVERDUE	Item	Action	Completion Date/Target Date	Officer	Status
							<p>WDC resource consent application completed and approved. WDC staff working with the community group to complete the diversion.</p> <p>WDC to liaise with Ross Chinese Gardens Community Group to try put a program of works together and get a firm answer regarding timeline / ETA on completion.</p> <p>CE and Project Manager meet with community group on the progress – happy with progress to date and have agreed a completion date of 1 Sep 2022 as they are sourcing materials at no cost to ratepayers.</p>
3	26.08.21		Investigate costs to bring the WDC HQ & Pakiwaitara buildings up to 100% National Building standards	CE to discuss with Group Manager: District Assets	In progress	CE & GMDA	<p>Following preliminary structural surveys conducted by Simco, Josephs and Associates have been commissioned to arrange for the production of outline architectural drawings which will lead to the development of accurate costings.</p> <p>Council has requested a review of the strategic direction for both Council HQ &amp; Pakiwaitara buildings to ensure the best-case scenario if progressed. CE expectations is that the options review will be presented back to council in the future as an options report.</p> <p>Concept plans shared and viewed at Council Workshop 29/3/22.</p> <p>Discussion to occur in a June workshop regarding the future of this project</p>
4	26.08.21		Pakiwaitara Building Business Case Timeline	Business case and scope of work to be brought to Council after the structural elements of the work have been	May 22	CE	<p>As above.</p> <p>Concept plans shared and viewed at Council Workshop 29/3/22.Refer to report in May confidential meeting.</p>

Item No.	Date of Meeting	COMPLETED IN PROGRESS OVERDUE	Item	Action	Completion Date/Target Date	Officer	Status
				identified, costed and timelines finalized.			Discussion to occur in a June workshop regarding the future of this project
5	24.03.22		Racecourse Development Submission Bid	Council to be made aware of the outcome of the bid by end of April 2022	April Council Meeting	CE	Confirmed WDC application to the Infrastructure Acceleration Fund (IAF) has been accepted conditional of negotiations. 11 June workshop with IAF to discuss negotiation points. Negotiations still underway. RSL workshop with key stakeholders held on the 21 <sup>st</sup> June
6	24.03.22		Gambling Policy	Council staff undertake social impact assessment and bring a report back to Council.	August Council Meeting	GMRCs	New impact assessment to be commissioned. Have moved the report to August council meeting as consultant has extended their timeline due to commitments.
7	28.04.22		Hokitika Beach sign	Investigate the Hokitika Beach sign as a permeant feature when installing the beach Access Ramps	Jul 2022	Scott	Stakeholder has been engaged and will be tying to beach access:
8	26.05.22		Waka Kotahi	James Caygill to get information to WDC Council regarding percentage of reseal that was for West Coast  The road to Hokitika from Franz Josef through the Lewis pass had green marker pegs – hardly showing up – Cr Hartshorne to send James Caygill an email so Waka Kotahi can deal with this	July	Scott Baxendale	No progress

# Report to Council



**DATE:** 23 June 2022  
**TO:** Mayor and Councillors  
**FROM:** Chief Executive

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## CHIEF EXECUTIVE'S QUARTERLY REPORT

### 1. Summary

- 1.1. The purpose of this report is to provide an update on the positive aspects that are happening in the Westland District, and update Council on any matters of significance and priority.
- 1.2. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2021, which are set out in the Long Term Plan 2021 - 31. Refer page 2 of the agenda.
- 1.3. This report concludes by recommending that Council receive the Chief Executive's Report dated 23 June 2022.

### 2. Background

- 2.1. The reason the report has come before the Council is due to the need to keep Council informed of any matters of significance and priority.

### 3. Matters of significance and priority list

The current matters of Significance and Priority are as follows:

#### 3.1 Three Waters Reform

Now that the 3 Waters Reform Bill has had its first reading, the Select Committee process is underway with submission dates yet to be announced. Communities for Local Democracy (C4LD) has engaged Castalia to expand in more detail on the technical work already done and based on this work C4LD will make a submission to the Select Committee process.

Once we know the Select Committee submission dates, timeframes will be agreed on with Castalia to ensure that our submission is ready and available in time for every C4LD member Council to use it in your own submissions.

C4LD has written asking the Select Committee requesting that they travel the country to hear submissions. LGNZ has also verbally agreed to ask this too.



### 3.3 Three Waters Capital Works Programme

The 3 Waters Reform Projects (stimulus funding) is currently at 96% (44 out of 46) completion rate. The final two projects, Town Belt East Stormwater and the Hokitika WWTP Feasibility Study will use the stimulus funding until the end of June. There is approximately \$200,000 remaining from the 44 completed projects that will be proportioned to the remaining two projects and a new substitution stormwater project upon approval of a project change application.

The 3 Waters Annual Plan Projects (including carry overs) are currently sitting at 42% (13 out of 31 projects) completed, 46% (14/31) currently underway, 6% (2/31) not started and 6% (2/31) deferred until next financial year.

The Arahura Water Treatment Plant is fully commissioned with connection to the power and awaits the power metering from Meridian before being operational. The Fox Water Treatment Plant is progressing with Marshalls with an order placed for the membrane unit. The ETA on operational for this plant is January 2023. The Hampden St Watermains Upgrade (awarded to Tru-Line Drainage) is programmed to start the week 13<sup>th</sup>. The Kumara and Harihari Watermains Upgrade Contract tenders have closed and await approval from the Tenders Committee before awarding. The Kaniere Wastewater Pump Station upgrade is underway and on target to be completed by year end. This will enable more capacity at the pump station to prevent overflows to the river.

### 3.4 The Hokitika Wastewater Treatment Plant (WWTP).

The last meeting for the Project Working Group was held on the 18<sup>th</sup> May to discuss the Fatal Flaws Assessment. This is a list of feasible options for each WWTP element where each item was discussed and either removed or put forward as a possible option. A site meeting of the Greymouth WWTP Bio-trickling Filter Plant was confirmed for 22<sup>nd</sup> of June with the next meeting to be held on the 29 June 2022.

### 3.5 Hokitika Swimming Pool Renovation - \$3M

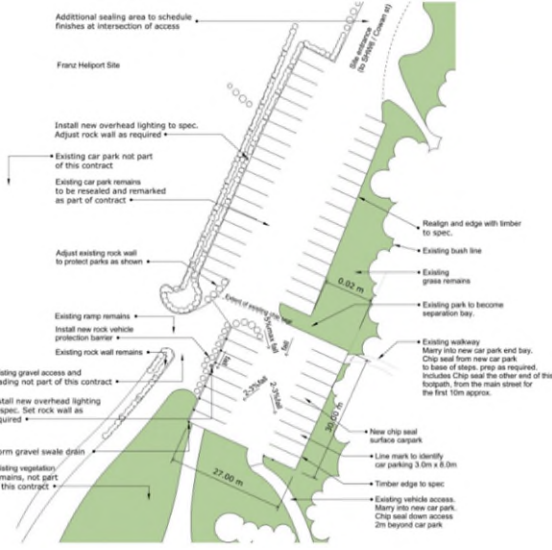

The first stage of the Hokitika swimming pool project is complete and was within budget. Stage 2 of the project has been designed and is currently going through the approvals process. Costs are higher than the original budget and a value engineering exercise has been undertaken to reduce expenditure. The Council has approached MBIE for additional funding of \$1.4m which will require ministerial approval – the date of this ministerial meeting is yet to be confirmed. The original plan for stage two works included:


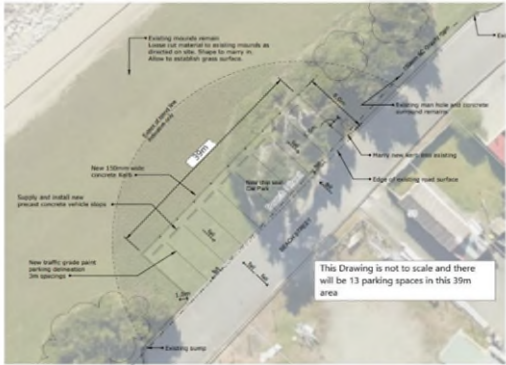
- Upgrades to reception and changing room areas
- Repairs to existing swimming pool

The cost engineering means that revised consent applications will need to be made which will not be in place by the time the pool closes in June. Focus for the works during the closedown will therefore be on the implementation of the new filtration systems and the lining for the Pool.

A revised schedule of works is being prepared for the upgrades to reception and changing room areas and an assessment is being made on what works are possible whilst the pool is operational and whether the more substantive works should be left until next year.

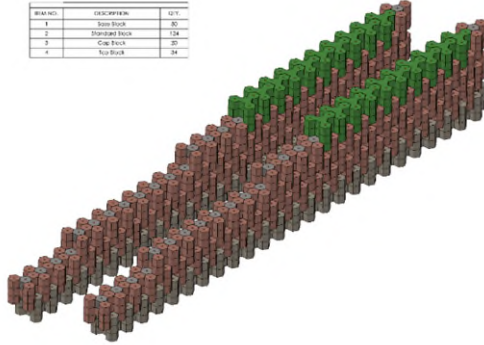
3.6 Tourism Infrastructure Funding (TIF) applications

Project	Details	TIF Funded	Council contribution
<p><b>Upgrade of Franz Josef Car Parking Area</b></p>	<p>Currently negotiating with preferred supplier for carpark works.</p> <p>Ideal electrical to supply and installing new carpark area lighting.</p> <p>Betacom supplying new bollard lighting for track leading to carpark.</p> 	<p>\$137,000</p>	<p>\$63,000</p>
<p><b>Paringa Public Toilets</b></p>	<p><b>Septic Tank</b> All About Sewage Ltd contracted to supply and install new septic tank for the new toilet block</p> <p><b>Carpark</b> In negotiation with preferred supplier for the carpark works</p> 	<p>\$236,000</p>	<p>\$46,000</p>
<p><b>Cass Square Toilets</b></p>	<p><b>Consent and Design</b> Approval granted for design of toilets Consent for building lodged</p>	<p>\$191,500</p>	<p>\$84,000</p>

	<p>Toilets are currently stored at Westroads yard awaiting installation mid-July.</p> <p><b>E-Bike Charging Stations</b> E&amp;I contracted to install e-bike charging stations</p> 		
<p><b>Jackson Bay Visitor Parking</b></p>	<p>In negotiation with preferred supplier for carpark works.</p>	<p>\$123,00</p>	<p>\$65,000</p>
<p><b>Hokitika Beachfront Infrastructure Development</b></p>	<p><b>Car Park</b> Currently negotiating with the preferred supplier for carpark works.</p>  <p><b>Beach Access Ramp</b> The Westlock concrete blocks have all been made and are awaiting installation. The blocks will be supplied to site in the order they are required so there are no additional handling costs. This will keep the site clean and prevent a giant mess or large construction zone.</p> <p>Our current time frame is the beginning of September with completion in late October. It needs to be noted that construction progress will be subject to the sea and weather conditions at the time.</p> <p>As a community side note Don Neil has been awarded a grant for making a better</p>	<p>\$230,500</p>	<p>\$136,000</p>

	<p>foundation for his Hokitika sign. The DA team has met with him and will make use of the construction machinery while at the site to help him achieve his project. This will basically move the Hokitika sign towards the ramp and make it easier for Don to maintain the sign.</p>		
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ITEM NO	DESCRIPTION	QTY
1	Spall Block	80
2	Standard Block	134
3	Cap Block	20
4	Top Block	24



### 3.7 Carnegie Building

The Carnegie project is aiming to be completed by the end of July 2022. Significant delays to the project have been experienced caused by procurement and material supply, Covid lockdowns and extra works needing to be completed to the roof parapets.

Works completed to date include:

- Deconstruction of existing foundations
- Installation of new concrete foundations
- Installation of the new shear walls to all the perimeter and the main internal wall
- Structural steel installation of the vertical bracing to the new shear walls
- Structural steel installation to the ceiling bracing

Works to be completed include:

- Completion of parapet works
- Lining of walls and ceiling
- Painting of interior
- Repairs to broken glazing
- Drilling and installation of the reinforcing to the entry columns
- Electrical services (lighting, emergency lighting and sire protection)

### 3.8 Footpath Maintenance and Renewals

Good progress has been made on the Footpath Maintenance and renewals program. As the table below indicates the Green shows completed works, Yellow is work underway/In progress while red is yet to be started. Weather is the main hold up now in finishing this scope of works.

Footpath Maintenance 21/22							
Location	Street Name	Side	Length (m)	Note	Programme	Note2	Update
Franz Josef	Cowan Street	Right	60	Re-level and replace chipseal	April	Work in progress	Waiting for seal
Franz Josef	Cowan Street	Right	51	Re-level and replace chipseal	April	Work in progress	Waiting for seal
Franz Josef	Cowan Street	Left	60	Re-level and replace chipseal	April	Work in progress	Waiting for seal
Franz Josef	Cowan Street	Left	64	Re-level and replace chipseal	April	Work in progress	Waiting for seal
Franz Josef	Cowan Street	Left	86	Prepare surface and reseal with G6 single coat.	April	Work in progress	Waiting for seal
Franz Josef	Cron Street	Left	12	Prepare surface and reseal with G6 single coat.	April	Work in progress	Waiting for seal
Haast	Tahutahi Road	Right	13	Very mossy, in lieu of trying moss removal	April	Completed	
Haast	Opuka Place	Left	109	Treat footpath with moss and mould remover from s	March	Completed	
Haast	Opuka Place	Right	104	Treat footpath with moss and mould remover from s	March	Completed	
Hari Hari	Wanganui Flat Road	Left	51	Very mossy, not reinstated by chorus/electronet, pa	March	Work in progress	Waiting for seal
Hari Hari	Wanganui Flat Road	Right	721	Treat footpath with moss and mould remover from s	March	Not started	
Hari Hari	State Highway 6	Right	882	Treat footpath with moss and mould remover from s	March	Not started	
Hokitika	Park Street	Left	73	Cut to waste, prepare and install 100mm thick 25MP	April	Completed	
Hokitika	Park Street	Left	13	Replace 4 vehicle crossings @ 3.25m long each	April	Completed	
Hokitika	Park Street	Left	73	Kerb and Channelling, charge to drainage	April	Completed	
Hokitika	Park Street	Left	114	Cut to waste, prepare and install 100mm thick 25MP	April	Completed	
Hokitika	Park Street	Left	19.5	Replace 5 vehicle crossings @ 3.25m long each	April	Completed	
Hokitika	Park Street	Left	114	Kerb and Channelling, charge to drainage	April	Completed	
Hokitika	Tancred Street	Both		Install Tactile Pads at pedestrian crossing	April	Not started	Location unknown
Hokitika	Revell Street	Right	5	Install Concrete Vehicle Crossing at Parking lot	April	Not started	Starting next week
Hokitika	Revell Street	Right	70	Prepare surface and reseal with G6 single coat.	April	Completed	
Hokitika	NW Hoffman and Hampden crossing		0		April	Completed	
Hokitika	SW Park and Rolleston crossing		0		April	Completed	
Kanieri	St Albans Street	Right	174		April	Work in progress	Waiting for seal
Kumara	State Highway 73	Right	66	Patch section of Asphalt damaged after house fire	March	Completed	
Ross	State Highway 6	Right	33	Prepare surface and reseal with G6 single coat.	April	Completed	
Ross	State Highway 6	Right	23	Prepare surface and reseal with G6 single coat.	April	Completed	
Ross	State Highway 6	Left	121	Must do, footpath growing grass, start with wash an	March	Completed	
Whataroa	Wilson Street	Right	58	Prepare surface and reseal with G6 single coat.	April	Work in progress	Waiting for seal
Whataroa	Roberts St	Left	99	Prepare surface and reseal with G6 single coat.	April	Work in progress	Waiting for seal
Hokitika	66 Hall St				April	Completed	
Hokitika	Mitre-10				April	Work in progress	Weather dependent

### 3.9 Old Christchurch Road Seal Extension - \$3.2M

While the original PGF funding has been spent but didn't achieve the original intended 12km, a subsequent application is now sitting with MBIE for ministerial approval for a further \$4M to complete the final stage of this project. If approval is granted for this extra funding then works could begin again on this project when the new construction season starts in September. As the existing contract for this work has not yet been signed off and closed it is intended to work directly with the Contractor to carry on with this work.

### 3.10 Pakiwaitara Building

Following a Council workshop on the Pakiwaitara building and Council Offices on the 29<sup>th</sup> March, Council received a subsequent presentation and report for the Pakiwaitara building at Council in May 2022 with layout design, pricing and build program. Concerns were expressed by Council about the cost and scope of the project including the proposed use of the building. Council decided not to proceed with any of the options and indicated that it was not prepared to accept the proposal to commit 3 Waters Reform "Better off Funding" at this point.

It was agreed that a workshop would be held on the 21<sup>st</sup> June 2022 to examine the options available for the 3 Waters Reform "Better off Funding" and whether it was appropriate to commit the any of the fund to the Pakiwaitara building.

### 3.12 Custom House

The Custom House project timeframe has been extended to November due to builder and subcontractor availability (August). Engineering review has indicated that an increase in pile depth is

required. A test hole has been dug on the Eastern side of the building for further review. Completed work includes the replacement of the old weather boards on the exterior of the building.



### 3.13 Parks and Reserve (Playgrounds)

Community playgrounds in Westland have been allocated funds in the Long Term plan for upgrades and repairs. The following works have been completed:

Project Name	Details	Council Contribution
Cass Square Playground	A Lotteries Funding application is currently underway to increase scope of the original playground design. This is due for submission in July and granting (if successful) in September. If additional funding is secured the scope of the design will include 'bigger and better' play equipment relevant to the size of the play area and a water play area.	\$621,460
Whataroa Play Area	Playground is installed Remaining work includes installation of new wooden edging to hold new soft fall material (bark).	\$110,000



### 3.14 Racecourse

Council met with Kainga Ora on the 7<sup>th</sup> June to discuss the IAF bid. This is now at the negotiation stage. Kainga Ora were unable to indicate what, if any funding would be available to WDC without a full evaluation of development contributions and “developers fair share”. Council bid for \$3.6m of infrastructure funding to support a potential mixed tenure residential development on one part of the racecourse to include a mix of pensioner housing, affordable housing and private development.

Consultants are working with WDC on a site feasibility study, the negotiations with Kainga Ora and ideas on potential site design. Part of this exercise will include an assessment on whether the Council would wish to proceed further with the negotiations if there was a reduction in available funding.

Work is also being undertaken by RSL consultants on the recreational and sporting elements of the racecourse site. This is still at the information gathering stage. There is a stakeholder event on the 21<sup>st</sup> June being held at the Council Offices.

### 3.15 Stewardship Land Review

The National Panel for the Western South Island, and a Ngāi Tahu Mana Whenua Panel, have been reviewing the 504 pieces of stewardship land on the West Coast.

They began their work in November 2021 and have spent five months assessing the information in the conservation value reports for all the stewardship land areas. Landscape reports and management planning guidance were also prepared. They have also undertaken site visits to the region.

The panels have prepared draft recommendations for the future classification of stewardship land.

Their recommendations have been prepared in accordance with the statutory criteria according to ecological, cultural, historic, landscape and recreational values. Where land has been determined to have no or very low conservation values, it has been recommended for disposal.

Public notification will be open for 40 days, closing on Tuesday 26 July 2022 and the West Coast councils will proposed a combined submission.

## 4 OTHER ACTIVITIES

### 4.1 Corporate Services

- **Finance:**

Finance is working through any changes that have been directed by Elected Members after the Annual Plan feedback hearings.

Preparation is also taking place for the Interim audit which begins on 4 July with the new audit provider Ernst & Young.

The team are also preparing for the financial year end and final audit which will take place later in the year.

- **Information Technology:**

All staff are now set up as a mobile work force with most being comfortable working from home as and when required.

IT now has a current strategy document in place and work is taking place to map out the individual projects to achieve the strategy

- Current IT projects in progress is the D4H project for civil defence emergency management, a recruitment process, plus the IT team are leading a project to update the Business Continuity Plan.
- **Information Management:** We have focused on three main projects this quarter. These are the Digitisation of Property Files (system design), LIM production process design, and the publication of more public facing forms.  
The digitisation of property files design process is taking time, as we plan for all eventualities for their use now, and in the future. In redesigning and digitising processes, efficiencies can be realised and greater quality control & monitoring can be built in. Public forms that have been digitised included dog registration renewals – which we hope will be popular with dog owners across the district, and the digitisation of the Managers Certificate application process.

#### 4.4 Hokitika Museum Report

- **Collection Readiness**  
The photographic collection in relation to their storage requirements for large glass plate negatives has been accessed and storage solutions have been identified. New acquisitions continue to be addressed and processed. The collection store audit for Store 1 is being reviewed for storage requirements. The collection acquisition policy is undergoing a review to consider advice set by National Services Te Paerangi.
- **Exhibition Development - Ngā Whakatūranga**  
The project's financial feasibility is being progressed for completion in August. Additional public community engagement presentations regarding the pre-concepts have been made via Zoom webinars and in person presentations to community members, various Westland heritage and arts organisations. These presentations have been created to gather feedback in preparation for the next project steps.
- **Puanga - Matariki 2022**  
The Hokitika Museum is supporting the 2022 Hokitika Puanga - Matariki Festival of Lights by providing Westland and Matariki inspired content for various light projections throughout the town scape. The Festival of Lights programme will occur across Friday the 24<sup>th</sup> of June and Saturday the 25<sup>th</sup> of June.
- **Hokitika Museum Website**  
The Museum website has attracted a significant viewing rate. The Museum's collection highlights and blogs are some of the key areas that most foot traffic has been drawn to. This greater engagement has increased awareness around the video releases and posts made on the Hokitika Museum's social media platforms.
- **Research Requests**  
The website Research Inquiry Form and Book a Researcher or Curator form have created ease for customers to submit enquiries at their convenience. As a result the Hokitika Museum Research Centre has received positive feedback.



## **5 Staffing Update**

### **Incoming and Outgoing Staff (November 2021 to March 2022)**

**Assistant Transport Engineer:** Recruitment has been undertaken and an offer accepted for the position of Assistant Transport Engineer to assist the transportation team in delivery of the annual roading program. Gokul Kamalaprabha will be joining the Transportation Team on 11 July 2022.

## **6. Options**

6.1 Option 1: To receive the report.

6.2 Option 2: To not receive the report.

## **7 Risk Analysis**

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

## **8. Health and Safety**

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

## **9. Significance and Engagement**

9.1 No public consultation is considered necessary.

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

10.1 Option 1 is the preferred option.

10.2 There are no financial implications to this option

10.3 Option 2 is not the preferred option.

10.4 There are no financial implications to this option.

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

11.1 The preferred option is Option 1.

11.2 The reason that Option 1 has been identified as the preferred option is that the report enables Council to be kept fully informed of projects and matters of significance that are underway in the Westland District.

## **12 Recommendation(s)**

12.1 That the Quarterly Report from the Chief Executive dated 23 June 2022, including the Powerpoint Presentation be received.

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

# Report to Council



**DATE:** 23 June 2022  
**TO:** Mayor and Councillors  
**FROM:** Finance Manager

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## **FINANCIAL PERFORMANCE: MAY 2022**

### **1. Summary**

- 1.1. The purpose of this report is to provide an indication of Council's financial performance for eleven months to 31 May 2022.
- 1.2. This issue arises from a requirement for sound financial governance and stewardship with regards to the financial performance and sustainability of a local authority.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2021, which are set out in the Long Term Plan 2021-31. Refer page 2 of the agenda.
- 1.4. This report concludes by recommending that Council receive the financial performance report to 31 May 2022.

### **2. Background**

- 2.1. Council receives monthly financial reporting so that it has current knowledge of its financial performance and position against budgets. A more detailed performance report is presented to the Audit and Risk Committee on a quarterly basis which includes non-financial information against KPI's adopted through the Long Term Plan.
- 2.2. The Audit and Risk Committee received a report to the end of March 2022 and expressed concern about the number Activities for which Statement of Service and Performance Reports were not provided.

### **3. Current Situation**

- 3.1. The financial performance report has had some changes made to the format and the actual data presented.
- 3.2. The information in the report is now of a more summarised nature, with only permanent variances over \$25,000 having comments. Temporary differences which are mainly budget

phasing are not commented on as these will either approximate budget by the end of the financial year, or become a permanent variance which will be noted.

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

3.4. The financial performance report to 31 May 2022 is attached as **Appendix 1** and contains the following elements;

- 3.4.1. Sustainability report
- 3.4.2. Statement of Comprehensive Revenue and Expense
- 3.4.3. Notes to the Statement of Comprehensive Revenue and Expense
- 3.4.4. Statement of Financial Position
- 3.4.5. Revenue and Expenditure Graphs
- 3.4.6. Debtors
- 3.4.7. Debt position
- 3.4.8. Capital Report

#### **4. Options**

4.1. Option 1: The Council receives the Financial Performance Report to 31 May 2022

4.2. Option 2: The Council does not receive the Financial Performance Report to 31 May 2022

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

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

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

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

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

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

7.2. No public consultation is considered necessary

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

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

8.2. There are no financial implications to this option.

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

8.4. There are no financial implications to this option.

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

9.1. The preferred option is Option 1

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

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

10.1 That the Financial Performance Report for 31 May 2022 be received.

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

**Appendix 1:** Financial Performance to 31 May 2022

## Appendix 1



# Financial Performance Year to 31 May 2022

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## Sustainability Report

Total revenue	Total expenditure	Total surplus/(deficit)
<b>\$34.30M</b>	<b>\$24.63M</b>	<b>\$10.24M</b>
Is 21.53% more than the total budget of \$28.23M	Is 0.15% less than the total budget of \$24.59M	Against a budget of \$3.64M

### SUSTAINABILITY

**Rates to operating revenue** **47.19%**

Rates Revenue	\$16.19M
Operating Revenue	\$34.30M

47.19% of operating revenue is derived from rates revenue. Rates revenue includes penalties, water supply by meter and is gross of remissions. Operating revenue excludes vested assets, and asset revaluation gains.

**Balanced budget ratio** **139.29%**

Operating revenue	\$34.30M
Operating expenditure	\$24.63M

Operating revenue should be equal or more than operating expenditure. Operating revenue excludes vested assets and asset revaluation gains. Operating expenditure includes depreciation and excludes landfill liability and loss on asset revaluations. Year to date revenue is 139.29% of operating expenditure.

**Interest to rates revenue (LGFA Cov.)** **2.96%**

Net interest and finance costs	\$0.48M
Rates Revenue	\$16.19M

2.96% of rates revenue is paid in interest. Our set limit is 25% of rates revenue. Net interest is interest paid less interest received. Rates revenue includes penalties, water supply by meter and gross of remissions.

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**Interest to operating revenue** **1.40%**

Net Interest and finance costs	\$0.48M
Operating revenue	\$34.30M

1.40% of operating revenue is paid in interest. Our set limit is 10% of operating revenue. Net interest is interest paid less interest received.

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**Liquidity Risk (LGFA Cov.)** **138%**

Gross debt	\$24.82M
Undrawn committed facilities	\$3.98M
Cash and cash equivalents	\$8.34M

The liquidity risk policy requires us to maintain a minimum ratio of 110% which is also an LGFA covenant. Council's current liquidity risk is 138%. Gross debt includes pre-funding of \$3m invested in term deposit.

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**Essential services ratio** **150.26%**

Capital expenditure	\$8.51M
Depreciation	\$5.66M

Capital expenditure should be equal or more than depreciation for essential services. Year to date capex is 150.26% of depreciation. Essential Services are Water Supply, Wastewater, Stormwater, and Roading.

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## Statement of Comprehensive Revenue and Expense

Statement of Comprehensive Revenue and Expense							
	Notes	Full Year Forecast (\$000)	Full Year Budget (\$000)	YTD Budget (\$000)	Actual YTD (\$000)	Variance YTD (\$000)	Var/Bud %
<b>Revenue</b>							
Rates	01	17,739	18,030	16,478	16,186	(292)	-1.77%
Grants and subsidies	02	15,583	10,750	9,360	14,192	4,832	51.63%
Interest Revenue	03	78	8	8	78	70	926.24%
Fees and Charges	04	2,095	1,801	1,656	1,949	294	17.73%
Other revenue	05	2,887	1,009	724	2,602	1,878	259.20%
<b>Total operating revenue</b>		<b>38,380</b>	<b>31,598</b>	<b>28,225</b>	<b>35,008</b>	<b>6,782</b>	<b>24.03%</b>
<b>Expenditure</b>							
Employee Benefit expenses	06	5,333	5,474	5,019	4,879	(141)	-2.80%
Finance Costs	07	1,020	904	442	558	116	26.31%
Depreciation	08	7,794	7,864	7,208	7,139	(70)	-0.97%
Other expenses	09	12,942	12,811	11,920	12,050	130	1.09%
<b>Total operating expenditure</b>		<b>27,089</b>	<b>27,053</b>	<b>24,589</b>	<b>24,625</b>	<b>36</b>	<b>0.15%</b>
<b>Operating Surplus/(Deficit)</b>		<b>11,148</b>	<b>4,545</b>	<b>3,636</b>	<b>10,239</b>	<b>6,603</b>	<b>181.58%</b>

## Notes to the Statement of Comprehensive Revenue and Expense

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

**01 Rates**

Rates income is lower than planned mainly due to lower metered water usage as a result of lower tourism.

**02 Grants and subsidies**

Mainly due to unbudgeted and/or timing of grants received: Butlers landfill \$1.8m, 3 Waters grant \$2.8m, Mayor's Taskforce for Jobs \$569k, and Carnegie Building, \$806k.

**03 Interest Revenue**

Unbudgeted interest received from term deposits, mainly from grant funding and prefunding.

**04 Fees and charges**

Income is higher than planned mainly due to increased refuse fees collected at Hokitika transfer station \$176k, part of which came from Buller District, \$27k. Resource consents, Resource management processing fees and Building processing fees are collectively higher than budget by \$286k due to increased interest in the property market. Franz Josef refuse is \$90k below budget due to reduced tourism. Trade waste fees are \$40 below budget, also due to reduced tourism.

**05 Other Revenue**

Actual income is higher than planned mainly due to an unbudgeted gain on swaps, \$1.24m and income gained from vested assets, \$562k: Lake Matheson walkway, a constructed asset at Heritage Industrial Park, and part of Franz Josef watermains.

**06 Employee benefit expenses**

Actual salary cost is lower than planned due to unfilled roles.

**07 Finance Costs**

The variance is due to higher than budgeted interest rates which are offset by a gain in swaps reflected in other revenue.

**08 Depreciation**

Mainly due to assets expected to be capitalised but still in work in progress.

**09 Other expenses**

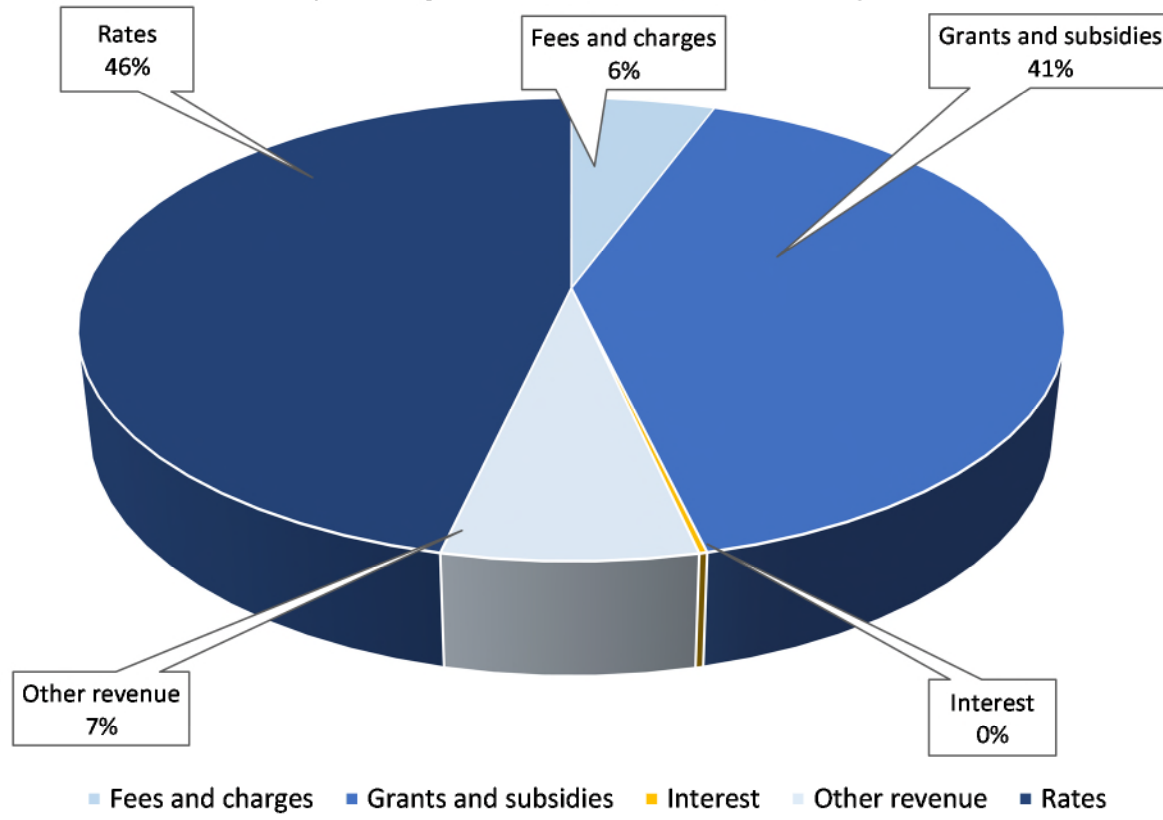
The variance is mainly due to Mayor's Taskforce for Jobs grants \$298k, grant funded.

## Statement of Financial Position

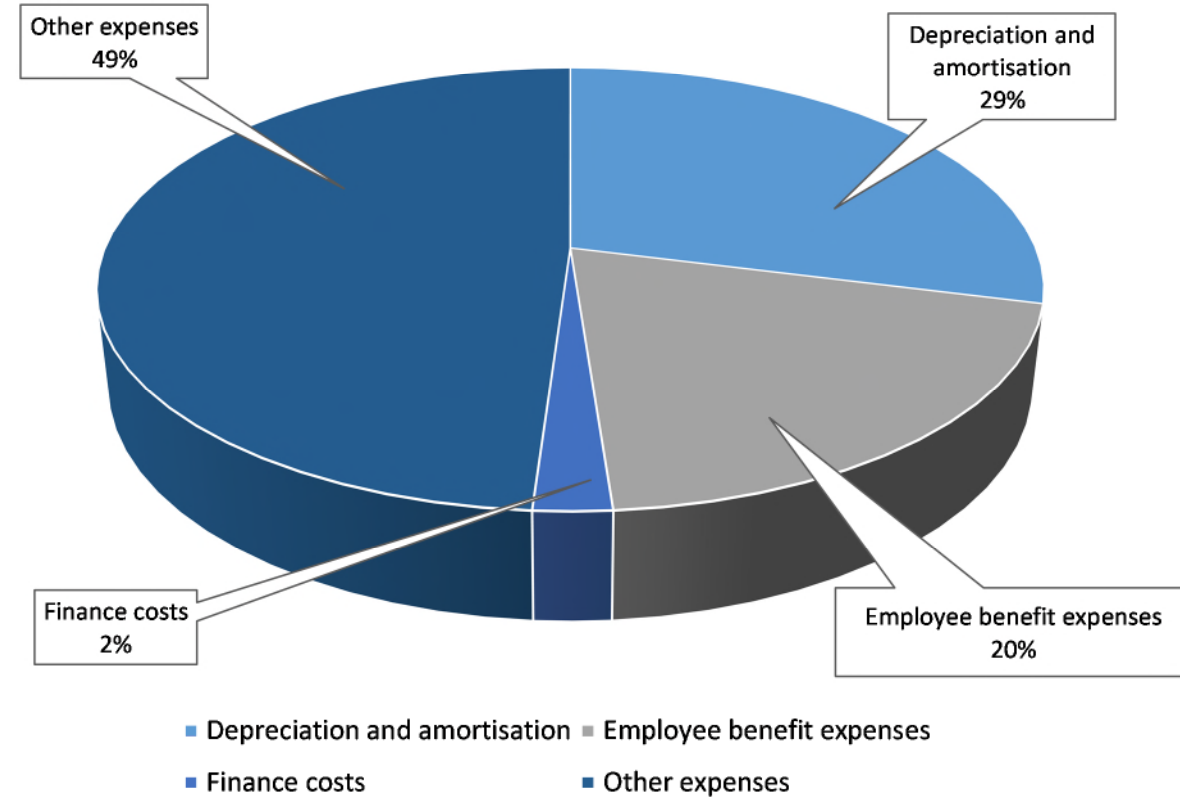
Statement of Financial Position			
	May YTD 2022 (\$000)	Annual Plan 2021/2022 (\$000)	Actual 2020/2021 (\$000)
<b>Assets</b>			
<b>Current assets</b>			
Cash & cash equivalents	8,356	13,253	11,411
Debtors & other receivables	3,517	2,514	4,361
Derivative financial instruments	94	-	
Other financial assets		-	48
<b>Total Current Assets</b>	<b>11,967</b>	<b>15,767</b>	<b>15,820</b>
<b>Non-current assets</b>			
Council Controlled Organisation	12,695	11,010	8,695
Intangible assets	51	37	65
Derivative financial instruments	737		
Assets Under Construction	23,361	-	10,088
Other Financial Assets	539	418	527
Property, Plant and Equipment	399,991	447,288	409,369
Deferred Tax	37		
<b>Total Non-current assets</b>	<b>437,412</b>	<b>458,753</b>	<b>428,742</b>
<b>Total Assets</b>	<b>449,379</b>	<b>474,520</b>	<b>444,562</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Creditors & other payables	912	2,930	4,082
Employee benefit liabilities	628	446	436
Tax payable	-	3	
Borrowings	3,000	-	3,000
Derivative financial instruments		-	94
Other	1,744	425	6,554
<b>Total Current Liabilities</b>	<b>6,284</b>	<b>3,804</b>	<b>14,166</b>
<b>Non-current liabilities</b>			
Borrowings	21,818	33,734	18,818
Employee benefit liabilities	36	47	41
Provisions	1,846	2,371	1,846
Derivative financial instruments		583	536
Other Non-current liabilities		32	
<b>Total Non-Current Liabilities</b>	<b>23,700</b>	<b>36,767</b>	<b>21,241</b>
<b>Total Liabilities</b>	<b>29,984</b>	<b>40,571</b>	<b>35,406</b>
<b>Net Assets</b>	<b>419,395</b>	<b>433,948</b>	<b>409,156</b>

	<b>May YTD 2022 (\$000)</b>	<b>Annual Plan 2021/2022 (\$000)</b>	<b>Actual 2020/2021 (\$000)</b>
<b>Equity</b>			
Retained earnings	172,524	166,323	158,744
Restricted Reserves	10,537	9,361	10,538
Revaluation reserves	236,247	258,201	239,788
Other comprehensive revenue and expense reserve	87	64	87
<b>Equity</b>	<b>419,395</b>	<b>433,949</b>	<b>409,156</b>

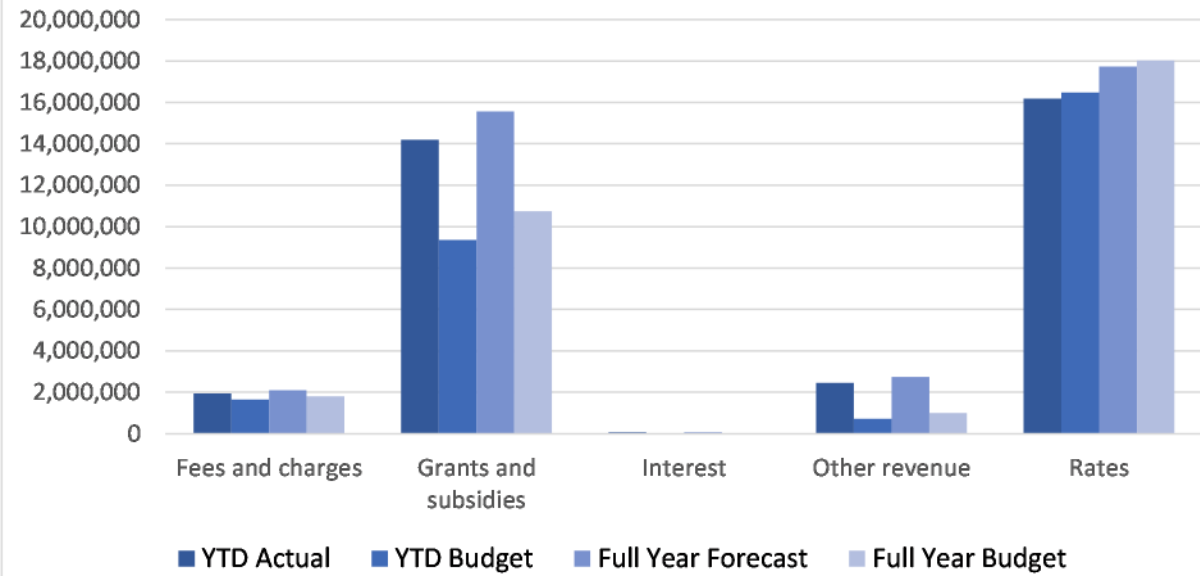
Operating Revenue Actual Year to May



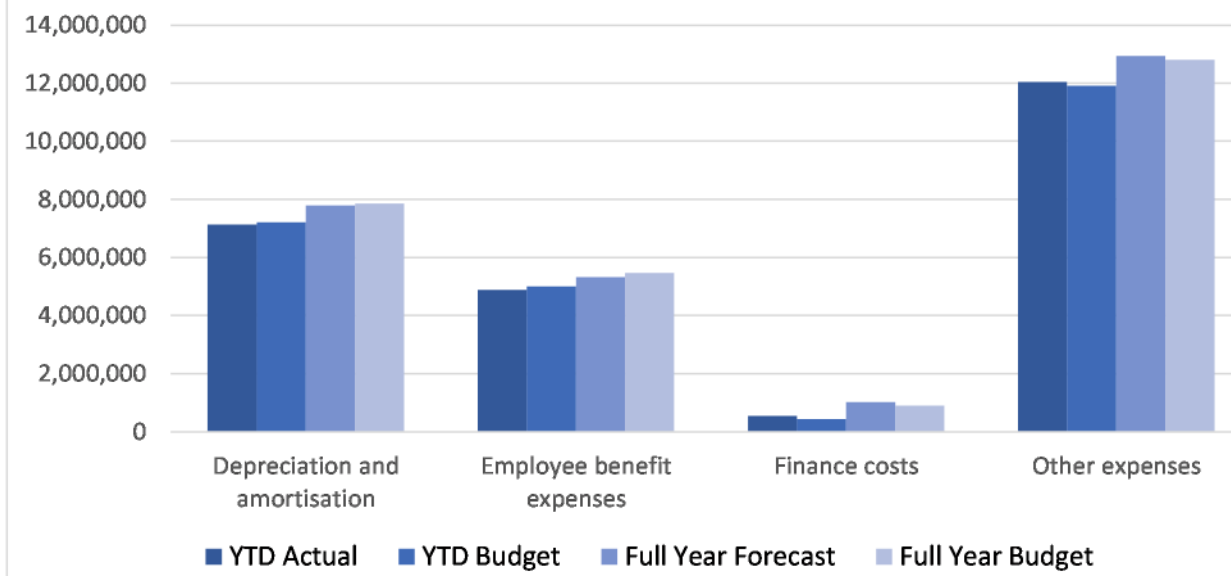
Operating Expenditure Actual Year to May



Operating Revenue



Operating Expenditure



## Debtors as at 31 May 2022

31/05/2022

Type	Over 90 Days	60-90 Days	30-60 Days	Current	Total (\$)
Building Consents	19,403	816	10,718	12,044	42,982
Building Warrants	556	-	-	160	716
Resource Consents	3,063	1,491	453	3,402	8,409
Sundry Debtors	248,110	4,265	128,040	1,411,166	1,791,581
<b>Grand Total</b>	<b>271,131</b>	<b>6,573</b>	<b>139,212</b>	<b>1,426,773</b>	<b>1,843,688</b>

31/05/2021

Type	Over 90 Days	60-90 Days	30-60 Days	Current	Total (\$)
Building Consents	30,934	1,311	5,201	6,968	44,413
Building Warrants	145	-	-	10	155
Resource Consents	-	26	1,000	(602)	424
Sundry Debtors	51,585	15,419	82,057	1,803,325	1,952,386
<b>Grand Total</b>	<b>82,665</b>	<b>16,756</b>	<b>88,258</b>	<b>1,809,701</b>	<b>1,997,379</b>

## Rates Debtors as at 31 May 2022

<b>Rates Debtors at 30 April 2022</b>	<b>3,474,682</b>
Rates instalment	
Less payments received	-2,668,596
Paid in advance change	123,915
Previous years write off's	1,456
Write off's	-313
Penalties	-732
Discounts	-225
Court Cost	1,153
	-2,543,342
<b>Total Rates Debtors at 31 May 2022</b>	<b>931,340</b>
Arrears included above at 31 May 2022	931,340
Arrears at 31 May 2021	872,400
<b>Increase/(decrease) in arrears</b>	<b>58,940</b>

While the value of rates arrears has increased, there has been an improvement in collections as rates for the quarter increased compared to the previous year.

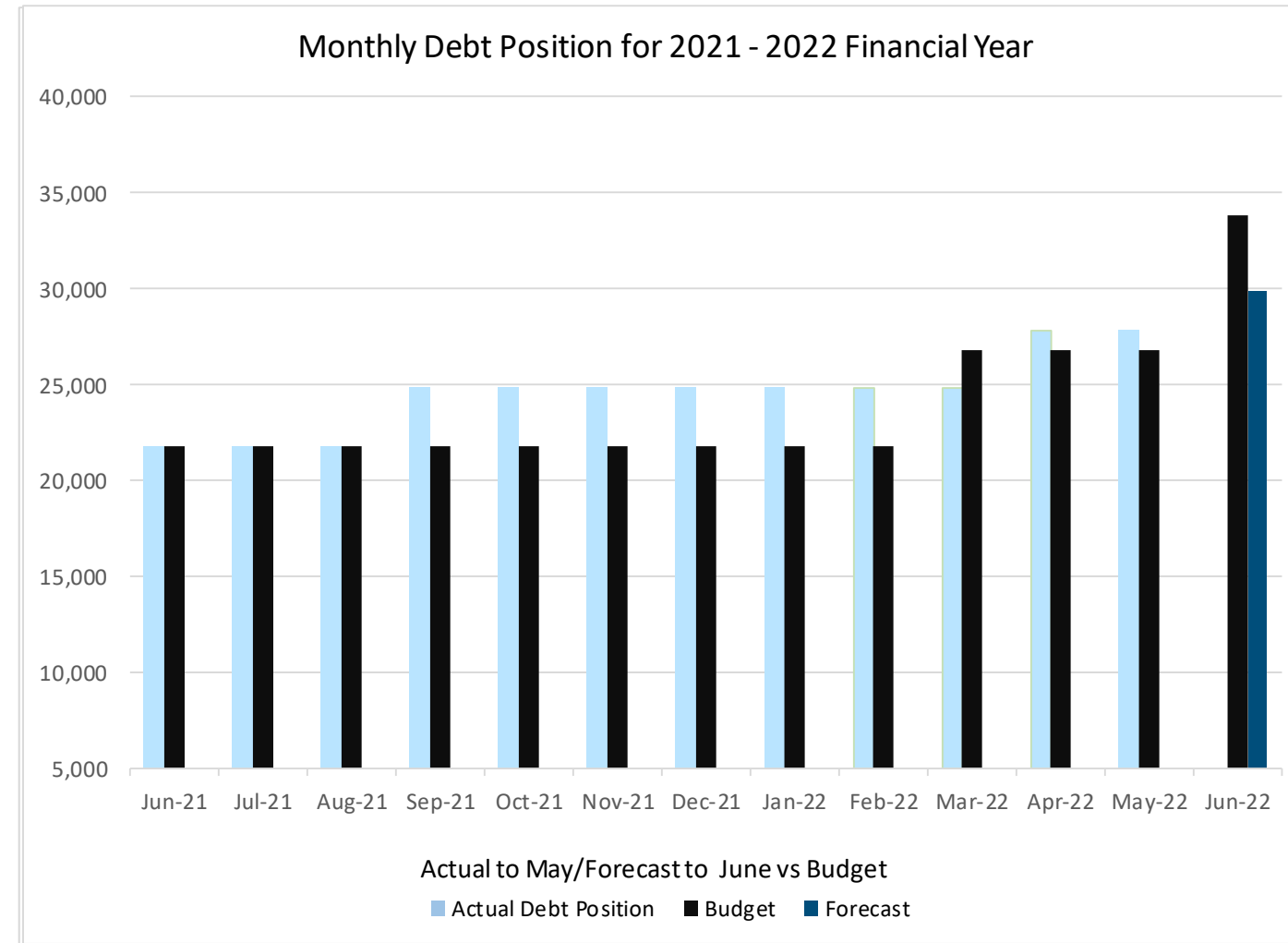
## Debt Position

### Debt Position 2021/2022 (\$000)

	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Actual Debt Position	21,818	21,818	21,818	24,818	24,818	24,818	24,818	24,818	24,818	24,818	27,818	27,818	
Budget	21,818	21,818	21,818	21,818	21,818	21,818	21,818	21,818	21,818	26,818	26,818	26,818	33,809
Forecast													29,818

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

Forecast as at	<b>Jun-22</b>
Opening Balance	21,818
Loan funded capex forecast	6,141
Forecast repayments 2021-22	-1,141
<b>Forecast balance June 2022</b>	<b>26,818</b>



**CAPITAL EXPENDITURE 2021-2022**

	Budgets			Expenditure			Notes	Commitments / projected carry overs				
	2020-2021 Carried Forward Budget	Approved additional	Full Year Annual Plan	YTD Actual Expenditure	Budget Remaining	YTD Spent %		Open Purchase Orders	Commitment as a % of Original Budget Remaining	Proposed 2023/31 carry overs	Proposed carry overs notes	CY Budget Remaining after Commitments and proposed carry overs
Leadership	\$151,825		\$1,022,280	\$164,372	\$1,063,803	14%	Main projects included in this section are the Council's HQ earthquake strengthening (waiting on costings from Joseph & Associates); refurbishment of the visitor area projects; and IT Equipment renewals. The refurbishment of the visitor centre area project is on hold pending further discussions around the location of Council Chambers.	\$20,910	2%	\$780,920	HQ Earthquake strengthening and refurbishment of Visitors Centre	\$261,973
Planning & Regulatory Services	\$243,158		\$600,000	\$26,428	\$816,730	3%	These are all Civil Defence projects: Council is in consultation with other agencies to determine their involvement in the EOC.	\$9,059	1%	\$801,108	CD Emergency Operations Centre and Communications equipment	\$6,563
Facilities, and Leisure Services - Park & Reserves	\$836,501		\$1,819,500	\$227,491	\$2,430,556	9%	The main projects included in this section are Cass Square development projects (Toilet facilities, upgrade of playground equipment etc.); WCWT Trail projects; Waterfront Development (beach access, landscaping & structures, relocation of FENZ practice eqpmt). Other projects are the Whataroa, Haast and Kumara playground equipment upgrades. The Ross playground equipment upgrade is on hold following Community discussions. TIF funding of \$191.5k has now been approved for the new Cass Square toilets and the toilets have been ordered.	\$935,354	38%	\$1,413,572	Ross Playground Equipment and Hokitika Dog Park. Also, Mahinapua Viewing Platform (\$38k); and Wainihinhi wet weather route bridge (\$160k) which is now planned to be linked to a potential Arahura Cycleway enhancement. Cass Square toilets, playground, skatepark & rubber matting (\$1105.3k)	\$81,630
Facilities, and Leisure Services - Other	\$1,072,161	\$250,000	\$4,754,000	\$2,414,842	\$4,664,887	40%	The major projects included in this section are the Carnegie building earthquake strengthening and fitout; Jacksons Bay Wharf; Hokitika and Franz Josef revitalization plan projects; lighting and flag trax system for Hokitika; and the Museum archives work. The flag trax system has been installed. Carnegie Building earthquake strengthening is nearing completion.	\$848,696	18%	\$3,188,690	Mainly Pakiwaitara projects (\$1.4m); Carnegie fitout and archives (\$1.4k); Franz Josef revitalization (\$200k); and b/fwd Hokitika pool works (\$68k) due to funded works.	\$627,501
Solid Waste	\$148,100		\$404,000	\$172,614	\$405,995	31%	The Butlers intermediate capping project continues to be carried over due to funding received to transfer the Fox Landfill waste to Butlers Landfill. Franz Josef landfill final capping; Haast capping and the transfer station; and Hari Hari landfill protection projects have also been extended into the current year with additional funding for the latter three. New projects this year which are underway include Refuse shed 1 door and iron replacement and equipment for Waste Minimisation.	\$33,157	8%	\$199,108	Haast capping (\$15k); development of Haast transfer station (\$100k); and Butlers intermediate capping (\$84k).	\$173,730



Transportation	\$0		\$4,506,879	\$1,675,859	\$3,004,502	37%	Major projects included here are SPR Low Cost Low Risk resilience; Sealed Road resurfacing; Structures Component Replacement (incl. bridges); Sealed Road Resurfacing; Unsealed Road Metalling; Drainage Renewals; and Traffic Services Renewals.	\$36,700	1%	\$0	These projects are funded to either 62% or 100% by NZTA. The current funding period is 2022-2024 and there is flexibility to re-allocated between these years where the budget has been underspent or is required to be brought forward. A three-month program of work has been prepared for the remaining budget.	\$2,967,802
Stormwater	\$1,714,627		\$792,400	\$263,973	\$2,245,072	11%	The key project this year is the Livingstone St Pump upgrade. Other projects include mains replacements; Tancred and Sewell St pump upgrades; and the Jollie St extension and Beach St re-alignment. All projects are either underway or completed apart from Livingstone St pump upgrade which is at final design stage; Jollie St extension, for which tender documents are being reviewed; and Beach St re-alignment.	\$1,301,983	58%	\$400,000	Beach Street re-alignment - design being rescoped (\$300k) and Jollie St Extension (\$100k).	\$543,089
Wastewater	\$3,411,652		\$122,831	\$157,854	\$3,378,029	4%	The main projects relate to Hokitika waste water management, with a feasibility study underway for the Hokitika WW Treatment plant under the Reform Package projects. Other key projects are the Fox Glacier WWTP upgrades (completed); Hokitika Pump upgrade (Kaniere) which is due to commence in May and the Hokitika Z-line section replacement.	\$136,961	4%	\$3,177,505	Hokitika Outfall Structure, WWTP and Z-Line replacement (\$3,112.9k); and Fox Glacier WWTP upgrades (\$64.6k)	\$63,563
Water Supply	\$1,749,624	\$300,000	\$925,000	\$693,294	\$2,284,325	23%	The Fox Glacier Plant upgrade project has commenced but there will be delay in getting materials. The Ross new intake project is complete. Commissioning can begin on the Arahura water treatment plant once the power supply has been connected (transformer scheduled for installation 30th May). The Hokitika mains upgrade program is due to commence 30th May. The tender date for the mains upgrade programme for Kumara closes 01 June. The Hokitika seismic valve (main outlet) is scheduled to be completed by 30th June.	\$1,801,771	79%	\$996,476	Fox Glacier Plant Upgrade \$750k; Kumara works (\$71.5k); and Hari Hari Mains upgrade programme (\$174.9k)	-\$513,922
Unbudgeted Capital Expenditure	-		-	\$476,048	\$0		This relates to additional HQ refurbishment costs (\$18k); teleconferencing costs (\$5k); and new water (\$6k) and storm water connection (\$4k) requests from ratepayers; plus unforeseen stormwater assets required (\$4k); carbon credits (\$268k) which will be offset by disposals; and various projects for which funding has been received, such as the Paringa Conveniences.	\$335,465	-	\$383,146	Carry overs relate to funded projects, such as Jacksons Bay Wharf carpark and Franz Josef Helipad and carpark	N/A
<b>Total Capital Expenditure</b>	<b>\$9,327,649</b>	<b>\$550,000</b>	<b>\$14,946,890</b>	<b>\$6,272,774</b>	<b>\$20,293,899</b>	<b>25%</b>		<b>\$5,460,055</b>	<b>27%</b>	<b>\$11,340,525</b>		<b>\$4,211,930</b>
Externally funded Capital Expenditure	\$11,399,492	\$0	\$0	\$8,359,795	\$3,574,157	73%	The main projects included here are the PGF funded Cron St and footpath extensions (\$1.5m) and the sealing of Old Christchurch Road (\$3.2m); Hokitika Swimming Pool (\$2.6m funding contribution); Butlers new cell development project (\$3.3m) and the Stimulus Funded 3Waters Reform projects (\$6.9m). The 3 Water Reform funded projects have either been completed or are on track for completion by 30 June. The Hokitika swimming pool has re-opened after the completion of Stage 1.	\$824,029	23%	\$0		\$824,029
<b>Total Capital Expenditure</b>	<b>\$20,727,140</b>	<b>\$550,000</b>	<b>\$14,946,890</b>	<b>\$14,632,569</b>	<b>\$23,868,057</b>	<b>40%</b>		<b>\$6,284,085</b>	<b>26%</b>	<b>\$11,340,525</b>		<b>\$5,035,959</b>

# Report to Council



**DATE:** 23 June 2022  
**TO:** Mayor and Councillors  
**FROM:** Finance Manager

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## Rates write offs and remissions 2021-22

### 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 2022.
- 1.2. This issue arises due to the provisions in Council's delegations manual that require staff to report to Council all the debt written off during the year.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2021, which are set out in the Long Term Plan 2021 - 31. Refer page 2 of the agenda.
- 1.4. This report concludes by recommending that Council that Council approve the write off, adjustment and remission of rates receivables and penalties totalling \$345,892 including GST (\$300,776 ex GST) for the financial year ending 30 June 2022.

### 2. Background

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

### 3. Current Situation

- 3.1. Analysis of the reason for the rates write offs and remissions are in the below table with comparative data from the previous financial year 2020-21.

Reason	21/22	20/21
Agreement	7,934	30,212
Correction	26,303	13,850
Half Rateable	29,838	24,166
Contiguous Uniform charges	55,395	50,786
Non Rateable (DOC)	24,472	10,507
Non-Contiguous Remission on UAGC and Targeted Rates	90,412	74,045
Paid Full Year/Corrections	6,064	714
Payment Plan	1,367	1,221
Pre 7 Years	9,995	8,920
Subdivision	2,324	3,599
Unoccupied Maori Land	28,751	28,005
RID Review Adjustments	34,331	2,571
	<b>317,185</b>	<b>248,595</b>

#### **Special arrangement/Annual Review**

Destination Westland		69,022
Resolution write off		2,836
Contiguous S20&S41 LGRA - Ombudsman Refunds		200,287
Wastewater Annual Review - Reduced 5 Year corrections	28,707	
<b>Grand Total</b>	<b>345,892</b>	<b>520,741</b>

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

Action	Type	Reason	Inc GST
Remission	Penalties	Correction	24
	Rates	50% Rateable (Community Remission 50%)	29,838
		Uniform charges ADJ	50,479
		Uniform charges Journal	2,515
		Non Rateable	24,472
	Subdivision	2,324	
<b>Remission Total</b>			<b>109,652</b>
Write Off	Arrears	Agreement	1,098
		Pre 7 Years	9,995
		Unoccupied Maori Land	25,552
		Correction Unoccupied Maori	3,199
	Penalties	Correction	5,996
		Paid Full Year	44
		Payment Plan	1,367
Rates	Correction	26,303	
AIRBNB ADJ			26,381
AIRBNB Journals			7,950
<b>Write Off Total</b>			<b>107,885</b>
			<b>217,537</b>
WO Previous Years Arrears - Unoccupied maori land			6,836
Non-Contiguous Remission on UAGC and Targeted Rates	UAGC Field 86	Council Policy	90,412
Contiguous - Ombudsman Refunds	S20 & S41 LGRA	Ombudsman Findings	2,401
Wastewater Annual Review - Reduced 5 Year corrections	LTP	Annual Review	28,707.30
<b>Grand Total</b>			<b>345,892</b>

3.3. The total has increased slightly compared to 2020-21 before special arrangements, mainly due to non-contiguous arrangements being reviewed, non-rateable DOC land and general Rating Information Database adjustments.

3.4. The budget for rates write offs and remissions for financial year 2021-22 is \$150,000 excluding GST. The total write offs and remissions are \$300,776 excluding GST resulting in a variance of \$150,776. This is due to adjustments which were unknown when preparing the Annual Plan budgets.

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

#### **4. Options**

4.1. Option 1: Approve the write offs and remissions amounting to \$345,892 including GST.

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

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

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

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

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

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

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

7.2. No public consultation is considered necessary.

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

8.1. Option 1 – Provides for a variance of \$150,776 against budget. This option is consistent with Councils rates remission policy and is prudent in respect of the write off, since under PBE IPSAS, assets must be stated at their net realisable value.

8.1.1. The financial implications have been identified.

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

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

9.1. The preferred option is Option 1.

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

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

10.1. That the report be received.

10.2. That Council approves the total proposed rates write offs and remissions of \$345,892 including GST.

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

# Report to Council



**DATE:** 23 June 2022  
**TO:** Mayor and Councillors  
**FROM:** Group Manager, Corporate Services

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## Elected Members Allowances Policy

### 1. Summary

- 1.1. The purpose of this report is for Council to adopt the updated Elected Members Allowances Policy.
- 1.2. This issue arises due to the requirements of the Local Government Members Determination made by the Remuneration Authority which allows for allowances for expenses incurred to be reimbursed to elected members on Council business.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2021, which are set out in the Long Term Plan 2021 - 31. Refer page 2 of the agenda.
- 1.4. This report concludes by recommending that Council adopts the updated Elected Members Allowances Policy.

### 2. Background

- 2.1. The reason the report has come before the Council is due to the payment of allowances to the elected members to carry out Council business where the elected member is using their own equipment or vehicle.
- 2.2. The Local Government Elected Members Determination produced each financial year allows for certain allowances to be paid to elected members for the determination term.

### 3. Current Situation

- 3.1. The Council is not mandated to pay an allowance or mileage to elected members, however it is normal practice to do so.
- 3.2. The determination states “that a local authority may pay” but does not require to be paid allowances for the use of personal Information Technology items such as Laptop, mobile phone, printers and consumables, use of own vehicle and travel time.
- 3.3. Generally an allowance is paid, however if agreed then the Council can pay actual costs for items such as mobile and internet services and phone calls. The Remuneration Authority mandates that there is clear proof of use to be provided which constitutes Council business and personal use.

- 3.4. Council policies are reviewed every 3 years and as Local Elections are being held this year now is an appropriate time to ensure the policy is reviewed and adopted. The policy will become part of information that new candidates wishing to stand for election will require.
- 3.5. The policy has been updated to include making the process for reimbursement clearer, and including approvals and background information, and references policies that should be read alongside this policy.
- 3.6. The maximum values that are allowed under the determination period are attached as an appendix so as not to require a change to the policy each time a value changes.
- 3.7. The policy also includes the reinstatement of the vehicle mileage threshold that was erroneously removed from the previous review of this policy.
- 3.8. Included in this policy is a statement that a summary of elected member claims and reimbursements will be published on the Council website monthly. This has been a process for some time now, however is now being formalised by way of this policy.  
Publishing this information is best practice and provides for openness and transparency.

#### **4. Options**

- 4.1. Option 1: That Council adopts the updated Elected Members Allowances Policy.
- 4.2. Option 2: That Council does not adopt the updated Elected Member Allowances Policy or requires changes.

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

- 5.1. Risk has been considered and the following risks have been identified. Process risk and reputational risk where the policy is not clear and erroneous claims or approvals are made.  
Financial risk for overpaid allowances.

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

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

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

- 7.1. The level of significance has been assessed as being moderate, as although the adoption of the policy is administrative itself, the content of the policy will be of interest to the ratepayers of Westland District Council.
- 7.2. No public consultation is considered necessary.

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

- 8.1. Option 1 – As payment of allowances is not a mandatory requirement, it is necessary to have a relevant policy detailing the allowances that Council agrees to allow its elected members to claim for Council business expenses within the confines of the Local Government Elected Members Determination, to provide for an open and transparent process.  
The policy will also assist in the budgeting process and removes the risk to Council from erroneous reimbursement.

8.1.1. Financial implications are from the allowances themselves and will be budgeted in each long term plan or annual plan.

8.2. Option 2 – Council may request changes, however only the listed allowances in the Local Government Elected Members Determination may be reimbursed at the maximum values set in the Determination for the Determination period.

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

9.1. The preferred option is Option 1

9.2. The reason that Option 1 has been identified as preferred, is that this option will provide a clear and transparent process, known limits reducing unbudgeted expenditure and reduces risk to Council.

**10. Recommendation(s)**

10.1. That the report be received.

10.2. That the updated Elected Members Allowances Policy be adopted.

**Lesley Crichton**  
**Group Manager, Corporate Services**

**Appendix 1:** Draft Elected Members Allowances Policy



## 1. Purpose

To set the rules on the claiming of expenses by elected members and the resources that will be available to them during their term of office.

### 1.1 Scope

This policy applies to the Elected Members of Westland District Council (WDC).

Elected members should only be reimbursed for actual and reasonable expenses they incur in carrying out Council business, within the parameters set by the Authority and legislation.

Reasonable resources should be made available to elected members to enable them to more efficiently carry out their responsibilities.

Reimbursement of expenses, payment of allowances and use of the Council resources apply only to elected members personally, and only while they are carrying out Council business in their capacity as an elected member.

Transparency and accountability guide the reimbursement of elected members' allowances and expenses.

### 1.2 Commencement

This policy comes into force on 1 July 2022.

### 1.3 Definitions

1.3.1 **"Actual"** means as evidenced by the original receipt attached to the claim form.

1.3.2 **"Council Business"** includes but is not limited to, formal Council meetings, committee meetings, workshops, hearings, training courses and other meetings where attendance is required by a Council appointment.

It does not include events where the primary focus is on social activity or private meetings with community or groups.

1.3.3 **"Reasonable"** means that it is within the amount specified by this policy or the Remuneration Authority or as deemed reasonable by the Mayor and Chief Executive.

1.3.4 **"Remuneration Authority"** is the independent body established by the Remuneration Authority Act 1977 whose responsibilities under the Local Government Act 2002, determine remuneration, expenses and allowance rules for local authority members.

## 2. Policy

### 2.1 Equipment

2.1.1 At the commencement of each 3 year term, all elected members will be provided with approved standard IT equipment such as laptop or tablet, (Mayor may be provided with a mobile phone). IT support is provided to elected members.

2.1.2 All equipment is to be returned at the end of each 3 year term.

2.1.3 Any equipment provided must be used in accordance with the Council's ICT acceptable use policy.

## 2.2 Communications Expenses and Allowances

- 2.2.1 Elected members who do not use Council equipment are entitled to a communications allowance at the rate determined by the Remuneration Authority for the determination term. Allowances include:
  - 2.2.1.1 Use of personal computer, tablet or laptop, including any related docking station.
  - 2.2.1.2 Use of a multi-functional or other printer.
  - 2.2.1.3 Use of a mobile phone.
  - 2.2.1.4 Use of ICT consumables.
  - 2.2.1.5 Use of members own internet service.
  - 2.2.1.6 Use of members own telephone service for authority business. An option of an allowance or actual costs on production of telephone records and receipts.
  - 2.2.1.7 The council will provide a reasonable supply of stationery requirements to elected members for their use on Council business.
  - 2.2.1.8 If a member is not a member for the whole of the determination term, any allowance will be pro-rated using the formula determined by the Remuneration Authority determination.

## 2.3 Childcare allowance

- 2.3.1 Council will pay a childcare allowance, in accordance with the relevant sections of the Local Government Elected Members Determination, to an eligible member as a contribution towards expenses incurred by the member for childcare provided while the member is engaged on local authority business.

## 2.4 Training and conference attendance

- 2.4.1 Any training or conference attendance paid for by the Council must:
  - 2.4.1.1 be relevant to Council business or governance, as determined by the Chief Executive; and
  - 2.4.1.2 bookings should be made by Council staff with the Councils preferred agents and at the most economic cost (where possible) at the time of booking, unless all costs are being met privately or by an outside party.
- 2.4.2 If elected members wish to attend professional development training or conferences of their own choice, they must make a written request to the Chief Executive.
- 2.4.3 Where the Council has formally appointed elected members to external organisations or approved elected members attendance at training or a conference, the Council will pay or reimburse elected members for appropriate and reasonable costs if not booked through Council booking staff.
- 2.4.4 All requests are required to be approved by the Chief Executive and Mayor (Deputy Mayor) and ratified by Council. All overseas conferences or training must be approved by full Council.
- 2.4.5 The Chief Executive may on a case-by-case basis approve the payment of a contribution to a host in lieu of accommodation for actual and reasonable costs. This reimbursement is paid to cover actual and reasonable costs incurred when staying in private accommodation (friends/family) when travelling on Council business to a maximum of \$50 per night.
- 2.4.6 Refer to the Sensitive Expenditure Policy for details on accommodation, rental vehicles, taxis and air travel.

## 2.5 Vehicle Mileage and Travel Time Allowance

- 2.5.1 Elected members are entitled to a mileage allowance when using their own vehicle for Council business within the parameters, and at the rates, set out in the Local Government Members' Determination for the determination term and this Policy.
- 2.5.2 A mileage allowance is payable for any distance travelled in excess of 20 kilometres each trip when on Council business. Therefore any member travelling in excess of 40 kilometres (round trip) can claim.
- 2.5.3 The 20 kilometre threshold does not apply when claiming for travel outside of the district on Council business.
- 2.5.4 Elected members must maintain an accurate record of travel undertaken in their private vehicles related to any claimed mileage allowance and provide a copy in support of mileage claims.
- 2.5.5 Claims must include details of where and why the travel was undertaken.
- 2.5.6 The Mayor will not be provided with a vehicle unless otherwise approved by Council. If a vehicle is provided with full private use, the relevant deduction as per the Local Government Members' Determination calculation will be made from the Mayors remuneration. The Mayor may not claim a mileage allowance if a vehicle is provided.
- 2.5.7 Elected members (other than a Mayor) are entitled to claim an allowance for travel time whilst on Council business provided the journey is by the quickest form of travel reasonable in the circumstances and by the most direct route that is reasonable in the circumstances.
- 2.5.8 The travel time allowance paid as set out in the Local Government Members' Determination for the determination term is paid for each hour of eligible travel time after the first hour of travel time in each day.
- 2.5.9 If a member of a local authority resides outside the local authority area and travels to the local authority area on local authority business, the member is only eligible for a travel time allowance for eligible travel time;
  - 2.5.9.1 after the member crosses the boundary of the local authority area: and
  - 2.5.9.2 after the first hour of eligible travel time within the local authority area.
- 2.5.10 The maximum total amount of travel time allowance that a member may claim for eligible travel time in a 24-hour period is 8 hours.

## 2.6 Other items of possible private benefit

The following matters that are for private benefit will not be paid for or reimbursed unless otherwise stated:

### 2.6.1 Medical Insurance

Elected members are not permitted to obtain medical insurance through any Westland District Council scheme the authority may put in place.

### 2.6.2 Staff Discounts

Flu vaccination and eye tests will be at the cost of the elected member and will not be reimbursed by WDC. No other staff discounts offered from time to time will be permitted.

## 2.6.3 Life, Accident and Income Replacement Insurance

Council will not take out any insurance policy on behalf of elected members where the payment of a claim is made to the elected representative or his or her estate.

## 2.6.4 Airpoints

Refer to the sensitive expenditure policy.

## 2.7 Gifts, Corporate Hospitality and Entertainment

2.7.1 Refer to the sensitive expenditure policy.

## 3 Policy Process

3.1 The expenses and allowances payable, and supplies, consumables or services administered under this Policy are provided:

3.1.1 at no cost to elected members, but only while they are holding office (e.g. not on a leave of absence or absent without leave): and

3.1.2 for Council-business use only. They cannot be used for electioneering purposes, personal use or communications, or any other specific use as notified by the Chief Executive from time to time.

3.2 All claims for reimbursement of expenses must be submitted on the councillor expense claim form to the Governance Administrator. Claims must be signed by the elected member, and all expenses claimed must be supported by a tax invoice.

3.3 All expenses must be approved by the Mayor, Deputy Mayor or Chair Audit and Risk Committee.

3.4 A summary of elected members expense claims and reimbursement paid under this Policy will be published on the Council's website on a monthly basis.

## 2 Related Documents and Acts

The following Westland District Council documents relate to this policy:

- Remuneration Authority Determination
- Code of Conduct
- Sensitive Expenditure Policy
- Office of the Auditor General guidelines

The following Legislation relates to this policy:

*Note: Any legislation referred to should be interpreted as meaning the Act and its amendments*

- Local Government Act 2002
- Local Government Members Determination

## 3 Policy Review

A review of this policy will take place in June 2025.

<b>Created:</b>	June 2022	<b>Date for review:</b>	June 2025
<b>Author:</b>	GMCS	<b>Authorised by:</b>	
<b>Consulted on:</b>		<b>Version</b>	2

Appendix 1

**Local Government Members Determination Allowances 2022/23**

**Table of Allowances for the Determination period 1 July 2022 - 2023**

<b>Mileage:</b>	<b>Rate</b>	
Petrol or Diesel Vehicle	\$0.83c/km	14,000 km
Petrol or Diesel Vehicle	\$0.31c/km	> 14,000 km
Petrol hybrid Vehicle	\$0.83c/km	14,000 km
Petrol hybrid Vehicle	\$0.18c/km	> 14,000 km
Electric vehicle	\$0.83c/km	14,000 km
Electric vehicle	\$0.10c/km	> 14,000 km
<b>Travel time:</b>		
Eligible travel	\$40.00	> 1 hour each day
<b>ICT allowances:</b>		
PC, laptop, tablet	\$400.00	Annual
Printer/ multi-functional device	\$50.00	Annual
Mobile phone	\$200.00	Annual
ICT consumables	up to \$200.00	Annual
<b>Internet service:</b>	up to \$800.00	Annual
<b>Mobile telephone service provider*</b>	up to \$500.00	Annual
* or actual on production of receipts and telephone records		
<b>Childcare Allowance*</b>	up to \$6,000.00	Annual
* refer to Local Government Members Determination for criteria		
<b>Pro-rating calculation*</b>		
$(a \div b) \times c$		
* a = number of days member held office		
* b = number of days in determination term		
* c = relevant amount specified in determination		
<b>Mayoral vehicle (Council approval)</b>		
Maximum vehicle price - Petrol/Diesel	\$55,000.00	
Maximum vehicle price - electric/hybrid	\$68,500.00	
Restricted private use	No deduction	
Partial private use*	$v \times 41\% \times 10\%$	
Full private use*	$v \times 41\% \times 20\%$	
* v = purchase price of vehicle		

# Report to Council



**DATE:** 23 June 2022

**TO:** Mayor and Councillors

**FROM:** Joanne Conroy, Chairperson, Westland Holdings Ltd

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## WESTLAND HOLDINGS LTD – Statement Of Intent

### 1. Summary

- 1.1. The purpose of this report is to provide Council with the final Statement of Intent for Westland Holdings Limited (WHL) for the three years beginning 1 July 2022.
- 1.2. This issue arises as a requirement of the Local Government Act 2002.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2021, which are set out in the Long Term Plan 2021 - 31. Refer page 2 of the agenda.
- 1.4. This report concludes by recommending that Council receives the Westland Holdings Limited Statement of Intent as presented.

### 2. Background

- 2.1. The reason the report has come before the Council is because of the requirement for Council Controlled Organisations to provide Council with the final Statement of Intent (SOI) before the end of the financial year.

### 3. Current Situation

- 3.1. The current situation is that the draft Statements of Intent from Westroads Limited (WRL), Destination Westland Limited (DWL) and WHL were discussed at a Council workshop on 24 February 2022. Feedback has been taken into account. Both subsidiaries have taken the effects of cost increases into account and have included legal budgets to fund the Local Government Funding Authority (LGFA) loan that will be processed during the 2022-2023 financial year. These new budgets have been amalgamated into the Westland Holdings Limited Statement of Intent.
- 3.2. The changes that have been made since the drafts are as follows:
  - Westroads Limited
    - a) Income and expenses are higher.
    - b) Net profit has reduced.
    - c) The dollar amount for which WRL must seek approval of WHL for capital purchases has decreased from \$750,000 to \$500,000 (to match the WHL SOI).
    - d) A new non-financial performance measure stating that the strategic plan will be updated every year.
  - Destination Westland Limited

The only changes are in the budget, including increased legal costs.

#### **4. Options**

- 4.1. Option 1: That Council receives the final Statement of Intent from Westland Holdings Limited for the 2022 – 2025.
- 4.2. Option 2: That Council do not receive the final Statement of Intent.

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

- 5.1. Risk has been considered and compliance risk have been identified. If Council does not receive the final WHL SOI or requires changes before receiving the final SOI there is a risk of not meeting the statutory deadline.

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

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

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

- 7.1. The level of significance has been assessed as being medium
- 7.2. No public consultation is considered necessary.

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

- 8.1. Option 1 – That Council receive the final Statement of Intent from Westland Holdings Limited for the 2022 – 2025
- 8.2. Advantages – the financial budgets can carry forward to Council’s budget.
- 8.3. Disadvantages – None identified.
- 8.4. Option 2 – Not to accept the Statement of Intent.
- 8.5. Advantages – None identified.
- 8.6. Disadvantages – This may delay adoption of Council’s budget. Non-compliance.

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

- 9.1. The preferred option is Option 1
- 9.2. The reason that Option 1 has been identified as the preferred option is that the Statement of Intent as provided has taken account of Council comments following at the workshop in February.

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

- 10.1. That the report be received.
- 10.2. That the final Statement of Intent for Westland Holdings Limited for the three years beginning 1 July 2022 be received.

**Joanne Conroy**  
**Chairperson – Westland Holdings Limited**

**Appendix 1:** *Statement of Intent for Westland Holdings Limited*





# Westland HOLDINGS

## **WESTLAND HOLDINGS LIMITED**

**Destination Westland Limited  
Westroads Limited**

**STATEMENT OF INTENT FOR THE THREE YEARS COMMENCING 1 JULY 2022**

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## 1. INTRODUCTION

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

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

The negotiation and determination of an accepted SOI is a public and legally required expression of the accountability relationship between the Company and its sole shareholder, the Westland District Council (“WDC” or “the Council”). The SOI is reviewed annually with the Council and covers a three-year period commencing 1 July 2022.

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

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

## 2. COMPANY MISSION

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

## 3 THE OBJECTIVES OF THE COMPANY

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

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

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

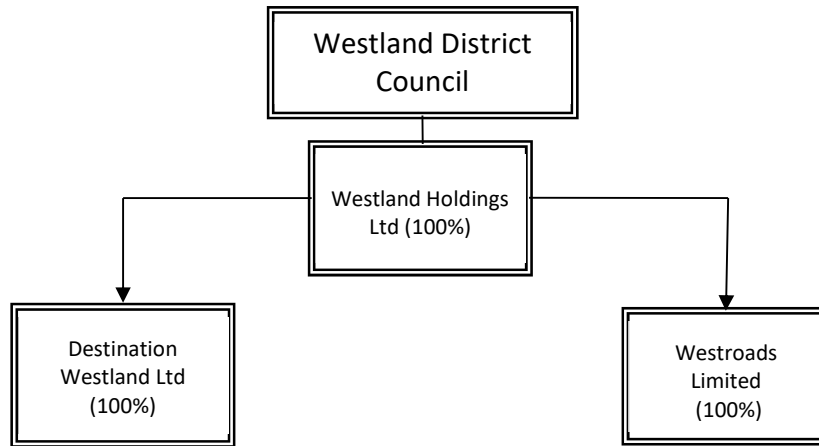
## 4. GOVERNANCE APPROACH

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

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

## 5. NATURE AND SCOPE OF ACTIVITIES

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



**The current Directors of WDHL are:**

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

## 6. SHAREHOLDING

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

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

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

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

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

## 7. ACCOUNTING POLICIES

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

## 8. PERFORMANCE TARGETS

The following performance targets have been set for the 2022/2023 financial year, and the two years following:

### Relationship with WDC/Other Governance Issues

Objective	Performance Target
1 To ensure that the financial targets and strategic direction of WHL are in line with WHL's strategic plan, which is developed in conjunction with WDC	<p>A draft SOI for WHL will be submitted for approval to WDC by 1 March each year.</p> <p>A completed SOI will be submitted to WDC by 30 June each year.</p>
2 To ensure that WDC is kept informed of all significant matters relating to its subsidiaries on a "no surprises" basis	<p>Six monthly reporting of performance to WDC.</p> <p>Full year and half year reporting to WDC will be provided within 60 days after 31 December and 30 June of each year.</p> <p>Major matters of urgency are reported to the appropriate Council Committee or the Chief Executive of WDC within three days.</p>
3 To ensure that WHL directors add value to the Company and that their conduct is according to generally accepted standards.	<p>The Chair will initiate an independent formal evaluation of the WHL directorate every 2 years. The next such review will be undertaken in the 2022-2023 year.</p> <p>The Company will review the training needs of individual WHL directors, and ensure training is provided, where required.</p>
4 WHL's process for the selection and appointment of directors to the boards of subsidiaries is rigorous and impartial.	<p>The process followed for each appointment to a subsidiary board is transparent, fully documented and reported to WDC. Any appointments</p>

will be made in accordance with the WDC's Policy for Director Appointments.

- |   |   |  |
|---|---|--|
| 5 | Begin appointment of independent Directors to the Board of Destination Westland as funds allow. | Gradually replace the Director on the DWL Board with as time, funds and good succession planning allows. |
|---|---|--|

## Financial Objectives and Performance Measures

Objective	Performance Target
6 To ensure that WHL returns a dividend to WDC in accordance with WDC's budgets and meets other financial targets.	WHL will agree with WDC on an achievable distribution for the 2022/23 financial year as part of the Council's requirement to approve the SOI for WHL. This estimated dividend receivable by WHL will be agreed with each CCO on an annual basis prior to finalising WDC's budget.
7 Gross Revenue: Combined revenue for the 22-23 year	Equal to or greater than \$33 million
8 Net Profit before tax: Combined net profit for the 22-23 year	Equal to or greater than \$1 million
9 Return on Shareholder Funds for each of the three years.	At least 8%
10 Return on total assets	At least 6.5%

## Specific Subsidiary Management and Supervisory Functions

Objective	Performance Target
11 To ensure that WHL's procedure for appointment to subsidiary directorates are open and in accordance with written policy.	That the adopted WDC Directors Policy be followed for any director appointments made.
12 To ensure that the draft subsidiary company SOI's are received on a	Draft SOI's are to be received by 14 February from the subsidiary

timely basis for review and comment.

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

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

companies, and finalised by 1 June for each year covered by this SOI.

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

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

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

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

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

## Risk Management Processes

### Objective

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

### Performance Target

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



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

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

### Specific Activities to be Undertaken by WHL

- Negotiation of the individual annual SOIs for the CCOs that it owns on behalf of the Westland District Council (the subsidiary companies).
- Negotiation of the annual SOI between WDC as shareholder and WHL.
- Monitoring the performance of the subsidiary companies that WHL owns.
- Advice to WDC regarding potential CCO establishment, disestablishment or development opportunities.
- Maintaining a Register of Potential Directors for WHL and the subsidiary companies, including public advertising, as required.
- Appointment and monitoring of the directors of the subsidiary companies.
- Hosting an annual shareholders' meeting.

### Specific Activities Not Permitted to WHL

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

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

## 9. DISTRIBUTION POLICY

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

- The amount of the distribution does not limit WHL's ability to fund future capital expenditure requirements of subsidiary companies to both maintain and expand current operations, nor to address issues relating to the Company's debt structure. In determining any distribution, the following must be considered:
  - i. The Directors are satisfied that the requirements of section 4 of the Companies Act (the "solvency test") have been satisfied;

- ii. The amount of the distribution does not exceed the amount of the net profit after tax, plus cash held in reserves, in the year to which the distribution relates; and,
- iii. Total liabilities do not exceed 50% of the total assets.

WHL will endeavor to make distributions as agreed in annual budget discussions with council in the 2022/23 year.

## 10. REPORTING TO SHAREHOLDERS

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

- a) An annual Draft SOI in accordance with Schedule 8 of the Local Government Act 2002, delivered by the 1st of March, with WDC comments returned by the 1st of May and a completed SOI after consideration of Shareholders comments delivered by 30 June. The Final Statement of Intent of WHL will be made available to the public one month following delivery to the WDC.
- b) A half-yearly financial and progress report or presentation to Council that details the financial performance and progress of the Company and its subsidiaries. This report shall be delivered to Council no later than 28th February.
- c) An annual report in accordance with Section 67 and 71 of the Local Government Act 2002 and the GAAP reporting requirements prescribed from time to time by the Institute of Chartered Accountant of New Zealand, and any other information that the Directors deem appropriate. The annual report is to be delivered to the WDC by the 30th of September and no later than 20 days prior to the Company's AGM
- d) An annual Shareholders meeting is to be held by the 31st of December each year with not less than 10 days' notice to the WDC.

## 11 ACQUISITION PROCEDURES

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

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

## 12 COMPENSATION

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

## 13 ESTIMATED COMMERCIAL VALUE OF WHL

The value of WHL has been defined as the estimated value of Shareholders' funds as at 30 June 2021.

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


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

## 14 OTHER MATTERS

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

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

## 15. FINANCIAL FORECASTS

<b>WESTLAND HOLDINGS LIMITED</b>				
<b>FINANCIAL FORECASTS (\$000s)</b>				
		<b>Group Budget 2022/23 \$000</b>	<b>Group Forecast 2023/24 \$000</b>	<b>Group Forecast 2024/25 \$000</b>
Revenue		34,692,152	36,833,281	39,456,711
Cost of Sales		22,839,051	24,209,394	25,904,052
<b>Gross Profit</b>		<b>11,853,101</b>	<b>12,623,887</b>	<b>13,552,659</b>
Other Income		297,750	321,195	350,189
Administrative (Inc Depn) Expenses		10,424,750	10,865,680	11,685,287
<b>Results from operations</b>		<b>1,726,101</b>	<b>2,079,402</b>	<b>2,217,561</b>
Finance Costs		309,129	304,126	313,753
<b>Net finance costs</b>		<b>309,129</b>	<b>304,126</b>	<b>313,753</b>
Profit before Income Tax		1,416,972	1,775,276	1,903,808
Subvention Payment		-	-	-
Income tax expense		396,352	497,077	533,466
<b>Profit for the period</b>		<b>1,020,620</b>	<b>1,278,199</b>	<b>1,370,342</b>
<b>Total Comprehensive Income for the Year</b>		<b>1,020,620</b>	<b>1,278,199</b>	<b>1,370,342</b>
<b>Other Performance Targets</b>				
Dividends		350,000	450,000	500,000
Earnings Retained			748,199	800,342
Closing Shareholder's Funds		16,074,994	16,823,193	17,623,535

## APPENDIX A

# WESTLAND HOLDINGS LIMITED STATEMENT OF ACCOUNTING POLICIES



### REPORTING ENTITY

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

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

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

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

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

### BASIS OF PREPARATION

#### Statement of Compliance

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

#### Measurement Base

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

#### Functional and presentation currency

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

#### Use of estimates and judgements

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

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

#### Going Concern

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

## **SIGNIFICANT ACCOUNTING POLICIES**

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

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

#### **Recognition and measurement**

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

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

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

#### **Subsequent costs**

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

#### **Depreciation**

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

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

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

\*includes motor vehicles

### **INVESTMENT PROPERTIES**

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

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

### **INTANGIBLE ASSETS**

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

## **INVENTORIES**

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

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

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

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

## **CONTRACT ASSETS AND LIABILITIES**

The company will report contract asset and liabilities IFRS 15.

## **IMPAIRMENT**

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

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

### **Impairment of Receivables**

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

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

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

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

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

There has been no Impairment of Contract Assets or Contract Liabilities

### **Impairment of Goodwill**

The Company is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future

cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. During the year, with reference to all the competition in the Christchurch market the total carrying amount of Goodwill was impaired

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

## **FINANCIAL INSTRUMENTS**

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

### **Financial Assets**

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

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

### **Financial liabilities**

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

### **Interest-bearing borrowings**

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

### **Trade and other payables**

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

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

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

## **EMPLOYEE BENEFITS**

### **Defined contribution plans**

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

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

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

### **Termination benefits**

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

Termination benefits for voluntary redundancies are recognised if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

### **Short-term benefits**

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



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

## **LEASED ASSETS**

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

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

## **PROVISIONS**

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

## **REVENUE**

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

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

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

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

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

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

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

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

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

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

### Sale of Goods

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

### Sale of Goods – Before 1 July 2018

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

### **Revenue contracts**

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

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

### **LEASE PAYMENTS**

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

### **INCOME TAX EXPENSE**

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

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

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

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

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

### **CASH & CASH EQUIVALENTS**

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

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

### **CONSOLIDATION**

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

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

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

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

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

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

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