



# AGENDA

## RĀRANGI TAKE

### NOTICE OF AN ORDINARY MEETING OF

# COUNCIL

to be held on **Thursday 25 June 2020** commencing at **1.00 pm** in the Council Chambers, 36 Weld Street, Hokitika and via Zoom

---

Chairperson: His Worship the Mayor

Members: Cr Carruthers (Deputy)  
Cr Hart  
Cr Kennedy  
Cr Martin  
Kw Tumahai

Cr Davidson  
Cr Hartshorne  
Cr Keogan  
Cr Neale  
Kw Madgwick

---



In accordance with clause 25B of Schedule 7 of the Local Government Act 2002, members may attend the meeting by audio or audiovisual 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**

### **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 KAUNIHĒRA MINUTES OF MEETINGS**

Minutes circulated separately via Microsoft teams

- 28 May 2020 Council Meeting
- 16 June 2020 Extraordinary Council Meeting

## **6. ACTION LIST** (Pages 5 – 6)

## **7. NGĀ TĀPAETANGA PRESENTATIONS**

- NZTA – Peter Connors (1.15pm – 1.45pm)
- DIA Oversight group – verbal update from Richard Hardie and David Spence (1.45pm – 2.00pm)

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

- Financial Report May 2020 (Pages 7 - 21)
- Rates write-offs and Remissions 2019-20 (Pages 22 - 25)
- Muslim Cemetery Hokitika (Pages 26 - 30)
- Review Submission from Anthea Keenan in regards to Trespass Notice (Pages 31 - 39)
- Statement of Intent – Westland Holdings Limited (Pages 40 - 61)

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

(to consider and adopt confidential items)

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

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

<b>Item No.</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under Section 48(1) for the passing of this resolution</b>
<b>1.</b>	Confidential Minutes – 28 May 2020	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 or withholding exists.  Section 48(1)(a)
<b>2.</b>	Westland Holdings Limited Report	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason or withholding exists.  Section 48(1)(a)

**DATE OF NEXT EXTRAORDINARY COUNCIL MEETING – 30 JUNE 2020  
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA**

### Council Meetings - Action List

Date of Meeting	Item	Action	Completion Date/Target Date	Officer	Status
28.06.18	Kaniere School Students – Cycle trail	Council staff to get back to the Kaniere School Students regarding the proposal.	April 2020	DA	Council Engineers are working on a solution for road crossing near the Kaniere School. Transportation Manager has discussed the proposal to the Head Master of the school and has received support to proceed. Awaiting final pricing. Have been in contact with sign supplier and they have been delayed in all their pricing due to Covid Shutdown. This is currently still under action awaiting pricing.
04.04.19	Speed Limits	Extension of some limits and open conversation with road users on suitable speed limits.	June 2020	DA	Council agreed to carry out a formal review on speed limits within the Westland District road network. This will involve full formal public consultation (in accordance with the timelines set in item 5.3 of the Report to Council) and the receipt and hearing of submissions prior to formally adopting any speed limit changes into the revised bylaw. Consultation to start before end of June 2020. Annual plan consultation was going to overlap with speed limit consultation so this was delayed. Currently working with the Communications advisor further on this.
18.04.19	Transfer of Pensioner Housing to Destination Westland	Strategy Document to be developed with a working group.	May 2020	CE	Working with CE of DW on future pensioner housing strategy. Consultant scope received for the work. DW Board has requested their CEO seek further consultant proposals to ensure due diligence
27.06.19	Cass Square	Working Group have met and overall concept discussed. District Assets to provide layout concept for further consideration with the Working Group.	June 2020	DA	An overarching plan is required for Cass Square. Sits within the Community work program. Any concept must now be taken into account around the future use of the Racecourse Reserve. Fiona Scadden leading Racecourse Reserve master planning program.

<b>Date of Meeting</b>	<b>Item</b>	<b>Action</b>	<b>Completion Date/Target Date</b>	<b>Officer</b>	<b>Status</b>
<b>25.07.19</b>	Carnegie Building Project	The CE to seek additional external funding to minimise or eliminate the Council additional funding commitment.	On going	CE	Applications lodged with Lotteries and Regional Culture and Heritage Fund completed.  A report to the Capital Projects and Tenders committee on 12 May 2020 resolved to hold any further works until funding application decisions.  Lotteries have declined our application – still awaiting confirmation from Culture & Heritage Fund.
<b>22.08.19</b>	Fox Landfill	Council support staff in progressing their investigations into the engineering methodology, financial implications and funding mechanisms of the long-term options.	March 2020	GM DA	Golders have been contracted to complete a site assessment in partnership with MfE & WDC. Golders have completed their site assessment and are compiling a report. Awaiting MfE next recommendations.
<b>28.11.19</b>	Iwi representation around the Council table	Mayor to write to the Minister of Local Government seeking advice.	In progress	Mayor & CE	Response received from DIA. Further discussions to be completed on next steps.

# Report



**DATE:** 25 June 2020  
**TO:** Mayor and Councillors  
**FROM:** Accountant

---

## FINANCIAL PERFORMANCE: MAY 2020

### 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 2020.
- 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 May 2018, which are set out in the Long Term Plan 2018-28. These are stated on Page 2 of this agenda.
- 1.4 This report concludes by recommending that the Council receive the financial performance report to 31 May 2020, attached as **Appendix 1**

### 2 BACKGROUND

- 2.1 The Council receives monthly financial reporting so that it has current knowledge of its financial performance and position against targets and objectives adopted in the Long Term Plan 2018-28

### 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 now commented as these will either approximate budget by the end of the financial year, or become a permanent variance which will be noted.
- 3.3 A more detailed financial report is being provided to the Audit and Risk Committee on a quarterly basis.
- 3.4 With the inclusion of the sustainability report, it is not now necessary to include such detail to Council in the financial report, as the key business indicators are included in the sustainability report.
- 3.5 The Financial Performance Report to 31 May 2020 is attached as **Appendix 1** and contains the following elements:
  - 3.5.1 Sustainability Report
  - 3.5.2 Statement of Comprehensive Revenue and Expense
  - 3.5.3 Notes to the Statement of Comprehensive Revenue and Expense
  - 3.5.4 Statement of Financial Position
  - 3.5.5 Revenue and Expenditure Graphs
  - 3.5.6 Debtors
  - 3.5.7 Debt Position
  - 3.5.8 Capital Expenditure

#### **4 OPTIONS**

- 4.1 The Council can decide to receive or not receive the report

#### **5 SIGNIFICANCE AND ENGAGEMENT**

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



**6 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)**

6.1 The report is for information only, the report is to inform the Council on the monthly financial position, therefore financial implications are discussed within the body of the report itself.

**7 RECOMMENDATION(S)**

A) **THAT** the Council receive the Financial Performance Report to 31 May 2020

**John Kagagi**  
**Accountant**

**Appendix 1:** Financial Performance to May 2020

# Appendix 1



## Financial Performance Year to May 2020

## Contents

<b>Sustainability Report.....</b>	<b>6</b>
<b>Statement of Comprehensive Revenue and Expense.....</b>	<b>8</b>
<b>Notes to the Statement of Comprehensive Revenue and Expense .....</b>	<b>9</b>
<b>Statement of Financial Position .....</b>	<b>10</b>
<b>Revenue &amp; Expenditure Graphs.....</b>	<b>11</b>
<b>Debtors as at 31 May 2020 .....</b>	<b>12</b>
Rates Debtors as at 31 May 2020 .....	12
<b>Debt Position .....</b>	<b>13</b>
<b>Capital Expenditure .....</b>	<b>14</b>
<b>Capital Expenditure - Carryovers .....</b>	<b>15</b>

# Sustainability Report

Total revenue	Total expenditure	Total surplus/(deficit)
<b>\$23.27M</b>	<b>\$22.66M</b>	<b>\$0.61M</b>
Is 8.61% more than the total budget of \$21.42M	Is 8.00% more than the total budget of \$20.98M	Is 37.40% more than the total budget of \$0.44M

## SUSTAINABILITY

**Rates to operating revenue** **62.37%**

Rates Revenue	\$14.51M
-----	
Operating Revenue	\$23.27M
-----	

62.37% 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** **102.68%**

Operating revenue	\$23.27M
-----	
Operating expenditure	\$22.66M
-----	

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 102.68% of operating expenditure.

**Interest to rates revenue (LGFA Cov.)** **4.03%**

Net interest and finance costs	\$0.59M
-----	
Rates Revenue	\$14.51M
-----	

4.03% 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.

**Interest to operating revenue** **2.52%**

Net Interest and finance costs	\$0.59M
-----	
Operating revenue	\$23.27M
-----	

2.52% of operating revenue is paid in interest. Our set limit is 10% of operating revenue. Net interest is interest paid less interest received.

---

**Liquidity Risk (LGFA Cov.)** **140.90%**

Gross debt	\$18.62M
Undrawn committed facilities	\$3.98M
Cash and cash equivalents	\$3.63M

The liquidity risk policy requires us to maintain a minimum ratio of 110% which is also an LGFA covenant. Our current liquidity risk is 140.90%

---

**Essential services ratio** **108.94%**

Capital expenditure	\$5.37M
Depreciation	\$4.93M

Capital expenditure should be equal or more than depreciation for essential services, for year to date capex is 108.94% of depreciation. Essential Services are Water Supply, Wastewater, Stormwater and Roading.

---

## Statement of Comprehensive Revenue and Expense

Statement of Comprehensive Revenue and Expense							
For the period ended May 2020							
	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	16,225	16,437	14,562	14,513	(49)	-0.3%
Grants and subsidies	02	5,898	4,162	3,873	5,609	1,736	44.8%
Interest Revenue	03	54	82	75	30	(45)	-60.5%
Fees and Charges	04	1,774	1,951	1,782	1,618	(163)	-9.2%
Other revenue	05	1,909	1,419	1,133	1,498	365	32.2%
<b>Total operating revenue</b>		<b>25,859</b>	<b>24,049</b>	<b>21,424</b>	<b>23,268</b>	<b>1,844</b>	<b>8.6%</b>
<b>Expenditure</b>							
Employee Benefit expenses	06	4,002	4,090	3,742	3,649	(92)	-2.5%
Finance Costs	07	704	740	678	615	(64)	-9.4%
Depreciation	08	6,868	6,316	5,789	6,283	493	8.5%
Other expenses	09	13,142	11,836	10,772	12,113	1,341	12.4%
<b>Total operating expenditure</b>		<b>24,716</b>	<b>22,982</b>	<b>20,982</b>	<b>22,660</b>	<b>1,678</b>	<b>8.0%</b>
<b>Operating Surplus/(Deficit)</b>		<b>1,143</b>	<b>1,068</b>	<b>443</b>	<b>608</b>	<b>166</b>	<b>37.4%</b>

## Notes to the Statement of Comprehensive Revenue and Expense

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

### **01 Rates**

Actual rates income is lower than budgeted mainly due to an unbudgeted Rates remission granted to Glenfern Villas as a result of changing their ownership structure.

### **02 Grants and subsidies**

The variance is mainly due to unbudgeted grants received (\$2.9M) during the year for the following projects;

- \$1.1M for conveniences works in Haast, Ross, Whataroa and Kumara
- \$500k for Carnegie Building strengthening project.
- \$234k for Responsible Camping project.
- \$364k for WCWT Cowboy Paradise March flood repairs and cycleway maintenance
- \$449k TIF funding for Franz campervan waste disposal
- \$243k for Kumara Water Supply project.

The above favourable variance of \$2.9m is partially offset by lower than planned grants income (\$1.2m lower) received from NZTA due to lower spending on roading projects.

### **03 Interest revenue**

Interest revenue is lower than planned due to declining interest rates in the market.

### **04 Fees and charges**

This is mainly due to lower than expected refuse fees received from Hokitika (\$254k under) partially offset by higher than planned refuse fees received from Franz Josef collections (\$176k over) as it was used as an alternative transfer station to Fox Glacier during the flood event. Trade waste charges are also lower than planned by \$43k due to operational reasons.

### **05 Other revenue**

This is mainly due to \$250k funding received from Westland Racing Club as part of their asset transfer to the Council and \$50k funds received for Mayoral flood fund from NEMA both of which were not budgeted for.

### **06 Employee benefit expenses**

Mainly due to vacancies in Resource Management, Finance and Animal Control.

### **07 Finance costs**

This variance is mainly due to lower than expected interest rate prevailing in the market and efficient liquidity management.

### **08 Depreciation and amortisation**

Current year actual depreciation is calculated using last year's revalued assets, which were not available when depreciation budgets were set up for 2019/2020 Annual plan.

### **09 Other expenses**

This is mainly due to increased insurance premiums, unbudgeted \$150k Three mile grant payment to Hokitika Lions for Lazar Park, \$124k unbudgeted provisions for doubtful debt due to impacts from COVID-19 and unbudgeted contractor cost incurred on following projects;

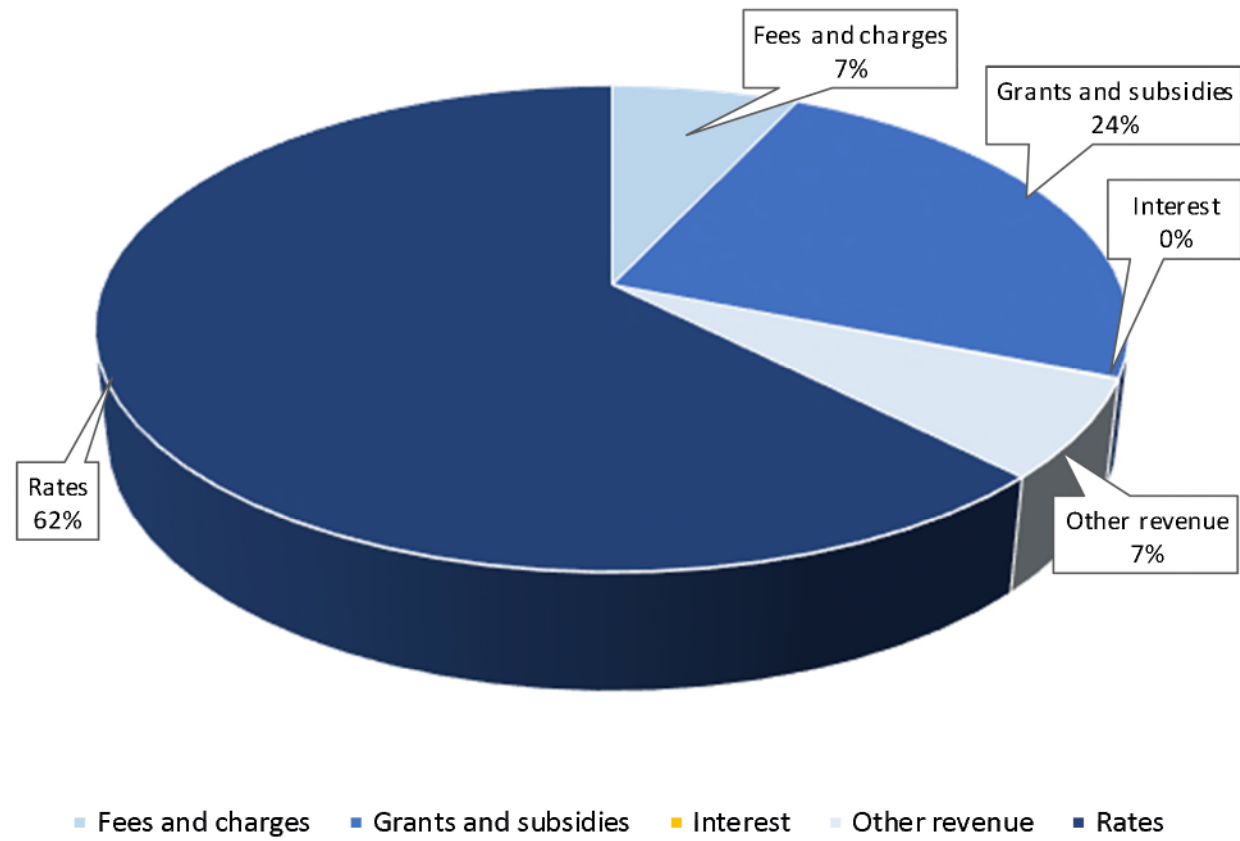
- Asset management plan.
- Civil defence work due to December flood event.

## Statement of Financial Position

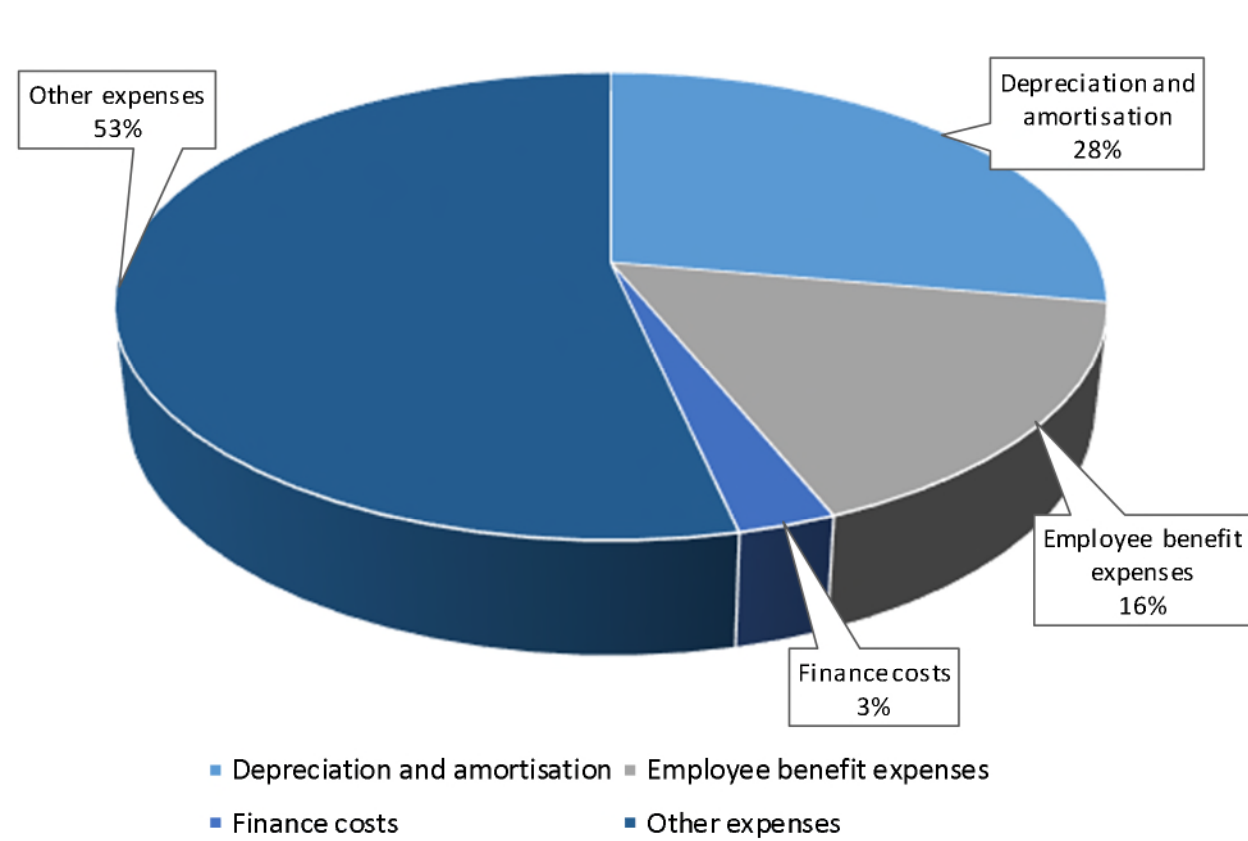
Statement of Financial Position				
As at May 2020				
	May YTD (\$000)	April YTD (\$000)	2019/20 Annual Plan	2018/19 Actual
<b>Current Assets</b>				
Cash & cash equivalents	4,355	4,299	2,570	2,589
Debtors & other receivables	1,467	3,880	1,919	4,676
<b>Total Current Assets</b>	<b>5,822</b>	<b>8,179</b>	<b>4,489</b>	<b>7,265</b>
<b>Non-current Assets</b>				
Council Controlled Organisation	8,695	8,695	8,695	8,695
Intangible assets	79	82	80	117
Assets Under Construction	12,173	11,672	1,309	4,458
Other Financial Assets	366	366	69	368
Property, Plant and Equipment	394,987	395,554	463,166	401,260
<b>Total Non-current assets</b>	<b>416,300</b>	<b>416,369</b>	<b>473,319</b>	<b>414,898</b>
<b>Total Assets</b>	<b>422,122</b>	<b>424,548</b>	<b>477,808</b>	<b>422,163</b>
<b>Current Liabilities</b>				
Creditors & other payables	1,917	3,073	2,453	2,845
Employee benefit liabilities	436	387	205	368
Tax payable	3	3	3	3
Borrowings	-	1,000	-	-
Other	305	211	377	415
<b>Total Current Liabilities</b>	<b>2,661</b>	<b>4,674</b>	<b>3,038</b>	<b>3,631</b>
<b>Non-current Liabilities</b>				
Borrowings	18,618	18,618	24,339	18,618
Employee benefit liabilities	41	39	35	36
Provisions	2,480	2,480	2,089	2,480
Derivative financial instruments	1,197	1,108	800	882
Other Non-current liabilities	32	32	28	32
<b>Total Non-Current Liabilities</b>	<b>22,368</b>	<b>22,277</b>	<b>27,291</b>	<b>22,048</b>
<b>Total Liabilities</b>	<b>25,030</b>	<b>26,951</b>	<b>30,329</b>	<b>25,679</b>
<b>Net Assets</b>				
	<b>397,092</b>	<b>397,596</b>	<b>447,479</b>	<b>396,484</b>
<b>Equity</b>				
Retained earnings	148,143	148,647	144,742	147,535
Restricted Reserves	9,164	9,164	10,582	9,164
Revaluation reserves	239,721	239,721	292,091	239,721
Other comprehensive revenue and expense reserve	64	64	64	64
<b>Total Equity</b>	<b>397,092</b>	<b>397,596</b>	<b>447,479</b>	<b>396,484</b>



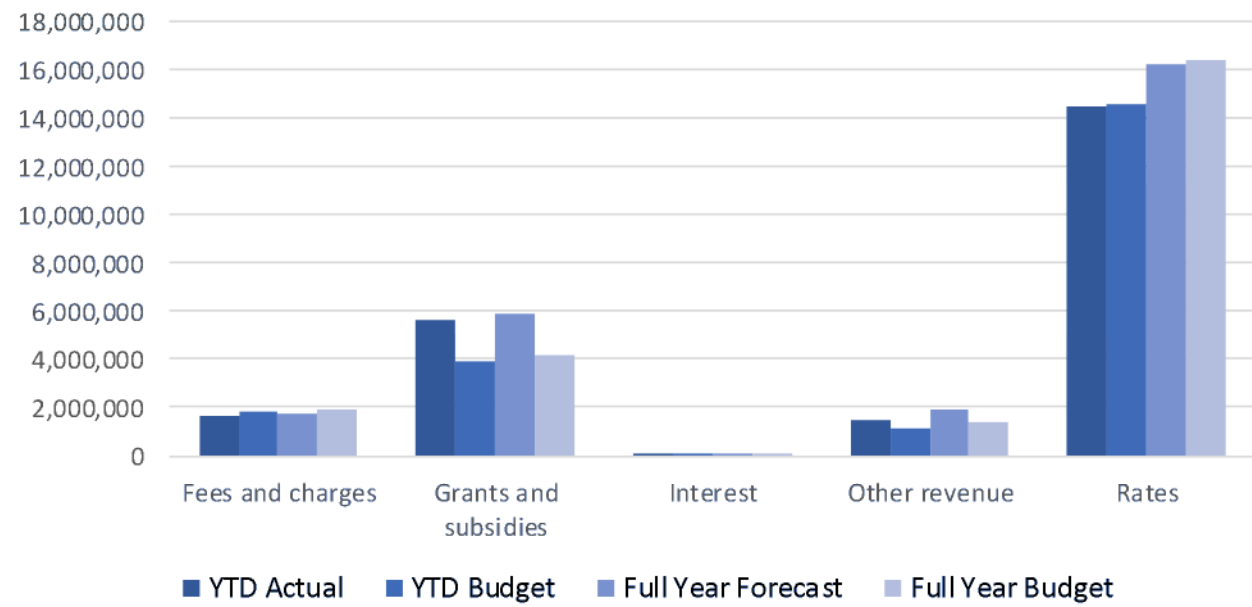
Operating Revenue Actual Year to May



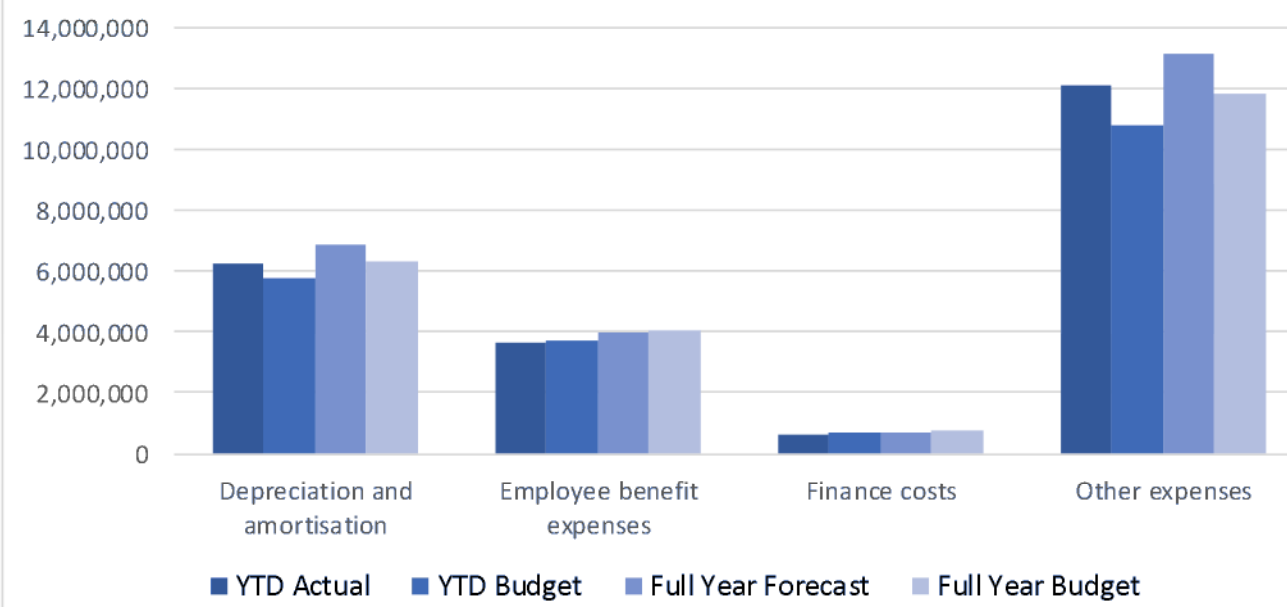
Operating Expenditure Actual Year to May



Operating revenue



Operating expenditure



## Debtors as at 31 May 2020

Type	Over 90 Days	60-90 Days	30-60 Days	Current	Total (\$)
Building Consents	12,690	876	2,226	23,453	39,245
Building Warrants	1,277	-	-	403	874
Resource Consents	28,623	-	1,109	712	29,020
Sundry Debtors	112,377	60,053	18,983	10,316	181,097
<b>Grand Total</b>	<b>154,966</b>	<b>60,928</b>	<b>22,318</b>	<b>12,022</b>	<b>250,235</b>

## Rates Debtors as at 31 May 2020

<b>Rates Debtors at 30 April 2020</b>		<b>3,059,312</b>
Rates instalment		
Less payments received	-	2,141,453
Paid in advance change		93,924
Previous years write off's	-	2,477
Write off's	-	5,721
Penalties	-	136
Discounts		-
		-2,055,863
<b>Total Rates Debtors at 31 May 2020</b>		<b>1,003,450</b>
Arrears included above at 31 May 2020		1,003,450
Arrears at 31 May 2019		935,272
<b>Increase/(decrease) in arrears</b>		<b>68,178</b>

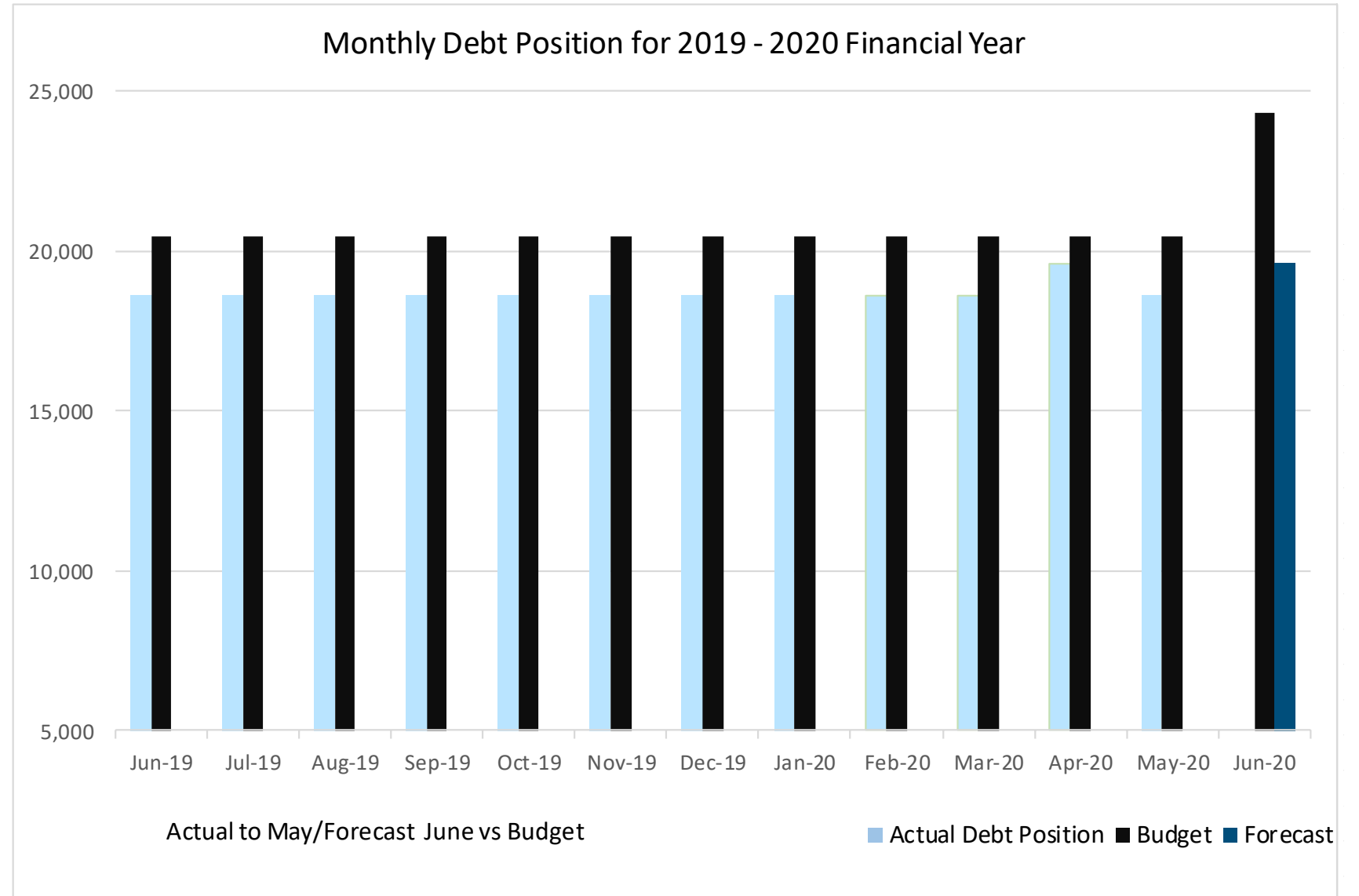
# Debt Position

## Debt Position 2019/2020 (\$000)

	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Actual Debt Position	18,618	18,618	18,618	18,618	18,618	18,618	18,618	18,618	18,618	18,618	19,618	18,618	
Budget	20,446	20,446	20,446	20,446	20,446	20,446	20,446	20,446	20,446	20,446	20,446	20,446	24,339
Forecast													19,618

## Forecast Debt Position for 2019-2020 Financial Year

Forecast as at	<b>May-20</b>
Opening Balance	18,618
Loan funded capex forecast	3,909
Forecast repayments 2019-20	-2,909
<b>Forecast balance June 2020</b>	<b>19,618</b>



## Capital Expenditure

CAPITAL EXPENDITURE 2019-2020				
	Full Year Annual Plan (AP)	YTD Actual Expenditure	YTD Spent as a % of AP	Notes
Community Services	10,250	-	0%	The bandrooms project is on hold at the moment.
Leadership	344,475	99,682	29%	Mainly due to delays in Information Management DMS project and Chambers refurbishment project. IT renewals project is also lower than planned and forecasting to carryover the projects into the next financial year.
Leisure Services & Facilities	649,118	263,667	41%	This is mainly due to delays in Civil Defence - EOC project.
Solid Waste	254,200	109,113	43%	This is mainly due to delay in the Butlers intermediate capping project.
Stormwater	1,840,125	48,372	3%	Except for the Hokitika - Mains upgrade programme, none of the projects have been started yet. This includes Hokitika Pump upgrade for Bealey, Tancred, Rolleston, Hoffman, Livingstone and weld projects. That is the reason for the lower capital spending compared to the annual plan. Some of the pump upgrade projects are unlikely to go ahead as planned in this year as indicated by the managers.
Transportation	2,765,448	1,649,065	60%	Although the YTD spending is low compared to the annual plan, managers have indicated that most of the capital projects will be completed before the year end. Some of the projects that have minimal capital expenditure compared to annual plan are Structures Component Replace project, Sealed Road Pavement Rehabilitation project, Local and SPR Low Cost Low Risk projects.
Wastewater	3,510,827	1,841,335	52%	Mainly due to delays in Hokitika - Outfall structure project and WWTP upgrade projects for Hokitika & Fox Glacier.
Water Supply	1,782,466	267,801	15%	YTD actual spending is lower than planned due to various operational reasons and managers are expecting that most of the projects will be carried over into the next financial year. Some of the low spending projects are Ross, Hari Hari and Franz Josef Mains upgrade programme, Arahura Water treatment plant project and Fox Glacier Plant upgrade project.
<b>Total Capital Expenditure</b>	<b>11,156,909</b>	<b>4,279,036</b>	<b>38%</b>	

## Capital Expenditure - Carryovers

<b>CAPITAL EXPENDITURE- 2019-2020 CARRYOVERS</b>				
	<b>Full Year Annual Plan (AP)</b>	<b>YTD Actual Expenditure</b>	<b>YTD Spent as a % of AP</b>	<b>Notes</b>
Community Services	115,000	-	0%	Franz Josef Urban Revitalisation Plan is on hold.
Leadership	108,857	78,285	72%	Council Headquarters refurbishment work is ongoing and is expected to finish majority of the work by the end of the financial year.
Leisure Services & Facilities	2,338,676	1,582,167	68%	Haast conveniences, Sunset point and waterfront projects are ongoing and majority of the work is expected to be completed by end of this year.
Solid Waste	48,740	33,407	69%	Haast cell capping and new cell preparation has started and is expected to be completed in this financial year.
Stormwater	260,000	46,454	18%	Mainly work on Jollie St extension which is being re-scoped, Managers are expecting a delay with this project .
Transportation	125,000	-	0%	Footpaths work is expected to begin in the next financial year.
Wastewater	1,017,574	166,841	16%	Only Fox Glacier and Hokitika WWTP has started. Most projects are expected to be carried over into the next financial year due to capacity limitations.
Water Supply	744,232	437,527	59%	All the WTP projects have begun and are ongoing but unlikely to be completed within this financial year due to operational reasons. Low spending projects are Ross and Franz Josef Mains upgrade programme projects and Arahura water treatment plant project.
<b>Total Carryover Capital Expenditure</b>	<b>4,758,079</b>	<b>2,344,681</b>	<b>49%</b>	
<b>Total Unbudgeted Capital Expenditure</b>	<b>1,524,630</b>	<b>893,597</b>	<b>59%</b>	
<b>Total Capital Expenditure</b>	<b>17,439,618</b>	<b>7,517,313</b>	<b>43%</b>	

# Report



**DATE:** 25 June 2020  
**TO:** Mayor and Councillors  
**FROM:** Finance Manager

---

## **RATES WRITE OFFS AND REMISSIONS 2019-20**

### **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 2020.
- 1.2 This issue arises due to the provisions in Council's delegation manual that require staff to report back all the debt written off during the year to the Council.
- 1.3 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by Council as part of the Long Term Plan 2018-28.
- 1.4 This report concludes by recommending that Council approve the write off, adjustment and remission of rates receivables and penalties totalling \$330,301 including GST [\$287,218 ex GST] for the financial year ending 30 June 2020.

### **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 Analyses of these adjustments are shown in the tables below:

3.1.1 Adjustments by reason:

Reason	2019/2020	2018/2019
Agreement	28,948	27,441
Correction	23,597	74,379
Half Rateable	19,411	31,824
Uniform charges	127,140	41,605
Non Rateable	520	769
Paid Full Year	442	3,610
Payment Plan	32,455	16,727
Pre 7 Years	11,986	4,815
Subdivision	26,592	65,535
Unoccupied Maori Land	30,690	27,531
RID Review adjustments	28,520	-
<b>Grand Total Including GST</b>	<b>330,301</b>	<b>294,235</b>

3.1.2 Adjustment by type:

Action	Type	Reason	Excluding GST	Including GST
Remission	Penalties	Correction	6,727	7,736
		Payment Plan	27,444	31,561
	Rates	Half Rateable	16,879	19,411
		Uniform charges	110,557	127,140
		Non Rateable	452	520
		Subdivision	23,123	26,592
Remission Total			<b>185,182</b>	<b>212,960</b>
Write Off	Arrears	Agreement	5,311	6,108
		Pre 7 Years	10,423	11,986
		Unoccupied Maori Land	26,687	30,690
	Penalties	Correction	13,792	15,861
		Paid Full Year	384	442
		Payment Plan	777	894
	Rates	Agreement	19,861	22,841
		RID Review adjustments	24,800	28,520
Write Off Total			<b>102,036</b>	<b>117,341</b>
<b>Grand Total</b>			<b>287,218</b>	<b>330,301</b>

- 3.2 The total has increased compared to 2018/19, mainly due to a rate remission granted to Westhaven Property (2019) Limited due to changes in their ownership structure during the year. It had been agreed that the rates would be remitted once the structure was completed, this took some time therefore rates were struck before the change was completed.
- 3.3 The relevant section of the remissions policy applied are in respect of properties that are:
- 3.3.1 wholly or partially non-rateable pursuant to Schedule 1 of the Local Government (Rating) Act 2002.
  - 3.3.2 subdivisions eligible for temporary relief from multiple fixed charges.
  - 3.3.3 Organisations providing non-commercial community services or recreational opportunities.
  - 3.3.4 Operated as a single entity and owned by the same person eligible for relief from uniform charges.
- 3.4 The budget for rates write offs and remissions for 2019/20 is \$90,000 excluding GST. The write offs total \$102,036 which is \$12,036 higher than budgeted, this is mainly due to the rates over 6 years aged. The total write offs and remissions in table 3.1.2 amount to \$287,218.
- 3.5 The rating units that qualify for remissions at the start of the 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 The following options are available:
- 4.1.1 **Option 1:** Approve the write offs and remissions amounting to \$287,218 excluding GST.
  - 4.1.2 **Option 2:** Do not approve the write offs and remissions
  - 4.1.3 **Option 3:** Approve one or either, or a proportion of those proposed.

#### 5 SIGNIFICANCE AND ENGAGEMENT

- 5.1 The decision is administrative and in accordance with Council's Policy on Significance and Engagement is assessed as low significance.
- 5.2 Consultation is not required on this matter.

#### 6 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)

- 6.1 Option 1 would generate a variance of \$197,218 against the budget for 2019/20. This option is consistent with Council's rates remissions policy and is prudent



in respect of the write offs, since under PBE IFRS, assets must be stated at their net realisable value.

- 6.2 Option 2 would breach Council's rates remissions policy. Were the write offs not applied it is certain that they would require provision, which would have the same financial impact as Option 1.
- 6.3 Option 3 could breach Council's rates remissions policy and would still require partial provision. As stated in 3.1 and 3.2, the amounts are proposed after exploring all options.

## 7 PREFERRED OPTION AND REASONS

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

## 8 RECOMMENDATIONS

- A) **THAT** Council approves the total proposed rates write offs and remission of \$287,218 excluding GST for the financial year ending 30 June 2020.

**Prabath Jayawardana**  
**Finance Manager**

# Report



**DATE:** 25<sup>th</sup> June 2020

**TO:** Mayor and Councillors

**FROM:** Group Manager – District Assets

---

## **MUSLIM BURIAL AREA WITHIN THE HOKITIKA CEMETERY**

### **1 SUMMARY**

- 1.1 The purpose of this report is to provide an update on staff progress to investigate options to offer plots in the Hokitika Cemetery to meet the need of other religious faiths.
- 1.2 This issue arises from growth in the cultural diversity of our local community, ongoing conversations with local Muslim leaders and from discussions undertaken during the 2018-2028 Long Term Plan
- 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 May 2018, which are set out in the Long Term Plan 2018-28. These are stated on Page 2 of this agenda.
- 1.4 This report concludes by recommending that Council approves the development of a Muslim burial area within the Hokitika cemetery subject to the consultation requirements listed.

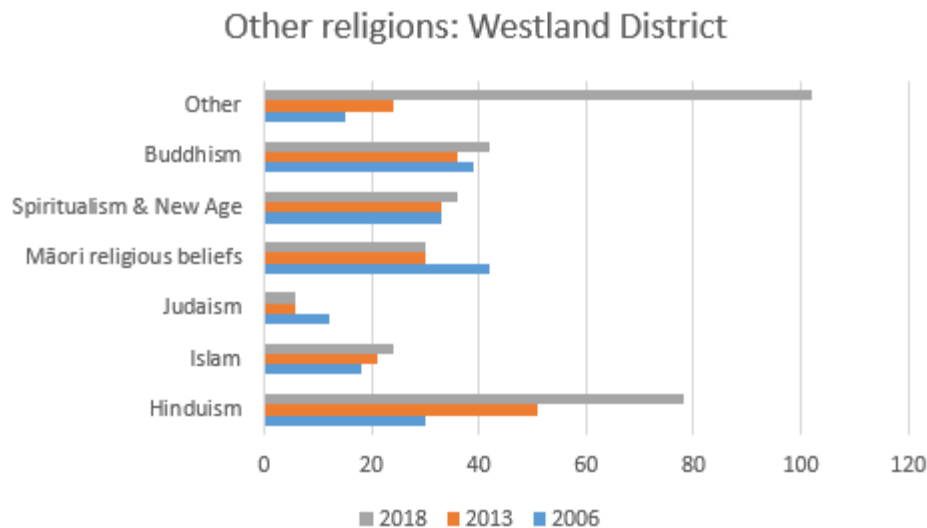
### **2 BACKGROUND**

- 2.1 In 2018, Council staff members were approached by members of the local Muslim community about the possibility of a section of the Hokitika cemetery being set aside for the needs of Westland's Muslim population.
- 2.2 Burial requirements for Muslims differ significantly from traditional burial processes normally undertaken at the Hokitika cemetery. Graves are required to be wider and orientated towards Mecca. The deceased are generally not embalmed, not buried in a coffin but rather buried in a sealed bag which is covered with a shroud. Non-tanalised boards are generally used

to cover between the body and the backfilling to prevent contaminating the pure earth. Burials typically take place within 24 hours of a death.

### 3 CURRENT SITUATION

- 3.1 Census data from 2018 shows the rise of many non-Christian religious and spiritual groups living within Westland, including Hinduism, Buddhism, Islam and New Age.



- 3.2 At the time of the 2018-2028 Long Term Plan Council noted that it was “investigating the option of offering cemetery plots in the Hokitika cemetery to meet the needs of other religious faiths”.
- 3.3 Muslim burial needs have been investigated first due to the strong desire and push for this from the local Islamic community.
- 3.4 Council staff have met with the operators of the Hokitika cemetery including the Sexton and have scoped a suitable area within the Hokitika cemetery for such burials to be accommodated.
- 3.5 This area has been chosen as it is separated by road and vegetation from other denominational areas within the cemetery and is sufficiently sized that it could expand in the future should demand for this be strong. It is expected that members of the Islamic faith living in Grey and Buller Districts might also be buried here in the future as there are currently no sites on the West Coast (closest is in Christchurch).
- 3.6 Two proposed new general plot areas have been identified for development: these will be one area to the North of RSA #2 (measuring 1500m<sup>2</sup> approximately) and one triangular area South of RSA #2 (initially 450m<sup>2</sup> with

room for growth) shown in Appendix 1. These areas will allow for the larger plot sizes and the Eastern-facing burial direction.

#### **4 OPTIONS**

- 4.1 Option 1: Develop two sections of the undeveloped cemetery grounds in preparation for new burial berms. One section is to be extended adjacent to the current berms to the north and another smaller triangle section to the south east. This smaller south-east location has been specifically identified as meeting the needs of the Muslim faith.
- 4.2 Option 2: Continue with current situation. Where no provision is given to the needs of these valued members of our community. Currently most Muslim internments are undertaken in Canterbury which leaves relatives disadvantaged and limited in visiting options for passed loved ones.

#### **5 SIGNIFICANCE AND ENGAGEMENT**

- 5.1 As the Hokitika Cemetery is a strategic asset under Council's Significance and Engagement Policy, and offering burial plots to accommodate new sectors of the community is an increased Level of Service, this issue is deemed to be of moderate significance.
- 5.2 Community engagement has been undertaken with group spokesman Mohammed Aziz to seek guidance and appropriateness of the proposed site location. Endorsement has been given after a site inspection and discussion.

#### **6 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)**

- 6.1 Option 1 would allow for Council to provide a cemetery service to a new user group that has previously not been accommodated. Site development has been priced and quoted and is within current budgetary allowance for the project (\$20K) for berm expansion. The minimal cost increase for burial plots would have no ratepayer impact as cemetery plots are a user-pays service. Council's Fees & Charges document would need to be updated to reflect added cost.
- 6.2 Option 2 would not meet the needs of the growing cultural and religious diversity of the region. This would have no financial implications as it represents continuation of status quo.

## 7 PREFERRED OPTION(S) AND REASONS

7.1 Option 1 is the preferred option as it meets a community need that has been expressed over the past two years. The set-up costs are minimal and already budgeted for and new burial plots would be paid for by the family of the deceased. Council has the opportunity to lift the level of service not only for Westland but for the entire West Coast in this regard.

## 8 RECOMMENDATION(S)

A) **THAT** Council approve the formation of a Muslim burial area within the proposed sections of the Hokitika Cemetery.

**Louis Sparks**

**Group Manager: District Assets**

**Appendix 1:** Map of two areas that have been provisionally set aside for Muslim burial requirements



# Report



**DATE:** 25 June 2020  
**TO:** Mayor and Councillors  
**FROM:** Chief Executive

---

## REVIEW SUBMISSION FROM ANTHEA KENNAN IN REGARDS TO TRESPASS NOTICE

### 1 SUMMARY

- 1.1 The purpose of this report is for Council to consider the submission made by Anthea Kennan in regards to Trespass Notice issued on the 4<sup>th</sup> April 2019.
- 1.2 This issue arises as Anthea Kennan made a complaint in regards to the Trespass Notice to the Office of the Ombudsman. The Ombudsman's office has recommended Mrs Keenan provide a submission to defend her position. Council received the submission on the 28<sup>th</sup> April 2020.
- 1.3 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by Council as part of the Long Term Plan 2018-28.
- 1.4 This report concludes by recommending that Council review the submission and confirm if there is any justification to reduce the length of the Trespass Notice period.

### 2 BACKGROUND

- 2.1 On the 4<sup>th</sup> of April 2019 an Anthea Keenan Facebook post stated that ""It's time the army bombed SM WDC/WCRC Council & Cohorts." The CE became aware of the post via an email from staff at 3:28pm the same day. The CE acted on the threat immediately and discussed the threat with police staff and then arranged for a trespass notice to be issued. The standard term for a trespass notice is two years.
- 2.2 As CE I intended delivering the message of trespass to Mrs Keenan, however she attended an Extraordinary Council meeting at 4pm on the same day,

therefore I was forced to issue it to her then and explain the reasons. She refused to accept the notice by throwing it to the ground and walking into Council Chambers. She did not give me the opportunity to explain the reasoning behind the trespass notice. The Council meeting was then held up and eventually Police were called and after some discussion Mrs Keenan left the building under escort. She was treated courteously but firmly. All councillors on the day supported my decision.

2.3 We cannot under play the poor timing of Mrs Kennan's post which was only a month after the Christchurch Mosque shootings. We also had a Hokitika gathering of the Muslim community the same week to support them through their grieving process.

2.4 Following the Trespass Notice Council received correspondence via the Office of the Ombudsman that they had received a complaint and were investigating the incident.

### **3 CURRENT SITUATION**

3.1 Council received confirmation of the final opinion from the Office of the Ombudsman (see Appendix 1) on the 16<sup>th</sup> April 2020 recommending that the Council reconsider its decision to serve this trespass notice, and give Mrs Keenan an opportunity to make any submissions before it decides whether there is need to continue it in effect.

3.2 Mrs Keenan has provided a submission– see Appendix 2.

### **4 OPTIONS**

4.1 Option 1: Review the submission made by Mrs Keenan and confirm stance of the remaining period of Trespass Notice (current position is that it terminates 3 April 2021). Bearing in mind that the Trespass Notice was put on Mrs Kennan based on threats made to Council staff which as CE I take very seriously.

4.2 Option 2: Do nothing

### **5 SIGNIFICANCE AND ENGAGEMENT**

5.1 In accordance with Council's policy on Significance and Engagement the decision is of interest to the community however does not require consultation.



## **6 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)**

- 6.1 Option 1: Review the remaining period and determine if the submission warrants a reduction in the Trespass Notice period. If council determines there are grounds for reducing the period they can request CE to lift the Trespass Notice at a defined point. This also meets the expectations of the Office of the Ombudsman to allow Mrs Kennan to explain her actions.
- 6.2 Option 2: If selected the Trespass Notice will be seen out for the full period.

## **7 PREFERRED OPTION AND REASONS**

- 7.1 The preferred Option is 1: This allows council to determine if Mrs Kennan is sincere in her submission that the threat to council staff was not intended in malice.

## **8 RECOMMENDATION**

- A) **THAT** Council accept the submission from Mrs Kennan.
- B) **THAT** Council confirm if they wish to shorten the remaining Trespass Period.

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

**Appendix 1:** Ombudsman Trespass Notice Review – Final Opinion

**Appendix 2:** Mrs Kennan Submission to Trespass Notice

Our ref 503795 (Complaint ground: 507339)  
Contact Penelope Eathorne  
16 April 2020



Mr Simon Bastion  
Chief Executive  
Westland District Council  
By email: [ce@westlanddc.govt.nz](mailto:ce@westlanddc.govt.nz)

Dear Mr Bastion

### Final opinion on complaint from Ms Anthea Keenan

Thank you for your letter regarding my provisional opinion on Ms Anthea Keenan's complaint against the Westland District Council.

You contend that the Council's decision-making process was reasonable.

### Further analysis

You have asked that I review the ongoing content of Ms Keenan's Facebook profile and have provided some examples. I have reviewed the examples and I note that while these *may* be an indicator of her conduct prior to the trespass notice, her ongoing conduct is not relevant to the Council's original decision to trespass her. It may validate your view that the Council acted reasonably, but it is not key to my investigation. My investigation is concerned with the Council's decision to trespass Ms Keenan for a period of two years, based on her Facebook post.

I raised concerns that Ms Keenan was not given an opportunity to provide comment on the trespass notice before it was issued. You have stated that she did not give you the opportunity to explain the reasoning behind it. I would note that you issued the notice in person and it was highly unlikely that she would have been able to provide adequate comment in a situation like this. You further state that Ms Keenan has not apologised for her comments on Facebook or tried to explain the reasoning behind it. As above, I am not overly concerned with Ms Keenan's conduct beyond the Council's decision to issue the trespass notice.

As you know, it is Ms Keenan's right to voice her opinions regarding the Council. However, I appreciate the Council has clearly found it difficult to deal with Ms Keenan for some time and I understand how challenging this can be for staff members and general business. As expressed by former Ombudsman David McGee and quoted in my provisional opinion:

*Thus, as a matter of principle, it does not seem to me to be a reasonable (even if it were legal) exercise of power by a public authority to exclude someone from a public building for two years, without first (so far as it is practicable in the circumstances) giving that person an opportunity to persuade the authority why that power should not be used (or should be confined or limited in its application).*

It is possible that the Council did not take reasonable steps to manage Ms Keenan's conduct prior to issuing the trespass notice. If this is the case, I am again questioning the proportionality of the

consequence. This leads me to her Facebook post that prompted the trespass notice. You contend that the threat made was genuine and that the Council had an obligation to take it extremely seriously, especially in light of the Christchurch mosque shootings. I remain unconvinced that the Council interpreted Ms Keenan's threat to be genuine, in the sense that it could actually take place. I say this because Ms Keenan seems to be suggesting that the army should bomb the Council buildings, in order to bring '*sense to their noggins.*' Perhaps the Council considers this sort of comment is indicative of some sort of intent to harm on Ms Keenan's behalf. Insofar as you rely on correspondence from the Police, I would note this refers to '*veiled threats*' made by Ms Keenan. This supports my observation that her comment did not appear demonstrative of any immediate physical threat to the Council.

It is unclear whether the Council is contending that allowing Ms Keenan the opportunity to provide submissions, and then considering those submissions would have put Council staff at immediate danger. If so, I consider this seriously tenuous.

In my view, there is no legitimate reason that the Council could not have allowed Ms Keenan the opportunity to comment on the adverse effects of the trespass notice. Not only is this good practice, but it may have served as a useful management tool. Further, it is possible that such consultation could have eradicated the need for the trespass notice, at least at that particular time.

I am not purporting to condone Ms Keenan's conduct and as I have explained above, I am sympathetic to the Council in terms of managing difficult relationships. Further, it is obviously open to the Council to interpret threats and take corresponding actions as it sees fit. Similarly, it is my role to investigate complaints where there is a justifiable administrative grievance, as I am satisfied there is in this case. I do not intend to direct the Council on what I perceive to be the best course of action, but rather form an opinion based on what I consider reasonable administrative practice and natural justice.

### **Final opinion**

I have now formed the final opinion that the Council has acted unreasonably in deciding to trespass Ms Keenan for two years. This is largely based on the administrative practice of the Council, in failing to allow Ms Keenan the opportunity to comment on the adverse effects of the trespass.

I am not proposing that the Council withdraw the trespass notice. I am conscious of Ms Keenan's general conduct, both historically and in the year following this notice. I can see the Council genuinely considered that it had good reason to utilise its powers under the Trespass Act. However, I am recommending that the Council reconsider its decision to serve this trespass notice, and give Ms Keenan an opportunity to make any submissions before it decides whether there is need to continue it in effect.

I appreciate that the current COVID-19 situation may impact upon the Council's ability to implement my recommendation. At this stage, I ask that you advise my Office of the action you have taken by **12 May 2020**. However, if you have difficulty in doing so, I ask that you notify Investigator Penny Eathorne as soon as possible on [penelope.eathorne@ombudsman.parliament.nz](mailto:penelope.eathorne@ombudsman.parliament.nz).

I have written to the Mayor with details of my opinion and the recommendation I have made.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Boshier'.

Peter Boshier  
Chief Ombudsman

SUBMISSION TO WESTLAND DISTRICT LOCAL GOVERNMENT AND TO NEW ZEALAND CENTRAL GOVERNMENT:FOR DEMOCRACY & FOR REDUCTIONS IN RATES

OUR NEW ZEALAND PARLIAMENTARY OMBUDSMAN Peter Boshier, has recommended that Westland District Council give ME the opportunity to issue a submission so that they can in turn decide whether or not to maintain an unfair trespass order placed upon myself . Remember those in leadership place hand on the bible, sign by oath to respect the Acts of Legislation AND also to Treaty of Waitangi.

WE write this letter to you on ANZAC DAY 2020 the thirteenth day after Easter Sunday this year. You well realise THESE PUBLICLY SET DAYS CONNECT TO US long term New Zealander Pioneer descendants. WE are patriotic to OUR Country WE expect you to ensure that Sovereignty is respected.

UNFORTUNATELY NOW 2020 WE ARE HAVING TO STAND UP for OUR DEMOCRATIC RIGHTS! AND FOR ECONOMIC RESPONSIBILITY.

In this submission WE ASK that LOCAL GOVERNMENT MINISTER NANAIA MAHUTA, MP TASMAN WEST COAST DAMIEN O'CONNOR, PRIME MINISTER JACINDA ADERN, FINANCE MINISTER GRANT ROBERTSON WORK IMMEDIATELY TO SANCTION:

1. Decrease Westland District Council/s & CCOs hierarchy and overhead expenses!
2. Council/s & CCOs only work to Core Business Function
3. Westland rates decrease by 30%

I have been involved with Westland Ratepayers and Residents Group, an elected member of Westland District Council, been involved with Local Government Commission in reorganising West Coast Councils, also stood for Mayoralty.. so here now standing on behalf of those whom voted for me and have signed petitions for collalborative, cost effective West Coast Councils, details can be found on Local Government Commission website.

Unfortunately Mayor Smith Council has excluded us as long term people and those whom have stood for righteousness. Attached is a list of anomalies noted by Mayor Smith led Council since 2016

WE are frustrated for paying hefty rates, receiving little in services and enduring such nonsense. For Lawyers and Accountants and staffing hierarchy, paid well, to sit (some within the mix) to oversee such "dirty politics" and extravagant financial systems is disgusting ! Our early PIONEERS didn't do the hard yards here and for this Country for such costly stupidity!.

MANY of us have presented submissions ... WE have also informing Central Government Ministers, whom also seem to have deaf ears OR too busy on their own port folios. Believe me it is no fun for those people whom are REALLY deaf so please don't play as if you are dumb when you have all the resource given to you. WE see, hear, feel the political

misleadership and inadequacies. Which also stink!. We smell it... as we are the ones with long term connections.

SO LEADERS, you have the "bomb" "blast" "bollocking...NOW BY WAY OF CHINESE IMPOSED "VIRUS" = YOU are in leadership while WE are into a RECESSION! WE PAY TAXES, HAVE PEOPLE WAITING FOR HEALTH CARE.. WE HAVE BEEN WARNING YOU... YET WE have no reserves... only DEBT!!!.WE have been hurt by Government preferential treatments for one race. NEW ZEALAND HAS Finances & economy problems – the very reason why WE Westland Ratepayers & Residents Group set up in 2011.

WEST COAST COUNCILS have been told... NOW WE ASK YOU TO PERFORM URGENTLY IN RESPECT FOR ALL OUR EARLY PEOPLE HAVE DONE FOR THIS COUNTRY. THAT THIS MATTER IS TREATED WITH URGENCY PRIOR TO COUNCIL/S APPROVING THEIR DRAFT ANNUAL PLANS.



Anthea Keenan

DESCENDANT OF EARLY SETTLER PIONEERS

FOR WESTLAND RATEPAYERS & RESIDENTS GROUP

Attached: Inadequacies from 2016-19 Mayor Smith led Council .. AS ALSO LISTED ON FACEBOOK PAGE

1. Revoked Franz EQ fault zone resolution
2. Revoked Director Appointment Policy & ousted Directors
3. Appointed Directors without proper process
4. Appointed Company CEO before merge process complete
5. Created Employment issues with Council CEO & staff
6. Failed to carry out proper process or listen to advice
7. Cost ratepayers in employment payout out settlements
8. Holds Finance Meetings separate to Council meetings
9. Appointed two Deputy Mayors & gave one most privileges
10. That Deputy/Chair/Director gains for each portfolio

11. Raised Tourism Promotion rate 31% - without consulting
12. Lack of necessary items on Agenda
13. Overspends to budget creating budget blowouts
14. Company Intents and income/exp breakdowns slow show
15. Dividend returns from Companies not sufficient
16. Lack of transparency and in payment of accounts
17. Raised sewerage rate 68% per toilet pan
18. Failed to comply to resolution in building Franz flood wall
19. Failed to comply to Procurement requirements
20. Failure to respect the f/ACTS incl local govt. act.
21. Failed Freedom Camping bylaw
22. Destination Hokitika rating further to small business
23. Spent tax paid monies on campsites harming taxpayers
24. No conscience shown for \$\$mils works not done& inc debt
25. Creating divisions/disharmony within community
26. Blocking, trespassing, gagging ratepayers.
27. Meetings behind closed doors/public excluded
28. Appointments of representatives lacking democracy
29. Trips to China & signing agreements
30. Heaps extraordinary meetings for non essential business
31. Failed to identify closed dumps
32. Failed Asset Management Plans
33. Conveys incorrect misleading information
34. Behind scenes sneaky schemes i.e. WTE
35. No endeavours to reduce spending.
36. Arrogance & bullying of other elected members

# Report



**DATE:** 25 June 2020

**TO:** Mayor and Councillors

**FROM:** Group Manager: Corporate Services

---

## WESTLAND HOLDINGS LIMITED: STATEMENT OF INTENT 1 JULY 2020

### 1 SUMMARY

- 1.1 The purpose of this report is to present the Westland Holdings Ltd (WHL) Statement of Intent (SI) for the 3 years commencing 1 July 2020.
- 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 May 2018, which is set out in the Long Term Plan 2018-28.
- 1.3 This report concludes by recommending that Council approve Westland Holdings Ltd Statement of Intent for the 3 years commencing 1 July 2020, and approve for public release, attached as **Appendix 1**.

### 2 BACKGROUND

- 2.1 The statutory provisions concerning a SI are contained in Schedule 8 of the Local Government Act 2002.
- 2.2 Sch. 8(1) outlines the purpose of the SI, being to:
  - 2.2.1 state publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and
  - 2.2.2 provide an opportunity for shareholders to influence the direction of the organisation; and
  - 2.2.3 provide a basis for the accountability of the directors to their shareholders for the performance of the organisation



- 2.3 Sch. 8.3(b) requires that the board of a council-controlled organisation must deliver to its shareholders the completed statement of intent to the shareholders on or before 30 June each year.

### 3 CURRENT SITUATION

- 3.1 The draft WHL SI for the 3 years commencing 1 July 2020 was received on 17 April 2020.
- 3.2 The content of the SI meets the requirements of the Act.
- 3.3 The SIs will inform the CCOs' Annual Reports for the year ended 30 June 2021.
- 3.4 Both the draft and final SI were received within the statutory timeframes as stated in the LGA 2002. Minor changes have been made to the draft SOI previously presented to address the effects of Covid 19 on Destination Westland.
- 3.5 The draft SI is not a public document under the LGA 2002, only the final SI is required under the act to be made publicly available.

### 4 OPTIONS

- 4.1 **Option 1:** Council approves the Westland Holdings Statement of Intent for 3 years commencing 1 July 2020 and approves for public release.
- 4.2 **Option 2:** Council does not approve the Westland Holdings Statement of Intent and request that changes be made.

### 5 SIGNIFICANCE AND ENGAGEMENT

- 5.1 The decision to approve the SI is administrative and does not require consultation.

### 6 ASSESSMENT OF OPTIONS

- 6.1 **Option 1:** Council received a draft statement of intent on 17 April 2020 which meets the statutory deadline, this was sent out for Councillor comment, in which none were returned until after the statutory deadline from the LGA 2002. Therefore WHL chair finalised the SI.
- 6.2 **Option 2:** The final SI was based on the draft SI, by not approving the SI and asking for further changes will mean that the final SI has not been approved for public release by the statutory deadline.

## 7 RECOMMENDATION

- A) **THAT** Council approve the Westland Holdings Ltd Statement of Intent for the 3 years commencing 1 July 2020 and approve for public release, attached as **Appendix 1**.

**Lesley Crichton**

**Group Manager: Corporate Services**

**Appendix 1:** Westland Holdings Ltd Statement of Intent for the 3 years commencing 1 July 2020.



## **WESTLAND HOLDINGS LIMITED**

**Destination Westland Limited  
Westroads Limited**

**STATEMENT OF INTENT FOR THE THREE YEARS COMMENCING 1 JULY 2020**

## Content

1.	INTRODUCTION.....	3
2.	COMPANY MISSION.....	3
3	THE OBJECTIVES OF THE COMPANY.....	3
4.	GOVERNANCE APPROACH.....	4
5.	NATURE AND SCOPE OF ACTIVITIES.....	4
6.	SHAREHOLDING.....	5
	Ratio of Shareholders' funds to total assets.....	5
7.	ACCOUNTING POLICIES.....	5
8.	PERFORMANCE TARGETS.....	6
	Relationship with WDC/Other Governance Issues.....	6
	Objective.....	6
	Performance Target.....	6
	Financial Objectives and Performance Measures.....	7
	Objective.....	7
	Performance Target.....	7
	Specific Subsidiary Management and Supervisory Functions.....	7
	Objective.....	7
	Performance Target.....	7
	Risk Management Processes.....	8
	Objective.....	8
	Performance Target.....	8
	Specific Activities to be Undertaken by WHL.....	9
	Specific Activities Not Permitted to WHL.....	9
9.	DISTRIBUTION POLICY.....	9
10.	REPORTING TO SHAREHOLDERS.....	10
11	ACQUISITION PROCEDURES.....	10
12	COMPENSATION.....	10
13	ESTIMATED COMMERCIAL VALUE OF WHL.....	10
14	OTHER MATTERS.....	11
15	FINANCIAL FORECASTS.....	12
	APPENDIX A.....	13

## 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 2020.

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:

- Monitor the performance of each of its subsidiary companies;
- Ensure that each subsidiary company has in place active and effective health and safety policies and procedures which provide a safe operating environment for all employees, contractors and affected parties;
- Ensure that each subsidiary company operates economically and efficiently, in accordance with an agreed SOI, to optimize the returns from each subsidiary as well as the value of each subsidiary within the operating parameters determined by the Council;
- Ensure, within any legal or commercial constraints, that the SOI of each of the subsidiary companies reflect the policies and objectives of the Council;

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

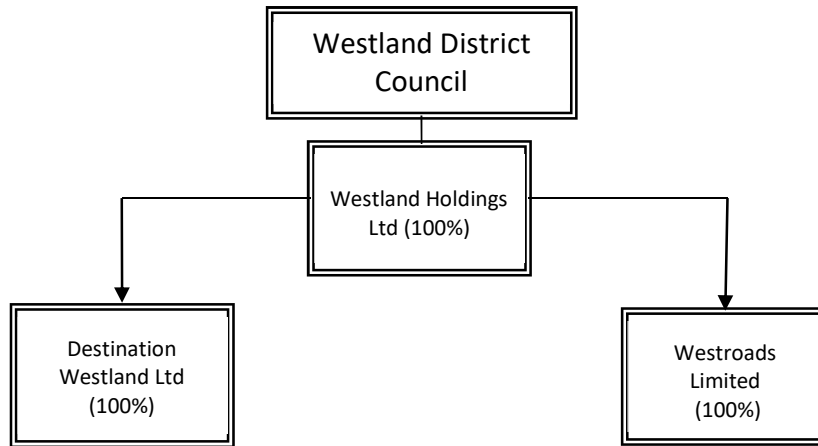
## 4. GOVERNANCE APPROACH

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

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

## 5. NATURE AND SCOPE OF ACTIVITIES

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



**The current Directors of WHL are:**

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

## 6. SHAREHOLDING

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

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

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

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

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

## 7. ACCOUNTING POLICIES

The 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 2020/2021 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 the economic committee of the 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>Regular reporting of performance to the Economic Development Committee of the WDC will be done on a six monthly basis. With quarterly reports provided to council and full council updates for the Six monthly results and Annual Plan.</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 2021-2022 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.   | The process followed for each appointment to a subsidiary board is transparent, fully documented and reported to WDC. Any appointments will be made in accordance with the WDC's Policy for Director Appointments. |
| 5 | Investigate whether amalgamating Destination Westland into Westland Holdings would result in economic and operational efficiencies without effecting the ability to develop and grow. | Seek legal and taxation advice so that a fully considered report can be presented to Council with a recommendation about amalgamation or other future governance structure before June 2021.                       |

### 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 2020/21 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. |

### Specific Subsidiary Management and Supervisory Functions

- | Objective | Performance Target  |   |
|-----------|---|---|
| 7         | 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.   |
| 8         | To ensure that the draft subsidiary company SOI's are received on a timely basis for review and comment.                                    | Draft SOI's are to be received by 14 February from the subsidiary companies, and finalised by 1 June for each year covered by this SOI.                             |
| 9         | To ensure that the final subsidiary company SOI's are appropriate, measurable, attainable and timely and Connected to their strategic plan. | Comment on the draft SOI's within the statutory timeframe of 30 April each year, and ensure specific and measurable targets are included as Performance Objectives. |

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

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

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

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

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

### Risk Management Processes

#### Objective

- 11 To ensure that there are adequate processes for the identification, assessment and management of the risk exposures of the subsidiary companies.
- 12 To ensure that subsidiary companies do not make decisions that could have significant implications for future Council funding.

#### 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.

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 2020/21 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 2019.

This value is estimated to be \$13,773,000.

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

### WESTLAND HOLDINGS LIMITED FINANCIAL FORECASTS



	Group Budget 2020/21	Group Forecast 2021/22	Group Forecast 2022/23
Revenue	33,246,744	33,547,361	33,913,105
Cost of Sales	23,438,418	23,673,572	23,911,078
<b>Gross Profit</b>	9,808,326	9,873,789	10,002,027
Other Income	1,164,102	1,164,102	1,164,102
Administrative (Inc. Depn) Expenses	8,982,677	8,994,677	9,105,675
<b>Results from operations</b>	1,989,751	2,043,214	2,060,454
Finance Costs	457,624	451,621	455,625
<b>Net finance costs</b>	457,624	451,621	455,625
Profit before Income Tax	1,532,127	1,591,593	1,604,829
Subvention Payment	230,000	230,000	230,000
Income tax expense	364,155	380,846	384,552
<b>Profit for the period</b>	<b>937,972</b>	<b>980,747</b>	<b>990,277</b>
<b>Total Comprehensive Income for the Year</b>	<b>937,972</b>	<b>980,747</b>	<b>990,277</b>
<b>Other Performance Targets</b>			
Dividends	180,000	380,846	310,000
Earnings Retained	757,972	599,901	680,277
Closing Shareholder's Funds	15,780,138	16,450,885	17,131,162

## 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.