



**I, Steven May, Chief Executive Officer, hereby give notice that  
an Ordinary Meeting of Council will be held on:**

**Date: Tuesday, 1 May 2018**  
**Time: 1.30pm**  
**Location: Council Chamber, Wairoa District Council,  
Coronation Square, Wairoa**

# **AGENDA**

## **Ordinary Council Meeting**

**1 May 2018**

The agenda and associated papers are also available on our website: [www.wairoadc.govt.nz](http://www.wairoadc.govt.nz)

For further information please contact us 06 838 7309 or by email [info@wairoadc.govt.nz](mailto:info@wairoadc.govt.nz)



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- 1 KARAKIA**
- 2 APOLOGIES FOR ABSENCE**
- 3 DECLARATIONS OF CONFLICT OF INTEREST**
- 4 CHAIRPERSON'S ANNOUNCEMENTS**
- 5 LATE ITEMS OF URGENT BUSINESS**
- 6 PUBLIC PARTICIPATION**

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 14.14 requests to speak must be made to the meeting secretary at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

**7 MINUTES OF THE PREVIOUS MEETING**

Ordinary Meeting - 20 March 2018

**MINUTES OF WAIROA DISTRICT COUNCIL  
ORDINARY COUNCIL MEETING  
HELD AT THE COUNCIL CHAMBER, WAIROA DISTRICT COUNCIL, CORONATION SQUARE, WAIROA  
ON TUESDAY, 20 MARCH 2018 AT 1.30PM**

**PRESENT:** Cr Denise Eaglesome-Karekare (Deputy Mayor), Cr Hine Flood, Cr Michael (Mike) Bird, Cr Jeremy Harker, Cr Michael (Min) Johansen, Cr Charles (Charlie) Lambert, Mr Kiwa Hammond, Mr Paul Kelly

**IN ATTENDANCE:** Steven May (Chief Executive Officer), Helen Montgomery (Chief Operating Officer), Jamie Cox (Engineering Manager), Gary Borg (Chief Financial Officer), Kitea Tipuna (Economic Development & Engagement Manager), Donna Moorcock (Interim Corporate Services Manager), Charlotte Knight (Governance Advisor & Policy Strategist), Gay Waikawa (Governance Administrator)

**1 KARAKIA**

Given by Mr Hammond

**2 APOLOGIES FOR ABSENCE**

**APOLOGY**

**RESOLUTION 2018/07**

Moved: Cr Hine Flood

Seconded: Cr Charles (Charlie) Lambert

That the apology received from Cr Johansen (for lateness) and His Worship the Mayor be accepted and leave of absence granted.

**CARRIED**

**3 DECLARATIONS OF CONFLICT OF INTEREST**

Cr Jeremy Harker declared an other disclosable interest in relation to item 10.1, due to being an employee at QRS.

**4 CHAIRPERSON'S ANNOUNCEMENTS**

None

**5 LATE ITEMS OF URGENT BUSINESS**

Electricity Contract 2018-21 – Public Excluded

Procurement of 18/02 Unsealed Road Network Maintenance Contract – Public Excluded

Procurement of 18/01 Sealed Road Network Maintenance Contract – Public Excluded

**6 PUBLIC PARTICIPATION**

Richard Brooking, Whakaki Lakes Trustee – Patangata Bridge Closure.

At 1:36 p.m., Cr Michael (Min) Johansen returned to the meeting.

The Engineering Manager outlined why the bridge was closed – it can be used for pedestrian traffic.

Aaron Munro, Whakaki Marae Trustee – Patangata Bridge Closure.

**8.6 PATANGATA BRIDGE CLOSURE**

Discussion regarding the cultural significance of access via the bridge to the urupa.

The Engineering Manager will meet with affected parties.

**RESOLUTION 2018/08**

Moved: Cr Jeremy Harker

Seconded: Cr Hine Flood

Against: Cr Johansen.

That Council receive the report and a progress report comes to the next Council meeting.

**CARRIED**

**7 MINUTES OF THE PREVIOUS MEETING****RESOLUTION 2018/09**

Moved: Cr Michael (Min) Johansen

Seconded: Cr Michael (Mike) Bird

That the minutes and confidential minutes of the Ordinary Meeting held on 30 January 2018 and the Extraordinary Meeting held on 20 February 2018 be confirmed as a true and correct record.

**CARRIED**

**8 GENERAL ITEMS****8.1 MARINE PARADE PLAYGROUND RELOCATION**

Councillors discussed:

- Option to sell the playground equipment
- Lion St playground
- Tuai playground
- Cost of moving the playground to Tuai – estimated at \$5,000
- No capital expenditure currently set aside for Lion St playground

**RESOLUTION 2018/10**

Moved: Cr Hine Flood

Seconded: Cr Jeremy Harker

That Council receive the report and relocate the old Marine Parade playground including the fence to Tuai.

**CARRIED**

**8.2 USE OF DRONES ON COUNCIL PROPERTY POLICY****RESOLUTION 2018/11**

Moved: Cr Charles (Charlie) Lambert

Seconded: Cr Michael (Mike) Bird

That Council adopt the Use of Drones on Council Property Policy attached as Appendix 1.

**CARRIED**

**8.3 APPOINTMENT OF ELECTORAL OFFICER****RESOLUTION 2018/12**

Moved: Cr Michael (Mike) Bird

Seconded: Cr Jeremy Harker

That Council appoint Kitea Tipuna as the Electoral Officer pursuant to section 12(1) of the Local Electoral Act 2001.

**CARRIED**

**8.4 CHAPLAINCY SERVICE****RESOLUTION 2018/13**

Moved: Cr Hine Flood

Seconded: Cr Jeremy Harker

Against: Cr Lambert

That Council contribute \$4,000 for Chaplaincy service as part of a regional funding group for the 2017/2018 year funded from general reserves.

**CARRIED**

**8.5 DRINKING WATER GOVERNANCE JOINT COMMITTEE**

Councillors discussed:

- Importance of having representation on the committee

**RESOLUTION 2018/14**

Moved: Cr Jeremy Harker

Seconded: Cr Hine Flood

That Council nominate Cr Lambert and His Worship the Mayor to the Hawke's Bay Drinking Water Governance Joint Committee and adopt the revised Term of Reference for the committee.

**CARRIED**

**9 RECEIPT OF MINUTES FROM COMMITTEES/ACTION SHEETS**

Nil

**10 PUBLIC EXCLUDED ITEMS****RESOLUTION TO EXCLUDE THE PUBLIC****RESOLUTION 2018/15**

Moved: Cr Jeremy Harker

Seconded: Cr Michael (Min) Johansen

That the public be excluded from the following parts of the proceedings of this meeting at 3.00 p.m.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
<b>10.1 - Revised plans for Kakariki Farm Road pit extraction</b>	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

<b>10.2 - Arts Centre Building Options</b>	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>10.3 - Electricity Contract 2018-21</b>	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information  s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>10.4 - Procurement of 18/02 Unsealed Road Network Maintenance Contract</b>	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information  s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>10.5 - Procurement of 18/01 Sealed Road Network Maintenance Contract</b>	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would

	person who supplied or who is the subject of the information  s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	exist under section 6 or section 7
CARRIED		

<b>RESOLUTION 2018/16</b> Moved: Cr Hine Flood Seconded: Cr Michael (Mike) Bird That Council moves out of Closed Council into Open Council at 4.12 p.m.	CARRIED
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Closing karakia given by Mr Hammond.

**The Meeting closed at 4.14 p.m.**

**The minutes of this meeting were confirmed at the Ordinary Council Meeting held on 1 May 2018.**

.....  
CHAIRPERSON

## 8 GENERAL ITEMS

### 8.1 REVOCATION OF PREVIOUS RESOLUTION - QRS DIRECTOR TERM OF EXPIRY

**Author:** Steven May, Chief Executive Officer

**Authoriser:** Steven May, Chief Executive Officer

**Appendices:** Nil

#### 1. PURPOSE

- 1.1 For Council to consider the revocation or alteration of a previous resolution regarding a QRS Director's expired term.

#### RECOMMENDATION

The CEO RECOMMENDS that Council revoke or alter all or part of its previous resolution and reappoint the current independent director for a period of 1 yearsss.

#### 2. BACKGROUND

- 2.1 QRS Director Wendie Harvey's term expired on 28 February 2018 and at their 30<sup>th</sup> January 2018 Council was requested to either reappoint her for a further term or advertise the position.
- 2.2 The resolution passed was:
- "That Council:*
- a) Receive the report; and,*
- b) Proceed to advertise the position."*
- 2.3 After this Council meeting the CEO and Councillor Johansen met with QRS and discussed their business plan and business projections for the upcoming calendar year. A request has been made by QRS to roll over the appointment of the independent for 1 year in order to maintain operational consistency.
- 2.4 Under the Appointment and Remuneration Policy for Directors of Council Controlled Organisations (CCOs) *"for circumstances where there are good reason/s for extension, a director retiring from a second tenure of three years may be reappointed for a further term. Each case will be considered on its own merits and is at the sole discretion of the council"*.

#### 3. OPTIONS

- 3.1 The options identified are:
- Status quo – do not revoke or alter the current resolution.
  - Revocation – revoke the decision made 30<sup>th</sup> January 2018 and appoint Wendie Harvey a director for 1 year starting 1 March 2018.
  - Alteration - appoint Wendie Harvey a director for 1 year starting 1 March 2018 and advertise the position prior to the expiry of her 1 year term.



- 3.2 Any of these options would work for Council – this is a decision about the governance arrangement of QRS and how to get the best result for the community and QRS.
- 3.3 The preferred option is Option C, this meets the purpose of local government as it will help meet the current and future needs of communities for local public services, in a way that is most cost-effective for households and businesses.

#### **4. CORPORATE CONSIDERATIONS**

##### **What is the change?**

- 4.1 Wendie Harvey would be reappointed for 1 year as a QRS Director.
- 4.2 No s17a review will be triggered by this decision.

##### **Compliance with legislation and Council Policy**

- 4.3 Complies with LGA 2002.
- 4.4 Complies with the Appointment and Remuneration Policy for Directors of Council Controlled Organisations (CCOs).

##### **What are the key benefits?**

- 4.5 It would maintain operational consistency of QRS.

##### **What is the cost?**

- 4.6 Not applicable.

##### **What is the saving?**

- 4.7 Not applicable.

##### **Who has been consulted?**

- 4.8 There has been no consultation on this matter and no further consultation is required.

##### **Service delivery review**

- 4.9 Not applicable.

##### **Maori Standing Committee**

- 4.10 This matter has not been referred to the committee.

#### **5. SIGNIFICANCE**

- 5.1 Low impact

#### **6. RISK MANAGEMENT**

- 6.1 There are no strategic risks identified in the implementation of the recommendations.

##### **Further Information**

None.

**Background Papers**

None.

**References (to or from other Committees)**



Council 30 January 2018 – QRS Director Term Expiry

**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

**Signatories**

	
Author Steven May	Approved by Steven May

**8.2 SENSITIVE EXPENDITURE POLICY**

**Author:** Charlotte Knight, Governance Advisor & Policy Strategist

**Authoriser:** Steven May, Chief Executive Officer

**Appendices:** 1. Sensitive Expenditure Policy [↓](#)

**1. PURPOSE**

- 1.1 This report provides information for Council on the internal policy called Sensitive Expenditure Policy.

**RECOMMENDATION**

The Governance Advisor & Policy Strategist RECOMMENDS that Council receive the report and endorse the Sensitive Expenditure Policy.

**2. BACKGROUND**

- 2.1 This is an internal policy which would not normally need to be endorsed by Council; however, the policy does also apply to elected members – particularly for travel expenses and reimbursement of expenses processes. It is important that elected members also champion this policy and follow the processes as well as the Senior Leadership Team to ensure consistency in Council's processes is maintained.
- 2.2 The policy outlines processes related to sensitive expenditure. For elected member entitlements please refer to the Policy on Elected Members' Allowances and Recovery of Expenses.
- 2.3 The Senior Leadership Team adopted this policy on 6 March 2018 and will implement it once there is elected member buy-in.
- 2.4 Internal policies apply to the running of Council as an organisation and are primarily related to employment matters, this is why they are not usually endorsed by elected members as it is the responsibility of the CEO to employ and manage staff. On occasion these internal policies may require endorsement from elected members due to their content and application.

**Further Information**

None.

**Background Papers**

None.

**References (to or from other Committees)**

None.

Signatories

	
Author Charlotte Knight	Approved by Steven May

## SENSITIVE EXPENDITURE POLICY

<b>Approved by:</b>	Senior Leadership Team		
<b>Department:</b>	Operations		
<b>Date Approved:</b>	06/03/2018	<b>Reviewed:</b>	N/A
<b>Next Review Date:</b>	06/03/2020	<b>Revision No:</b>	0
<b>Relevant Legislation:</b>	Local Government Act 2002, Local Authority (Members' Interest) Act 1968, Public Audit Act 2001		
<b>Documents referenced:</b>	Staff Code of Conduct, Motor Vehicle Policy, Credit Card Expenditure Policy <i>To be drafted documents referenced: Recognition Policy, Staff Benefits Scheme, Staff Gifts and Benefits Policy</i>		

### PURPOSE

The purpose of this policy is to provide elected members and Council employees with a clear framework for managing sensitive expenditure. The most fundamental fact applicable to all expenditure by Council is that money used is ratepayers' funds. Consequently, sensitive expenditure needs to be consistent with the standards of probity and prudence that are expected of a public entity and be able to withstand elected members and public scrutiny.

**Definition of sensitive expenditure:** Expenditure by a public entity that provides, has the potential to provide, or has the perceived potential to provide a private benefit to an individual staff member of a public entity that is additional to the business benefit to the entity of the expenditure. It also includes expenditure by a public entity that could be considered unusual for the entity's purpose and/or functions.

### POLICY

#### 1. PRINCIPLES APPLICABLE TO SENSITIVE EXPENDITURE

In order to satisfy the requirements above, the Council expects all employees involved in arranging, making or approving expenditure to:

- do so only for Council purposes (i.e. expenditure is consistent with the Long-term Plan or Annual Plan);
- exercise integrity, prudence and professionalism

- not derive personal financial gain (unless a conflict of interest has been declared and the transaction is managed in accordance with the procedure agreed in the declaration of the conflict of interest);
- act impartially;
- ensure the expenditure is moderate and conservative in the extent of the given situation;
- ensure the transaction is made transparently;
- have read and adhered to this and other relevant Council policies (particularly the Staff Code of Conduct); and,
- be able to demonstrate that the expenditure is appropriate in all respects.

The above principles and Council policies should be applied comprehensively (i.e. no single principle or policy should be excluded).

## **2. DECIDING WHEN SENSITIVE SPENDING IS APPROPRIATE**

- 2.1. For all expenditure, consideration needs to be given to Fringe Benefit Tax (FBT) requirements.
- 2.2. In deciding what appropriate sensitive expenditure is, elected members and employees need to take account of both individual transactions and the total value of sensitive expenditure.
- 2.3. Even when sensitive expenditure decisions can be justified at the item level, the combined amount of spend on a category of expenditure may be such that, when viewed in total, the entity could be considered extravagant and wasteful.
- 2.4. A 'front page of the newspaper' test is to be applied.

## **3. RESPONSIBILITIES OF THE MAYOR, COUNCILLORS AND SLT**

- 3.1. To be truly effective, this sensitive expenditure policy, procedures and other controls must be embedded in the Council's values, practices and business processes. When this occurs, everyone at Council becomes involved in the proper and prudent management of sensitive expenditure.
- 3.2. Overall responsibility for this policy rests with the Mayor, Councillors and the Senior Leadership Team (SLT). This group is required to make it clear to employees what is and is not 'acceptable sensitive expenditure' and model these behaviours to the highest standard.

## **4. GOOD CONTROLS AND JUDGEMENT**

- 4.1. While the good controls at Council will assist with good sensitive expenditure

conditions, good judgement will also be required. This is because it is not possible or desirable to attempt to set rules for every possible situation that may arise. In the absence of a specific rule for a given situation, the Mayor, Councillors and SLT are expected to exercise good judgement by taking the principles in this policy into account in the context of the given situation.

- 4.2. The SLT, Mayor and Councillors are required to ensure transparency in both sensitive expenditure and remuneration systems, to avoid any trade-off between the two. Items of expenditure that may not be justified under the principles of this policy should not be included as part of the employee's remuneration for the purposes of avoiding scrutiny against sensitive expenditure principles.

## 5. GENERAL CONTROLS FOR REIMBURSEMENT

- 5.1. All claims by both staff and elected members must be submitted promptly after the expenditure is incurred. Except in exceptional circumstances this means **within one month**.
- 5.2. Sensitive expenditure will only be reimbursed if it is deemed reasonable, actual and has been incurred directly in relation to Council business.
- 5.3. Valid, original GST compliant invoices/receipts and other supporting documentation **must be maintained/submitted** for all sensitive expenditure. **Credit card statements and Eftpos receipts do not constitute adequate documentation for reimbursement.**
- 5.4. All claims must clearly state the business purpose of the expenditure where it is not clear from the supplier documentation supporting the claim.
- 5.5. All claims must document the date, amount, description, and purpose for minor expenditure (<\$20) when receipts are not available.
- 5.6. Council's procurement and purchasing protocols must be followed.

## 6. APPROVAL FOR SENSITIVE EXPENDITURE

- 6.1. Approval for sensitive expenditure must be:
  - Given only when the person approving the expenditure is satisfied that a justified business purpose and other principles have been adequately met.
  - Given before the expenditure is incurred, whenever practical.
  - Made only when budgetary provisions and delegated authority exist.
  - Given by a person senior to the person who will benefit or might be perceived to benefit from the sensitive expenditure, wherever practical.
- 6.2. Expenditure which is incurred (but not explicitly approved by Council) by elected members will be reviewed by the Chief Financial Officer for compliance with this policy.
- 6.3. Expenditure by the Mayor which is incurred (but not explicitly approved by Council) will be reviewed by the Chairperson or the Deputy Chairperson of the Finance,

Audit and Risk Committee for compliance with this policy. A report of all sensitive expenditure by the Mayor will be provided to Finance, Audit and Risk Committee meetings.

6.4. In the case of the SLT and other staff credit cards, the Chief Executive shall approve expenditure.

6.5. In the case of the Chief Executive, the Mayor shall approve expenditure. A report of all sensitive expenditure by the Chief Executive will be provided to Finance, Audit and Risk Committee meetings.

## **SPECIFIC AREAS OF EXPENDITURE**

### **7. CREDIT CARDS**

Using credit cards is not a type of sensitive expenditure. However, they are a common method of payment for such expenditure. Employees issued with Credit Cards need to refer to WDC's Credit Card Expenditure Policy. It is the responsibility of the cardholder to ensure that the card issued to them is only used for complying purposes.

### **8. PRIVATE VEHICLES**

- 8.1. Council will not pay for travel by private motor vehicle where travel by other means is more practical and cost effective. Pre-approval is required in all instances where reimbursement from Council is being claimed. Where possible, a council vehicle is to be used. Refer Motor Vehicle Policy.
- 8.2. Where the use of a private vehicle is approved, mileage reimbursement is available for travel. The reimbursement for expenses form needs to be completed and signed by a Manager. Reimbursement rate for mileage for staff is determined by the Inland Revenue, and the Remuneration Authority determines the rate for elected members.
- 8.3. Any fines (parking or Traffic offences) incurred while using a private vehicle on Council business are the responsibility of the driver.
- 8.4. The vehicle owner must ensure that they have appropriate insurance cover for the vehicle while it is being used on Council business and an appropriate drivers licence.

### **9. RENTAL CARS/TAXIS**

- 9.1. Rental cars may only be used for business conducted outside the district and where this represents the most appropriate method of completing the journey. Council requires the most economical type and size of rental car be used, consistent with the requirements of the trip.
- 9.2. Any fines (parking or traffic offences) incurred while using a rental vehicle are the responsibility of the driver.



- 9.3. Rental cars cannot be used when Council vehicles are available.
- 9.4. Private use of a rental vehicle is only permitted in exceptional circumstances and requires the approval of a member of the SLT, and the Chief Executive Officer in the case of elected members. All additional costs as a result of the private use are the responsibility of the employee or elected member.
- 9.5. Council expects the use of Taxis to be moderate and cost effective relative to other transport options. Wherever practicable, shuttle or bus services are to be used in lieu of taxis.

## **10. USE OF COUNCIL MOTOR VEHICLES**

- 10.1. Council vehicles (except those provided explicitly under an Employment Agreement) are not available for private use. Full details on the provision of and use of Council vehicles are contained in the Council's Motor Vehicle Policy.

## **TRAVEL AND ACCOMMODATION EXPENSES**

### **11. TRAVEL AND ACCOMMODATION – EXPENSES**

- 11.1. Elected members and Council staff may need to incur travel and accommodation costs while conducting Council business elsewhere in New Zealand or overseas. Expenditure should be economical and efficient, having regard to purpose, distance, time, urgency and personal health, security and safety considerations.
- 11.2. The use of communications technology while on Council travel e.g. Mobiles, telephones, email and internet access should be moderate. Reasonable private use to clear email and communicate with family members is permitted. Where possible accommodation should be booked that provides complimentary WIFI as part of the accommodation charge.
- 11.3. Elected members, SLT members and other employees, with the express approval of the mayor, Chief Executive or SLT respectively, may undertake private travel before, during or at the end of Council travel provided there are no additional costs to Council and the private travel is incidental to the business purpose of the travel.
- 11.4. As a general principle, travel cost for accompanying spouses, partners or other family members are a personal expense and will not be reimbursed by Council. In those rare circumstances where the involvement of a spouse directly contributes to a clear business purpose and pre-approval has been obtained, the Council may contribute to all or part of the additional costs.

### **12. AIR TRAVEL – GENERAL**

- 12.1. To every extent practicable, air travel is to be booked through the AOG portal well ahead of the travel date so the expenditure is as cost-effective as reasonably

possible.

- 12.2. Air travel is to be booked through the appropriate administration support at the i-Site who are to ensure competitive prices are obtained.
- 12.3. Discounted economy or economy class (or a discount airline if applicable) is to be the first choice for journeys where the uninterrupted flight time is 5 hours or less. Council will generally only accept an upgrade to business class/premium economy if there is:
  - a) no additional cost to Council; or
  - b) the cost was covered by the person travelling; or
  - c) where the distance or hours travelled, work schedule on arrival, or personal health, safety or security reasons make business class/premium economy reasonable.
- 12.4. The cost of stopovers will only be reimbursed where they are preapproved and have a clear business purpose.
- 12.5. Council payment for membership of airline travel clubs (e.g. Koru Club) requires the express approval of the Chief Executive. Membership must be supported by a clear business purpose and be reviewed every two years.
- 12.6. Loyalty rewards from air points (or other loyalty schemes) accruing to elected members or employees carrying out their official duties may remain with the relevant elected member or employee provided the use of airlines supplying air points does not result in Council incurring additional costs (points 12.1-12.3 apply).

### 13. INTERNATIONAL TRAVEL

- 13.1. Any proposed international travel on Council business, or for training or personal development of the Chief Executive at the cost of Council, must receive prior approval from Council including details of estimated cost and the expected benefit to the organisation and its ratepayers.
- 13.2. International travel undertaken for the purposes of training and personal development of employees (other than the Chief Executive), must be approved by the Chief Executive within the overall cost approved through the annual or long-term plan process.
- 13.3. Any person travelling internationally on Council business must provide a report to the Mayor or Chief Executive on their return detailing the benefits of the trip.
- 13.4. Under no circumstances will a person be authorised to travel first class.

### 14. ACCOMMODATION

- 14.1. To the extent practicable, accommodation is to be booked well ahead of the actual travel date, so the expenditure is the most cost-effective possible. This

must take into account the location of the accommodation relative to the event, the standard of the accommodation (which should be modest) and security issues.

- 14.2. The use of “5 star” or “luxury” accommodation requires the express approval of the Chief Executive (in the case of employees) or the Mayor (in the case of the Chief Executive and elected members), prior to the booking being confirmed. In the case of the Mayor, expenditure is to be approved by the Chairperson or Deputy Chairperson of the Finance, Audit and Risk Committee.
- 14.3. Wherever possible, use is to be made of Council’s preferred suppliers, or booking agents, and negotiated corporate rates. Any exceptions will require express approval from the Chief Executive Officer.
- 14.4. Council will not provide reimbursement when an employee chooses to travel to and stay in private accommodation e.g. house of family or friends.
- 14.5. Other costs, such as parking, taxis etc. will be met on an “actual and reasonable” basis on production of receipts and where these costs are in line with the rest of this policy, in particular clause 9.5.
- 14.6. Accommodation check out times must be observed and Council will not meet any additional costs as a result of the employee failing to check out on time except in the case of extenuating circumstances which will be signed off by the Chief Executive Officer.

## 15. MEALS AND INCIDENTAL COSTS

- 15.1. Reasonable meal costs will be met when an employee is required to be away from home for 12 hours or more. The total cost is not expected to exceed \$100 per person per day, or other such amount as is set from time to time by the Chief Executive, this will be reimbursed on presentation of original receipts. Separate meal expenses will not be met where a meal has been provided as part of the meeting, conference, training etc. unless prior approval is given by the Chief Executive Officer upon receipt of details of estimated cost, reason for not having the provided meal, and the expected benefit to the organisation and its ratepayers.
  - 15.1.1. When an employee is travelling outside Wairoa for work purposes and who will be away from their normal workplace for more than 5 hours, reasonable and actual meal costs up to a maximum of \$35 per person per day will be reimbursed on presentation of original receipts. Separate meal expenses will not be met where a meal has been provided as part of the meeting, conference, training etc.
- 15.2. Charges for minibar items (food and beverages)/films/videos from hotel accommodation are the responsibility of the employee.
- 15.3. No alcoholic beverages will be paid for by Council.

## ENTERTAINMENT AND HOSPITALITY

### 16. ENTERTAINMENT AND HOSPITALITY

Entertainment and hospitality can cover a range of items from tea, coffee and biscuits to catering, such as meals and alcohol. It also includes non-catering related items such as Council-funded entry to sporting or cultural events.

- 16.1. The principles of a justified business purpose, moderate and conservative expenditure, should be applied.
- 16.2. Council expenditure on entertainment and hospitality should be limited to the following business justifications:
  - Building relationships
  - Representing the organisation
  - Reciprocity of hospitality where this has a clear business purpose and is within normal bounds – acceptance of hospitality is expected to be consistent with the principles and guidance for provision of hospitality.
  - Recognising significant business achievement
  - Building revenue
- 16.3. Given the many non-commercial functions of Council, there will only be limited justification for expenditure under some of the five purposes of entertainment and hospitality above, except in commercial business units.
- 16.4. Supporting the Council's internal organisational development may in occasional circumstances, also be a legitimate business purpose for moderate expenditure.
- 16.5. All entertainment and hospitality expenditure must be pre-authorised by the Chief Executive where practical and always supported by clear documentation. This documentation must identify the date, venue, costs, recipients and benefits derived and/or reasons for the event.
- 16.6. The most senior person present (with delegated authority) should approve and confirm the expenditure as being appropriate.

## GOODS AND SERVICES EXPENDITURE

### 17. DISPOSAL OF SURPLUS ASSETS

As part of normal business, Council will from time to time dispose of surplus assets. Typically this is when assets have become obsolete, worn out or surplus to requirements. Council's disposals are intended to be transparent and fair.

- 17.1. To ensure transparency, fairness and the best value for Council, the disposal of assets which have become obsolete, worn out or surplus to requirements, shall normally be conducted on the open market or by way of trade-in on a replacement asset.

17.2. Without the express prior written approval of the Chief Executive or Mayor, no surplus assets with a market value of more than \$500 per item will be sold directly to elected members, employees or their friends, acquaintances or family.

17.3. For assets with a value under \$500, the following principles shall apply:

- Employees involved in selling the asset shall not benefit from the disposal;
- Sales must maximise the return to the Council; and
- Be sold at no less than the market value determined by an appropriate valuation e.g. Trade Me

## 18. LOYALTY REWARD SCHEME BENEFITS

Loyalty reward schemes provide a benefit to the customer for continuing to use a particular supplier of goods and services. Generally, the rewards tend to be given in the name of the individual who obtains the goods and services, regardless of who has paid for them.

18.1. Except in the case of Airline loyalty rewards (covered under section 12.7 of this policy) and loyalty schemes such as Fly buys etc. Council treats loyalty rewards accruing to employees carrying out their official duties as property of the Council.

18.2. Where a reward/prize is obtained by chance and without inducement, it may be retained by the individual, otherwise it would be the property of Council. E.g. a reward is offered to select one supplier over another. This must be entered into the Staff Gifts Register.

18.3. Exceptions are prizes received from competitions at training or conference events or through membership of professional bodies which are the property of the individual. However, when their value exceeds \$100 they are to be disclosed to a Manager and in the Staff Gifts Register.

18.4. Council requires employees leaving the Council with unpaid loyalty rewards, to transfer the benefits to Council or buy the unapplied rewards from Council at the market rate. Where neither of these is practical, arrangements are to be made with the supplier to cancel the unapplied rewards.

## 19. PRIVATE USE OF COUNCIL ASSETS

19.1. Any physical item owned, leased or borrowed by Council is considered an asset for the purpose of this policy. This includes plant items, tools, photocopiers, mobiles, means of accessing the internet, and stationery.

19.2. The principles of transparency, moderate and conservative expenditure, are particularly relevant. Private use for personal purposes will only be permitted in limited circumstances and with approval from a member of SLT.

19.3. The costs to Council of private use will be recovered, unless it is impractical or uneconomic to separately identify those costs.



## 20. PRIVATE USE OF COUNCIL SUPPLIERS

- 20.1. The private use of Council's official procurement processes is not permitted. Council will not enable employees or elected members to obtain goods or services from a supplier on the same or similar basis to Council except in the limited way provided for below. This is to ensure that they may not receive preferential access to goods and services, and potentially a preferential price, which is not available to the public.
- 20.2. Staff may however, make moderate use of any access to goods or services through Council's suppliers only under the approved Staff Benefits scheme. All transactions are directly with suppliers and on a cash sale basis only. Staff may not use Council purchasing privileges on behalf of any third party. This includes family members or friends.
- 20.3. In rare circumstances a Council order may cover expenditure with a personal component e.g a travel or accommodation booking. In this case payment to Council for the personal component must be made promptly upon the earlier of: the confirmation of costs, or receipt of the invoice from the supplier.

## 21. COUNCIL USE OF PRIVATE ASSETS

- 21.1. Council may decide that reimbursing for use of Private Assets is appropriate for reasons such as cost, convenience or availability. Council may also decide to do this in circumstances where it would not fully use an asset of the same type if it acquired it directly. Examples include private motor vehicles, private mobiles and private computers or BYOD (buy your own device).
- 21.2. Insurance for the private asset being utilised is the responsibility of the employee.
- 21.3. To reduce the risk of the Council paying reimbursement costs that benefit the employee or elected member, pre-approval by a member of SLT is required. In assessing the request particular attention is to be paid to the principles of a justified business purpose and preserving impartiality and integrity.
- 21.4. Reimbursement will be set at actual and reasonable costs. All claims require supporting documentation.
- 21.5. Employees must not approve or administer payments to themselves for the Council's use of their private assets.

## EMPLOYEE SUPPORT AND WELFARE EXPENDITURE

### 22. CLOTHING

- 22.1. Other than official uniforms, and health and safety related clothing, staff will not be clothed at the Council's expense when they are engaged in normal business activity.

### **23. CARE OF DEPENDENTS**

- 23.1. The Chief Executive may authorise in exceptional circumstances the reimbursement of actual and reasonable costs in relation to the care of dependents. Some possible examples are when the employee is unexpectedly required to perform additional duties at very short notice, or a dependent unexpectedly requires additional care that the employee cannot provide because of the essential nature of their duties at the time. In all other instances care of dependents will be a personal and private expense of the employee.

### **24. FINANCING SOCIAL CLUB ACTIVITIES**

- 24.1. Council may make a prudent and reasonable monetary contribution to the Council Social Club. The contribution may be a grant or subsidy for a specific event or item. This is only to be authorised by the Chief Executive Officer.

### **25. FAREWELLS AND RETIREMENTS**

- 25.1. Expenditure on farewells, long service and retirements includes spending on functions, gifts and other items and should not be extravagant or inappropriate to the occasion. Refer to the WDC Recognition Policy.

### **26. SPONSORSHIP OF STAFF**

- 26.1. Staff taking part in an activity that is not part of their job, such as a sporting event, may be sponsored by Council through the provision of, or payment for goods and services (for example a t-shirt or entry fee)
- 26.2. Sponsorship should have a justified business purpose, which could include both publicity for the entity and its objectives, and organisational development. The cost to Council must be moderate and conservative.
- Normally this will be for Council sports teams rather than individual pursuits.
- 26.3. In normal circumstances, sponsorship will be provided through a social club or directly to the charging entity rather than directly to the staff member.

### **27. PROFESSIONAL MEMBERSHIPS**

Membership to a professional body is sensitive expenditure due to its personal nature.

- 27.1. Payment of professional fees by Council on behalf of an employee must be:

- Approved by the relevant SLT member, or Chief Executive in the case of employees and the Mayor. In the case of the Chief Executive or elected members, the Mayor is required to give approval;
- clearly relevant to the performance of the employee's duties and responsibilities;

- for the employee alone and is not to cover members of their family or other persons;
- for no longer than one-year in duration unless significant discounts are available and it is reasonable to expect a two year membership to be an advantage to the Council;
- for the benefit of the Council and are not intended to be a personal benefit to employees, and accordingly are not liable for Fringe Benefit Tax;
- refunded directly to the Council, as appropriate, on a pro rata basis upon the employee leaving employment; and,
- refunded directly to the Council if the membership is cancelled.

## OTHER TYPES OF EXPENDITURE

### 28. DONATIONS AND KOHA

A donation or a koha is a payment (in money or by way of goods or services) made voluntarily and without the expectation of receiving goods or services in return.

28.1. Council requires donations to be:

- Lawful in all respects;
- Disclosed in aggregate in the Council's annual report;
- Made to a recognised organisation by normal commercial means (not to an individual);
- Not in cash (except as a koha in line with tikanga. Amounts under \$200 to be approved by SLT member, and the CEO notified);
- Non-political (i.e. politically neutral).

28.2 The amount given on behalf of Council should reflect the occasion and the prestige of Council in its relations with Tangata Whenua and/or the organisation. Amounts over \$200 are to be approved by the Chief Executive.

### 29. GIFTS GIVEN

29.1. A gift is usually given as a token of recognition of achievement by the recipient. Gifts given to employees are covered in the WDC Recognition Policy.

### 30. GIFTS RECEIVED

30.1. The receiving of a gift is not strictly sensitive expenditure however; it is nevertheless a sensitive issue. Refer to the Gifts and Benefits Policy and enter gifts received into the Staff Gifts Register.



### 8.3 AMENDMENT TO THE FUNDING IMPACT STATEMENT: NEW DEFINITION FOR 'SEPERATELY USED AND INHABITED PARTS' OF A RATING UNIT

**Author:** David Doole, Senior Rates Officer

**Authoriser:** Gary Borg, Chief Financial Officer

**Appendices:** 1. Existing Definition of SUIP [↓](#)  
2. Revised Definition of SUIP [↓](#)

#### 1. PURPOSE

- 1.1 The purpose of this report is to seek the approval of the Committee to amend the definition of 'Separately Used and Inhabited Parts' of a rating unit for the purposes of assessing rates on all rateable land in the Wairoa District.

#### RECOMMENDATION

The Senior Rates Officer RECOMMENDS that Council approves the proposed change in definition of 'Separately Used and Inhabited Parts' of a rating unit.

#### 2. BACKGROUND

- 2.1 Council levies the uniform annual general charge (UAGC) and other certain targeted rates based on each separately used and inhabited parts (SUIP) of a rating unit.
- 2.2 For the year commencing 1 July 2017 5118 uniform annual general charges were levied on a total 4764 properties in the Wairoa District. There are 42 General urban 1.0 properties and 141 General rural 1.00 properties levied more than one uniform annual general charge. Typically urban properties consisting of a dwelling and a flat, or multiple flats and rural properties with multiple dwellings are levied more than one UAGC.
- 2.3 Section 15(1)(b) of the Local Government (Rating) Act 2002 (the Act) states that a local authority may set a UAGC on a fixed amount per SUIP of a rating unit. Additionally Schedule 3, clause 7 of the Local Government (Rating) Act allows for the calculation of targeted rates based on the number of SUIPs on a rating unit.
- 2.4 Although Council can levy UAGCs and other targeted rates on a fixed amount per SUIP there is no legal definition for the term 'separately used or inhabited.' Council needs to include a definition of 'separately used or inhabited' in its Funding Impact Statement, which is a component of a Long-term Plan (LTP).
- 2.5 The current definition of separately used or inhabited part of a rating unit, attached as **Appendix 1**, lacks clarity, it is unclear if vacant additional properties on residential pastoral properties are considered to be separately used or inhabited. This creates uncertainty in assessing and calculating rates; if a dwelling on a residential or pastoral property is vacant it is unlikely that Council will be aware of this. Also a property may only be temporarily vacant but still available to be used. The current legislation only refers to separately used or inhabited, not availability to be used or inhabited.
- 2.6 The proposed updated definition is attached as **Appendix 2**.

**3. OPTIONS**

- 3.1 The options identified are:
- a. Retain the current definition of separately used of inhabited parts of a rating unit.
  - b. Change the definition of separately used of inhabited parts of a rating unit.
- 3.2 Since Council is currently formulating its draft LTP, this is the optimum time to consider a change of this nature. The proposed change will improve clarity and consistency in Council's rating policies.
- 3.3 The preferred option is to change the definition of separately used of inhabited parts of a rating unit.

**4. CORPORATE CONSIDERATIONS****What is the change?**

- 4.1 This is an enhancement to the existing definition.

**Compliance with legislation and Council Policy**

- 4.2 The definition of a SUIP is contained in the Funding Impact Statement, which is a statutory component of a LTP as prescribed by s15 Sch10 of the Local Government Act 2002.

**What are the key benefits?**

- 4.3 A change in the definition to separately used and inhabited parts of a rating unit will aid in certainty in assessing and calculating rates. A more refined definition will remove subjectivity and make setting rates more robust and transparent.

**What is the cost?**

- 4.4 There is no cost in implementing this change

**What is the saving?**

- 4.5 There are potential time savings in reduced database management.

**Who has been consulted?**

- 4.6 No consultation has taken place. This is an existing definition that Council can add clarity to and improve upon. Due to the restricted area of focus, and relatively low impact on affected stakeholders it is assessed that full consultation is not necessary. The definition of a SUIP will be included in the draft LTP upon which Council will consult with the community.

**Service delivery review**

- 4.7 Not applicable.

**Māori Standing Committee**

- 4.8 This matter has not been referred to the MSC because there are no particular cultural considerations.

**5. SIGNIFICANCE**

5.1 This matter is assessed as being of low significance.

**6. RISK MANAGEMENT**

- 6.1 The strategic risks (e.g. publicity/public perception, adverse effect on community, timeframes, health and safety, financial/security of funding, political, legal – refer to S10 and S11A of LGA 2002, others) identified in the implementation of the recommendations made are as follows:
- 6.2 By considering this matter as part of the LTP process Council avoids the risk of an LTP amendment at a later date.
- 6.3 Implementing a clearer and more precise definition of SUIPs Council would mitigate the risk of challenge to its rating practices.

**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

**Signatories**

	
Author David Doole	Approved by Gary Borg

**Existing Definition of Separately Used or Inhabited Parts of a Rating Unit:**

*For the purposes of the general and targeted rates set by Council, a separately used or inhabited part of a rating unit is defined as:*

*A separately used or inhabited part of a rating unit includes any part of a rating unit that is used or inhabited by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement, or any part or parts of a rating unit that are used or inhabited by the ratepayer for more than one single use. Separately used or inhabited parts include:*

- A residential property that contains two or more separately inhabitable units, flats or houses each of which is separately inhabited or is capable of separate habitation.
- A commercial, or other non-residential property that contains separate residential accommodation in addition to its commercial, farming or other primary use,
- A commercial premises that contains separate shops, kiosks or other retail or wholesale outlets, each of which is operated as a separate business or is capable of operation as a separate business.
- An office block which contains several sets of offices, each of which is used by a different business or which is capable of operation as separate businesses.

***Council has recognised that there are certain instances where the above situations will occur, but in circumstances that do not give rise to separate uses or inhabitations. These specific instances are:***

- Where a business, farm, orchard, vineyard or horticultural operation contains accommodation on a rent-free basis for the owner, staff or sharemilkers associated with the enterprises' productive operation.
- Where a residential property contains not more than one additional separately inhabited part and where members of the owner's family inhabit the separate part on a rent-free basis.
- Where an orchard, vineyard or horticultural operation contains a stall for the sale to goods produced solely by the operation or a residence that provides accommodation on a rent-free basis for the owner and staff of the operation.

**Revised Definition of Separately Used and Inhabited Part of a Rating Unit.**

A fixed amount charged to each separately used or inhabited part of a rating unit.

**Definition of a Separately Used or Inhabited part of a Rating Unit -**

Any part of a rating unit used for a different purpose or inhabited by any person, other than the ratepayer or member of the ratepayer's household, having a right to use or inhabit that portion by virtue of a tenancy, lease, licence or other agreement.

Interpretation rules that form part of the definition of 'separately used or inhabited part':

- A. Each separate shop or business activity on a rating unit is a separate use, for which a separate UAGC is payable. (See Guidance Note 1.)
- B. Each dwelling, flat, or additional rentable unit (attached or not attached) on a residential property which is let (or capable of being let) for a substantial part of the year to persons other than immediate family members is a separately inhabited part of a property, and separate UAGCs are payable. (See Guidance Note 2.)
- C. Each residential rating unit which has, in addition to a family dwelling unit, one or more non-residential uses (i.e. home occupation units) will be charged an extra UAGC for each additional use. (See Guidance Note 3.)
- D. Each non-residential activity which has, in addition to its business or commercial function, co-sited residential units which are not a prerequisite part of the business or commercial function, will be liable for additional UAGCs for each residential unit. (See Guidance Note 4.)
- E. Individually tenanted flats, including retirement units, apartments and town houses (attached or not attached) or multiple dwellings on Māori freehold land are separately inhabited parts, and will each be liable for a separate UAGC. (See Guidance Note 5.)
- F. Each title on a multiple-managed forestry holding (that is, where the forest is broken into several individual small titles) is a separately used part except when one or more titles are adjacent and under the same ownership, in which case the rules of contiguity apply.
- G. Each block of land for which a separate title has been issued is liable to pay a UAGC, even if that land is vacant. NOTE: Two or more adjacent blocks of vacant land are not eligible for remission under "contiguity" (S.20 of LG(R)A 02) because they are not "used for the same purpose" (i.e. they are not used at all).
- H. Each dwelling, flat, or additional rentable unit (attached or not attached) on a pastoral, horticultural or forestry property which is let (or capable of being let) for a substantial part of the year to persons other than immediate family members is a separately inhabited part of a property, and separate UAGCs are payable. (See Guidance Note 6.)
- I. A substantial part of the year is considered to be three months or more (this total period may be fragmented, and may occur at any part of the rating year).
- J. Each dwelling on a lifestyle block whether tenanted or not.

**Guidance Notes**

The following notes are not rules, but are intended to aid officers in the interpretation of the rules.

**1. Commercial Properties**

- A single building on one title with 24 separate 'shops' would pay 24 UAGCs.
- A motel with an attached dwelling would pay only one UAGC. This is because the attached dwelling is essential to the running of the motel. This is similar to a pastoral property with one dwelling (See rule D above)
- A motel with an attached restaurant which is available to the wider public has two separately used parts and would pay two UAGCs. Likewise, a motel with an attached conference facility would pay an additional UAGC.
- A business which makes part of its income through leasing part of its space to semi-passive uses such as billboards, or money machines, is not regarded as having a separately used or inhabited part and would not be charged a separate UAGC.

**2. Residential Properties**

- The rule will apply to properties identified as "flats" on the valuation record (administered by Council's Valuation Service Provider, Quotable Value Limited). Sleep-outs and granny flats will generally be identified as "sleep-out" on the valuation record and will not normally incur additional UAGCs.
- If a property is identified on the valuation record as having flats, but these in fact are used only for family members or for others for very short periods, the additional UAGCs may be remitted on Council receiving proof of their use, including a signed declaration from the property owner (see remission policy for dwellings used for family use). A property owner who actively advertises the flats for accommodation will not qualify for the remission.

**3. Residential with Non-Residential Part**

- A residence with a separately accessible "office" (which may be used for surveyor, architect, or medical services) will pay an additional UAGC for the office. This is because it is a separately used part which generates additional use of roads, services, planning resources and democratic processes.
- A residence with a "Home Occupation" (commonly called a "hobby business") will not generally be charged a separate UAGC unless the intensity of operation is high. For example, a resident who occasionally manufactures boat trailers in his garage on the weekends would not incur an additional UAGC, but someone who works for most of the week panel beating or painting, particularly if the activity is accompanied by advertising, clearly has a separately used or inhabited part of the rating unit, and would incur an additional UAGC.
- A residential property, part of which is used continually for storage of large industrial machinery, has a separately used part, and would incur an additional UAGC.

**4. Non-Residential Activity with Co-sited Dwelling**

- A fish and chip shop, with a separately used flat above which can be accessed without passing through the shop, does have a separately used part, and would normally incur an additional UAGC charge.
- A dairy which has the operator's integral dwelling attached, would not incur an additional UAGC because the home is an integral part of the operation of the dairy similar to a pastoral property or motel.
- Certain Government agencies, churches, marae, and the like are automatically rate exempt (except for service charges such as water and wastewater). They may be charged rates and additional UAGCs for each separately used or inhabited part of the rating unit, however, if these organisations undertake accommodation or business activities which are not related to their core function.

**5. Individually Tenanted Flats**

- Each flat, apartment, or retirement or disability home, and each property under a "licence to occupy", is a separately used or inhabited part of a rating unit. This is regardless of the number of people who may be living in the unit. Each will be required to pay an additional UAGC charge.

**6. Pastoral Properties**

- Each dwelling, tenanted or untenanted, is a separately used or inhabited part of a rating unit. Each additional dwelling will incur an additional UAGC charge.
- Shearer's quarters that are untenanted, and used as a shearers quarters, will not be treated as a separately used or inhabited part of a rating unit. Shearer's quarters which are tenanted will be a separately used or inhabited part of a rating unit and incur an additional UAGC charge.
- A pastoral property with one dwelling would pay only one UAGC. This is because the attached dwelling is essential to the running of the pastoral property.
- Untenanted farm dwellings and cottages in addition to the main 'farm house' will be charged additional UAGC's.

**8.4 NOTICE OF MOTION - LIVESTREAMING OF COUNCIL MEETINGS**

**Appendices:** Nil

I, Councillor Hine Flood, give notice that at the next Ordinary Meeting of Council be held on 1 May 2018, I intend to move the following motion:-

**MOTION**

That Council consider livestreaming of Council Ordinary and Forum meetings utilising a valuable and timely communications resource to better inform and engage citizens.

That a scoping paper be prepared to provide Council the necessary information for consideration and resolution

**1. RATIONALE**

Mobile and digital is the new normal – with a desire to have better engagement and participation by our community, residents and ratepayers we need to investigate the advantage of livestreaming council meetings. By livestreaming we could demonstrate accountability and transparency and also provide ‘real time’ and accurate information to citizens quickly and efficiently.

Citizens – as the audience would be far reaching – not only to our residents/community but across the region, country & world. Current residents, prospective residents, whanau who live abroad – anyone who has an interest can engage.

For these aspects alone we need to do due diligence to the ever progressing online communications & as our people want it.

I commend this Notice of Motion to Council.



**8.5 QRS STATEMENT OF INTENT FOR THE PERIOD 1 JULY 2018 TO 30 JUNE 2021 AND SIX MONTHLY REPORT TO 31 DECEMBER 2017.**

**Author:** Gary Borg, Chief Financial Officer

**Authoriser:** Steven May, Chief Executive Officer

**Appendices:**

1. QRS Draft Statement of Intent 2018-21 [↓](#)
2. QRS - Draft Statement of Intent 2017-2020 [↓](#)
3. Six Monthly Report to 31 December 2017 [↓](#)

**1. PURPOSE**

- 1.1 To present the Draft QRS Statement of Intent 2018-19 and the company's six month performance report to 31 December 2017 for consideration by Council.

**RECOMMENDATION**

The Chief Financial Officer RECOMMENDS that Council receives the QRS proposed Statement of Intent 2018-19 and the six month performance report to 31 December 2017.

**2. BACKGROUND**

- 2.1 The Local Government Act 2002 (Schedule 8, paragraph 2) requires a Council Controlled Organisation (CCO) to deliver to its shareholders a Draft Statement of Intent (Sol) on or before 1 March each year.
- 2.2 Having received a Draft Sol, Council are required to comment, if it chooses to do so, within two months of 1 March. (LGA 2002 (Sch. 8, para.3))
- 2.3 The Draft Sol, attached as **Appendix 1**, was delivered to Council on 2 March 2018 and is complete in respect of the requirements of LGA 2002 Sch. 8, para.9.
- 2.4 Section 66 of the Act, and the company's current Sol, requires the Board to deliver to Council a half-yearly report on its operations. This was also delivered on 2 March 2018 and received by Council's Finance Audit and Risk Committee on 3 April 2018.
- 2.5 The directors will formally present the half-yearly report to Council at its Ordinary Meeting on 1 May 2018 and therefore it is attached as **Appendix 3**.

**3. PURPOSE AND ANALYSIS OF THE PROPOSED STATEMENT OF INTENT**

- 3.1 The Draft Sol sets out the overall activities and intentions of QRS for the three year period commencing 1 July 2018.
- 3.2 The following variations are notable compared to the company's Sol for the period commencing 1 July 2017, which is attached as **Appendix 2**:
  - 3.2.1. *1. Nature and scope of Activities*
    - 3.2.1.1. Waste Management inserted
    - 3.2.1.2. Utility Services removed
    - 3.2.1.3. Geographical context removed
  - 3.2.2. *3. Objectives* – this section has been overhauled

- 3.2.3. *4. Governance* – substantially rewritten
- 3.2.4. *7. Performance Targets* – 3 of 4 have been superseded, now all financial.
- 3.2.5. *11. Profit Distribution Policy* – a dollar amount replaces a % of post-tax profit
- 3.2.6. *13. Investment Policy* – a commitment to provide Council with business cases is appended.

#### 4. OPTIONS

- 4.1 The options identified are:
  - a. Receive the Draft Statement of Intent without amendment and the half-yearly report; or
  - b. Propose changes to the Draft Statement of Intent 2018-2020 and receive the half-yearly report.
- 4.2 Council may feel that some non-financial or liquidity performance measures are appropriate. However, these may be considered to be within the remit of the Board and management and as shareholder, Council may wish to maintain its arm's length position.
- 4.3 The preferred option is option (a), this meets the purpose of local government as it will help meet the current and future needs of communities for good-quality infrastructure and local public services in a way that is most cost-effective for households and businesses.

#### 5. CONCLUSION

- 5.1 The extensive updates to the Sol are a reflection of strategic overview the Board and management have applied since the company was reorganised in 2017.

#### 6. CORPORATE CONSIDERATIONS

##### **What is the change?**

- 6.1 There are no changes to council operations resulting from this decision.

##### **Compliance with legislation and Council Policy**

- 6.2 Both documents comply with the requirements of the Local Government Act 2002 in terms of content, but were delivered shortly after the required date of 1 March 2018.

##### **What are the key benefits?**

- 6.3 These documents provide an oversight of the company and support the development of the LTP budgets.

##### **What is the cost?**

- 6.4 There is no cost with this decision.

##### **What is the saving?**

- 6.5 No savings are generated with this decision.

**Who has been consulted?**

6.6 No consultation is required or has been undertaken on this report.

**Service delivery review**

6.7 This report does not trigger a need for a s17A review.

**Māori Standing Committee**

6.8 This has not been referred to the Māori Standing Committee because it is of equal interest to the whole community.

**7. SIGNIFICANCE**

7.1 The decision can be changed by using LGA 2002 Section 8 paragraph 5(1) which allows for shareholders by resolution to require the CCO Board to modify a statement of intent after due consultation with the Board.

**8. RISK MANAGEMENT**

8.1 The strategic risks (e.g. publicity/public perception, adverse effect on community, timeframes, health and safety, financial/security of funding, political, legal – refer to S10 and S11A of LGA 2002, others) identified in the implementation of the recommendations made are as follows:

- a. None.

**Further Information**

Not Applicable.

**Background Papers**

Not Applicable.

**References (to or from other Committees)**



The half-yearly report was previously received by Council's Finance Audit and Risk Committee.

**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

	
<p>Author Gary Borg</p>	<p>Approved by Steven May</p>

**DRAFT**



**QRS**

**Quality Road and Services (Wairoa) Limited**

## **STATEMENT of CORPORATE INTENT (SCI)**

**2018-2019  
(Covering period 1 July 2018 to 30 June 2021)**



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## FOREWORD

Quality Roding and Services (Wairoa) Limited ("QRS") is incorporated and domiciled in NZ and is wholly owned by the Wairoa District Council. QRS is a Council Controlled Trading Organisation as defined in Section 6 of the Local Government Act 2002.

This Statement of Corporate Intent (SCI) sets out the overall activities and intentions of QRS for the financial year 1 July 2018 to 30 June 2019 and the two succeeding financial years. It also states the objectives to which those activities will contribute.

## 1. NATURE AND SCOPE OF ACTIVITIES OF THE COMPANY

The principal activities of the Company are:

- Roding Maintenance and associated construction
- Civil Construction
- Quarrying
- Heavy Transport
- Reserves Maintenance
- Waste Management

## 2. CURRENT MISSION STATEMENT

To grow and sustain a profitable and locally valuable contracting business on a foundation of safety and quality.

## CURRENT VISION STATEMENT

Professional and growing.

## 3. OBJECTIVES

To achieve the current mission and vision, the Company will focus on:

Financial performance and position.	<p>The Company will continue to manage the business to ensure its continued relevance to the Wairoa community. To this end it will:</p> <ul style="list-style-type: none"> <li>• Strive to increase shareholder value</li> <li>• Seek out new opportunities that are relevant having regard to the nature and capability of the business.</li> <li>• Ensure a local response capability in times of local emergency situations</li> <li>• Provide support for local community entities and initiatives.</li> <li>• Commit to a positive and collaborative relationship with the Shareholder which ensures the Company will not act contrary to the interests of WDC.</li> </ul>
People	<p>Ensure QRS has the right people doing the right things all of the time by:</p>



	<ul style="list-style-type: none"> <li>• Recruiting and retaining competent, capable, committed people</li> <li>• Maintaining a respectful company environment and culture</li> <li>• Being a “good employer”</li> </ul>
Relationships External	<p>Collaborate with stakeholders for the greater good of Wairoa with an emphasis on:</p> <ul style="list-style-type: none"> <li>• looking forward, not back</li> <li>• timely responses</li> <li>• open, honest and frank communication</li> <li>• respect for one another</li> <li>• having no surprises</li> <li>• being positive and constructive</li> <li>• being focused on “what is best for Wairoa”.</li> <li>• effective communication processes in place between QRS and WDC.</li> <li>•</li> </ul> <p>The Company will work with WDC to develop an Owner’s Expectation manual as a governance instrument to bring greater clarity to the roles and responsibilities of our relationship.</p>
Health and Safety	<p>The Company will continue:</p> <ul style="list-style-type: none"> <li>• a culture that aims for zero harm in accordance with industry best practice</li> <li>• to understand and comprehend risks, hazards and responsibilities</li> <li>• the use of effective reporting systems</li> <li>• Employee participation in all health and safety matters that have the potential to affect them in their work</li> <li>• to ensure compliance with relevant legislation and company standards is achieved.</li> </ul>
Growth	<p>Expand existing client base.</p> <p>Increase the use of sub-contractors.</p> <p>Diversify QRS’ revenue base</p> <p>The Company is committed to developing productive strategic relationships</p>
Quality	<p>Quality is what the Company is known for, ensuring:</p> <ul style="list-style-type: none"> <li>• Consistency of service delivery</li> <li>• Continuous improvement systems</li> <li>• compliance with: <ul style="list-style-type: none"> <li>• contract plans</li> <li>• contract documents</li> <li>• company policies and procedures.</li> </ul> </li> </ul>





#### 4. GOVERNANCE

The role of the Board is to effectively represent WDC and not to act contrary to the interests of WDC whilst adding long term value to the Company.

The board will regularly review and monitor the management of the Company by:

Determining purpose	Establishing goals and objectives which are appropriate to the environment and circumstances.
Developing an effective governance culture	Ensuring the company's goals and objectives are understood and endorsed by management.  Consider policies that will strengthen the Company's performance.  Engage effectively with the Company CEO and wider leadership team.
Holding to account	Satisfying itself that the Company is achieving its goals and objectives.  Agreeing with management a set of financial and non-financial KPIs relevant to the agreed goals and objectives.
Effective Compliance	Ensuring the Company is financially viable.  Ensuring the Company is legally compliant in all that it does.

The Board will hold quarterly governance meetings with WDC.

Day-to-day management of the Company will be delegated to the Chief Executive Officer.

#### 5. RATIO OF SHAREHOLDER FUNDS TO TOTAL ASSETS

To provide the Company with the capacity to grow whilst maintaining an efficient capital structure that minimizes risk, QRS will target the ratio of shareholder funds to total assets for each year at not less than 45%. The shareholder funds and total assets are defined as disclosed in the Audited statement of financial position as at 30 June.

#### 6. ACCOUNTING POLICIES

The Company's accounting policies comply with the requirements of the Financial Reporting Act 1993 and are consistent with generally accepted accounting principles.

Details of the accounting policies and their application are contained in the Appendix.



**7. PERFORMANCE TARGETS**

The following performance targets are the measures by which the Company's performance will be judged:

	2018/19	2019/20	2020/21
Target Revenue	\$18,000,000	\$12,000,000	\$12,000,000
Net profit after -tax	\$712,800	\$475,000	\$475,000
Dividend Forecast	\$100,000	\$100,000	\$100,000
Ratio of shareholder funds to total assets - not less than:	45%	45%	45%

*Please note: Net Profit pre-tax as a percentage of opening shareholder funds is on the assumption that current contracts are retained when re-tendered in 2017.*

7.1 The Company will deliberate implementing a remuneration policy for employees.

**8. REPORTS TO SHAREHOLDER****8.1 General**

The Company will disclose sufficient information on its operations as is necessary to enable the Shareholder to make an informed assessment of the performance of the Company.

**8.2 Draft Statement of Corporate Intent**

The Board will deliver to the Shareholder a Draft Statement of Corporate Intent on or before 1 March each year.

- 8.3 Completed Statement of Corporate Intent**

The Board will:

- (a) Consider any comments on the Draft Statement of Corporate Intent that are made to it within two months of March by the Shareholder; and
- (b) Deliver the completed Statement of Corporate Intent to the Shareholder on or before 30 June each year.

- 8.4 Half Year Report**

The Board will, by 28 February each year, deliver to the Shareholder the following information:

Unaudited financial statements consisting of:

- Statement of Financial Position
- Statement of Financial Performance
- Cash Flow Statement for the six months to 31 December, together with statements of explanation and accounting policies upon which the financial statements are based.



- A written report on operations of the Company during the period, and the amount of any interim dividend, that is recommended and the outlook for the next six months, including any significant changes to previous forecasts or reports.

The Company will make a formal presentation of the report at a meeting called by the Shareholder. This meeting will be a formally constituted meeting of the Wairoa District Council called in terms of the Local Government Act 2002.

- **8.5 Annual Report**

The Company will make available to the Shareholder and the public, audited Financial Statements in accordance with Section 67 of the Local Government Act 2002 within three months after the end of each financial year, being 30 September.

The AGM of the Company will be held no later than 21 days after the delivery of the Annual Report to the Shareholder.

The Company will make a formal presentation of the report to a meeting called by the Shareholder. This meeting will be a formally constituted meeting of the Wairoa District Council called in terms of the Local Government Act 2002.

## **9. CONSENT FOR SHAREHOLDING**

Notwithstanding anything else contained in the Constitution or the Act, the Board may not subscribe for, purchase, or otherwise acquire shares in any other company or other person without the prior written approval of the Shareholder.

## **10. ESTIMATE OF COMMERCIAL VALUE OF THE SHAREHOLDER'S INVESTMENTS**

The Board will make an estimate of the commercial value of the Company each year. An independent valuation will be performed once every three years. The Shareholder will be advised of the value of their investment accordingly.

## **11. PROFIT DISTRIBUTION POLICY**

### **(c) Dividend Payments**

The Company will pay the Shareholder a minimum annual dividend of \$100,000 of the audited tax paid profit. This includes an interim dividend of \$50,000 after the six-monthly result, subject to the Board signing a Solvency Certificate.

In arriving at a recommendation in respect to a dividend the Board will have regard to:

- The Company's vision and objectives.
- The Company's financial performance for the past financial year taking regard for the future commercial environment.
- The Company's ability to meet financial commitments.
- The Company's investment proposals and profitability thereof.
- The Company's ability to secure suitable financial arrangements.



- The Company's requirements to reinvest in renewal of assets.
- Shareholder expectations with respect to overall performance of the Company's commercial outcomes.

The Board may recommend the payment of dividends in addition to those contained within this SCL.

*Please note: Payment of dividends is on the assumption that current contracts are retained when re-tendered in 2018.*

## 12. TREASURY POLICY

### Corporate Objectives

Ensure the Company is able to meet its future commitments as they fall due in both the short term and the long term through active treasury risk management:

1. Reduce Company cost of borrowing through effective control and management of its interest rate risk and manage the Company's exposure to interest rate risk within acceptable levels.
2. Manage funding risk by the selection of the best available methods for long term financing requirements. Manage the Company's return on funds invested through the effective control and management of its interest risk and to maintain company exposure to interest risk within acceptable levels.
3. Maintain adequate internal controls to ensure that funds are invested and borrowed in accordance with Company Policy.
4. Company assets can be given as security. The use of long-term funds will be restricted to development and establishment of capital assets and the repayment of equity.

## 13. INVESTMENT POLICY

The Directors acknowledge that QRS, as a CCTO, differs from a private sector company in that the shareholding investment by the Wairoa District Council is on behalf of all its ratepayers. Furthermore, as those ratepayers do not have any direct involvement with how that investment is determined, the Directors owe a special duty of care to how that investment is managed.

As an overall investment policy, and having regard to the special duty of care referred to, the Company will endeavour to maximise the return on investments whilst acting within legislative parameters, maintaining investment risk within acceptable limits and ensuring the Company's funds are properly safeguarded. In addition, the Company will supply WDC with all business cases for investments above \$500,000 for review prior to committing to the investment.



**APPENDIX: ACCOUNTING POLICIES**

The Company's accounting policies comply with the requirements of the Financial Reporting Act 1993 and are consistent with generally accepted accounting principles.

The general accounting principles recognised as appropriate for the measurement and reporting of results and financial position on a historical cost basis have been followed.

The following particular accounting policies which materially affect the measurement of results and financial position have been applied:

**1. Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Specifically, revenue on contracts is recognised progressively over the period of each contract. The amount included in the Statement of Comprehensive Income, and the value of the contract work in progress, are established by assessment of individual contracts taking into account the proportion of work completed, cost analysis and estimated final results.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

**2. Expenses**

Expenses shown in the Statement of Comprehensive Income comprise the amounts paid and payable by the Company for completed contracts for the supply from suppliers of goods and services in the ordinary course of business. Borrowing costs are recognised as an expense when incurred.

**3. Goods and Services Tax**

The Financial Statements have been prepared 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, it is recognised as part of the related asset or expense.

**4. Employee Benefits**

Provision is made in respect of the Company's liability for annual leave, sick leave, long service leave and retirement gratuities.

The provision for sick leave is based on the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at balance date.

The provision for gratuities is based on the number of weeks the employee will be paid at retirement, the expected pay rate along with the probability of the employee still being employed by QRS at retirement age.

The provision for long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Expected future payments for gratuities and long service leave are discounted using market yields at the reporting date.

Defined Contribution Pension Plan obligations are recognized as an expense in the Statement of Comprehensive Income as incurred.





## 5. Differential Reporting

QRS qualifies for differential reporting under NZ IFRS as it is not publicly accountable and not large.

All available differential reporting exemptions under the Framework for Differential Reporting for Entities Applying New Zealand Equivalents to IFRS Reporting Regime have been applied, except for NZ IAS 7 Statement of Cash Flows and NZ IAS 12 Income Taxes.

## 6. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past result, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where material, 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, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost.

## 7. Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arisen from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.



Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

#### **8. Accounts Receivable**

Accounts Receivable are recognised and carried at original invoice amount less an allowance for any uncollectable amounts.

An estimate for doubtful debts is made when collection of the amount is no longer probable. Bad debts are written off when identified.

#### **9. Cash and Cash Equivalents**

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

#### **10. Inventories**

Inventories are valued on the basis of the lower of cost, determined on a first-in, first-out basis, and net realisable value.

#### **11. Property, Plant and Equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

There are six classes of property, plant and equipment:

- Freehold Land
- Quarries
- Freehold Buildings
- Plant, Equipment and Motor Vehicles
- Office Equipment and Furniture
- Computer Hardware

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

Impairment losses are recognised in the Statement of Comprehensive Income in other operating expenses.



## 12. Depreciation

Depreciation is provided on a straight line basis on freehold buildings and quarries. Freehold land is not depreciated.

Plant, equipment and motor vehicles, office equipment and furniture, and computer hardware are depreciated at rates calculated to allocate the assets cost less estimated residual value over their estimated useful lives. The rates for major classes of assets have been estimated as follows:

Quarries	3.3% Straight Line
Freehold Buildings	3.3% Straight Line
Plant, Equipment & Motor Vehicles	20% Diminishing Value
Office Equipment and Furniture	20% Diminishing Value
Computer Hardware	48% Diminishing Value

Depreciation is calculated on a monthly basis from the date of acquisition.

## 13. Intangible Assets

Intangible assets acquired separately are capitalized at cost. Following initial recognition, the cost model is applied to all classes of intangible assets.

The useful lives of all intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income when the asset is derecognised. The amortisation of the software class of intangible assets is estimated at 20%-48% diminishing value, depending on the nature of the software.

## 14. Statement of Cash Flows

Operating activities include cash received from all income sources of the Company and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Company.

## 15. Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.





Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised and as well as through the amortisation process.

#### **16. Trade and Other Payables**

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the end of the financial year that are unpaid and arise when QRS becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **17. Financial Instruments**

Financial instruments are recognised in the Balance Sheet when the group becomes party to a financial contract. They include cash balances, bank overdrafts, receivables, payables and term borrowings. All revenues and expenses in relation to the financial instruments are recognised in the Statement of Comprehensive Income.

#### **18. Leases**

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating surplus in equal instalments over the lease term.

#### **19. Significant Accounting Judgements, Estimates and Assumptions – Quarry Aftercare Make Good Provisions**

A provision has been made for the present value of anticipated costs of future restoration of quarry sites. The provision includes future cost estimates associated with quarry aftercare. The calculation of this provision requires assumptions such as application of environmental legislation and life of metal extraction from each quarry site. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset (if applicable) and provision.

#### **19. New Accounting Standards and Interpretations**

The accounting policies adopted are consistent with those in the previous financial year. The Company has elected not to early adopt any new standards or interpretations, which have been issued but are not yet effective, including the improvements to NZ IFRSs effective 1 July 2011 or 1 January 2012. There are no new or revised standards that had a material impact on the financial statements.



**DRAFT**

**QRS**  
**Quality Roading and Services (Wairoa) Limited**  
**STATEMENT OF INTENT**  
**2017-2018**  
**(covering periods ending 30 June 2018 to 2020)**

Quality Roading and Services (Wairoa) Limited ("QRS") is incorporated and domiciled in NZ and is wholly owned by the Wairoa District Council. QRS is a Council Controlled Trading Organisation as defined in Section 6 of the Local Government Act 2002.

This Statement of Intent sets out the overall activities and intentions of QRS for the financial year 1 July 2017 to 30 June 2018 and the two succeeding financial years. It also states the objectives to which those activities will contribute.

**1. NATURE AND SCOPE OF ACTIVITIES OF THE COMPANY**

The principal activities for the company are Roading Maintenance and Construction, Reserves Maintenance, Quarrying, Heavy Transport, Civil Construction, and Utility Services within the Wairoa District and wider East Coast Region.

**2. VISION**

To grow and sustain a profitable and locally valuable business on a foundation of safety and quality.

**3. OBJECTIVES**

To achieve this overall vision, the Company will focus on:

- Retention of key contracts.
- People
  - Having the right people doing the right job, now and in the future as the business and technology changes.
- Health and Safety
  - Develop a business culture that achieves zero harm and where employee participation is encouraged.
  - Understand risks and hazards.
  - Have effective reporting systems in place.
  - Ensure compliance with relevant legislation and company standards are achieved.
- Quarries
  - QRS to grow aggregate supply beyond local district.
- Growth
  - Identify new business opportunities and develop strategic and commercial relationships.
  - Expand client base both locally and regionally

#### 4. GOVERNANCE

The role of the Board is to effectively represent and promote the interests of the shareholder, by ensuring shareholder value is enhanced while meeting the needs and expectations of customers, and maintaining the long term financial success of the company.

The Board will regularly review and monitor the management of the business and affairs of the company by:

- Ensuring that the company goals are clearly established, and that strategies are in place for achieving them (such strategies initiated by management);
- Ensure that management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
- Appointing the CEO, setting the terms of the CEO's employment contract and, where necessary, terminating the CEO's employment with the company;
- Regularly monitoring the performance of the Chief Executive Officer;
- Ratifying the appointment of CFO and members of the senior executive team;
- Taking appropriate steps as necessary to protect the company's financial position and the ability to meet its debts and other obligations when they fall due;
- Ensuring that the company's financial statements are true and fair and otherwise conform with law;
- Approving and fostering a corporate culture which requires the board, management and every employee to operate to a high level of ethical and professional behaviour;
- Reviewing and adopting the Statement of Intent;
- Ensuring that the company has appropriate risk management/regulatory compliance policies in place.

Day to day management of the company will be delegated to the Chief Executive Officer.

#### 5. RATIO OF SHAREHOLDER FUNDS TO TOTAL ASSETS

To provide the company with the capacity to grow, whilst maintaining an efficient capital structure that minimizes risk, QRS will target the ratio of shareholder funds to total assets for each year at not less than 45%. The shareholder funds and total assets are defined as disclosed in the Audited statement of financial position as at 30 June.

#### 6. ACCOUNTING POLICIES

The Company's accounting policies comply with the requirements of the Financial Reporting Act 1993 and are consistent with generally accepted accounting principles.

Details of the accounting policies and their application are contained in the appendix.

#### 7. PERFORMANCE TARGETS

The following performance targets are the measures by which the Company's performance will be judged:

	2018	2019	2020
Net profit pre tax as a percentage of opening shareholder funds	6%	6.2%	6.7%
Total cost of public debt servicing not to exceed 20% of operating revenue	20%	20%	20%
Ratio of shareholder funds to total assets - not less than	45%	45%	45%
Local permanent workforce	>60	>60	>60

*Please note Net Profit pretax as a percentage of opening shareholder funds is on the assumption that current contracts are retained when re-tendered in 2017.*

## 8. REPORTS TO SHAREHOLDER

### 8.1 General

The company will disclose sufficient information on its operations as is necessary to enable the shareholder to make an informed assessment of the performance of the company.

### 8.2 Draft Statement of Intent

The Directors will deliver on or before the 1<sup>st</sup> of March in the year prior to commencement of the year of the draft Statement of Intent including indicative Performance Targets.

### 8.3 Completed Statement of Intent

The board must –

- (a) Consider any comments on the draft statement of intent that are made to it within two months of 1 March by the shareholder; and
- (b) Deliver the completed statement of intent to the shareholder on or before 30 June each year.

### 8.4 Half Year Report

The directors will by 28 February each year, deliver to the Shareholder the following information:

- o Unaudited financial statements consisting of a Statement of Financial Position, Statement of Financial Performance and Cash Flow Statement for the six months to 31 December, together with statements of explanation and accounting policies upon which the financial statements are based.
- o A written report by the directors on operations of the company during the period, and the amount of any interim dividend, that is recommended and the outlook for the next six months, including any significant changes to previous forecasts or reports.
- o The company to make formal presentation of the report at a meeting called by the shareholder. This meeting will be a formally constituted meeting of the Wairoa District Council called in terms of the Local Government Act 2002.

### 8.5 Annual Report

The company will make available to the shareholder and public, audited Financial Statements in accordance with Section 67 of the Local government Act 2002 within three months after the end of each financial year being 30 September.

The AGM of the company will be held no later than 21 days after the delivery of the Annual Report to the Shareholder.

The Company will make a formal presentation of the report to a meeting called by the shareholder. This meeting will be a formally constituted meeting of the Wairoa District Council called in terms of the Local Government Act 2002.

## 9. CONSENT FOR SHAREHOLDING

Notwithstanding anything else contained in the Constitution or the Act, the Board may not subscribe for, purchase, or otherwise acquire shares in any other company or other person without the prior written approval of the Shareholder.

**10. ESTIMATE OF COMMERCIAL VALUE OF THE SHAREHOLDERS' INVESTMENTS**

The Directors will make an estimate of the commercial value of the company each year. An independent valuation will be performed three yearly. The shareholder will be advised of the value of their investment accordingly.

**11. PROFIT DISTRIBUTION POLICY****Dividend Payments**

The Company will pay the shareholder a minimum annual dividend of 40% of the audited tax paid profit and may pay an interim dividend after the six monthly result, subject to the Directors signing a solvency certificate.

In arriving at a recommendation in respect to a dividend the Directors will have regard to:

- The company's vision and objectives.
- The company's financial performance for the past financial year taking regard for the future commercial environment.
- The company's ability to meet financial commitments.
- The company's investment proposals and profitability thereof.
- The company's ability to secure suitable financial arrangements.
- The company's requirements to reinvest in renewal of assets.
- Shareholder expectations with respect to overall performance of the company's commercial outcomes.

NOTE: The Company may declare dividends but no dividend shall exceed the amount recommended by the directors. The directors may from time to time recommend the payment of dividends in addition to those contained within this Statement of Intent.

**12. TREASURY POLICY****Corporate Objectives**

Ensure the company is able to meet its future commitments as they fall due in both the short term and the long term through active liquidity management.

1. Reduce company cost of borrowing through effective control and management of its interest rate and to maintain the company's exposure to interest rate risk within acceptable levels.
2. Ensure the selection of the best available methods for long term financing requirements among the various financial alternatives.
3. Manage the company's return on funds invested through the effective control and management of its interest risk and to maintain company exposure to interest risk within acceptable levels.
4. Maintain adequate internal controls to ensure that funds are invested and borrowed in accordance with Company Policy.
5. Company assets can be given as security. The use of long-term funds will be restricted to development and establishment of capital assets and the repayment of equity.

**13. INVESTMENT POLICY**

The Directors acknowledge that QRS, as a CCTO, differs from a private sector company in that the shareholding investment by the Wairoa District Council is on behalf of all its ratepayers. Furthermore, as those ratepayers do not have any direct involvement with how that investment is determined, the Directors owe a special duty of care to how that investment is managed.

As an overall investment policy, and having regard to the special duty of care referred to, the Company will endeavour to maximise the return on investments whilst acting within legislative parameters, maintaining investment risk within acceptable limits and ensuring the company's funds are properly safeguarded.

**APPENDIX****ACCOUNTING POLICIES**

The Company's accounting policies comply with the requirements of the Financial Reporting Act 1993 and are consistent with generally accepted accounting principles.

The general accounting principles recognised as appropriate for the measurement and reporting of results and financial position on a historical cost basis have been followed.

The following particular accounting policies which materially affect the measurement of results and financial position have been applied:

**1. Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Specifically, revenue on contracts is recognised progressively over the period of each contract. The amount included in the Statement of Comprehensive Income, and the value of the contract work in progress, are established by assessment of individual contracts taking into account the proportion of work completed, cost analysis and estimated final results.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

**2. Expenses**

Expenses shown in the Statement of Comprehensive Income comprise the amounts paid and payable by the Company for completed contracts for the supply from suppliers of goods and services in the ordinary course of business. Borrowing costs are recognised as an expense when incurred.

**3. Goods and Services Tax**

The Financial Statements have been prepared 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, it is recognised as part of the related asset or expense.

**4. Employee Benefits**

Provision is made in respect of the Company's liability for annual leave, sick leave, long service leave and retirement gratuities.

The provision for sick leave is based on the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at balance date.

The provision for gratuities is based on the number of weeks the employee will be paid at retirement, the expected pay rate along with the probability of the employee still being employed by QRS at retirement age.

The provision for long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Expected future payments for gratuities and long service leave are discounted using market yields at the reporting date.

Defined Contribution Pension Plan obligations are recognized as an expense in the Statement of Comprehensive Income as incurred.

**5. Differential Reporting**

QRS qualifies for differential reporting under NZ IFRS as it is not publicly accountable and not large.

All available differential reporting exemptions under the Framework for Differential Reporting for Entities Applying New Zealand Equivalents to IFRS Reporting Regime have been applied, except for NZ IAS 7 Statement of Cash Flows and NZ IAS 12 Income Taxes.

## 6. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past result, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where material, 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, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost.

## 7. Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

## 8. Accounts Receivable

Accounts Receivable are recognised and carried at original invoice amount less an allowance for any uncollectable amounts.

An estimate for doubtful debts is made when collection of the amount is no longer probable. Bad debts are written off when identified.



### 9. Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

### 10. Inventories

Inventories are valued on the basis of the lower of cost, determined on a first-in, first-out basis, and net realisable value.

### 11. Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

There are six classes of property, plant and equipment:

- Freehold Land
- Quarries
- Freehold Buildings
- Plant, Equipment and Motor Vehicles
- Office Equipment and Furniture
- Computer Hardware

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

Impairment losses are recognised in the Statement of Comprehensive Income in other operating expenses.

### 12. Depreciation

Depreciation is provided on a straight line basis on freehold buildings and quarries. Freehold land is not depreciated.

Plant, equipment and motor vehicles, office equipment and furniture, and computer hardware are depreciated at rates calculated to allocate the assets cost less estimated residual value over their estimated useful lives. The rates for major classes of assets have been estimated as follows:

Quarries	3.3% Straight Line
Freehold Buildings	3.3% Straight Line
Plant, Equipment & Motor Vehicles	20% Diminishing Value
Office Equipment and Furniture	20% Diminishing Value
Computer Hardware	48% Diminishing Value

Depreciation is calculated on a monthly basis from the date of acquisition.

**13. Intangible Assets**

Intangible assets acquired separately are capitalized at cost. Following initial recognition, the cost model is applied to all classes of intangible assets.

The useful lives of all intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income when the asset is derecognised. The amortisation of the software class of intangible assets is estimated at 20%-48% diminishing value, depending on the nature of the software.

**14. Statement of Cash Flows**

Operating activities include cash received from all income sources of the Company and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Company.

**15. Interest-Bearing Loans and Borrowings**

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised and as well as through the amortisation process.

**16. Trade and Other Payables**

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the end of the financial year that are unpaid and arise when QRS becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**17. Financial Instruments**

Financial instruments are recognised in the Balance Sheet when the group becomes party to a financial contract. They include cash balances, bank overdrafts, receivables, payables and term borrowings. All revenues and expenses in relation to the financial instruments are recognised in the Statement of Comprehensive Income.

**18. Leases**

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating surplus in equal instalments over the lease term.

**19. Significant Accounting Judgements, Estimates and Assumptions  
Quarry Aftercare Make Good Provisions**

A provision has been made for the present value of anticipated costs of future restoration of quarry sites. The provision includes future cost estimates associated with quarry aftercare. The calculation of this provision requires assumptions such as application of environmental legislation and life of metal extraction from each quarry site. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset (if applicable) and provision.

**20. New Accounting Standards and Interpretations**

The accounting policies adopted are consistent with those in the previous financial year. The company has elected not to early adopt any new standards or interpretations, which have been issued but are not yet effective, including the improvements to NZ IFRSs effective 1 July 2011 or 1 January 2012. There are no new or revised standards that had a material impact on the financial statements.



## **SIX MONTHLY REPORT**

**For the Period Ended 31 December 2017**





## QUALITY ROADING AND SERVICES (WAIROA) LIMITED

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**QUALITY ROADING AND SERVICES (WAIROA) LIMITED**

**DIRECTORY**

**Directors**

Mr Guy Gaddum (Chairman)  
Mrs Wendie Harvey  
Mr Ian Redshaw  
Mr Tony Gray

**Registered Office**

Kaimoana Road  
Wairoa

**Postal Address**

P O Box 83  
Wairoa

Phone: (06) 838 9030  
Fax: (06) 838 9049

**Auditor**

Stuart Mutch of Ernst & Young on behalf of the Office of the Auditor General

**Bankers**

ANZ Banking Group  
Wairoa

**Solicitors**

Mr Ian McDonald  
Wairoa

### Chairman's Six Month Report 2017

For the six-month period to December 2017

The QRS Directors declare a pre-tax profit of \$226,000 (2016: \$2,854).

The Company has reported revenue to 31 December 2017 of \$7,300,000 incurring expenses of \$7,074,000.

	31/12/15	31/12/16	31/12/17
REVENUE	5,200,000	5,600,000	7,300,000
EXPENSES	4,970,000	5,597,000	7,074,000
SURPLUS/(DEFICIT)	230,000	3,000	226,000

The first six months of our 2018 financial year were marked by some critical changes in the business that were required to improve business performance and assure sustainability. Amongst these was the hiring of Nigel Pollock as our new CEO and a company restructure designed to ensure that QRS had a staff structure and skill set that suited the size and strategic requirements of the business going forward.

These critical changes, a focus on execution, coupled with a favourable work environment have contributed to a significant turnaround in performance across all areas of the QRS business.

This has culminated in the securing of an \$8million Safe Roads contract with NZTA which is recognition of the improvements in company culture, capability and professionalism and is an outstanding achievement by the whole QRS team.

This contract reflects a growing confidence in QRS by our major clients including WDC, Higgins, and NZTA.

Community involvement has continued with over \$25,000 spent on charitable projects encompassing school teams, public events, and the Gaiety Theatre.

QRS continues to be a major employer in the Wairoa District with wages of \$3.4 million for the 6 month period to 31 December 2017.

Looking forward for the next 6 months the board is confident that our team will continue to deliver at current levels.

Current staff levels are 98 (2016: 104), with 91% on full time permanent contracts.

The Directors have resolved to pay an interim dividend of \$50,000 (2016: \$50,000) for the six month period.

The Directors thank CEO Nigel Pollock and the QRS team for their dedication to the company and our clients.



Guy Gaddum  
Chairman  
Quality Roothing and Services (Wairoa) Limited  
1 March 2018

QUALITY ROADING AND SERVICES (WAIROA) LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017



	Notes	6 mths to 31/12/2017	6 mths to 31/12/2016	12 mths to 30/06/2017
Revenue		7,301,896	5,615,488	13,458,610
Cost of Sales		2,626,702	1,875,560	5,679,982
<b>Gross Profit</b>		<b>4,675,194</b>	<b>3,739,928</b>	<b>7,778,628</b>
Personnel Expenses	2	3,408,319	2,940,816	6,156,887
Depreciation Expense	12	481,939	468,617	973,894
Administrative Expenses		362,291	214,472	570,043
Other Operating Expenses	1	132,896	65,553	171,442
		<b>4,385,445</b>	<b>3,689,458</b>	<b>7,872,266</b>
<b>Operating Profit Before Financing Costs</b>		<b>289,749</b>	<b>50,470</b>	<b>(93,638)</b>
Financing Income		328	1,092	2,255
Financing Expenses		(64,439)	(48,708)	(118,871)
<b>Net Financing Costs</b>		<b>(64,111)</b>	<b>(47,616)</b>	<b>(116,616)</b>
<b>Profit/(Loss) Before Tax</b>		<b>225,638</b>	<b>2,854</b>	<b>-210,254</b>
Income Tax Expense	9	(63,179)	(799)	58,593
<b>Profit/(Loss) For The Period</b>		<b>162,459</b>	<b>2,055</b>	<b>-151,661</b>
<b>Other Comprehensive Income</b>			-	-
<b>Total Comprehensive Income/(Loss) for the Period</b>		<b>162,459</b>	<b>2,055</b>	<b>-151,661</b>

The accompanying accounting policies and notes form part of these financial statements.

Quality Roding and Services (Wairoa) Limited - Six Month Report for the period ended 31 December 2017

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QUALITY ROADING AND SERVICES (WAIROA) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017



	Notes	6 mnths to 31/12/2017	6 mnths to 31/12/2016	12 mnths to 30/06/2017
EQUITY AT BEGINNING OF THE YEAR		5,729,086	6,020,747	6,020,747
Profit for the period		162,459	2,055	(151,661)
Total recognised revenues and expenses for the period		162,459	2,055	(151,661)
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	-	-
Transactions with owners in their capacity as owners:		-	-	-
Dividends Paid	11	-	(90,000)	(140,000)
EQUITY AT THE END OF THE PERIOD		5,891,545	5,932,802	5,729,086

The accompanying accounting policies and notes form part of these financial statements.

Quality Roving and Services (Wairoa) Limited - Six Month Report for the period ended 31 December 2017

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QUALITY ROADING AND SERVICES (WAIROA) LIMITED  
STATEMENT OF FINANCIAL POSITION  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017



	Notes	6 mths to 31/12/2017	6 mths to 31/12/2016	12 mths to 30/06/2017
<b>ASSETS:</b>				
<b>Current Assets</b>				
Bank		723,188	525,136	612,233
Trade and Other Receivables	5	2,457,655	2,071,692	3,013,244
Inventories	4	1,008,078	1,433,711	636,033
Taxation Refundable		-	28,993	40,194
<b>Total Current Assets</b>		<b>4,188,922</b>	<b>4,059,532</b>	<b>4,301,704</b>
<b>Non Current Assets</b>				
Deferred Tax		351,500	292,907	351,500
Intangible Assets	12	228,577	291,458	256,349
Property, Plant and Equipment	13	4,760,068	4,809,188	4,979,937
<b>Total Non Current Assets</b>		<b>5,340,145</b>	<b>5,393,553</b>	<b>5,587,786</b>
<b>TOTAL ASSETS</b>		<b>9,529,067</b>	<b>9,453,085</b>	<b>9,889,490</b>
<b>EQUITY:</b>				
Share Capital	10	1,250,000	1,250,000	1,250,000
Retained Earnings	10	4,641,545	4,682,802	4,479,086
<b>TOTAL EQUITY</b>		<b>5,891,545</b>	<b>5,932,802</b>	<b>5,729,086</b>
<b>LIABILITIES:</b>				
<b>Current Liabilities</b>				
GST Payable		208,459	112,492	225,223
Trade and Other Payables	6	949,748	830,411	1,071,955
Employee Benefits	8	632,167	628,051	684,487
Interest-Bearing Loans and Borrowings	7	901,718	802,586	1,021,154
Taxation Payable		22,888	-	-
<b>Total Current Liabilities</b>		<b>2,714,980</b>	<b>2,373,540</b>	<b>3,002,819</b>
<b>Non Current Liabilities</b>				
Employee Benefits	8	47,777	68,001	46,409
Quarry Aftercare Provision	14	149,933	156,814	143,437
Interest-Bearing Loans and Borrowings	7	724,832	921,928	967,739
<b>Total Non Current Liabilities</b>		<b>922,542</b>	<b>1,146,743</b>	<b>1,157,585</b>
<b>TOTAL LIABILITIES</b>		<b>3,637,522</b>	<b>3,520,283</b>	<b>4,160,404</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,529,067</b>	<b>9,453,085</b>	<b>9,889,490</b>

For and on behalf of the Board, who authorised the issue of these financial statements on 1st March 2018

Director

Director

The accompanying accounting policies and notes form part of these financial statements.

Quality Roving and Services (Wairoa) Limited - Six Month Report for the period ended 31 December 2017

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QUALITY ROADING AND SERVICES (WAIROA) LIMITED  
STATEMENT OF CASH FLOW  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017



	Notes	6 mths to 31/12/2017	6 mths to 31/12/2016	12 mths to 30/06/2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Receipts from Customers		7,857,485	5,550,679	12,449,983
Financing Income		328	1,092	2,255
		<u>7,857,813</u>	<u>5,551,771</u>	<u>12,452,238</u>
<b>Cash was disbursed to:</b>				
Payments to Suppliers		3,622,861	2,456,389	5,548,985
Payments to Employees		3,435,050	2,889,891	6,106,866
Taxes Paid		97	56,126	66,529
Financing Expense		63,248	48,708	118,871
		<u>7,121,256</u>	<u>5,451,114</u>	<u>11,841,251</u>
Net Cash Inflow/(Outflow) from Operating Activities	13	<u>736,557</u>	<u>100,657</u>	<u>610,987</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Proceeds from Sale of Property, Plant and Equipment		40,000	47,900	88,770
		<u>40,000</u>	<u>47,900</u>	<u>88,770</u>
<b>Cash was applied to:</b>				
Purchase of Property, Plant and Equipment		303,261	761,881	1,440,363
Purchase of Intangibles		-	99,261	99,261
		<u>303,261</u>	<u>861,142</u>	<u>1,539,624</u>
Net cash Inflow/(Outflow) from Investing Activities		<u>(263,261)</u>	<u>(813,242)</u>	<u>(1,450,854)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Loans and Borrowings		-	564,801	967,317
		<u>-</u>	<u>564,801</u>	<u>967,317</u>
<b>Cash was applied to:</b>				
Payment of Dividends		-	90,000	140,000
Loans and Borrowings		362,341	378,476	516,613
		<u>362,341</u>	<u>468,476</u>	<u>656,613</u>
Net Cash Inflow/(Outflow) from Financing Activities		<u>(362,341)</u>	<u>96,325</u>	<u>310,704</u>
<b>Net Increase / (Decrease) in Cash Held</b>		<u>110,955</u>	<u>(616,260)</u>	<u>(529,163)</u>
Add Opening Cash and Cash Equivalents		612,233	1,141,396	1,141,396
<b>Closing Cash and Cash Equivalents</b>		<u>723,188</u>	<u>525,136</u>	<u>612,233</u>
<b>Cash Balances in the Statement of Financial Position</b>				
Cash / (Overdraft)		723,188	525,136	612,233
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		<u>723,188</u>	<u>525,136</u>	<u>612,233</u>

The accompanying accounting policies and notes form part of these financial statements.

QUALITY ROADING AND SERVICES (WAIROA) LIMITED  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017



#### Reporting Entity

Quality Roading and Services (Wairoa) Limited ("QRS") is incorporated and domiciled in NZ and is wholly owned by the Wairoa District Council. The Company is a Council Controlled Trading Organisation as defined in Section 6 of the Local Government Act 2002.

The principal activities for the company are Roading Maintenance and Construction, Reserves Maintenance, Quarrying, Heavy Transport, Civil Construction, Lime Production and Utility Services within the Wairoa District and wider East Coast Region.

#### Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Companies Act 1993, Financial Reporting Act 2013 and the Local Government Act 2002. The financial statements have also been prepared on a historical cost basis except where specifically provided for within these financial statements. The financial statements are presented in New Zealand dollars.

#### Statement of compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to IFRSs and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities in tier 2 (NZ IFRS RDR).

The company is eligible to report in accordance with Tier 2 for profit accounting standards on the basis that it does not have public accountability and is not a large for profit public sector entity.

#### Accounting Policies

The following particular accounting policies which materially affect the measurement of results and financial position have been applied.

##### a) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Specifically, revenue on contracts is recognised progressively over the period of each contract. The amount included in the Statement of Comprehensive Income, and the value of the contract work in progress, are established by assessment of individual contracts taking into account the proportion of work completed, cost analysis and estimated final results.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

##### b) Expenses

Expenses shown in the Statement of Comprehensive Income comprise the amounts paid and payable by the Company for completed contracts for the supply from suppliers of goods and services in the ordinary course of business.

##### c) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

QUALITY ROADING AND SERVICES (WAIROA) LIMITED  
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017



**d) Goods and Services Tax**

The Financial Statements have been prepared 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, it is recognised as part of the related asset or expense.

**e) Employee Benefits**

Provision is made in respect of the Company's liability for annual leave, sick leave, long service leave and retirement gratuities.

The provision for sick leave is based on the additional amount that the company expects to pay as a result of the unused entitlement that has accumulated at balance date.

The provision for gratuities is based on the number of weeks the employee will be paid at retirement, the expected pay rate along with the probability of the employee still being employed by QRS at retirement age.

The provision for long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Expected future payments for gratuities and long service leave are discounted using market yields at the reporting date.

Defined Contribution Pension Plan obligations are recognised as an expense in the Statement of Comprehensive Income as incurred.

**f) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where material, 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, where appropriate, the risks specific to the liability.

While discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost.

**g) Taxation**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.



QUALITY ROADING AND SERVICES (WAIROA) LIMITED  
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017



The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**h) Accounts Receivable**

Accounts Receivable are recognised initially at fair value and subsequently at amortised cost less an allowance for any uncollectable amounts.

An estimate for doubtful debts is made when collection of the amount is no longer probable. Bad debts are written off when identified.

**i) Cash and Cash Equivalents**

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

**j) Inventories**

Inventories are valued on the basis of the lower of cost, determined on a first-in, first-out basis, and net realisable value.

**k) Property, Plant and Equipment**

Property, Plant and Equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the property plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred. There are six classes of Property, Plant and Equipment:

- a.) Freehold Land
- b.) Quarries
- c.) Freehold Buildings
- d.) Plant, Equipment and Motor Vehicles
- e.) Office Equipment and Furniture
- f.) Computer Hardware

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

**QUALITY ROADING AND SERVICES (WAIROA) LIMITED  
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**



If any such indication exists where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

Impairment losses are recognised in the Income Statement in other operating expenses.

**l) Depreciation**

Depreciation is calculated to allocate the cost less estimated residual value of property, plant and equipment over their estimated useful lives.

Depreciation is provided on a straight line basis on Freehold Buildings and Quarries. Freehold Land is not depreciated.

Plant, Equipment and Motor Vehicles, Office Equipment and Furniture, and Computer Hardware are depreciated using the diminishing value method

The rates for major classes of assets have been estimated as follows:

a.) Quarries	(3.3 % Straight Line)
b.) Freehold Buildings	(3.3 % Straight Line)
c.) Plant, Equipment & Motor Vehicles	(20 % Diminishing Value)
d.) Office Equipment and Furniture	(20 % Diminishing Value)
e.) Computer Hardware	(48 % Diminishing Value)

Depreciation is calculated on a monthly basis from the date of acquisition. The assets useful lives, residual values and depreciation method are reviewed at least every financial year.

**m) Intangible Assets**

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to all classes of intangible assets.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

The amortisation of the software class of intangible assets has been estimated at 20%-48% diminishing value, depending on the nature of the software.

**n) Statement of Cash Flows**

Operating activities include cash received from all income sources of the Company and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Company.

**QUALITY ROADING AND SERVICES (WAIROA) LIMITED  
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2017**



**o) Interest-Bearing Loans and Borrowings**

All loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

**p) Trade and Other Payables**

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the end of the financial year that are unpaid and arise when QRS becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**q) Financial Instruments**

Financial instruments are recognised in the Balance Sheet when QRS becomes party to a financial contract. They include cash balances, bank overdrafts, receivables, payables and term borrowings. All revenues and expenses in relation to the financial instruments are recognised in the Income Statement.

**r) Leases**

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating surplus in equal instalments over the lease term.

**s) Significant Accounting Judgements, Estimates and Assumptions**

**Quarry Aftercare Make good provisions**

A provision has been made for the present value of anticipated costs of future restoration of quarry sites. The provision includes future cost estimates associated with quarry aftercare. The calculation of this provision requires assumptions such as application of environmental legislation and life of metal extraction from each quarry site. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset (if applicable) and provision.

**t) Joint Arrangements**

QRS have a joint arrangement with Wi Pere Trust at the Tangihanga Quarry. A joint arrangement is an arrangement over which two parties or more have joint control. Joint control is the contractually agreed sharing of control over an arrangement which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. QRS's joint arrangement is a joint operation.

A joint operation is a type of joint arrangement in which the parties with joint control of the arrangement have the rights to the assets and obligations for the liabilities relating to the arrangement.

In relation to its interest in the joint operation, the financial statement for QRS includes:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

All such amounts are measured in accordance with the terms of each arrangement which are in proportion to QRS's interest in the joint operation.



QUALITY ROADING AND SERVICES (WAIROA) LIMITED  
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	6 mths to 31/12/2017	6 mths to 31/12/2016	12 mths to 30/06/2017
<b>1 OTHER OPERATING EXPENSES</b>			
Auditors remuneration	30,195	29,759	59,519
Directors fees	60,530	41,921	94,846
Impairment of trade receivables (bad and doubtful debts)	5,142	-	5,755
Loss on disposal of property plant and equipment	1,191	4,078	4,819
Gain on disposal of property plant and equipment	-	(38,752)	(77,908)
Amortisation of intangibles	27,772	18,543	53,652
lease payments - operating lease	4,137	5,272	7,919
- rental costs	3,929	4,732	22,840
	<u>132,896</u>	<u>65,553</u>	<u>171,442</u>
<b>2 PERSONNEL EXPENSES</b>			
Wages and salaries	3,320,833	2,889,891	5,871,466
Liability for long-service leave	1,109	(658)	6,307
Liability for sick leave	(2,927)	9,073	116,136
Liability for gratuities	1,119	(32,445)	1,128
Contribution to defined contribution plans	88,185	74,955	161,850
	<u>3,408,319</u>	<u>2,940,816</u>	<u>6,156,887</u>
<b>3 OPERATING LEASES</b>			
<b>Leases as lessee</b>			
Non-cancellable operating lease rentals are payable as follows:			
Not later than one year	6,084	9,413	6,084
Later than one year and not later than five years	9,137	448	12,179
	<u>15,221</u>	<u>9,861</u>	<u>18,263</u>
<b>4 INVENTORIES</b>			
Metal Stocks	418,860	626,117	429,918
Other Supplies	82,400	100,359	113,003
Work in Progress	506,818	707,235	93,112
	<u>1,008,078</u>	<u>1,433,711</u>	<u>636,033</u>
Some inventories are subject to retention of title clauses. Work in progress is held at cost.			
<b>5 TRADE AND OTHER RECEIVABLES</b>			
Trade Debtors	1,080,182	1,016,884	1,096,624
Wairoa District Council	917,161	566,804	1,538,365
Provision for Doubtful Debts	(2,074)	(3,609)	(7,216)
Tender Deposits	1,000	-	-
Retentions	348,245	404,325	362,715
Prepayments	113,142	87,288	22,756
	<u>2,457,655</u>	<u>2,071,692</u>	<u>3,013,244</u>
<b>6 TRADE AND OTHER PAYABLES</b>			
Trade Creditors	735,851	510,749	601,000
Other	213,897	319,662	470,955
	<u>949,748</u>	<u>830,411</u>	<u>1,071,955</u>

QUALITY ROADING AND SERVICES (WAIROA) LIMITED  
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	6 mnths to 31/12/2017	6 mnths to 31/12/2016	12 mnths to 30/06/2017
<b>7 INTEREST BEARING LOANS AND BORROWINGS</b>			
UDC Term Loan	887,226	986,720	1,081,851
Less Current portion	(337,016)	(318,667)	(370,338)
	<u>550,210</u>	<u>668,053</u>	<u>711,513</u>
<b>Interest Rate</b>			
UDC Term Loan	6.00%	6.00%	6.00%
 UDC Current Account	 407,730	 357,730	 497,730
Less Current Portion	(407,730)	(357,730)	(497,730)
	<u>-</u>	<u>-</u>	<u>-</u>
 Porter Finance Limited	 150,083	 175,665	 163,479
Less Current Portion	(31,169)	(25,581)	(28,230)
	<u>118,914</u>	<u>150,084</u>	<u>135,249</u>
<b>Interest Rate</b>			
Porter Finance Loan	11.00%	11.00%	11.00%
 ANZ Term Loan	 99,806	 204,400	 152,366
Less Current portion	(99,806)	(100,609)	(100,608)
	<u>0</u>	<u>103,791</u>	<u>51,758</u>
<b>Interest Rate</b>			
ANZ Term Loan	6.47%	6.47%	6.47%
 Mills Tui	 81,705	 -	 93,467
Less Current portion	(25,997)	-	(24,248)
	<u>55,708</u>	<u>-</u>	<u>69,219</u>
<b>Interest Rate</b>			
Mills Tui			12%
<b>Made up of:</b>			
Current	901,718	802,586	1,021,154
Non-Current	724,832	921,928	967,739
	<u>1,626,550</u>	<u>1,724,514</u>	<u>1,988,893</u>
<b>8 EMPLOYEE BENEFITS</b>			
Long-service Leave	31,221	30,112	30,157
Annual Leave	403,727	399,073	396,377
Sick Leave	16,199	19,126	15,678
Gratuities	39,008	37,889	37,331
Time In Lieu	80,364	66,287	131,646
Accrued Pay	109,425	143,565	119,707
	<u>679,944</u>	<u>696,052</u>	<u>730,896</u>
<b>Made up of:-</b>			
Current	632,167	628,051	684,487
Non-current	47,777	68,001	46,409
	<u>679,944</u>	<u>696,052</u>	<u>730,896</u>

QUALITY ROADING AND SERVICES (WAIROA) LIMITED  
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	6 mths to 31/12/2017	6 mths to 31/12/2016	12 mths to 30/06/2017
<b>9 TAXATION</b>			
Profit/(Deficit) before taxation	225,638	2,854	(210,254)
Prima facie taxation 28%	63,179	799	(58,871)
Plus taxation effect of permanent differences:			
- Non deductible expenses		-	278
	63,179	799	(58,593)
Income tax expense at effective tax rate of 28%			
<b>Major components of taxation expense are:</b>			
Current taxation	-	-	(34,006)
Deferred taxation			
Origination and reversal of temporary differences	-	-	(24,587)
Recognised tax losses	-	-	-
	-	-	(58,593)
<b>Imputation Credit Account</b>			
<b>10 EQUITY</b>			
<b>(a) Share Capital</b>			
Opening balance	1,250,000	1,250,000	1,250,000
<b>Closing Balance</b>	1,250,000	1,250,000	1,250,000
At 31 December the company had issued 1,250,000 shares which are fully paid. All shares carry equal voting rights and the right to share in any surplus on winding up the company. None of the shares carry fixed dividend rights. The shares do not have a par value.			
<b>(b) Retained Earnings</b>			
Retained earnings at 1 July	4,479,086	4,770,747	4,770,747
Net operating surplus/deficit	162,459	2,055	(151,661)
Final Dividend	-	(90,000)	(50,000)
Interim Dividend	-	-	(90,000)
<b>Retained earnings at 31 December</b>	4,641,545	4,682,802	4,479,086
<b>11 BANK FACILITY</b>			
A bank facility is available at the ANZ Bank, and is secured by a fixed and floating charge over the company's assets. The facility available totals \$200,000 (2016: \$200,000). The current interest rate is 6.95% (2016: 6.95%).			
<b>12 INTANGIBLE ASSETS</b>			
<b>Software</b>			
Balance at 1 July	668,833	470,035	569,572
Additions	-	198,798	99,261
Disposals	-	-	-
<b>Balance at 31 December</b>	668,833	668,833	668,833
<b>Amortisation and Impairment Losses</b>			
Balance at 1 July	412,484	358,832	358,832
Amortisation for the year	27,772	18,543	53,652
Disposals	-	-	-
<b>Balance at 31 December</b>	440,256	377,375	412,484
<b>Carrying Amounts</b>			
At 1 July	256,349	111,202	210,740
<b>At 31 December</b>	228,577	291,458	256,349

QUALITY ROADING AND SERVICES (WAIROA) LIMITED  
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13 PROPERTY, PLANT AND EQUIPMENT

6 mnths to 31/12/17

Cost	Land	Quarries	Buildings	Plant & Machinery	Fixtures, fittings & equipment	Computer Hardware	Total
Balance at 1 July	29,433	371,151	525,400	13,776,814	597,150	429,281	15,729,229
Additions	-	-	49,233	156,229	93,951	3,848	303,261
Disposals	-	-	-	(50,694)	-	-	(50,694)
Balance at 31 December	29,433	371,151	574,633	13,882,349	691,101	433,129	15,981,796
<b>Depreciation and Impairment Losses</b>							
Balance at 1 July	-	14,428	320,206	9,770,321	278,406	365,932	10,749,293
Depreciation for the year	-	3,791	11,584	404,476	47,254	14,834	481,939
Disposals	-	-	-	(9,504)	-	-	(9,504)
Balance at 31 December	-	18,219	331,790	10,165,293	325,660	380,766	11,221,728
<b>Carrying Amounts</b>							
At 1 July	29,433	356,723	205,194	4,006,492	318,744	63,349	4,979,935
At 31 December	29,433	352,932	242,843	3,717,056	365,441	52,363	4,760,068

6 mnths to 31/12/16

Cost	Land	Quarries	Buildings	Plant & Machinery	Fixtures, fittings & equipment	Computer Hardware	Total
Balance at 1 July	286,719	12,223	519,130	12,866,914	522,072	409,821	14,616,879
Additions	-	-	6,270	737,479	22,185	19,835	785,769
Disposals	-	-	-	(187,840)	(5,932)	-	(193,772)
Balance at 31 December	286,719	12,223	525,400	13,416,553	538,325	429,656	15,208,876
<b>Depreciation and Impairment Losses</b>							
Balance at 1 July	-	8,879	303,816	9,239,356	216,038	319,642	10,087,731
Depreciation for the year	-	202	8,002	406,840	32,017	21,556	468,617
Disposals	-	-	-	(178,437)	(2,109)	-	(180,546)
Balance at 31 December	-	9,081	311,818	9,467,759	245,946	341,198	10,375,802
<b>Carrying Amounts</b>							
At 1 July	286,719	3,344	215,314	3,627,557	306,034	90,181	4,529,149
At 31 December	286,719	3,148	213,582	3,924,903	292,377	88,459	4,809,188

12 mnths to 30/06/17

Cost	Land	Quarries	Buildings	Plant & Machinery	Fixtures, fittings & equipment	Computer Hardware	Total
Balance at 1 July	29,433	269,509	519,130	12,866,913	522,072	409,822	14,616,879
Additions	-	101,642	6,270	1,229,741	81,010	21,700	1,440,363
Disposals	-	-	-	(319,840)	(5,932)	(2,241)	(328,013)
Balance at 30 June	29,433	371,151	525,400	13,776,814	597,150	429,281	15,729,229
<b>Depreciation and Impairment Losses</b>							
Balance at 1 July	-	8,879	303,816	9,239,356	216,038	319,642	10,087,731
Depreciation for the year	-	5,549	16,390	840,558	64,477	46,920	973,894
Disposals	-	-	-	(309,593)	(2,109)	(630)	(312,332)
Balance at 30 June	-	14,428	320,206	9,770,321	278,406	365,932	10,749,293
<b>Carrying Amounts</b>							
At 1 July	29,433	260,630	215,314	3,627,557	306,034	90,180	4,529,148
At 30 June	29,433	356,723	205,194	4,006,492	318,744	63,349	4,979,935

QUALITY ROADING AND SERVICES (WAIROA) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (Unaudited)  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017



	6 mnths to 31/12/2017	6 mnths to 31/12/2016	12 mnths to 30/06/2017
<b>14 OTHER PROVISIONS</b>			
<b>QUARRY AFTERCARE PROVISION</b>			
Balance at beginning of the year	143,437	154,943	154,943
Provided for during the year	6,496	1,871	2,929
Expenditure during the year	-	-	(14,435)
Balance at the end of the year	149,933	156,814	143,437
A provision is recognised for expected Quarry reinstatement costs based on past experience of the level of metal extraction.			
<b>15 RECONCILIATION OF NET OPERATING PROFIT AFTER TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>6 mnths to 31/12/2017</b>	<b>6 mnths to 31/12/2016</b>	<b>12 mnths to 30/06/2017</b>
Reported net operating profit after taxation	162,459	2,055	-151,661
Add back non-cash items:			
Depreciation	481,939	468,617	973,894
Amortisation	27,772	18,543	53,652
(Increase)/Decrease in Deferred Taxation	0	-	(58,593)
Increase/(Decrease) in Employee Benefits	1,368	5,118	(16,474)
Increase/(Decrease) in Quarry Aftercare Provision	6,496	1,871	(11,506)
	680,034	496,204	789,312
<b>Add back items classified as investment activities:</b>			
Net loss on sale of Property, Plant and Equipment	1,191	4,078	4,819
Gain on sale of Property, Plant and Equipment	-	(38,752)	(77,908)
	1,191	(34,674)	(73,089)
Movements in Working Capital:			
(Increase)/Decrease in Receivables & Prepayments	555,589	(64,809)	(1,006,361)
(Increase)/Decrease in Inventories	(372,045)	(94,208)	703,470
Increase/(Decrease) in Trade and Other Payables and GST	(138,974)	(156,587)	197,689
Increase/(Decrease) in Employee Benefits	(52,320)	10,058	66,495
(Increase)/Decrease in Tax Payable/Receivable	63,082	(55,327)	(66,529)
	55,332	(360,873)	(105,236)
Net Cash (outflow)/inflow from Operating Activities	736,557	100,657	610,987

**8.6 PROPOSAL TO RENDER HBLASS LIMITED DORMANT**

**Author:** Gary Borg, Chief Financial Officer  
**Authoriser:** Steven May, Chief Executive Officer  
**Appendices:** 1. Report to Committee [↓](#)  
2. Proposal [↓](#)  
3. HBLASS Limited Constitution [↓](#)

**1. PURPOSE**

- 1.1 The purpose of this report is to present a proposal to Council for a structural change to the way it formally collaborates with the Hawke's Bay group of councils.

**RECOMMENDATION**

The Chief Financial Officer RECOMMENDS that Council approves the proposal to render HBLASS Ltd dormant, contained in **Appendix 2**, with the caveat that the membership of the Chief Executive (CE) Forum should not include an independent member.

**EXECUTIVE SUMMARY****2. BACKGROUND**

- 2.1 This matter was considered by Council's Finance Audit and Risk Committee at its meeting on 3 April 2018 and is referred to Council from that meeting.
- 2.2 Subsequent to that meeting a consensus of the Chief Executives determined in opposition to the appointment of an independent member to the CE Forum for the following reasons:
- 2.2.1. That it would involve unnecessary cost and administration and
  - 2.2.2. that it would be counterproductive and thus,
  - 2.2.3. that it would be inconsistent with the intent of the proposal.
- 2.3 All other considerations are as presented in the report to the Committee, attached as **Appendix 1**.
- 2.4 The proposal is attached as **Appendix 2** and, for information, the company's constitution is attached as **Appendix 3**.

**3. OPTIONS**

- 3.1 The options identified are:
- a. Approve the proposal, as modified
  - b. Further modify the proposal
  - c. Reject the proposal
- 3.2 These options are discussed in **Appendix 1, Appendix 2** and in 2.2 above.
- 3.3 The preferred option is *a) Approve the proposal, as modified*, this meets the purpose of local government as it will help meet the current and future needs of communities for



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

**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

**Signatories**

	
Author Gary Borg	Approved by Steven May



## FINANCE, AUDIT &amp; RISK COMMITTEE MEETING AGENDA

3 APRIL 2018

## 8.4 PROPOSAL TO RENDER HBLASS LTD DORMANT

Author: Gary Borg, Chief Financial Officer

Authoriser: Steven May, Chief Executive Officer

Appendices: 1. Proposal to make HBLASS dormant  
2. HBLASS constitution

## 1. PURPOSE

- 1.1 The purpose of this report is to seek the Committee's endorsement of a proposal to render HB LASS Limited dormant.

## RECOMMENDATION

The Chief Financial Officer RECOMMENDS that the Committee endorses the proposal.

## EXECUTIVE SUMMARY

## 2. BACKGROUND

- 2.1 This proposal follows an approved motion at a meeting of the company's directors on 8 December 2017.
- 2.2 Since this relates to the status of a Council Controlled Organisation (CCO) the ultimate decision rests with Council. However, the monitoring of the performance of CCOs is contained within the Committee's terms of reference. It is therefore appropriate that Council's decision is supported by an opinion from its Committee.
- 2.3 The details of the proposal are contained in a report to Napier City Council, attached as **Appendix 1**.
- 2.4 The company's constitution is attached as **Appendix 2** as an aide memoire.

## 3. OPTIONS

- 3.1 The options identified are:
- Endorse the proposal
  - Rebuff the proposal
- 3.2 The main benefit of HB LASS is that it provides a formal structure that overtly demonstrates the collaborative efforts of the 5 Hawke's Bay Councils. An alternative structure is proposed in the form of a Chief Executive Forum.
- 3.3 The principle driver for the proposal is to reduce administrative burden and cost.
- 3.4 Therefore the fundamental determinant should be whether it can be assessed that the group can be as effective in delivering synergies, collective bargaining and efficiencies under the alternative structure.
- 3.5 The preferred option is *a) endorse the proposal*, because the group of councils have already demonstrated its commitment to collaboration and achieving positive outcomes for the region, within or without the format of the company. This meets the purpose of



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

**4. CORPORATE CONSIDERATIONS****What is the change?**

- 4.1 The company does not undertake a significant activity (in the LGA context) and so there are no significant changes to how services are delivered.

**Compliance with legislation and Council Policy**

- 4.2 Part 5 and Section 7 of the Local Government Act (2002), and the relevant provisions of the Companies Act (1993) and the Income Tax Act (2007), if any, will apply when the ultimate decision is made.

**What are the key benefits?**

- 4.3 Less bureaucracy.

**What is the cost?**

- 4.4 Nil

**What is the saving?**

- 4.5 Not quantified, although modest administrative cost savings would be expected.

**Who has been consulted?**

- 4.6 Public consultation is required for a proposal to form a CCO. However this matter will not significantly impact on how Council delivers service to its community and consultation is not required.

**Service delivery review**

- 4.7 This proposal follows a review of the format of collaboration among the Hawke's Bay councils.

**Maori Standing Committee**

- 4.8 As this matter has no specific implications for tangata whenua, it has not been referred to the MSC.

**5. SIGNIFICANCE**

- 5.1 Impact: This matter will have no discernible impact on how Council interacts with or delivers services to its community and is assessed as being of low significance.

**6. RISK MANAGEMENT**

- 6.1 The strategic risks (e.g. publicity/public perception, adverse effect on community, timeframes, health and safety, financial/security of funding, political, legal – refer to S10 and S11A of LGA 2002, others) identified in the implementation of the recommendations made are as follows:

## FINANCE, AUDIT &amp; RISK COMMITTEE MEETING AGENDA

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- a. To mitigate any reputational risk or risk to loss of bargaining leverage, it would be desirable that the proposed structure is formally documented and notified.



[List any instances this report or previous reports on this topic have gone to Council/Committee]

**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

**Signatories**

	
Author Gary Borg	Approved by Steven May

## 1. HAWKES BAY LOCAL AUTHORITY SHARED SERVICES - STRUCTURE CHANGE

<i>Type of Report:</i>	Legal
<i>Legal Reference:</i>	Local Government Official Information and Meetings Act 1987
<i>Document ID:</i>	447078
<i>Reporting Officer/s &amp; Unit:</i>	Adele Henderson, Director Corporate Services

### 1.1 Purpose of Report

To propose the legal structure of Hawke's Bay Local Authority Shared Services Limited (HBLASS) become dormant in order to focus attention and resources on the purpose of HBLASS and reduce compliance costs for all the councils.

#### Officer's Recommendation

That the Council:

- Agree HBLASS, as a legal entity will be dormant in the short term; with the ability for the legal entity able to be reactivated in the future.
- Note that the dormant status of HBLASS is effective on receipt of agreement by all members of the Board.
- Note that the decision on the dormant status of HBLASS will be determined by the majority of councils.
- Note that each Council will continue its participation in a Collaborative approach that has proven effective in a pilot: Hawke's Bay Councils delivering Service and Value.
- That the Councils approve the exemption of HBLASS from the Council Controlled Organisation requirements (Local Government Act Section 7(3))
- Note that each Council will actively support shared and common goal setting, decision-making, resourcing including financial contribution, staff and communication.

#### Chairperson's Recommendation

That the Chairperson resolve that the officer's recommendation be adopted.

### 1.2 Background Summary

Since 2012, when HBLASS was incorporated as a legal entity, there has been significant effort to identify functions and analyse opportunities for shared services and joint procurement across the Hawke's Bay Councils.

The effort and the results, through HBLASS have been focused largely on procurement and the development of shared IT services. HBLASS funded a Chairperson for IT shared services, minutes, and governance as well as selective consulting studies and plans. Because structural change and cost reduction are implicit in Shared Services, an "all in" model was met with resistance when timing and opportunities didn't align with councils direction at a particular point in time.

In early 2017, there was a review leading to a recommitment to HBLASS efforts with Collaboration as an approach to improving Hawke's Bay wide Service and Value. As part of the review, a new wider role of HBLASS Collaborator was introduced on a 6 month contract.

The principles of Collaboration are:

- Discover who is doing what
- Connect with others that share the same objective
- Collaborate to delivery more for less.

The following summarizes the Collaboration and outcomes in 2017:



### **Shift from Shared Services to Collaboration**

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- **Decision to shift from Shared Services to Collaboration in October 2016.**
- **Recruit and contract Collaboration Lead March 2017.**
- **SOIs signed and OK to contact staff May 2017.**
- **First group meeting June 2017.**
- **A 6 month pilot.**

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## Collaboration - Achievements

- **Trust:** open to work together, sharing activities and issues, creating common goals.
- **Relationships:** identifying opportunities, problem solving, support.
- **Shared Expertise:** knowledge, know-how.
- **Shared Infrastructure:** policy, procedures, technology.
- **Start of a Region-wide and Long View of Services;** roadmaps that align and include all councils.
- **Customer Focus:** starting with customer needs.
- **Modeling of Collaborative Behaviour:** open, listening, learning
- **Creative Solutions:** aspirational rather than compliance

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## Collaboration - Achievements

- **Simplification** of business cases – do it once for the region.
  - ✓ Simplify decision making: Does it meet business needs? Can we afford it?
  - ✓ Better decisions - perspective of each council. Deeper and broader due diligence; better vendor/product selection.
- **Effective procurement process** – shared roadmap.
- Flexible procurement contracts - staged for all councils to jump on board.
- **Support of local economic development** – reduced cost for respondents to tender.
- **Savings:** \$500K+

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The focus on collaboration versus Shared Services is consistent with the direction that a number of the Councils are taking in other regions. Bay of Plenty for example has a collaboration portal that has resulted in improved knowledge sharing and efficiencies been delivered within projects and service delivery. This portal is now widely used by local Councils.

Staff involved have delivered improved Service and Value across Hawke's Bay in the following areas:

- IT: Shared Infrastructure Services including Wide Area Network, Desktop and Web Services.
- GIS: Shared Aerial Photography.
- Open Spaces: Opportunities for One View of Information and Shared approaches to operations.
- Animal Control: Opportunities for Shared Education and License Data.
- Training and Development: Common Requirements and Shared Onsite Training.
- Shared Internal Audit Services. Improved quality, value and efficiency.
- Records Management: Common approaches.

### 1.3 Proposed Structure

The Chief Executive (CE) Forum, will replace the HBLASS board structure with the same five Council CEOs and independent chair – the function of HBLASS will continue but without the legislative requirements of operating a Company. The CE Forum group is fully committed to working together focusing on improving Service and Value for the Hawke's Bay region through collaboration. The primary difference in the structure change is less time and resource spent on the requirements for an active Council-owned, legal entity and more focus on setting direction and enabling staff to achieve Service and Value. At the same time, the CE Forum provides an umbrella and common way of operating for the many collaborative initiatives across Hawke's Bay, beyond HBLASS.

The administrative function is also significantly reduced. A lead council would be identified to maintain a ledger with invoicing to each council to recover agreed and shared costs for the Collaboration Program and any project expenses.

To deactivate a councils-owned company requires the following steps to be undertaken:

1. Obtain a special resolution of shareholders (in writing and signed) stating the shareholders agree to shelve the company.
2. Pay final GST return to Inland Revenue (HBLASS is not registered for FBT but this would apply if it were).
3. Make final payouts as determined by above resolution (if applicable) to clear the bank accounts.
4. Close bank accounts with Westpac.
5. Deregister for GST with Inland Revenue.
6. File the final income tax return (IR4) for the tax year (includes company accounts up to the point when business ceased, but note this cannot be filed early and is due after the end of the financial year in which HBLASS closed).
7. File the IR433 Non-Active Company Declaration form with Inland Revenue.

The HBLASS Limited legal entity can be reactivated in the future if business models, organizational, contract or procurement changes require a separate legal entity

### 1.3 Issues

There are no foreseen issues or risks at this time. This structural change will cost less and focus attention on the purpose of the LASS.

**1.4 Significance and Consultation**

The Board is comprised of the five Chief Executives of the Hawke's Bay Councils. All Chief Executives agree with the recommendation to make the HBLASS company dormant and have approved a motion at their meeting on December 8, 2017.

Each Council is now being consulted with a recommendation to make the HBLASS company dormant. The Chief Executives intend to still refer to their activities and undertaking as a group as HBLASS, but not as a separate legal entity. The Councils are requested to provide a response to this proposal by the end of March 2018.

**1.5 Implications****Financial**

There will be residual funding from the current years subscription, and it is proposed to transfer this to Napier City Council, where it will provide an accountability report. The residual fund will be to pay for the continued services of the Chairman and Collaborator roles.

**Social & Policy**

Through the Collaboration pilot in 2017, there has been a significant interest shown by staff in the opportunities for improved Service and Value across Hawke's Bay that will contribute to the outcome of health and prosperity of the region.

**Risk**

The requirements of being a CCO will still need to be met if the Councils wish to continue with the Company in its current format, including the preparation of a Statement of Intent. This work has currently been put on hold.

Councils may decide not to continue to fund the Chairperson and Collaborator role and further opportunities on effective and efficient services may be missed.

**1.6 Options**

The options available to Council are as follows:

- a. Approve the recommendation to make dormant HB Local Authority Shared Services Limited.
- b. Not approve the recommendation with HBLASS Limited to continue in its current form.
- c. Recommend that all shared service/collaboration activities cease immediately.

**1.7 Development of Preferred Option**

Option A – Make the HBLASS legal entity dormant as this will result in a lower financial and administration burden to the councils while improving the focus to meet Service and Value outcomes.

As noted above during the review of HBLASS in 2017, LASS organizations around New Zealand were approached to share their experience. Success was linked directly with a collaborative approach. Other LASS organizations that have taken the traditional structural/cost reduction approach with services being operated and contracts run

through the LASS, are currently assessing the change to a collaborative approach for more robust and relevant solutions.

HBLASS has taken the initiative to test collaboration in the Hawke's Bay environment during 2017. There has been considerable success over the six months of this pilot to test collaboration. In order for further improvement, there must be greater engagement, client focus, leadership accountability and strengthening of a collaborative culture.

#### **1.8 Attachments**

Nil



**CONSTITUTION OF HB LASS LIMITED**

**13 December 2012**

IRB-07-01-11-46

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## CONSTITUTION OF HB LASS LIMITED

### 1. Interpretation

#### 1.1 Definitions

In this Constitution, unless the context otherwise requires:

“Act” means the Companies Act 1993;

“Authority” means a local authority as provided for in the Local Government Act 2002;

“Company” means HB LASS Limited;

“Constitution” means this constitution as altered from time to time;

#### 1.2 Construction

In this Constitution, unless the context otherwise requires:

- a. The headings appear as a matter of convenience and shall not affect the construction of this Constitution.
- b. In the absence of an express indication to the contrary, references to sections, clauses, schedules and paragraphs are to sections, clauses, schedules and paragraphs of this Constitution.
- c. A reference to any statute, statutory regulations or other statutory instrument as from time to time amended or re-enacted or substituted.
- d. The singular includes the plural and vice versa and one gender includes the other gender.
- e. The words “written” and “writing” include facsimile communications and any other means of communication resulting in permanent visible reproduction.
- f. Words or expressions defined in the Act have the same meaning in this Constitution.

### 2. Constitution and the Companies Act

The Company, the Board, each Director and each Shareholder have the rights, powers, duties and obligations set out in the Act except to the extent they are negated or modified by this Constitution.

### 3. Capacity of Company

#### 3.1 Capacity

Subject to the Act and any other enactment and the general law the company shall have the capacity both within and outside New Zealand to carry on or undertake the following businesses or activities, to do the following acts and enter into the following transactions and no others:

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- a. To provide shared information collection, processing, administration, management and associated services to local authorities.
- b. To provide such services to other parties where the board is satisfied that the provision of such services benefits the ability of the company to enhance the efficiency and effectiveness of provision of those services by or on behalf of local authorities.
- c. Generally to do all acts, matters and things that the board considers necessary or conducive to further the undertaking of the transactions envisaged by paragraphs a. and b. in accordance with the Company's Statement of Intent.
- d. The Company has no power to carry on any other business or activity.

The Company will fulfil all its statutory obligations as a Council Controlled Organisation under the Local Government Act 2002.

### **3.2 Rights, powers and privileges**

For the purposes of Clause 2 above and subject to the Act and any other enactment and the general law the company shall have full rights, powers and privileges.

## **4. Change of Name of Company**

An application to change the name of the company may be made by a director of the company only if the application has been approved by an ordinary resolution of the shareholders.

## **5. Shares**

### **5.1 Shareholders' rights and powers**

No person apart from a shareholder shall be an entitled person in relation to the company.

### **5.2 Powers of shareholders**

Except as required by the Act all powers reserved to shareholders may be exercised by an ordinary resolution.

### **5.3 Initial shares**

The company is to issue at registration the following classes of shares:

Up to 5 Ordinary Shares for a consideration of \$1,000 per share with the rights conferred on shareholders by the Act to the following Authorities:

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Authority	Number of Shares
Hastings District Council	1
Napier City Council	1
Central Hawke's Bay District Council	1
Wairoa District Council	1
Hawke's Bay Regional Council	1

#### 5.4 General rights of service shares

Subject to the approval of the ordinary Shareholders by Special Resolutions and to s.117 of the Act the Board may issue to local authorities which are to participate in a service or services to be provided by the company shares of a special class or classes and may prescribe the rights which are to attach to those shares. Those rights must not include voting rights.

### 6. Issue of Further Shares

#### 6.1 Issuing of shares

The board may only issue further ordinary shares in the company if the issue has been approved by a special resolution of the ordinary shareholders.

The board may only issue other classes of shares in the company

- If the issue has been approved by a special resolution of the ordinary shareholders, and
- If the further shares are an issue of an existing Class of Service Shares, and the issue has been approved by a special resolution of the existing Class of Service Shareholders.

The provisions of this clause apply whether or not the shares to be issued rank in priority to, equally with, or after existing shares of that class.

#### 6.2 Pre-emptive rights on issue of shares

The pre-emptive rights on the issue of shares contained in section 45 of the Act are hereby negated. Subject to the provisions of Clause 6.1, the board is expressly permitted to issue further shares at any time ranking as to voting or distribution rights or both equally with, or in priority to or after, shares already issued by the company.

#### 6.3 Redeemable shares

Where the issue has been approved by special resolution of the ordinary shareholders the board may issue shares which are redeemable

- At the option of the company; or
- At the option of the holder of the share; or
- At a specified date;

for a consideration that is:

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- d. Specified; or
- e. To be calculated by reference to a formula; or
- f. Required to be fixed by a suitably qualified person who is not associated with or interested in the company.

## **7. Call on Shares**

### **7.1 Board may make calls**

The board may from time to time make such calls as it thinks fit upon the shareholders in respect of any monies unpaid on their shares and not by the conditions of issue thereof made payable at a fixed time or times, and each shareholder shall, subject to receiving at least 10 working days' written notice specifying the time or times and place of payment, pay to the company at the time or times and place so specified the amount called. A call may be revoked or postponed as the board may determine.

### **7.2 Timing of calls**

A call may be made payable at such times and in such amount as the board may decide.

### **7.3 Liability of joint holders**

The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

### **7.4 Interest**

If a sum called in respect of a share is not paid before or on the time appointed for payment thereof, the shareholder from which the sum is due shall pay interest on that sum from the time appointed for payment thereof to the time of actual payment at such rate not exceeding ten percent (10%) per annum as the board may determine, but the board shall be at liberty to waive payment of that interest wholly or in part.

### **7.5 Instalments**

Any sum which by the terms of issue of a share becomes payable on issue or at any fixed time shall for all purposes be deemed to be a call duly made and payable at the time at which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions hereof relating to payment of interest and expenses, forfeiture or otherwise shall apply as if the sum had become payable by virtue of a call duly made and notified.

### **7.6 Differentiation as to amounts**

The board may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.

### **7.7 Notice of default**

If any shareholder liable therefore fails to pay any call or any instalment thereof at the time appointed for payment thereof, the board may at any time thereafter serve notice on such shareholder requiring payment of the monies unpaid together with any interest which may have accrued.

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**7.8 Final payment date**

The notice shall name a further day (not earlier than the expiry of 10 working days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment on or before the time appointed the shares in respect of which the money was owing will be liable to be forfeited.

**7.9 Forfeiture**

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may be forfeited at any time before the required payment has been made by a resolution of the board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

**7.10 Cancellation of forfeited shares**

A forfeited share shall be acquired by the company and immediately cancelled in accordance with section 58 of the Act.

**7.11 Cessation of shareholding**

A shareholder whose share has been forfeited shall cease to be a shareholder in respect of the forfeited share, but shall, nevertheless, remain liable to pay to the company all money which, at the time of forfeiture, was payable by such authority to the company in respect of the share, but that liability shall cease if and when the company receives payment in full of all such money in respect of the share.

**7.12 Evidence of forfeiture**

A statutory declaration in writing declaring that the declarant is a director of the company and that a share in the company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against anyone claiming to be entitled to the share.

**8. Transfer of Shares****8.1 Freedom to transfer is qualified**

Every change in the ownership of shares in the company shall be subject to the following limitations and restrictions:

- a. No share shall be sold or transferred by any shareholder that is an Authority unless and until the rights of pre-emption hereinafter conferred have been exhausted.
- b. No share shall be sold or transferred by any shareholder that is not an Authority unless the Board has approved the party that is to be the holder of the share.

**8.2 Pre-emptive provisions applying to Authority Shareholders****a. Transfer notice and fair price**

Every Authority shareholder wanting to sell or transfer any share or shares shall give notice in writing to the board of the desire to sell or transfer such share or shares. If such notice includes several shares it shall not operate as if it were a separate notice in respect of each such share, and the

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proposing transferor shall be under no obligation to sell or transfer only some of the shares specified in such notice. Such notice shall be irrevocable and shall be deemed to appoint the board the proposing transferor's agent to sell such shares in one or more lots to any Authority shareholder or shareholders of the company holding that class of shares at a price to be agreed upon between the party giving such notice and the board or, failing agreement between them within 20 working days of the board receiving such notice, at a fair price to be determined on the application of either party by a person to be nominated by the President for the time being of the Institute of Chartered Accountants of New Zealand. Such person, when nominated, and in certifying the sum which in that person's opinion is the fair price for the share, shall be considered to be acting as an expert and not as an arbitrator and accordingly the Arbitration Act 1996 and any subsequent modifications or re-enactment thereof shall not apply.

b. Offer to shareholders and consequent sale

Upon the price for such shares being agreed or determined as aforesaid (as the case may be), the board shall forthwith give notice to each of the Authority shareholders holding that class of shares (other than the Authority wanting to sell or transfer such shares) stating the number and price of such shares and inviting each of the Authority shareholders to whom the notice is given to state in writing within two months from the date of the notice whether such shareholder is willing to purchase any and, if so, what maximum number of such shares. At the expiry of two months from the date of the notice the board shall apportion such shares among the Authority shareholders (if more than one) who have expressed a desire to purchase the same and as far as may be possible pro rata according to the number of shares already held by them respectively, or if there be only one such shareholder, the whole of such shares shall be sold to that Authority shareholder, provided, however, that no shareholder shall be obliged to take more than the maximum number of shares stated in that shareholder's response to such notice. Upon such apportionment being made or such one shareholder notifying such shareholder's willingness to purchase, as the case may be, the party wanting to sell or transfer such share or shares shall be bound, upon payment of the said price, to transfer such share or shares to the respective shareholders or shareholder who have or has agreed to purchase the same and, in default thereof, the board may receive and give a good discharge for the purchase money on behalf of the party wanting to sell and enter the name of the purchasers or purchaser in the share register as holder of such shares so purchased.

c. No Sale of shares not taken by shareholders

In the event of all such shares not being sold under the preceding subclause the party wanting to sell or transfer shall have no other rights to sell the shares not so sold and shall continue to hold them but that party may, at intervals of not less than 12 months, give a fresh notice to the Board under clause 8.2(a). The provisions of this clause 8.2 shall apply

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mutatis mutandis to each such notice. Nothing in this clause prohibits the Company from acquiring these shares in accordance with clause 10.

### **8.3 Reconstruction transactions**

Any share may be transferred by an Authority shareholder to any Authority which is to substantially undertake the activities of the shareholder, and the restrictions contained in the preceding clauses hereof shall not apply to any transfer authorised by this subclause but every such transfer shall nevertheless be subject to the provisions of clause 8.4 hereof.

Any share may be transferred by a shareholder to a company which is in relation to such shareholder a holding company or a subsidiary company as defined in section 5 of the Act, and the restrictions contained in clause 8.1 hereof shall not apply to any transfer authorised by this subclause but every such transfer shall nevertheless be subject to the provisions of clause 8.4 hereof.

### **8.4 Board's right to refuse registration**

Subject to compliance with the provisions of section 84 of the Act, the board may refuse or delay the registration of any transfer of any share to any Authority whether an existing shareholder or not:

- a. Required by law: if so required by law;
- b. Imposition of liability: if registration would impose on the transferee a liability to the company and the transferee has not signed the transfer;
- c. Failure to pay: if a holder of any such share has failed to pay on due date any amount payable thereon either in terms of the issue thereof or in accordance with the constitution (including any call made thereon);
- d. More than one class: if the transfer is in respect of more than one class of shares;
- e. Proof of ownership: if the transfer is not accompanied by such proof, as the board reasonably requires, of the right of the transferor to make the transfer;
- f. Pre-emptive rights: if the pre-emptive provisions contained in clause 8 hereof have not been complied with;
- g. Contrary to the interests of company: if the board acting in good faith decides in its sole discretion that registration of the transfer would not be in the best interests of the company and/or any of its shareholders.

## **9. Distributions**

### **9.1 Authorising of distributions**

Subject to the requirements of the Act the board may authorise a distribution by the company only where that distribution has been approved by an ordinary resolution of the shareholders.

### **9.2 Shares in lieu of dividends**

Subject to the requirements of the Act the board may issue shares wholly or partly in lieu of a proposed dividend or proposed future dividends upon terms

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that have been previously approved by a special resolution of the shareholders.

**9.3 Deduction of unpaid calls**

The board may deduct from any dividend payable to any shareholder any sums of money, if any, presently payable by such shareholder to the company on account of calls or otherwise in relation to the shares on which such dividends are payable.

**9.4 Payments by electronic funds transfer**

Any dividend, interest or other money payable in respect of shares shall be paid by electronic funds transfer to the registered account of the holder.

**9.5 No interest**

No dividend shall bear interest against the company.

**9.6 Unclaimed dividends**

All dividends unclaimed for one year after having been authorised may be invested or otherwise made use of by the board for the benefit of the company until claimed, and all dividends unclaimed for five years after having been declared may be forfeited by the board for the benefit of the company. The board may, however, annul any such forfeiture and agree to pay a claimant who produces evidence of entitlement to the board's satisfaction of the amount due to such claimant unless the opinion of the board such payment would embarrass the company.

**9.7 Dividends on shares not fully paid up**

Subject to the rights of shareholders, if any, entitled to shares with special rights as to dividends, the board in authorising a distribution will determine the basis on which dividends will be paid on shares not fully paid up and may

- a. Either pay the dividend in full, or
- b. Pay the dividend in proportion to the amount paid to the company in satisfaction of the liability of the shareholder to the company in respect of the shares either under the constitution of the company or pursuant to the terms of issue of the shares. No amount paid or credited as paid on a share in advance of calls shall be treated for these purposes as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date that share shall rank for dividend accordingly.

**10. Acquisition of company's own shares**

For the purpose of sections 59 and 60(1)(b)(ii) of the Act, the company is hereby expressly authorised to purchase or otherwise acquire shares issued by it and, for the purpose of section 67A of the Act, the company is permitted to hold its own share.

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## 11. Management of Company

### 11.1 Management

The business and affairs of the company must be managed by, or under the direction or supervision of, the board.

### 11.2 Powers

The board has all the powers necessary for managing, and for directing and supervising the management of the business affairs of the company.

### 11.3 Resolutions not binding

Resolutions of shareholders under section 109 of the Act relating to the management of the company are not binding on the board.

## 12. Proceedings at Meetings of Shareholders

### 12.1 First Schedule modified

The First Schedule to the Act is modified as hereinafter provided.

### 12.2 Chairperson

Subclause 1(2) of Schedule 1 of the Act is deleted and replaced with the following:

“1(2) If any meeting of shareholders the chairperson of the board is not present within 15 minutes of the time appointed for the commencement of the meeting, the directors present shall elect one of their number to be chairperson of the meeting. If at any meeting no director is willing to act as chairperson, or if no director is present within 15 minutes of the time appointed for holding the meeting, the shareholders present shall choose one of their number to be chairperson of the meeting.”

### 12.3 Notice of meetings

Clause 2 of Schedule 1 of the Act is amended by deleting subclause (4) and replacing it with the following:

“(4) The chairperson may, and, if so directed by the meeting shall, adjourn the meeting from time to time and/or place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.”

### 12.4 Voting

Clause 5 of Schedule 1 of the Act is amended as follows by deleting subclause (7) and replacing it with the following:

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- “(7) In the case of an equality of votes, whether voting is by voice or show of hands or polls, the chairperson of the meeting shall be entitled to a second or casting vote.”

#### **12.5 Proxies**

Clause 6 of Schedule 1 of the Act is amended by deleting subclause (5) and replacing it with the following:

- “(10) The instrument appointing a proxy and a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the company or at such other place within New Zealand as is specified for that purpose in the notice convening the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall be treated as invalid.”

#### **12.6 Postal votes**

Clause 7 of the First Schedule to the Act providing for postal votes is deleted.

#### **12.7 Resolutions in lieu of meeting**

A shareholders' resolution in lieu of meeting authorised by section 122 of the Act may consist of several documents in like form, each signed by one or more shareholders. A facsimile of any such resolution shall be as valid and effectual as the original signed document with effect from completion of its transmission.

### **13. Appointment and Removal of Directors**

#### **13.1 Number of directors**

The board shall consist of not less than three (3) and not more than nine (9) directors, of whom:

- a. One shall be the Chief Executive of the Hastings District Council;
- b. One shall be the Chief Executive of the Napier City Council;
- c. One shall be the Chief Executive of the Central Hawke's Bay District Council
- d. One shall be the Chief Executive of the Wairoa District Council
- e. One shall be the Chief Executive of the Hawke's Bay Regional Council
- f. One shall be appointed by the Directors whom shall be independent of the shareholders and whom shall be appointed Chairperson. It is expected that the Chairperson will have appropriate governance, commercial acumen and information management skills.
- g. Up to three additional directors may be appointed by the board; such appointee must have one or more of the following skills:
  - i. Specialist information technology skills;
  - ii. Specialist financial skills
  - iii. Specialist commercial skills; and
  - iv. Specialist entrepreneurial skills

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**13.2 Extended definition**

For the purposes of rule 13.1, a reference to a named Authority shall include any person or body for the time being entitled to and holding the shares of that Authority in accordance with this Constitution.

**13.3 Appointment and removal**

A body or person which is entitled to appoint a director pursuant to clause 13.1 may remove any director so appointed and appoint a replacement director.

**13.4 Manner of appointment and removal**

Any such appointment or removal shall be in writing and served on the company and signed by the body or person entitled to make the appointment or removal.

**13.5 Default appointment**

Where any vacancy on the board has the effect of reducing the number of directors below three (3), and if the body or person entitled to appoint a replacement director fails to do so within two (2) months of the date on which the vacancy occupied, the board may appoint a replacement director: but any such appointment shall only be made at a board meeting of which fourteen (14) days notice in writing has been given to each director and the body or person concerned, and approved by a majority of the directors present at the meeting.

**13.6 Tenure of office**

Each director of the company shall hold office until:

- a. Removal: removal in accordance with the constitution; or
- b. Vacation of office: vacation of office pursuant to section 157 of the Act; or
- c. Insolvency: an arrangement or composition with creditors made by him or her; or
- d. Absence from meetings: vacation of office resulting ipso facto from being absent without permission of the board from 3 consecutive meetings of the board; or
- e. Resignation: written notice of resignation to the address for service of the company.
- f. In the case of the independent director (13.1 f.) and additional directors (13.1 g.) for a period of three years from initial appointment. Provided that these directors may be appointed for additional periods that in any one case shall not exceed a cumulative total of nine (9) years.

**14. Special Provisions Relating to Directors****14.1 Delegation**

Subject to section 130(1) of the Act, there are no restrictions on the ability of the board to delegate its powers other than the powers set out in the Second Schedule to the Act.

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**14.2 Professional directors**

Any director may act by himself or herself or his or her firm in a professional capacity for the company, and a director or firm shall be entitled to remuneration for professional services as if he or she were not a director provided that nothing herein contained shall authorise a director or his or her firm to act as auditor to the company.

**14.3 Interests of joint venture company**

For the purposes of section 131(4) of the Act each director of the company is, when exercising powers or performing duties as director in connection with the carrying out of the joint venture, hereby expressly permitted to act in a manner which he or she believes is in the best interests of the shareholder or shareholders which appointed the director, even though it may not be in the best interests of the company.

**14.4 Interested directors**

Subject to complying with section 140 of the Act and as provided in section 144 of the Act there are no restrictions on a director of the company who is interested in a transaction entered into or to be entered into by the company voting on a matter relating to the transaction, attending a meeting of directors at which a matter relating to the transaction arises and being included among the directors present at the meeting for the purpose of a quorum, signing a document relating to the transaction on behalf of the company and doing any other thing in his or her capacity as a director in relation to the transaction as if the director were not interested in the transaction.

**15. Proceedings of Directors****15.1 Proceedings of the board**

The provisions of the Third Schedule to the Act are deleted and replaced as hereinafter provided.

**15.2 Regulation of meetings, quorum and convening**

The directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. The quorum necessary for the transaction of business by the board may be fixed by the board and, unless so fixed, shall be the majority of the board including not less than two shareholding Local Authority Directors. A director may, and an employee at the request of a director shall, at any time, by any means of communication, summon a meeting of the board.

**15.3 Voting**

Questions arising at any meeting of the board shall be decided by a majority of votes. In case of an equality of votes the chairperson shall have a second or casting vote, provided that, where two directors form a quorum and only two directors entitled to vote are present at a meeting, the chairperson of such meeting shall not have a second or casting vote. No business shall be transacted when a quorum is not present.



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**15.4 Vacancies**

The continuing directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number necessary for a quorum, the continuing directors or director may act only for the purpose of increasing the number of directors to the number necessary for a quorum or for the purpose of summoning a special meeting of the company.

**15.5 Chairperson**

The Chairperson shall be the independent director appointed pursuant to Clause 13.1 f. If at any meeting the chairperson is not present within five minutes after the time appointed for the meeting, the directors present may choose one of their number to be chairperson of the meeting.

**15.6 Resolution in writing**

A resolution in writing, signed by all the directors for the time being entitled to receive notice of a meeting of the board, shall be as valid and effectual as if it had been passed at a meeting of the board duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more directors. A facsimile of any such signed resolution shall be as valid and effectual as the original signed document with effect from completion of its transmission.

**15.7 Method of meeting**

A meeting of the board may be held either –

- a. By a number of the directors who constitute a quorum being assembled together at the place, date and time appointed for the meeting; or
- b. By means of audio, or audio and visual, communication by which all directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

**15.8 Minutes**

The board shall ensure that minutes are kept of all proceedings at meetings of the directors.

**16. Directors' Indemnity and Remuneration****16.1 Indemnity authorised**

The company is hereby expressly authorised to indemnify and/or insure any director or employee against liability for acts or omissions and/or costs incurred in connection with claims relating thereto of the type specifically contemplated by subsections (3), (4) and (5) of section 162 of the Act to the maximum extent permitted by those subsections.

**16.2 Directors' remuneration**

Subject to section 161 the payment of remuneration or the provision of other benefits by the company to a director for services as a director or in any other capacity may only be authorised by ordinary resolution of shareholders.

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## 17. Notices

### 17.1 Service

A notice may be served by the company upon any director or shareholder either personally or by posting it by fast post in a prepaid envelope or package addressed to such director or shareholder at such person's last known address or by delivery to a document exchange or by facsimile to the facsimile telephone number of such director or shareholder.

### 17.2 Time of service by facsimile

A notice served by facsimile shall be deemed to have been served on the day following completion of transmission thereof.

### 17.3 Time of service by post

A notice sent by post or delivered to a document exchange shall be deemed to have been served:

#### (a) In New Zealand

In the case of a last known address in New Zealand, at the expiration of 48 hours after the envelope or package containing the same was duly posted or delivered in New Zealand; and

#### (b) Outside New Zealand

In the case of a last known address outside New Zealand, at the expiration of 7 days after the envelope or wrapper containing the same was duly posted by fast post in New Zealand.

### 17.4 Proof of service

In proving service by post or delivery to a document exchange it shall be sufficient to prove that the envelope or package containing the notice was properly addressed and posted or delivered with all attached postal or delivery charges paid. In proving service by facsimile, it shall be sufficient to prove that the document was properly addressed and sent by facsimile.

### 17.5 Service on joint holders

A notice may be given by the company to the joint holders of a share by giving the notice to the joint holder first named in the share register in respect of the share.

## 18. Liquidation

### 18.1 Distribution of surplus assets

Subject to the terms of issue of any shares in the company and to clause 18.2, upon the liquidation of the company the assets, if any, remaining after payment of the debts and liabilities of the company and the costs of winding-up ("the surplus assets") shall be distributed among the shareholders in proportion to their shareholding provided however that the holders of shares not fully paid up shall only receive a proportionate share of their entitlement being an amount which is in proportion to the amount paid to the company in satisfaction of the liability of the shareholder to the company in respect of the

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shares either under the constitution of the company or pursuant to the terms of issue of the shares.

#### **18.2 Distribution in specie**

Upon a liquidation of the company, the liquidator, with the sanction of an ordinary resolution of shareholders and any other sanction required by law, may divide amongst the shareholders in kind the whole or any part of the assets of the company (whether they consist of property of the same kind or not) and may for that purpose set such value as the liquidator deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the shareholders or different classes of shareholder. The liquidator may, with the like sanction, vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the shareholders as the liquidator thinks fit, but so that no shareholder shall be compelled to accept any shares or other securities whereon there is any liability.

#### **19. Removal from the New Zealand Register**

In the event that:

(a) Cessation of business

The company has ceased to carry on business, has discharged in full its liabilities to all its known creditors, and has distributed its surplus assets in accordance with its constitution and the Act; or

(b) No surplus assets

The company has no surplus assets after paying its debts in full or in part, and no creditor has applied to the Court under section 241 of the Act for an order putting the company into liquidation;

The board may in the prescribed form request the Registrar to remove the company from the New Zealand Register.

**8.7 REMISSION OF RATES ON MĀORI FREEHOLD LAND USED FOR PAPAKĀINGA HOUSING**

**Author:** David Doole, Senior Rates Officer

**Authoriser:** Gary Borg, Chief Financial Officer

**Appendices:**

1. Policy - REMISSION OF RATES FOR LAND USED FOR PAPAKĀINGA HOUSING [↓](#)
2. Local Government Act Extracts [↓](#)
3. Papakāinga Guidance [↓](#)

**1. PURPOSE**

- 1.1 The purpose of this report is to see Councils approval to introduce a new rating policy to allow for the remission of uniform annual general charges and other certain targeted rates on land used for Papakāinga housing.

**RECOMMENDATION**

The Senior Rates Officer RECOMMENDS that Council adopts the proposed addition of a new remission of rates on Māori Freehold Land: Māori Freehold land used as Papakāinga housing.

**2. BACKGROUND**

- 2.1 The Local Government Act and the Local Government (Rating) Act 2002 specifies that if a Council wishes to introduce a remission and/ or postponement of rates, it must first introduce policies that provide for this, using the special consultative procedure. In limited circumstances a new remissions policy may be introduced without a special consultative procedure if the requirements of sections 79 and 82 of the Local Government Act (the Act) are met.
- 2.2 Council levies the uniform annual general charge and other certain targeted rates based on each separately used and inhabited parts of a rating unit. This applies to all rateable General Land and Māori Freehold land in the district. In general terms, the number of dwellings on a property equals the number of uniform annual general charges waste management charges levied on a property.
- 2.3 For the year commencing 1 July 2017 there were 7091 rating units in the Wairoa District, 2244 (31%) of which are Māori Freehold land rating units. The average rates levied on Māori Freehold rateable land was \$630.00, this is less than half the average rates levied on general land. A large number of smaller, multiply owned Māori Freehold Land blocks are vacant pastoral properties which are used in conjunction with other rateable land, which includes a uniform annual general charge and other certain rates levied based on a separately use and inhabited basis. In these circumstances the uniform annual general charge and waste management rural charge normally levied on these smaller multiple owned Māori Freehold land blocks are eligible for a rates remission pursuant to existing rating policies.
- 2.4 For the year commencing 1 July there were a total of 49 Māori Freehold land rating units with two or more dwellings on them. Most of these properties are located in rural areas. There are six Māori Freehold land rating units, under 3.1 hectares in size, with three or more dwellings on them. Because they are levied uniform annual general charges and a

waste management charge on a separately used and inhabited basis they have an average rates assessment of \$5,420.00. One property with six dwellings on it is levied rates of \$6,088.00. This property is levied six uniform annual general charges (totalling \$3954.00) and six waste management charges of (totalling \$1,015.80).

2.5 Communication from persons responsible for the administration of these properties (trustees) are concerned that:

2.5.1. Rates levied on land used for Papakāinga housing are burdensome and regressive,

2.5.2. That the uniform annual general charges and waste management charges levied on these properties are prohibitive to a supporting traditional way of living ; and

2.5.3. That they are disadvantaged because they are not eligible to apply for a rates rebate and that levying uniform annual general charges and the waste management charges on a separately used and inhabited basis on does not sit well with the requirements of Schedule 11 of the Local Government Act, more specifically s2(f) Sch11. (Schedule 11 of the Local Government Act is attached as **Appendix 2**)

2.5.4. They should be rated differently because their land ownership structure does not provide the same degree of flexibility as General Land.

2.6 Guidance on what how land can be defined as Papakāinga is attached as **Appendix 3**.

### 3. OPTIONS

3.1 The options identified are:

a. Do not introduce a rates remission policy to remit uniform annual general charges on land used for Papakāinga housing. Continue rating papakaings based on existing rates methodology.

b. Introduce a rates remission policy to remit uniform annual general charges and waste management charges on land used for Papakāinga housing.

3.2 Since Council is currently formulating its draft LTP, this is the optimum time to consider a change of this nature. Council is required to adopt a policy for the remission and postponement of rates on Māori Freehold Land, this is specified in section 102(2)(e) of the Local Government Act 2002. This is a new remission policy for Māori Freehold land which changes rates are levied for six rating units from the year commencing 1 July 2018.

### 4. CONCLUSION

4.1 Adopting this policy would meet the requirements of Sch11 of the Local Government Act.

4.2 Adopting this policy would address a perceived level of inequity experienced by rating units which are used as Papakāinga housing.

4.3 Adopting this policy would increase the incidence of rates to \$9,939.60 spread over 5117 rating units (\$1.94 per rating unit).

## 5. CORPORATE CONSIDERATIONS

### What is the change?

- 5.1 This change will increase the incidence of rates to 5117 rating units by \$1.94.
- 5.2 This change will reduce the incidence of rates to 6 rating units by \$1,656.60.

### Compliance with legislation and Council Policy

- 5.3 The Local Government Act (the Act) and the Local Government (Rating) Act 2002 specifies that if a Council wishes to introduce a remission and/ or postponement of rates, it must first introduce policies that provide for this, using the special consultative procedure if it is deemed to be required. In deciding whether it is necessary to introduce this policy by way of a special consultative procedure consideration must be given to the matters set out in sections 14, 78, 79 and 82 of the Act. This matter impacts on six rating units, all parties concerned have communicated to Council over an extended period of time that the imposition of uniform annual general charges and waste management charges on a separately used and inhabited basis is regressive for land used for Papakāinga housing. Sections 14, 78, 79, 82 and Schedule 11 of the Act are attached in **Appendix 2**.
- 5.4 The introduction of this policy would increase the incidence of rates to \$9,939.60 spread over 5117 rating units (\$1.94 per rating unit).
- 5.5 The introduction of this policy will meet the requirements of Schedule 11 of the Act: it will recognise and take into account the importance of land associated with Papakāinga housing by providing for a remission of uniform annual general charges and waste management rural charges for any land used for Papakāinga housing where that land has 3 or more houses on it in rural areas. It will also aid in supporting the use of the land by owners for traditional purposes and avoid in further alienation of Māori Freehold land. Schedule 11 of the Act is attached in **Appendix 2**.
- 5.6 Certain requirements of section 14 of the Act have been met:
  - 1. The diversity and importance of Māori freehold land, and all of the Wairoa District community as a whole is being recognised, now and in the future;
  - 2. There is a recognition that the cultural and social interests of people and communities are being recognised.
- 5.7 The policy is a means to address the inability of super-annuitants living on Māori Freehold land used for Papakāinga housing not being eligible to apply for a rates rebate.

### What are the key benefits?

- 5.8 A more equitable distribution of the incidence of rates.
- 5.9 Reinforcement that the requirements of Schedule 11 of the Act are being considered and met.

**What is the cost?**

5.10 This change will increase the incidence of rates to 5117 rating units by \$1.94.

5.11 This change will reduce the incidence of rates to 6 rating units by \$1,656.60.

**What is the saving?**

5.12 Not applicable.

**Who has been consulted?**

5.13 No consultation has taken place. Due to the relatively low impact on affected stakeholders it is assessed that full consultation is not necessary

**Service delivery review**

5.14 Not applicable.

**Māori Standing Committee**

5.15 This matter has not formally been presented to the Māori Standing Committee due to it primarily being a rates matter. However the Committee is aware of the situation and it has been discussed in several forums.

**6. SIGNIFICANCE**

6.1 Although this report advocates a change to the way that land used for Papakāinga housing is rated it will only have a significant impact six rating units from the year commencing 1 July 2018. There a high number of Māori Freehold land rating units in the Wairoa District, less than 1% of these Māori Freehold Land rating units are used for Papakāinga housing. This matter is of medium significance and specifically pertains to ancestral land.

**7. RISK MANAGEMENT**

7.1 The strategic risks (e.g. publicity/public perception, adverse effect on community, timeframes, health and safety, financial/security of funding, political, legal – refer to S10 and S11A of LGA 2002, others) identified in the implementation of the recommendations made are as follows:

7.2 The intended change impacts significantly on 6 rating units from 1 July 2018. To not implement this change may create a perception that Council does not actively consider the requirements of Schedule 11 of the Act when regarding a fair and equitable incidence of the rates burden. If this change is not implemented there is potential that Māori Freehold land owners may feel further alienated from their own land and that Council does not value the diversity of different Māori freehold land uses and ownership structures.


7.3 Not implementing this change has potential to increase the level of rates arrears on Māori Freehold land used for Papakāinga housing.

**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

**Signatories**

	
Author David Doole	Approved by Gary Borg



**REMISSION RATES FOR LAND USED FOR PAKAKĀINGA HOUSING****Policy objectives**

- To provide rates relief to rural Māori Freehold land used for papakāinga housing.
- To provide an alternative to low income occupants living on Māori Freehold land used for papakāinga housing when they would not be eligible to receive a rates rebate because of the current eligibility criteria for rates rebates.
- To avoid the alienation of owners and occupants from rural Māori Freehold land used for papakāinga housing.
- To meet the requirements of schedule 11 of the Government Act 2002.
- To assist Māori to establish papakāinga housing on rural Māori Freehold Land.

**Conditions and criteria**

Council recognises that the imposition of multiple UAGCs or other non-service 'separately used and uninhabited' levied rates might act as a deterrent to Māori seeking to occupy Māori Freehold Land for housing purposes.

Council will consider applications for the remission of multiple UAGCs and other charges, with the exception of those that are set for the provision of utilities such as water, sewerage in respect of separately used or inhabited parts of a rating unit where these are covered by occupation licenses, or other informal arrangements subject to the conditions and criteria set out below:

- The land must be Māori Freehold Land (As defined in Te Ture Whenua Act 1993 Part VI Section), and
- The part of the land used for papakāinga must be the subject of an occupation license or other informal arrangement for the purposes of providing residential housing for the occupier on a rent free basis, and
- The area of land must be less than 3.2 hectares and located outside the Wairoa township and have no less than three dwellings on it, and
- The land must have a primary and actual use code of lifestyle or residential as defined by current rating valuation rules.
- Council reserves the right to cancel the agreement if the rates remain unpaid for a period of more than 3 months after the due date.
- Each occupants must have a level of income no greater than the level of NZ superannuation used for the calculation of rates rebates in accordance with the Rates Rebate Act 1973.

**Remission of uniform annual general charges and targeted rates for waste management**

- Applications must be received in writing from the owners or trustees of the land and signed by the owners or trustees.
- The application must contain the names of the occupants of each dwelling and a statutory declaration that each occupant of each dwelling has a level of income no greater than the level of NZ superannuation used for the calculation of rates rebates in accordance with the Rates Rebate Act 1973.
- All successful applications will be granted a remission of 50% of the uniform annual general charge and targeted rate for waste management on the third and subsequent dwellings on the land that are applicable based on the pre-mentioned income level of the occupants.

- For the avoidance of doubt 100% of the uniform annual general charge and waste management rural charge will apply two dwellings on the land.
- The remission of the UAGC and other charges will remain on the land so long as the arrangement is in force subject to the occupation complying with the conditions and criteria set out above.

**14 Principles relating to local authorities**

- (1) In performing its role, a local authority must act in accordance with the following principles:
  - (a) a local authority should—
    - (i) conduct its business in an open, transparent, and democratically accountable manner; and
    - (ii) give effect to its identified priorities and desired outcomes in an efficient and effective manner;
  - (b) a local authority should make itself aware of, and should have regard to, the views of all of its communities; and
  - (c) when making a decision, a local authority should take account of—
    - (i) the diversity of the community, and the community's interests, within its district or region; and
    - (ii) the interests of future as well as current communities; and
    - (iii) the likely impact of any decision on the interests referred to in subparagraphs (i) and (ii);
  - (d) a local authority should provide opportunities for Māori to contribute to its decision-making processes;
  - (e) a local authority should actively seek to collaborate and co-operate with other local authorities and bodies to improve the effectiveness and efficiency with which it achieves its identified priorities and desired outcomes; and
  - (f) a local authority should undertake any commercial transactions in accordance with sound business practices; and
  - (fa) a local authority should periodically—
    - (i) assess the expected returns to the authority from investing in, or undertaking, a commercial activity; and
    - (ii) satisfy itself that the expected returns are likely to outweigh the risks inherent in the investment or activity; and
  - (g) a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region, including by planning effectively for the future management of its assets; and
  - (h) in taking a sustainable development approach, a local authority should take into account—
    - (i) the social, economic, and cultural interests of people and communities; and
    - (ii) the need to maintain and enhance the quality of the environment; and
    - (iii) the reasonably foreseeable needs of future generations.
- (2) If any of these principles conflict in any particular case, the local authority should resolve the conflict in accordance with the principle in subsection (1)(a)(i).

**78 Community views in relation to decisions**

- (1) A local authority must, in the course of its decision-making process in relation to a matter, give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter.
- (2) *[Repealed]*
- (3) A local authority is not required by this section alone to undertake any consultation process or procedure.
- (4) This section is subject to [section 79](#).

**79 Compliance with procedures in relation to decisions**

- (1) It is the responsibility of a local authority to make, in its discretion, judgments—
  - (a) about how to achieve compliance with [sections 77](#) and [78](#) that is largely in proportion to the significance of the matters affected by the decision as determined in accordance with the policy under [section 76AA](#); and
  - (b) about, in particular,—
    - (i) the extent to which different options are to be identified and assessed; and
    - (ii) the degree to which benefits and costs are to be quantified; and
    - (iii) the extent and detail of the information to be considered; and
    - (iv) the extent and nature of any written record to be kept of the manner in which it has complied with those sections.
- (2) In making judgments under subsection (1), a local authority must have regard to the significance of all relevant matters and, in addition, to—
  - (a) the principles set out in [section 14](#); and
  - (b) the extent of the local authority's resources; and
  - (c) the extent to which the nature of a decision, or the circumstances in which a decision is taken, allow the local authority scope and opportunity to consider a range of options or the views and preferences of other persons.
- (3) The nature and circumstances of a decision referred to in subsection (2)(c) include the extent to which the requirements for such decision-making are prescribed in or under any other enactment (for example, the [Resource Management Act 1991](#)).
- (4) Subsection (3) is for the avoidance of doubt.

*Consultation***82 Principles of consultation**

- (1) Consultation that a local authority undertakes in relation to any decision or other matter must be undertaken, subject to subsections (3) to (5), in accordance with the following principles:
  - (a) that persons who will or may be affected by, or have an interest in, the decision or matter should be provided by the local authority with reasonable access to relevant information in a manner and format that is appropriate to the preferences and needs of those persons;
  - (b) that persons who will or may be affected by, or have an interest in, the decision or matter should be encouraged by the local authority to present their views to the local authority;
  - (c) that persons who are invited or encouraged to present their views to the local authority should be given clear information by the local authority concerning the purpose of the consultation and the scope of the decisions to be taken following the consideration of views presented;
  - (d) that persons who wish to have their views on the decision or matter considered by the local authority should be provided by the local authority with a reasonable opportunity to present those views to the local authority in a manner and format that is appropriate to the preferences and needs of those persons;
  - (e) that the views presented to the local authority should be received by the local authority with an open mind and should be given by the local authority, in making a decision, due consideration;
  - (f) that persons who present views to the local authority should have access to a clear record or description of relevant decisions made by the local authority and explanatory material relating to the decisions, which may include, for example, reports relating to the matter that were considered before the decisions were made.
- (2) A local authority must ensure that it has in place processes for consulting with Māori in accordance with subsection (1).
- (3) The principles set out in subsection (1) are, subject to subsections (4) and (5), to be observed by a local authority in such manner as the local authority considers, in its discretion, to be appropriate in any particular instance.
- (4) A local authority must, in exercising its discretion under subsection (3), have regard to—
  - (a) the requirements of [section 78](#); and
  - (b) the extent to which the current views and preferences of persons who will or may be affected by, or have an interest in, the decision or matter are known to the local authority; and
  - (c) the nature and significance of the decision or matter, including its likely impact from the perspective of the persons who will or may be affected by, or have an interest in, the decision or matter; and
  - (d) the provisions of [Part 1](#) of the Local Government Official Information and Meetings Act 1987 (which Part, among other things, sets out the circumstances in which there is good reason for withholding local authority information); and
  - (e) the costs and benefits of any consultation process or procedure.
- (5) Where a local authority is authorised or required by this Act or any other enactment to undertake consultation in relation to any decision or matter and the procedure in respect of that consultation is prescribed by this Act or any other enactment, such of the provisions of the principles set out in subsection (1) as are inconsistent with specific requirements of the procedure so prescribed are not to be observed by the local authority in respect of that consultation.

Section 82(1)(f): replaced, on 8 August 2014, by [section 23](#) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

**Schedule 11**  
**Matters relating to rates relief on Māori freehold land**

ss 5(2), 108(4), 109(2), 110(2)

- 1 The matters that the local authority must consider under [section 108\(4\)](#) are—
  - (a) the desirability and importance within the district of each of the objectives in [clause 2](#); and
  - (b) whether, and to what extent, the attainment of any of those objectives could be prejudicially affected if there is no remission of rates or postponement of the requirement to pay rates on Māori freehold land; and
  - (c) whether, and to what extent, the attainment of those objectives is likely to be facilitated by the remission of rates or postponement of the requirement to pay rates on Māori freehold land; and
  - (d) the extent to which different criteria and conditions for rates relief may contribute to different objectives.
- 2 The objectives referred to in [clause 1](#) are—
  - (a) supporting the use of the land by the owners for traditional purposes:
  - (b) recognising and supporting the relationship of Māori and their culture and traditions with their ancestral lands:
  - (c) avoiding further alienation of Māori freehold land:
  - (d) facilitating any wish of the owners to develop the land for economic use:
  - (e) recognising and taking account of the presence of waahi tapu that may affect the use of the land for other purposes:
  - (f) recognising and taking account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere):
  - (g) recognising and taking account of the importance of the land for community goals relating to—
    - (i) the preservation of the natural character of the coastal environment:
    - (ii) the protection of outstanding natural features:
    - (iii) the protection of significant indigenous vegetation and significant habitats of indigenous fauna:
  - (h) recognising the level of community services provided to the land and its occupiers:
  - (i) recognising matters related to the physical accessibility of the land.



Papa Kāinga Presentation  
Whakaki Marae  
Tuesday, 7 January 2014



**Presented by Duane Culshaw**  
Kaitakawaenga Māori – Wairoa District Council



**Definition**

*Whatungarongaro te tangata, toitū te whenua*  
*People will disappear, but the land is permanent*

The above whakataukī serves as a reminder of our responsibility as kaitiaki (custodians) to care for the environment and to ensure prosperity for future generations. This presentation will attempt to define the process and provide whānau with a resource to support them to realise their papa kāinga aspirations. Furthermore, this presentation is based on the Māori philosophical approach of whānau, whenua, whare and to incorporate appropriate whakataukī.

For the purpose of this presentation, 'papa kāinga', has been defined as '*building on ancestral land*'.

**Phases / Philosophies****1. Whānau**

*He aha te mea nui o te Ao? He tangata, he tangata, he tangata*  
*What is the most important thing in the world? It is people, it is people, it is people*

Papa kāinga does not exist without whānau. Development of papa kāinga can only occur through whānau working together towards the achievement of a common vision. A whānau with shared vision, drive and commitment is highly likely to succeed. Inversely a whānau divided or lacking commitment is likely to fail.

Notwithstanding the whānau support and connectedness of whakapapa it is highly recommended to include supporters, advisors and mentors to share in your papa kāinga development kaupapa, such as Te Puni Kokiri, Te Kooti Whenua Māori (Māori Land Court), your local and regional authority (WDC and HBRC). These organisations will add capacity and capability to your whānau.

**2. Whenua**

*Whatungarongaro te tangata, toitū te whenua*  
*People will disappear, but the land is permanent*

Papa kāinga does not exist without whenua. Whānau will need to be able to work through all of the development issues and regulatory frameworks that dictate what you can and can't do on your whenua.

For Māori being able to connect to your whenua (or whakapapa) is central to our identity and mana, therefore, the development of the whenua is something that needs to be carefully considered to reflect the unique connection to the whenua, especially as kaitiaki, to give credence to mana whenua or te ahi kaa roa.

Ultimately, papa kāinga is about developing a relationship with each other and the whenua in an purposeful approach to maintain core values on how you wish to live and interact with each other and the environment. These particular cultural philosophies should be at the forefront of any strategic planning for papa kāinga when dealing with the legalities and control issues.



### 3. Whare

*Ko te whare e hanga te tangata, ko te tangata e hangaia e te whare*  
*The whare (whare tangata) builds the people, the people build the whare*

The papa kāinga does not exist without whare. Papa kāinga represents the construction of homes for whānau on your whenua with the intent to form a community. The building industry has become increasingly complex and regulated. Gone are the days of DIY. Although one can still effectively build on site, it cannot be without a licenced building practitioner supervising you.

There is a lot to consider and to take into account, from design to consent to occupation, that will determine the quality, look and feel of your final papa kāinga development. You will need to carefully direct and manage the process of developing a papa kāinga to ensure that what you create will enable you to live in the way and manner you desire.

#### **Process Map – Phases / Steps / Strands**

Try to establish a guide to utilise a simple 'step-by-step' process for developing a papa kāinga following a 'phased' approach – starting with **whānau**, then focusing on **whenua** and finally design and building of **whare**. Once you have grasped the concept of the three phases – whānau, whenua and whare – then each phase will have three 'steps' or stages to work through as follows:-

##### *Phase 1 – Whānau*

- Step 1 – Leadership
- Step 2 – Information
- Step 3 – Proposal

##### *Phase 2 – Whenua*

- Step 4 – Feasibility
- Step 5 – Site Plan
- Step 6 – Legal

##### *Phase 3 – Whare*

- Step 7 – Designs
- Step 8 – Contracts
- Step 9 – Building / Construction

Your steps or stages should follow a logical sequence of activity where each phase and step builds on the outcomes of the earlier phase and steps. Each 'phase' acts as a control gate to the next – if you have not completed one you will not be adequately prepared to enter the next.

Your guide should also identify 'strands' that run through the 'phases' and 'steps'. Each strand should have a focus on a particular area of the process, such as Māori Land Court (MLC), the territorial authority (Council), budgeting advice or consultants.

Over the page is an example of a process map for consideration:-

## Process Map

Phase	Whānau			Whenua			Whare		
Step	Leadership	Information	Proposal	Feasibility	Site Plan	Legal	Design	Contracting	Building
Whānau	Whānau Leadership	Analysis and Consulting	Develop Strategy	Whānau Readiness	Cultural Assessment	Mandate	House Design	Identify and Select Contractors	Manage Building
MLC		Title Information and Engagement	Title Options	Title Option Selection	Title Layout Planning	Court Application			
Council		Property Information	Planning Provisions	Consent Requirements		Resource Consent	Building Consent		Inspections and Compliance
Budgeting			Preliminary Budget	Financial Viability			Quantity Calculation and Valuation	Estimates and Finance	Payments and Reserves
Consultants	Project Mentors	Project Manager	Design Leader			Design and Technical		Contract Manager	
Target Finish Date	/ /	/ /	/ /	/ /	/ /	/ /	/ /	/ /	/ /

\* You could insert initials of a person responsible for each box above and a target finish date for each step along the bottom.

## **Steps**

### **1. Leadership (Whānau)**

*Ki ngā whakaeke haumi*

*Join those who can join sections of a canoe*

Definition – Seek those leaders who are able to weld diverse groups into a successful combination

The success of your papa kāinga project will be determined by strong leadership within your whānau. Leadership can be defined in several facets such as cultural leadership, design leadership, legal leadership, administration leadership and communications leadership. Leadership can come from within the whānau nucleus and equally from outside the whānau. The whānau unit will need to identify those leadership aspects, as well as external leadership. Whilst leadership can be shared amongst a variety of people, it is vital to clearly identify a Kaiwhakahaere Kaupapa – Project Manager – whose role will be to inspire and weld together the whānau and other support structures towards achieving the whānau vision.

### **2. Information (Whānau)**

*Haere ki Ō-te-rangi-pā-karu ki te kai pua mānuka*

*Go to Ō-te-rangi-pā-karu (your ears that don't listen) and eat mānuka seeds (seeds of trouble)*

Definition – If you don't listen to good advice you will have trouble

Informed decision making and sound judgement is crucial to the success of your papa kāinga, thus there is no such thing as informed decision making without information. Information gathering is important in the infancy of your papa kāinga project to stimulate critical thinking and insightful decision making. It would be vital to ensure that all parties are informed of all decision making processes, bearing in mind that resistance to a proposal, or scepticism, is often due to fear of the unknown. This step may require engagement with the Māori Land Court and Council staff. These organisations will be able to offer professional and technical advice throughout the project. It would be advisable to form a formal representation from each organisation to engage them into your whānau environment. Equally important, it would be highly recommended to have someone within your whānau environment who can collate and present information in a manner that your whānau can understand. A good Project Manager should be able to do this.

### **3. Proposal (Whānau)**

*He ora te whakapiri, he mate te whakatākiri*

*Survival in sticking together, disaster in separation*

Definition – Identify, engage and involve your whānau – you will be far more likely to succeed if you do

This is probably the most important step in your papa kāinga development project, which will establish the foundation and direction for any development – now and in the future. Therefore, it is important that this step is inclusive towards all stakeholders. Effectively this step involves developing the future visions of your whānau and whenua, clarifying your project plan and identifying whānau aspirations and needs. Try to involve whānau members with creative skills to assist in visualising ideas – whether that be through words or sketches. You will then need to translate these ideas into a strategy for development and project plan. All the information collated in Steps 1 and 2 will be invaluable in finalising your decision making. This is also an appropriate time to consider estimating costs.

#### 4. Feasibility (Whenua)

*E kore koe e tata mai i ngā tairo a Tū-te-koropanga*

*You cannot penetrate the brambles of Tū-te-koropanga*

Definition – Impenetrable obstacles can make your proposal impossible

At this stage the whānau should have a well-considered proposal and project plan to present pertinent information to start detailed site planning and developing any applications you need to file with the Māori Land Court and Council. However, before proceeding the whānau will need to consider whether the proposal is feasible, such questions should be raised:-

Are the whānau ready?

Can you meet any Māori Land Court requirements?

Is what you are proposing likely to obtain any Resource Consent or meet any necessary requirements as a 'controlled activity'?

Is it financially feasible?

This assessment will either cause you to re-think or re-visit what you are proposing or hopefully will help affirm your proposal and give you the confidence to proceed.

#### 5. Site Plan (Whenua)

*Hokia ki o maunga kia purea e koe i ngā hau o Tāwhirimātea*

*Return to your ancestral mountains to be cleansed by the winds of Tāwhirimātea*

Definition – It is important that you walk your whenua to clarify your thinking before committing to any final plan

Before any application is made to the Māori Land Court a site plan needs to be developed to form the basis of any application in terms of Resource Consent you might require. It is important to consider in developing a site plan that you define and incorporate any cultural drivers or imperatives in how the site is laid out and how any title, license or lease boundaries are defined. Under the 'Proposal' step (3) you would have developed a concept sketch which may address what needs to be developed for this particular step.

Once again, it is important to include whānau in any decision making process – rather than being driven by the designer, planner or architect. Unless you adequately brief the designer they will not necessarily consider your cultural drivers in terms of how they influence the design and title layout.

#### 6. Legal (Whenua)

*Ko te tangata ki mua, ko te whenua ki muri*

*First the people, then the land*

Definition – Before making applications to the Māori Land Court or Council, you need to have the mandate of the people

At this step whānau are ready to enter formal legal processes to gain the 'green light' to start building on your whenua. Mandate is critical to this if you are intending to file any application through the Māori Land Court. You must ensure that you have support for any up-to-date proposal prior to court application and you will need to be able to evidence this. The Māori Land Court will also need evidence that what you are proposing will be able to attain any necessary Resource Consent. Without an approved application through the Māori Land Court, it could possibly be a 'waste of money' completing the level of work required to attain Resource Consent. It is advised to work closely with the Māori Land Court and Council to ensure you provide enough detail to meet their minimum requirements. Once any Māori Land Court application is approved you can then proceed to complete the full detail required to apply for Resource Consent.

## 7. Design (Whare)

*Mataihi tuku ki raro, he whare auahi; mataihi tū noa, rakorako noa a raro*

*A house with its front end low is smoky; a house that stands boldly forth is exposed*

Definition – This whakataukī reminds us of the importance of sitting and designing your house carefully

All of the steps have ultimately been laying the foundation necessary to building homes on your whenua. By this step you should have gained approval from the Māori Land Court for any partitioning, occupation or subdivision of your whenua and gain the necessary Resource Consent from Council based on a proposed number and location of houses on your whenua – and the capacity of the site to cater for any necessary effluent, storm water and water management issues.

Now it is time to focus on the houses themselves.

The first step in this is design, of which there will be a range of options available. Also at this stage, a lead designer should have been appointed for your project – who may well be the same person leading house design. Do not underestimate the importance of this step. The design of the house will affect the way you live, feel and act. It should fit your lifestyle, rather than you having to modify your lifestyle to fit the house. Once you have finished this step you will have what you need to obtain a Building Consent, cost estimates and an 'off-plan' valuation – for finance.

## 8. Contracting (Whare)

*Kaua e rangiruatia te hāpai o te hoe, e kore tō tātou waka e ū ki uta*

*Do not lift your paddle out of unison or our canoe will never reach the shore*

Definition – The contracting and building process requires a high level of co-ordination across multiple disciplines and sectors

If you have reached this step then you have managed to successfully navigate your way through a wide range of whānau and compliance requirements to attain all of the approvals and information necessary to get on with building. You now face a range of options and issues in finally selecting and engaging the necessary contractors to carry out your building project/s. Whether you are building new, renovating existing, or bringing in a relocatable home – the quality of the end product is going to depend upon selecting the right contractor/s and managing them well.

Entering and managing building contracts is not for the faint-hearted. Unless you are experienced at it, you will need to bring in professionals. Your lead designer is the best person to assist you through this phase – or a specialised contract manager. There is a lot to consider and a lot of pitfalls to look out for. With the range of options available, there also comes varying degrees of risk and cost. If you are 'going it alone', at least make sure you get professional advice or a suitable mentor.

## 9. Building (Whare)

*Ka tope tāhū anō, waiho kia rere ana*

*The ridgepole of the house is cut, so let it rise*

Definition – Once the essential preparatory portion of a big and important project has been accomplished, completion should not be delayed

Congratulations, if you have got to this stage then you are ready to start building – but don't become complacent. Without a doubt, building can be just as stressful as the planning stages and invariably has relationships, issues, performance and expectations to be managed. You will need to keep a close watch on the building process to ensure everything is going according to plan and to provide direction or answer questions as required.

If you are managing the construction yourself and this is your first time – then good luck – you have a hard job ahead. However, if you have worked through all of the steps of this guide you will be better informed and prepared than many. One of the most important things with managing a building project is anticipating every step as far in advance as possible to ensure things happen when they need to.

Approximately 90% of the time (unless you are building yourself) will be invested in communications – endless conversations, phone calls, meetings, emails, faxes, etc. The other 10% will involve clocking up the mileage in your car.

### **Completion**

*He kura kāinga e hokia, he kura tangata e kore e hokia*

*A treasured home will endure, not so a treasured person*

Definition – If you look after your new home it will endure for the benefit of future generations

By this phase, you should be ready to move in. Nonetheless, there is probably still a few things to tidy up before you can truly relax. Make sure the following is addressed:-

*Practical Completion* – ensure a Certificate has been issued certifying that the work has been completed in accordance with the contract.

*Code Compliance Certificate* – make sure the Council has conducted final inspection and you have obtained your Code Compliance Certificate. To gain a Code Compliance Certificate the Council will require the following:-

- The names of the Licenced Building Practitioners involved with the Restricted Building Work parts of your project must be supplied to the Council.
- The Council will inspect your project at certain stages of construction.
- All Licenced Building Practitioners must give a 'Record of Work' form when their part of the work is done. It lists the Restricted Building Work they did.
- Submit this as part of your application to the Council for a Code Compliance Certificate at the end of your project.

*Defects and Liability* – thoroughly inspect every nook and cranny and fixture to make sure that any defects have been formally noted and remedied before making any final payments or releasing retentions. If you do not do this now it will become very difficult later.

*Guarantees / Warranties* – make sure you have been supplied with all certificates of warranty or guarantee, including any 'producer statements' certifying work carried out by tradespeople.

*Insurance* – make sure you have home and contents insurance sorted before you move in.

Enjoy!!!

**8.8 UPDATE ON STATUS OF PATANGATA BRIDGE**

**Author:** Libby Young, Transport Asset Manager

**Authoriser:** Jamie Cox, Engineering Manager

**Appendices:** 1. Patangata Bridge Options Report [↓](#)

**1. PURPOSE**

- 1.1 This report provides information for Council on the options available for the reinstatement of Patangata Bridge.
- 1.2 This update report has been sent to Council as requested in the 20<sup>th</sup> March 2018 meeting and because it is of high public interest

**RECOMMENDATION**

The Engineering Manager RECOMMENDS that Council receive the report.

**2. BACKGROUND**

- 2.1 The Patangata bridge lies at the end of Whakaki lagoon road and a section of Hereheretau roadway block.
- 2.2 On the other side of Patangata bridge lies private properties and 3 landlocked Urupa blocks within these properties
- 2.3 It appears that the Patangata bridge structure has had routine renewals deferred over an extended period.
- 2.4 Previously the Patangata bridge was posted as being restricted to light vehicles
- 2.5 The Patangata Bridge was temporarily closed on 09<sup>th</sup> March 2018 due to safety concerns of the structure as reported by the Maori Standing Committee and following a structural bridge assessment completed by WSP OPUS and WDC staff.
- 2.6 An information report to Council detailing the current situation and temporary closure was included in the March 20<sup>th</sup> 2018 Council agenda.
- 2.7 The Council requested a progress update be given at the next full council meeting.
- 2.8 Council commissioned WSP OPUS to undertake a structural assessment of the Patangata Bridge and provide an options report. The options report is the basis for the development of a business case which, will result in transparency and accountability for investment in the preferred option.
- 2.9 The owner of much of the land on the other side of the bridge has expressed interest in assisting with funding to bring the bridge back to a class 1 standard

**2. DISCUSSION ON CURRENT SITUATION**

- 2.1. Now that we have a series of rough order costs for the options, the challenge of funding renewals for the bridge can be discussed with more certainty.
- 2.2. Understanding the ability of the co-investment partners to contribute to a strengthening programme for Patangata bridge is essential to reaching a useful conclusion.

- 2.3. Council has 174 bridges and large culverts and a demanding bridge strengthening programme set out for the next decade in order to allow accessibility and economic growth in our higher volume road networks. The prioritisation of renewals is carried out based on a matrix of criteria which includes criticality, Social and economic benefits.
- 2.4. Depending on the preferred option, the cost of strengthening of Patangata bridge ranges from \$350,000 to \$800,000 and the level of subsidy and contribution needs to be finalised prior to a decision on the most appropriate option
- 2.5. Once the preferred option is selected, it is expected that planning and design will take up to 10 weeks to complete.
- 2.6. Procurement of the physical work for strengthening shall be in accordance with Councils endorsed procurement strategy.
- 2.7. It is expected Physical works would take up to 12 weeks to complete
- 2.8. The Patangata bridge is to remain closed for all vehicular traffic until strengthening work has been undertaken.

### **3. CONCLUSION**

- 3.1 A business case is to being developed which will assess the current and future social, economic, cultural and environmental contributions of the Patangata Bridge to the community.
- 3.2 A report will come back to Council once the co-investors have determined their level of contribution and the business case has been finalised. It is expected that this will be completed mid year (Council meeting date July 24) and should an investment decision allow works to proceed , the construction season leading up to Christmas 2018 would be an appropriate contract timeline.

#### **Further Information**

Nil

#### **Background Papers**

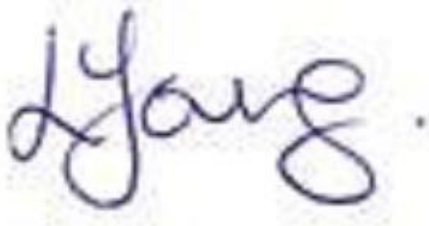

Ordinary Meeting of Council, 20<sup>th</sup> March 2018, Item 8.6 Patangata Bridge Closure

#### **References (to or from other Committees)**

Nil



## Signatories

	
Author Libby Young	Approved by Jamie Cox



## Patangata Bridge

Whakaki Lagoon Road

Options Report U18/05 2-S5091.TS BR009





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## Executive Summary

Patangata Bridge is located on Whakaki Lagoon Road off SH2 approximately 20km east of Wairoa. The bridge is located over an inlet to the Whakaki Lagoon and leads to an Urupa (Maori burial site) and land to the east of the lagoon.

The existing single lane structure is approx. 22m long and comprises two spans of steel beams topped with a timber deck; these were originally supported on timber piles and timber capping beam at the abutments and piers. Underpinning of the central pier using steel piles and cross-beam was carried out in 1999, to support the beam ends following deterioration of the timber pier. The bridge was previously posted to a gross weight limit of 5 tonnes but has since been closed due to severe corrosion of the steel pier piles used in the underpinning. There are also concerns regarding the condition of the abutments and the fill containment at them.

Wairoa District Council has commissioned WSP Opus to carry out a high-level Options Assessment to strengthen the existing Patangata Bridge to allow Class I traffic to cross. They have also requested we consider options to maintain the existing Level of Service (LOS).

Several options were considered to address both maintaining the existing LoS and upgrading to Class I capacity. If the existing LoS is to be maintained, we recommend the pier strengthening be carried out. Our rough order cost estimate for this repair is \$352,000 excluding GST. However, if WDC wish the bridge to be upgraded to accommodate Class I traffic, then we recommend installing a new concrete deck made composite with the beams by installing shear studs. The pier and abutments would also need to be strengthened as per the LoS option above. Our rough order cost estimate for upgrading the bridge to Class I standard is \$577,000 excluding GST. Both options also include the repainting of the steelwork with an epoxy coating in the rough order costs presented.



## 1 Introduction

### 1.1 Reasons for strengthening the structure

The existing structure was previously posted with a gross weight restriction of 5 tonnes. The piles at both abutments are in a state of advanced decay and provide little support, with the capping beam severely displaced and tilted. The diaphragms and earth planks retaining the approach fill at both abutments are also decayed and in poor condition. The existing steel piles that were installed at some time after construction to underpin the original timber pier have all corroded to the extent that the webs of all 4 piles no longer exist in the portion exposed to the tidal range; thus, the bridge is currently closed to all traffic.

Wairoa District Council has commissioned WSP Opus to carry out a high-level options assessment to:

1. Maintain the existing Level of Service (LoS), and
2. Strengthen the structure to accommodate Class I traffic.

Any options to either maintain LoS or improve to accommodate Class I must address the deficiency with the centre pier and abutments.

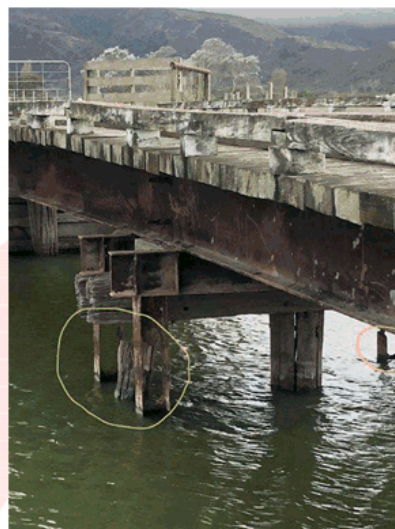


Fig 1: Corroded webs on steel piles

### 1.2 General site description

Patangata Bridge is located on Whakaki Lagoon Road off SH2 approximately 20km east of Wairoa. The bridge crosses a waterway which connects with the Whakaki Lagoon and conveys flow from several drains across the flat farmland in the area and leads to an Urupa (Maori burial site) and land to the east of the lagoon, currently stocked with cattle. The site is located approximately 1.2km from the sea. The flow in the waterway has entered the sea in the past, north of the lagoon outlet by breaching the sand hills behind the beach but this outlet is often blocked and the flow then enters the sea via the lagoon.



Fig 2: Google view image: Patangata Bridge site near Whakaki

The existing bridge is a single lane structure comprising 2 – 10.74m spans of 3 steel beams topped with a timber plank deck. Side protection is provided by timber kerbs and the superstructure was originally

supported at the piers and abutments with timber piles and capping beam. Original as built drawings are included in Appendix A.

Over time the bridge timbers have decayed and substantial repairs were carried out to the structure in 1999 when the central pier was underpinned with steel piles and cap beams. A sketch has been obtained showing the pier repair details (refer to Appendix B). Unfortunately, we have not been able to get any information on the actual pile capacity nor confirm the pile lengths used.

The deck spiking timbers, main planks and running planks were also replaced in 1999 with new Treated Radiata Pine (TRP) timber. The bridge girders and pier steelwork were subsequently given a corrosion protection coating using "Goldseal". It is understood this coating system was applied on site after the pier repairs were completed. Consequently, it could only be applied to the piles down to water level at the time. Observation indicates water level fluctuations exposed uncoated pile steel and the coating is subject to flow/weathering breakdown in this area making it less effective in a shorter time than elsewhere on the structure steelwork. The bridge steelwork at the air/water interface on the piles is not protected by coating and loss of section is now evident (see Figure 1).

Previous inspections have also found that the abutment piles though still serviceable are badly split and in advanced state of decay, the cap beams are severely displaced and tilted. The cap beam fixings are badly corroded. The diaphragms and earth planks retaining the approach fill at both abutments are in poor condition from decay. Refer to Figure 3.



Fig 3: Bridge abutments



## 2 Existing capacity

### 2.1 Beams

The beams have been assessed in accordance with Section 7 of the Bridge Manual and found to be able to carry 36% of Class 1.

### 2.2 Deck

The deck has been assessed in accordance with Section 7 of the Bridge Manual and found capable of carrying a maximum of 2.5T axle.

## 3 Factors Influencing Strengthening Design

### 3.1 Service requirements

The existing structure has a road width of 3.65m between timber kerbs. If the existing deck is retained the existing side protection would not be upgraded. However, if the deck is upgraded, then the side protection would similarly be upgraded to meet current code requirements or a dispensation sought if the current standards cannot be achieved.

No services are present on the existing bridge and no new utilities have been requested to be mounted on the structure.

### 3.2 Foundation (subsurface) conditions

No details of the foundation conditions underlying the site have been found. However, the original construction drawings show the abutments and pier to be piled for a reasonable depth below bed level. As there have been no observations or reports of foundation problems and the pier underpinning appears to be in response to timber deterioration rather than settlement or scour, we have assumed that the embedment depth of existing piles would be adequate to support either the existing structure or a strengthened structure of similar weight.

For any new superstructure that substantially increases the load on the piers or abutments or for an increase in the live load carrying capacity of the bridge to Class 1 for example, then the adequacy of the existing piling or embedment of new piling would need to be considered.

### 3.3 Geometrics

There have been no reported problems with the existing geometrics and the speed environment at the site is expected to be relatively slow. Therefore, to minimise the extent of work at the site, we have assumed that any superstructure replacement required would maintain the existing deck level.

### 3.4 Hydrology

A hand annotation on one of the construction drawings indicates flood level as being about 2'6" below GL on the western bank, but is unclear about which bank this is on the drawing. However, there appears to be only approx 0.2m difference between the levels on the two banks; the bank level drawn alongside one abutment shows it to be just above existing beam soffit level. Based on this, there appears to be at least 0.6m freeboard from the beams to design flood level which meets current Bridge Manual requirements.

The soffit of any new beams should be no lower than existing beam soffit level.

### 3.5 Constraints on span arrangement and clearances

The existing bridge has an overall length of approx. 22m. Any replacement superstructure will need to be about the same overall length, in either 2 spans as per the existing structure, or as a single span, assuming the existing fill-containment abutment configuration is retained.

### 3.6 Constraints on construction methods

The capacity of the existing bridge is likely to be too low to allow access for heavy construction plant. Therefore, any craneage required for superstructure strengthening or replacement will need to be from the approaches or from access staging. It will be advantageous if the weight of construction materials/elements is relatively low to limit the need for large cranes. It will likely be necessary to close the bridge during these times; however pedestrian access may still be able to be made available.

If work under the bridge is required, access by boat or floating platform is likely to be necessary.

### 3.7 Constraints on construction materials

There are no specific constraints on construction materials. Due to probability of the existing bridge foundations being in brackish water due to the site's location near the lagoon and the bridge's proximity to the coast, the environment will be corrosive, so robust detailing and corrosion protection will be critical for any material used. The design life of any superstructure strengthening/replacement will have a design life of 50 years, as any longer would not be practical given the age of the existing bridge.

Exposure classifications for the elements above the water are proposed to be B2 for concrete in accordance with NZS 3101:2006 Concrete Structures Standard and C4 High - sea shore (calm) environment for steel in accordance with AS/NZS 2312:2014.

### 3.8 Interaction of construction with traffic flows

The bridge is likely to have to be closed during craneage and other operations above deck (eg deck replacement). If works are required under the deck, then traffic flows should be largely unaffected.

### 3.9 Site seismic hazard

In accordance with NZS 1170.5:2004, the seismic hazard factor for Wairoa is 0.37. There is no subsoil information shown on the drawings, but given the bridge's location within the Whakaki Lagoon area, the site subsoil class is likely to be category D Deep or Soft Soil. The near fault factor will be taken as 1.0 as there are no faults within 20km of the site. A Return Period Factor  $R_u = 1.0$  corresponding to an annual probability of exceedance of 1/500 years for an Importance Level 1 bridge in accordance with the NZ Transport Agency's Bridge Manual (Bridge Manual) is considered appropriate.

The existing bridge is likely to be non-conforming when considered against current code provisions for seismic design. Although a strengthened or replacement superstructure will add seismic mass, it is assumed that the nominal mass increase will only marginally decrease the existing bridge seismic if any increase is kept relatively small.

Options considered for strengthening/replacement should consider the increase in seismic mass and any detailing should be designed to be robust.

### 3.10 Environmental considerations and constraints

Most of the works should be able to be completed with only minor environmental effects on the waterway. Any demolition required will need procedures to be put in place to collect the debris and remove it from site. Ideally, existing elements made redundant by the works should be cut off at ground level. Disturbance to the bed should be kept to a minimum.

Run-off from any new deck will be little different from the existing, allowing water to run off into the waterway.

## 4 Design Options

### 4.1 General

The following Options a, b and c are options that, as a minimum, maintain the existing Level of Service (LoS) for Patangata Bridge, whereas Options d, e, f and g address options that strengthen the existing structure to enable it to accommodate Class I traffic. For these Class I options, WDC has confirmed that neither logging trucks nor HPMVs are likely to use the bridge in the future. On that basis, we consider Appendix D of the Bridge Manual, which allows lower load factors to be used for lightly trafficked rural bridges and other structures, can be used for design.

### 4.2 Option a – Do nothing

The bridge is currently closed due to concerns over the lack of capacity of the fully corroded web of the piles used for underpinning the pier and the poor condition of abutments and retaining structures. Given the current state of the piles, the Do Nothing option is not feasible and therefore has not been considered further.

### 4.3 Option b – Do minimum (maintain LoS)

#### 4.3.1 General description

This option considers 4 separate repair/strengthening items required to maintain the level of service of the bridge, as follows:

- b.1.- Repair/strengthening of the pier piles to reinstate their vertical load carrying capacity. Two alternatives were considered:
  - (a) Splicing the piles by bolting 'C' shaped sections either side of the web of each pile with attachment of the splice above and below the section where the web is missing;
  - (b) Splicing the piles by enclosing the defective section with a steel sleeve (split and bolted at sides) and concreting the annulus. The sleeve would be taken well beyond the tidal range.

Alternative (a) has the disadvantages that further corrosion of the defective area will occur and there is a high reliance on the effectiveness of the bolt attachment to transfer the loads; it is highly likely the holes will enlarge in time due to corrosion and make the joint useless.

In alternative (b), the sleeve will help to minimise further corrosion of the defective area and confine the corroding steel. This alternative has therefore been adopted for this option.

As we are not able to confirm the actual pier pile lengths installed during the underpinning in 1999, we cannot confidently assess the pile load capacity, since for friction piles it is directly related to length. The proposed repair would therefore restore the capacity to the original design capacity but we cannot ascertain to what load this corresponds to. However, no previous issues with settlement have been recorded so it could be assumed the piles are adequate to carry the load they have carried in the past.

- b.2.- Underpinning of abutments to reinstate their vertical load carrying capacity. This is to be achieved by providing superstructure support by supplementing the decaying timber piles with driven UC piles and supporting the superstructure on new steel crosshead I beams. This is similar to the design implemented for the pier underpinning in 1999, but to prevent deterioration of the piles a steel collar should be driven around the H piles and filled with concrete to protect the piles. The steel collar and concrete casing will provide corrosion protection and increase the stability of the system.
- b.3.- Abutment fill containment. This is to be achieved by providing sheet piling retaining structures behind both abutments.
- b.4.- Structural steelwork repainting. It is also recommended the structural steel (beams/capping beams) are repainted while the strengthening/repair works are carried out. The existing paint



system has reached its service life and it makes it difficult to assess the actual condition of the steel as corrosion is not evident until it is in an advanced state. The existing Goldseal will need to be removed by ultra-high pressure waterjetting and then encapsulated with an epoxy system.

#### 4.3.2 *How the design addresses the factors influencing the design*

- The sleeve and abutment underpinning will cause an insignificant decrease in waterway area, therefore its effects on hydraulics under the bridge will be negligible;
- Installation of the sleeve and underpinning will be necessary from a floating platform with possible assistance from a diver to seal the base under water. Concrete could be pumped or skipped from a crane from the approaches; road closure would be required during concreting of the sleeve;
- The sleeve thickness would be sized to accommodate future corrosion and the concrete will minimise further corrosion of the enclosed section;
- The repaired pile with the sleeve and the abutment underpinning would not meet seismic requirements and be primarily installed for vertical load carrying capacity;
- Environmental effects would be minimal as the sleeve could be sized to be overlength and concrete poured via tremie underwater, with the excess upper margin accepted to be of inferior quality.

#### 4.3.3 *Safety in design (SiD) considerations*

- Hot works during steel sleeve fabrication and welding;
- Use of an experienced construction diver is necessary;
- Water safety (ie life jackets) etc when working from the floating platform;
- Care when working around cranes, pumping equipment etc

#### 4.3.4 *Rough order costs (ROC)*

The ROC estimate for this option is \$352,000 excluding GST. The breakdown of the costs based on the 4 separate repair/strengthening items required is as follows:

- repairs/strengthening of the pier piles \$30,000
- underpinning of abutments \$115,000
- abutment fill containment \$170,000
- steelwork repainting \$37,000.

### 4.4 *Option c – Single span bridge (maintain LoS)*

#### 4.4.1 *General description*

This option removes the problem of the deteriorating pier piles by making the bridge a single span, thus eliminating the need for the pier altogether. This requires the beams to be reconfigured into a single span by installing a splice to connect the beams at the existing pier, strengthened using additional plates welded to the beam bottom flange and by increasing the number of diaphragms between the beams to restore the bridge to its maximum gross capacity 5 tonnes. Underpinning of the abutments to reinstate their vertical load carrying capacity, abutment fill containment and steelwork repainting is also required, in addition to the demolition of the existing pier and removal of redundant materials.

#### 4.4.2 *How the design addresses the factors influencing the design*

- Factors associated with the abutment repairs will be as per Option b above;
- Making the bridge a single span would double the load on the abutment piles; therefore, the proposed design for the underpinning at the abutments would need to be substantially more robust than for Option b;

- The plate thicknesses for splices and beam strengthening would be sized to accommodate future loss of section by corrosion or have an appropriate coating;
- There may need to be a speed restriction on the bridge to minimise vibration during welding. However, the speed environment at the site is low, therefore a specific restriction may not be needed;
- Procedures will be put in place to collect the demolition debris and remove it from site. Disturbance to the bed will be kept to a minimum;
- There are no effects with this option on the other factors influencing the design

#### 4.4.3 Safety in design (SiD) considerations

- Hot works during plate fabrication and welding;
- Use of an experienced construction diver is necessary;
- Water safety (ie life jackets) etc required when working from the floating platform or scaffolding access;
- Care when lifting plates in place and removing debris and piles from the bed; appropriate lifting equipment to be used.

#### 4.4.4 Rough order costs

The ROC estimate for this option is \$412,000 excluding GST. The breakdown of the costs based on the 4 separate repair/strengthening items required is as follows:

- repairs/strengthening of the pier piles \$55,000
- underpinning of abutments \$150,000
- abutment fill containment \$170,000
- steelwork repainting \$37,000.

### 4.5 Option d – Bailey bridge (Class I)

#### 4.5.1 General description

This option is for a bailey bridge comprising galvanised steel panels and timber deck, spanning the entire waterway, thus removing the need for the pier. Assuming the abutment fill will be retained using sheetpiling, a 24.38m long structure with a Double Single Chord Reinforced (DSCR) configuration founded on spread footings on the approach fills would be required. Width between kerbs would be 3.28m and a posted speed limit of 30 km/h would be imposed, as for all bailey bridges. To minimise approach works steel ramps would be installed.

The bridge would likely need to be sourced from the NZ Transport Agency and be constructed by their Contractor (currently Downer). This will attract a monthly hire fee based on bridge weight (tonnage).

#### 4.5.2 How the design addresses the factors influencing the design

- Bailey bridge foundations would be on spread footings bearing on the approach fill;
- The proposed bailey ramps would raise the existing vertical geometry, assuming the existing bridge is left in place and the bailey constructed over the top;
- The bailey could be craned in place, necessitating room for the crane. Alternatively, the bailey could be launched or rolled over the existing bridge; this would require a lay-down area. Both operations would require road closure;
- Steelwork is galvanised; however, given the marine environment and generally small size of members, the coating will not meet the required design life without replacement or other remedial work being carried out;
- The bailey bridge may not meet current seismic standards;
- The trafficable width will be restricted from the existing 3.65m to 3.28m;
- Other factors are not affected.

#### 4.5.3 Safety in design (SiD) considerations

- Personnel experienced in bailey construction to be used;
- Care necessary when working near a crane;
- Care required when working over water in relatively confined space

#### 4.5.4 Rough order costs

The ROC estimate for this option is \$245,000 excluding GST (includes erection, foundations, sheetpiling, transport and dismantling costs) plus a hire rate of \$2,490 per month.

### 4.6 Option e – Strengthen existing steel beams, construct new timber deck (Class I)

#### 4.6.1 General description

This option retains the existing steel beams but the timber deck is replaced with new a timber baulk deck. Strengthening to the beams is also accomplished by adding extra diaphragms between the beams to increase member strength. This option also requires the pier and abutments to be secured and steelwork repainted as per Option b above.

#### 4.6.2 How the design addresses the factors influencing the design

- Factors associated with the pier pile and abutment repairs will be as per Option b above, but as the proposed design is for Class 1 loading the underpinning at the abutments would need to be substantially more robust than for Option b. In addition, the pier piles vertical load carrying capacity might not be adequate for Class 1 loading;
- Side protection comprising W-section or thrie beam rail would be included; however, their capacity may need to be reduced to limit damage to the deck in case of vehicle impact.
- There will be a minor change in deck level due to the different thickness of the replacement deck from existing;
- Deck baulks will need to be installed using a small crane or hi-ab;
- The new diaphragms would be coated to meet the durability requirements;
- Demolition material from the timber deck will need to be collected and disposed of off-site.
- Other factors are unaffected.

#### 4.6.3 Safety in design (SiD) considerations

- SiD factors associated with the pier and abutment repairs will be as per Option b above;
- Use appropriate gear for lifting and handling deck baulks and demolishing existing deck;
- Hot works during fabrication of posts;
- Care required when working over water in relatively confined space.

#### 4.6.4 Rough order costs

The ROC estimate for this option is \$602,000 excluding GST. The breakdown of the costs based on the 4 separate repair/strengthening items required is as follows:

- strengthen existing beams and install new deck \$245,000
- underpinning of abutments \$150,000
- abutment fill containment \$170,000
- steelwork repainting \$37,000.

#### 4.7 Option f – Strengthen existing steel beams, construct new concrete deck (Class I)

##### 4.7.1 General description

This option retains the existing steel beams but they are strengthened and the timber deck is replaced with a new a concrete deck made composite with the beams. This option also requires the pier and abutments to be secured and steelwork repainted as per Option b above.

##### 4.7.2 How the design addresses the factors influencing the design

- Factors associated with the pier pile and abutment repairs will be as per Option b above, but as the proposed design is for Class 1 loading the underpinning at the abutments would need to be substantially more robust than for Option b. In addition, the pier piles vertical load carrying capacity might not be adequate for Class 1 loading;
- Side protection comprising W-section or thrie beam rail on steel posts would be included;
- There will be a minor change in deck level due to the different thickness of the replacement deck from existing;
- Deck slabs will need to be installed using a small crane or hi-ab; road closure will be required during installation and grouting and curing of pockets to attach the slabs to the beams;
- Demolition material from the timber deck will need to be collected and disposed of off-site;
- Other factors are unaffected.

##### 4.7.3 Safety in design (SiD) considerations

- SiD factors associated with the pier and abutment repairs will be as per Option b above;
- Use appropriate gear for lifting and handling deck slabs and demolishing existing deck;
- Hot works during fabrication of guardrail posts and installation of shear studs.

##### 4.7.4 Rough order costs

The ROC estimate for this option is \$577,000 excluding GST. The breakdown of the costs based on the 4 separate repair/strengthening items is as follows:

- install new concrete deck including shear studs \$220,000
- underpinning of abutments \$150,000
- abutment fill containment \$170,000
- Steelwork repainting \$37,000.

#### 4.8 Option g – Single or Double Hollow Core (SHC/DHC) unit bridge (Class I)

##### 4.8.1 General description

This option replaces the existing deck and beams with DHC units approx. 600mm deep in 2 spans as per the existing configuration or with SHC units approx. 900mm deep in a single span covering the whole waterway width.

##### 4.8.2 How the design addresses the factors influencing the design

- Fully compliant TL4 side protection comprising thrie beam rail on steel posts would be installed;
- Due to the weight and configuration of the units new reinforced concrete abutments (and pier for the 2-span option) would need to be constructed on new foundations; this essentially means the existing bridge would be replaced rather than retrofitted;
- The new deck level can be kept the same as existing;
- DHC units for the 2-span alternative are shallower than the existing superstructure and would therefore provide a little more freeboard to design flood level. However, the SHC units are approx. 900mm deep and would therefore reduce the existing freeboard by about 200mm unless the deck level is raised;



- Cover and concrete strength of the deck slabs will be appropriately designed to meet the exposure category requirements;
- The units will need to be installed using a crane and the concrete for the far abutment may need to be skipped in by crane or pumped; an extended period of road closure will be required during piling, abutment construction (including curing) and installation of the units;
- The new bridge will be designed to be fully compliant with current seismic requirements;
- The existing bridge will need to be demolished and demolition material will need to be collected and disposed of off-site.

#### *4.8.3 Safety in design considerations*

- Established procedures need to be followed during prestressing of SHC/DHC units;
- Use appropriate gear for lifting and handling deck units and demolishing existing structure;
- Hot works during welding/fabrication of guardrail posts;
- Care required when working over water in relatively confined space

#### *4.8.4 Rough order costs*

The ROC estimate for this option is \$800,000 excluding GST.

## 5 Conclusions

Three options to maintain Level of Service and four options to upgrade the structure to Class I level have been investigated and cost estimates provided.

For the three LoS options:

- Option a Do Nothing is not feasible;
- Option b Pier strengthening requires minimal work to be carried out and has the least cost;
- Option c Single span bridge removes the problem of the deteriorating pier altogether but raises a question over the ability of the abutment pile capacity to carry the increased loads. Of the 3 LoS options this has the highest cost.

For the four options to upgrade to Class I standard:

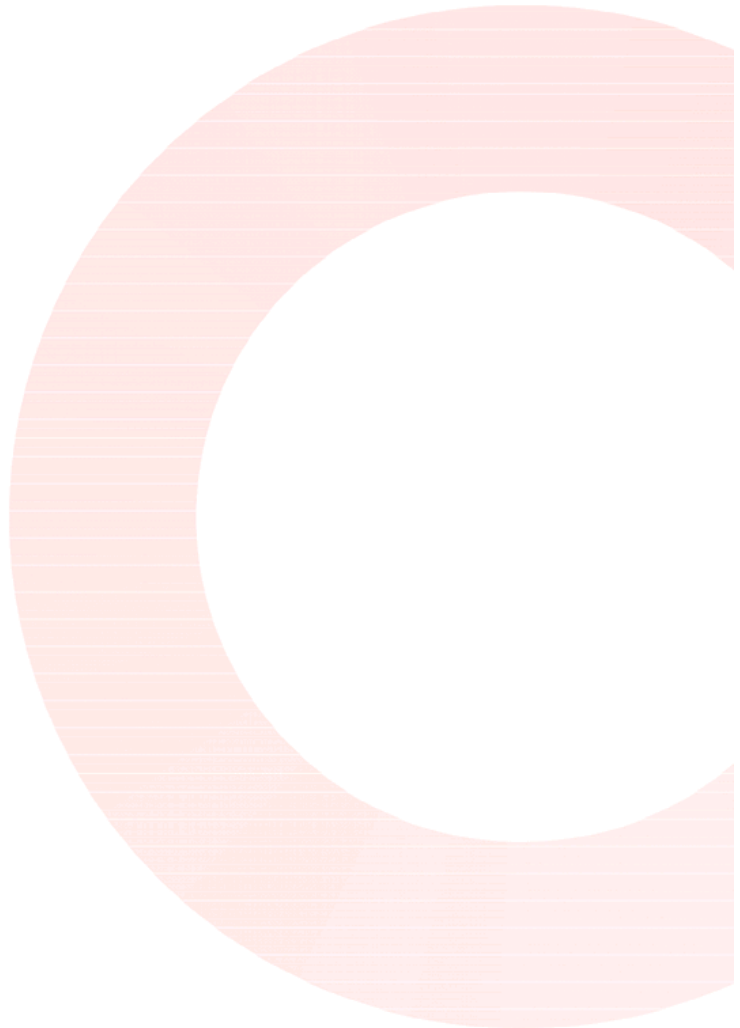
- Option d Bailey bridge would not be able to meet the durability requirements without intervening work being carried out and should be considered a temporary solution only. In addition, the width between side protection would be reduced to 3.25m, lower than the existing 3.65m;
- Option e Strengthen existing steel beams, construct new timber baulk deck requires minimal work involving pier/abutment strengthening and beam strengthening involving the addition of diaphragms to be carried out;
- Option f Strengthened existing steel beams, install new concrete deck made composite with the existing beams using welded shear studs, requires minimal work involving pier/abutment strengthening;
- Option e and f have essentially the same ROC, within the accuracy of the estimates, but Option f has better durability.
- Option g Single or Double Hollow Core units in single/2-spans respectively involves replacing the whole bridge at substantially greater cost than the upgrading options.

## 6 Recommendations

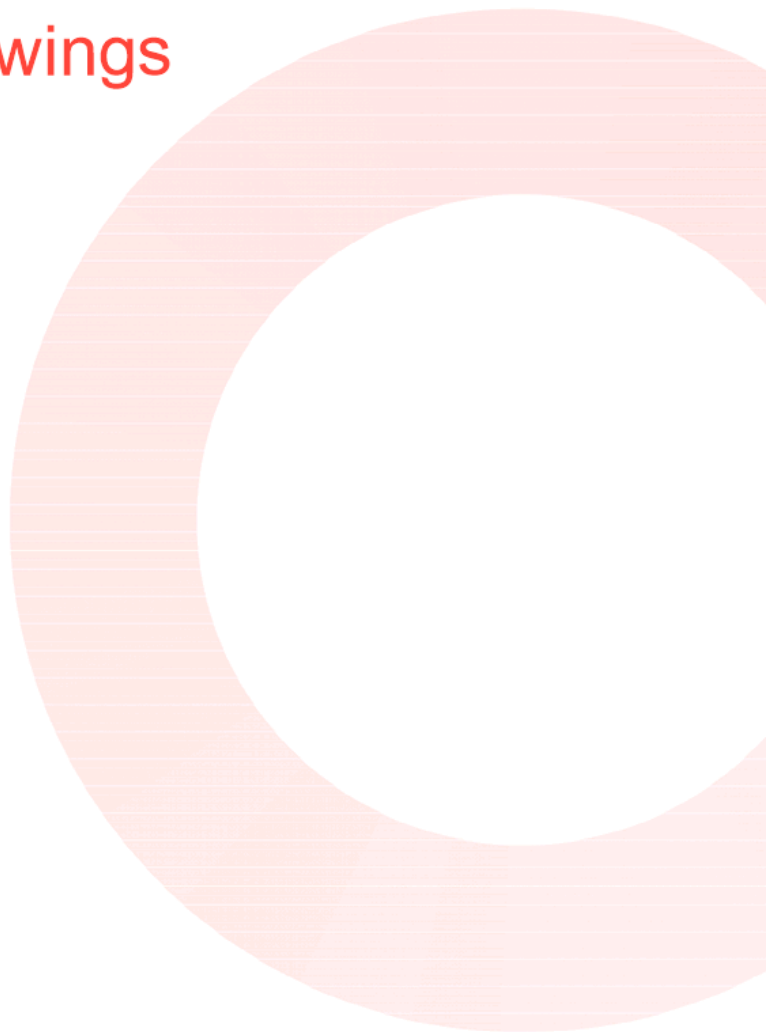
The recommended option for maintaining the existing Level of Service is Option b Pier strengthening at an ROC estimate of \$352,000 excluding GST.

The recommended option for upgrading the bridge to Class I standard is Option f Strengthen existing steel beams, construct new concrete deck made composite with the existing beams at an ROC estimate of \$577,000 excluding GST.

Both options, maintaining the existing LoS and upgrading to Class 1 include the cost of underpinning, upgrading the fill containment at the abutments and repainting the steelwork.



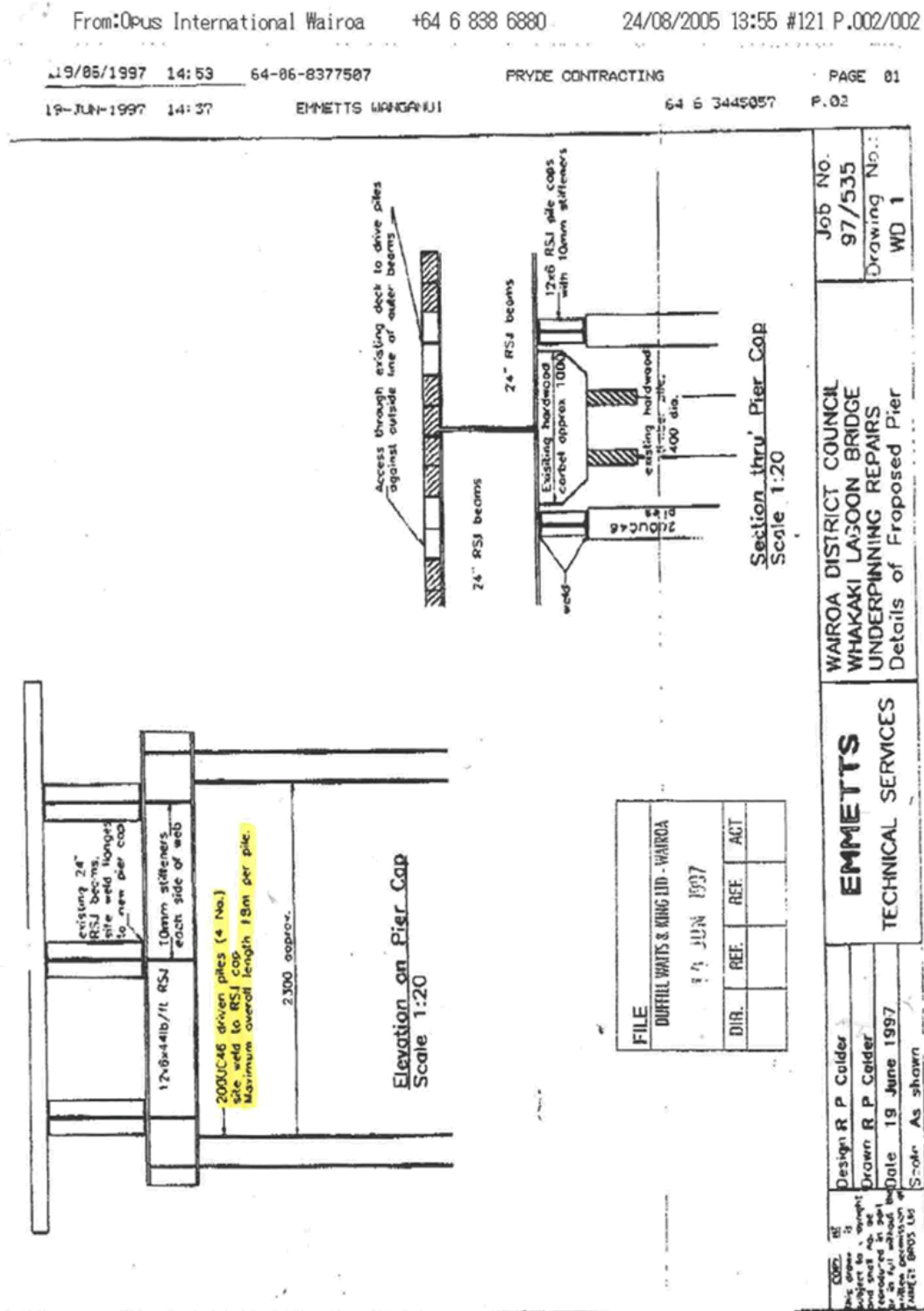
## Appendix A As Built Drawings





## Appendix B

### Pier underpinning sketch





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**8.9 SITE LOCATION FOR ARCHIVES BUILDING**

**Author:** Luke Knight, Property Manager

**Authoriser:** Jamie Cox, Engineering Manager

**Appendices:**

1. Site location maps [↓](#)
2. Site assessment [↓](#)
3. Assessment Scores [↓](#)

**PURPOSE**

1.1 To receive direction from Council on the Archives Building

**RECOMMENDATION**

The Property Manager RECOMMENDS that Council receive the report and provide direction on next steps for the Archives building site investigation.

**2. BACKGROUND**

- 2.1 The Public Records Act 2005 sets the framework for creating and managing information in government. Its purpose is to promote government accountability through reliable recordkeeping, enhanced public confidence in the integrity of government records and to protect New Zealand's documentary heritage. The Public Records Act 2005 sets a framework for recordkeeping in public offices and local authorities.
- 2.2 Council has previously approved funding for a new archives facility however progress stalled due to uncertainty around the selection of the site
- 2.3 On 19 April 2017 staff completed a site visit at the Wairoa Hospital grounds and facilities. During this visit a preferred site was identified as meeting Council's objectives (Old Hallwright house site). However, there were a number of procedural matters and relevant engagement that needed to take place with the HBDHB prior to processing as a potential site. This was not pursued after discussions were not able to confirm precise timeframes however the option is still available.
- 2.4 Following the delays around the hospital site confirmation, other sites were investigated, including the landfill and airport. This report contains details of this assessment process.

**3. ASSESSMENT PROCESS**

- 3.1 Council's property department has carried out a screening of a number of potential sites around the district. Criteria for this assessment were:
  - 3.1.1. Cost implications;
  - 3.1.2. Availability of site;
  - 3.1.3. Size and opportunity for expansion;
  - 3.1.4. Tsunami risk;
  - 3.1.5. Flooding risk;

- 3.1.6. Public accessibility;
- 3.1.7. Community fit.
- 3.2 The assessment process has screened the sites within either the high flood risk area or the modelled 10m Tsunami danger area. Given the ability to mitigate low risk flooding by elevation or building design, the low risk flooding area was deemed acceptable.
- 3.3 Sites were scored across the criteria listed above.
- 3.4 Of the sites assessed, there are four options that scored in the highest category.

#### **4. VIABLE OPTIONS DISCUSSION**

- 4.1 The most viable site options identified are; the Hospital site, Standing park and the Old firestation.

##### **4.2 Hospital site**

This requires continued discussion and negotiation with hospital site owners to develop a formal partnership to share the hospital footprint. This site is well located, of sufficient size and accessible as it is located in the health centre of our Community. The enhancement of the relationship between WDC and the DHB is an added benefit of this option

There is good parking and access to the site and all services are available in close proximity.

Although initial indications were very positive, the disadvantage of this option is around certainty of timeframes in formalising a property partnership

##### **4.3 Remove Old Fire Station**

The current location of the old fire station building has good proximity to the CBD and accessibility. The condition of the building requires improvement if it were to be utilised as a permanent Archives facility. It is possible to remove the old fire station, level the site and build the archives facility on the remaining site. The removal/upgrade of the old fire station building will be required to be completed by Council regardless of the decision around the archives building site location

##### **4.4 Retrofit Old Fire Station**

Given the condition and layout of the current building, one option is to retrofit and upgrade the existing Fire Station building to accommodate a permanent archives activity.

This option would require structural stabilisation and improvements to meet seismic requirements and building code. The cost and work involved in retrofitting the facility will require further detailed investigation and design. This option gives Council the opportunity to rejuvenate a building with an important history for this town and make use to some extent of the existing infrastructure and location.

- 4.5 Standring Park** This site is an area of Park land adjacent to the netball courts, and Black Street entrance to Te Kura Kaupapa O Te Wairoa and is accessible from town although a little isolated. The site may require some elevation to mitigate flooding risks

**4.6 OPTIONS SUMMARY**

- a. Hospital- This will require a continuation of hospital site negotiations
- b. Fire Station- This will require a further report back to Council comparing the retrofit versus demolition option
- c. Standring Park- This is essentially a greenfields site although it has existing parking facilities

At this early concept stage, it is difficult to provide cost estimates however it is likely that option c) will be the more expensive and option b) may offer some cost advantages due to an ability to reuse current facilities.

Option a) does provide the highest level of existing resilience against natural disasters.

- 4.7 The preferred option is at the discretion of council, provided this meets the purpose of local government in meeting the current and future needs of communities good-quality infrastructure, local public services in a way that is most cost-effective for households and businesses.

**5. CONCLUSION**

- 5.1 Council are asked to consider the information in this report and confirm the direction on the future Archives building.

**6. CORPORATE CONSIDERATIONS**

**What is the change?**

- 6.1 Service and operational location will change.

**Compliance with legislation and Council Policy**

- 6.2 Archives building was included in 2015-2025 Long Term Plan

**What are the key benefits?**

- 6.3 Provision of high quality archives storage facility to preserve important documents and articles.

**What is the cost?**

- 6.4 The Cost of construction has been approved previously although each option has not been fully costed.

**What is the saving?**

- 6.5 nil

**Who has been consulted?**

- 6.6 This item has been consulted on in the 2015-2025 Long Term Plan

**Service delivery review**

- 6.7 Not applicable

**Maori Standing Committee**

6.8 Culturally neutral

**7. SIGNIFICANCE**

7.1 Impact –Choice of site is not significant in terms of Council's policy

**8. RISK MANAGEMENT**

8.1 The strategic risks (e.g. publicity/public perception, adverse effect on community, timeframes, health and safety, financial/security of funding, political, legal – refer to S10 and S11A of LGA 2002, others) identified in the implementation of the recommendations made are as follows:

- a. Assessment of an investment for the community

**Background Papers**

Public Records Act 2005

**References (to or from other Committees)**



[List any instances this report or previous reports on this topic have gone to Council/Committee]

**Confirmation of statutory compliance**

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

**Signatories**

	
Author Luke Knight	Approved by Jamie Cox







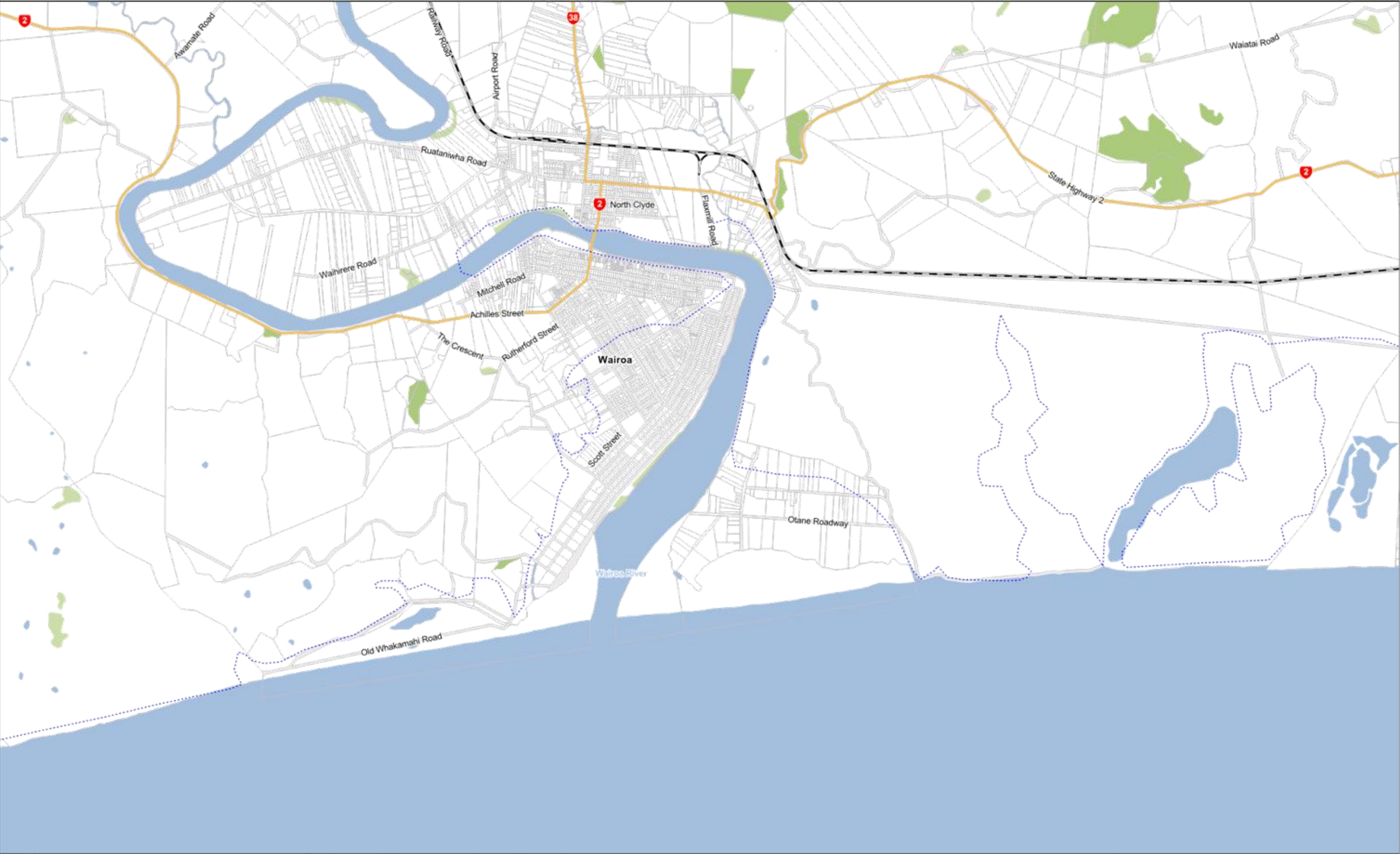
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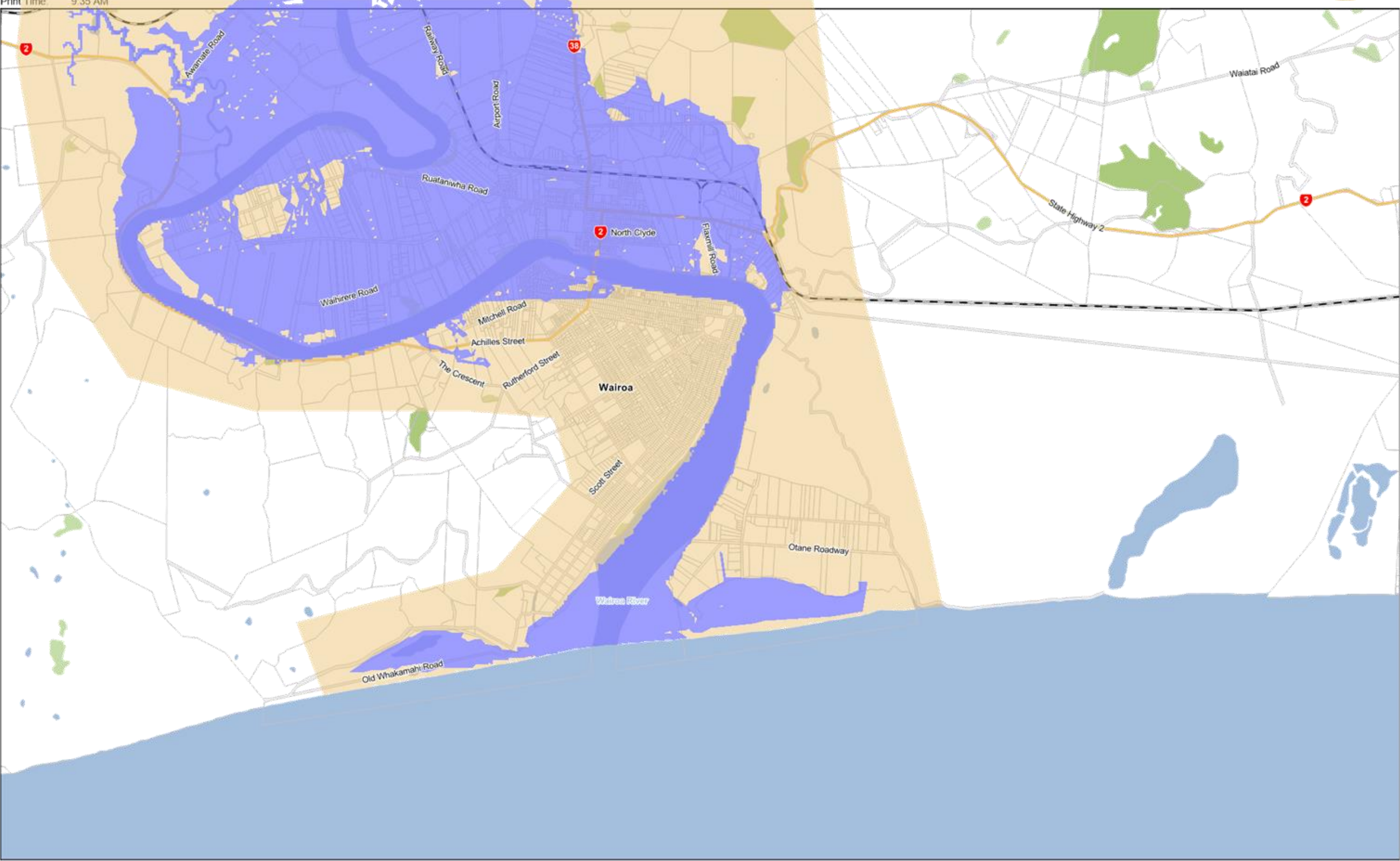
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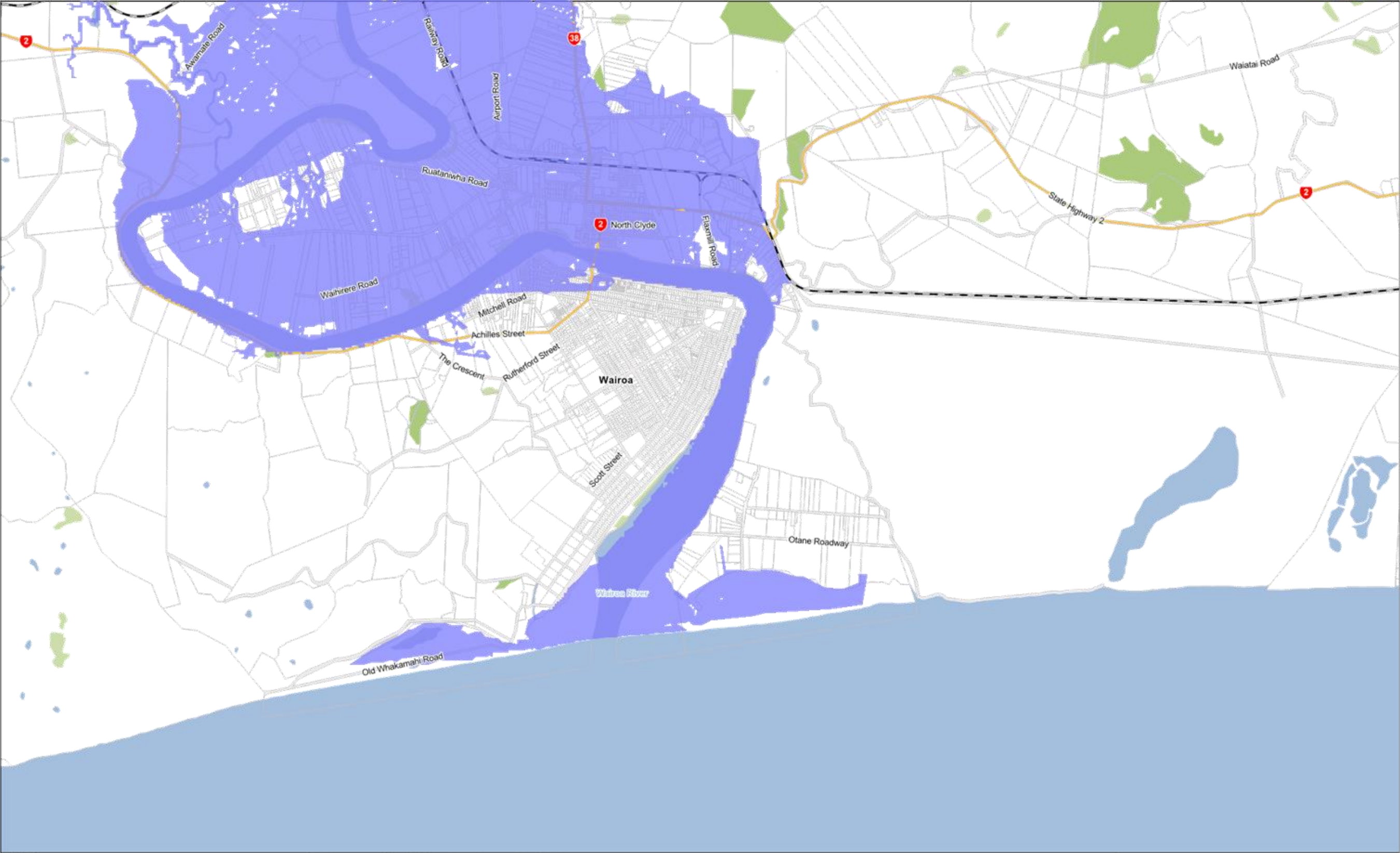
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High Risk Flood Area

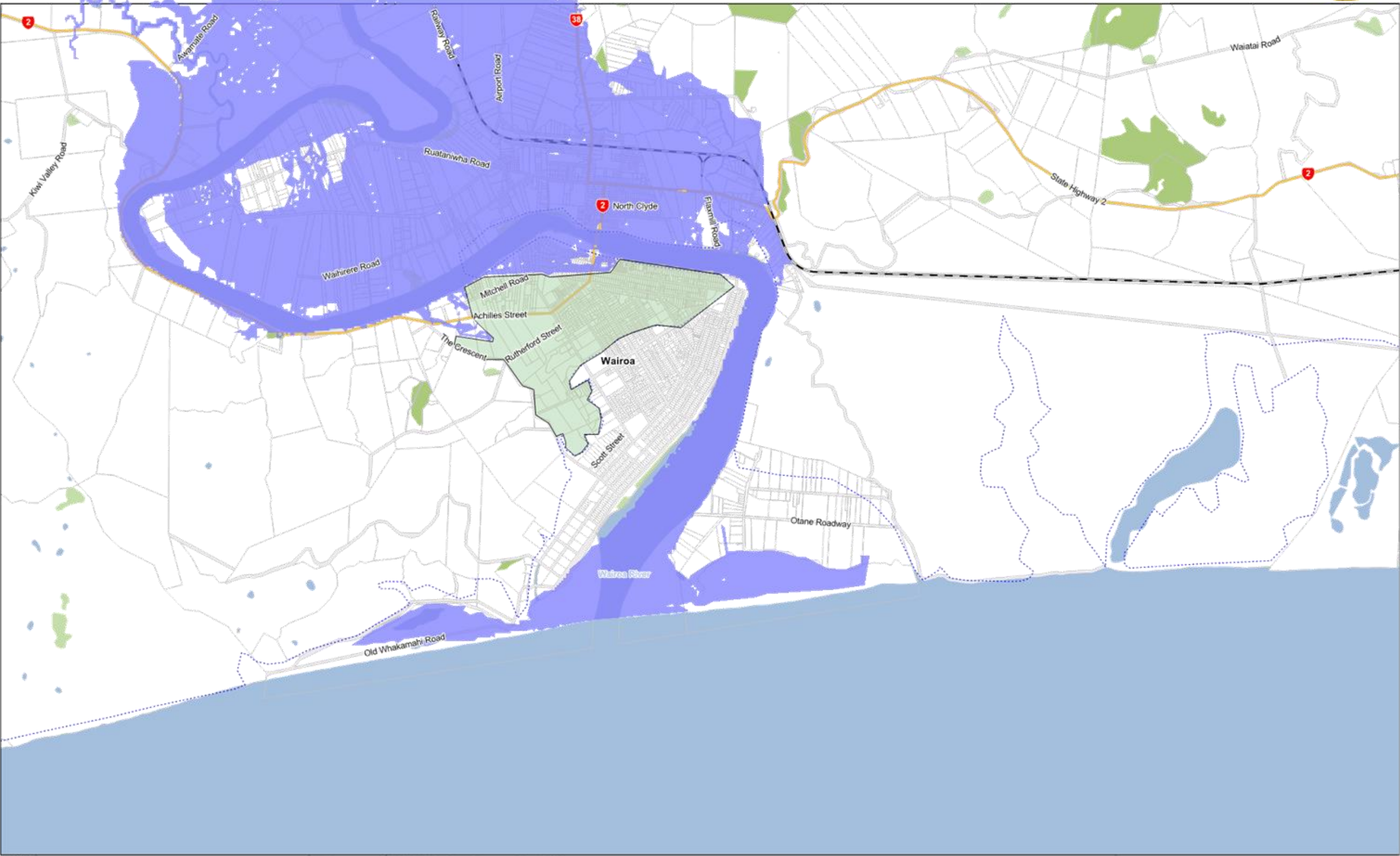
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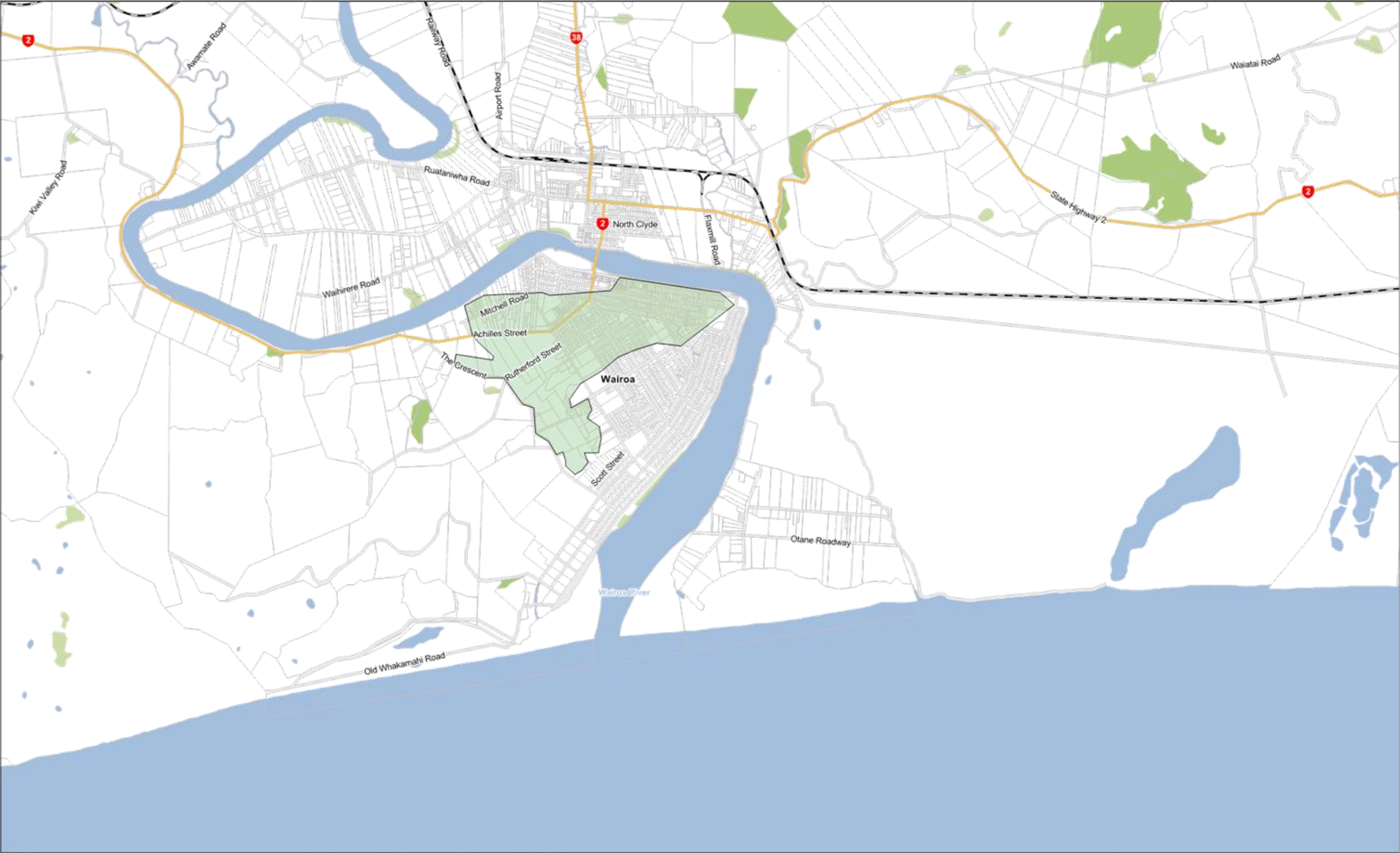
Preferred area in green - Outside of 10m Tsunami area, outside of high risk area.

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Preferred area in green

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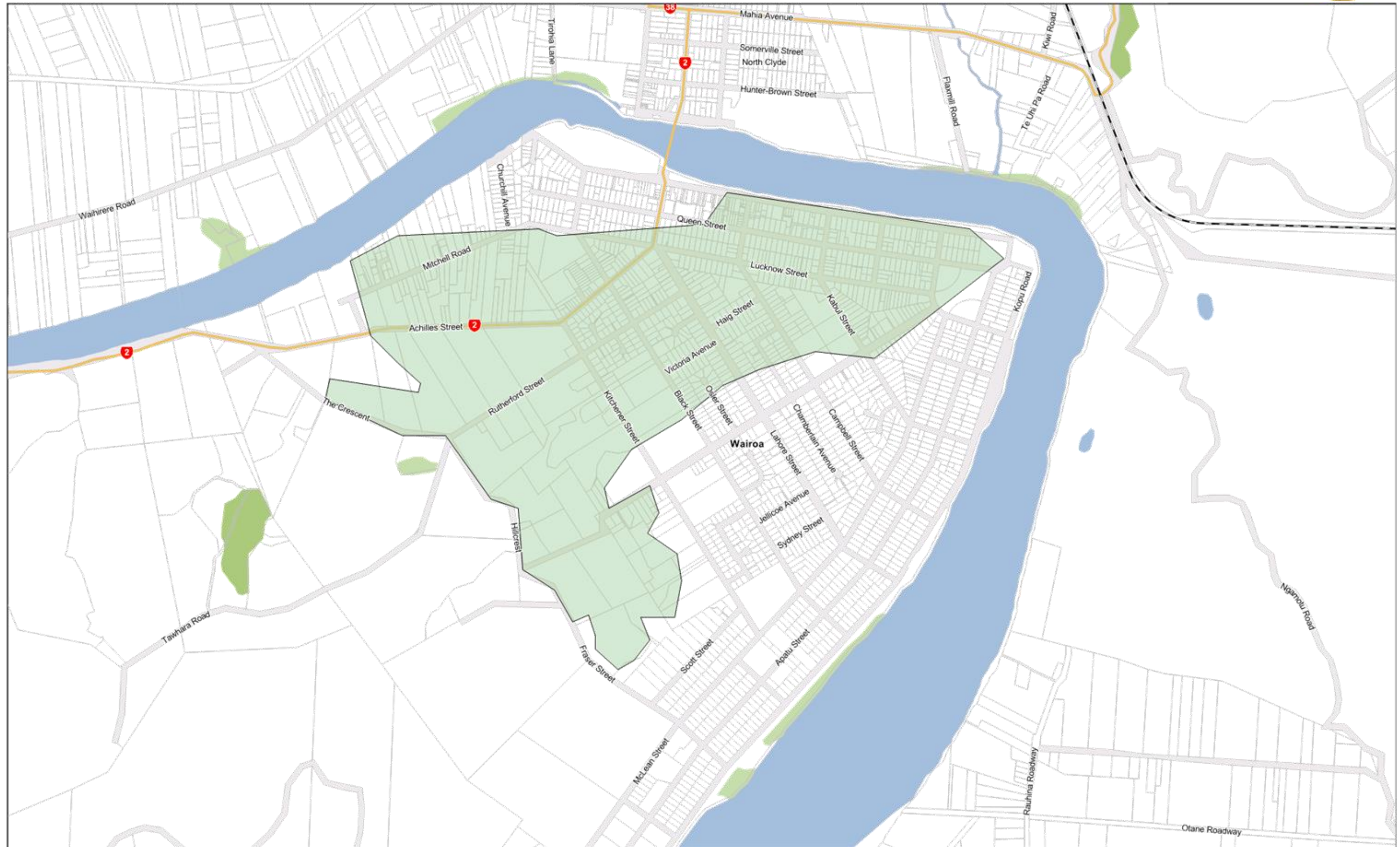
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**Preferred area zoom**

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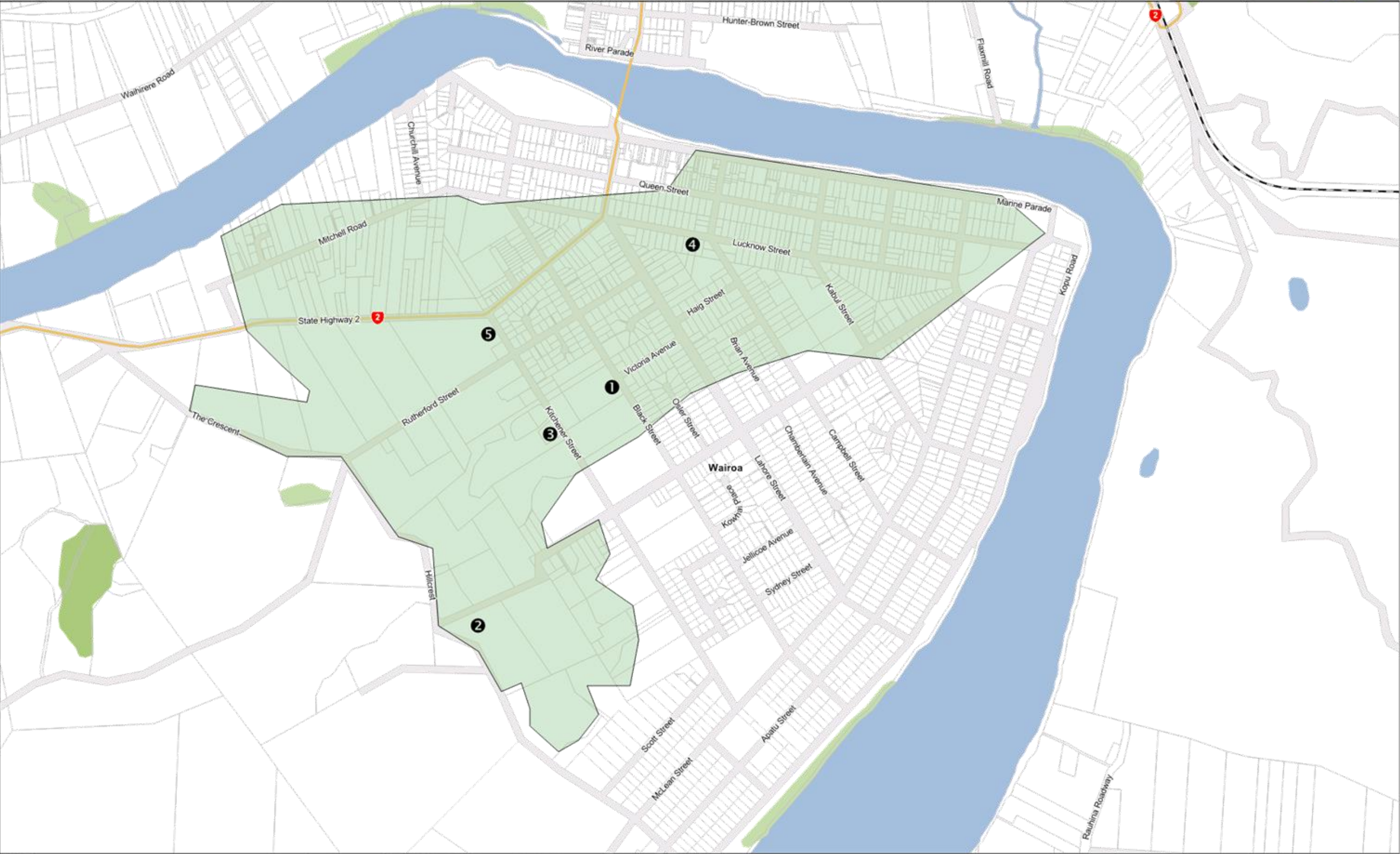
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Locations in preferred area - 1 - Standring park, 2 - Old Landfill Site, 3 - Hospital site, 4 - Exisiting archives site, 5 - 'Powdrell' Park

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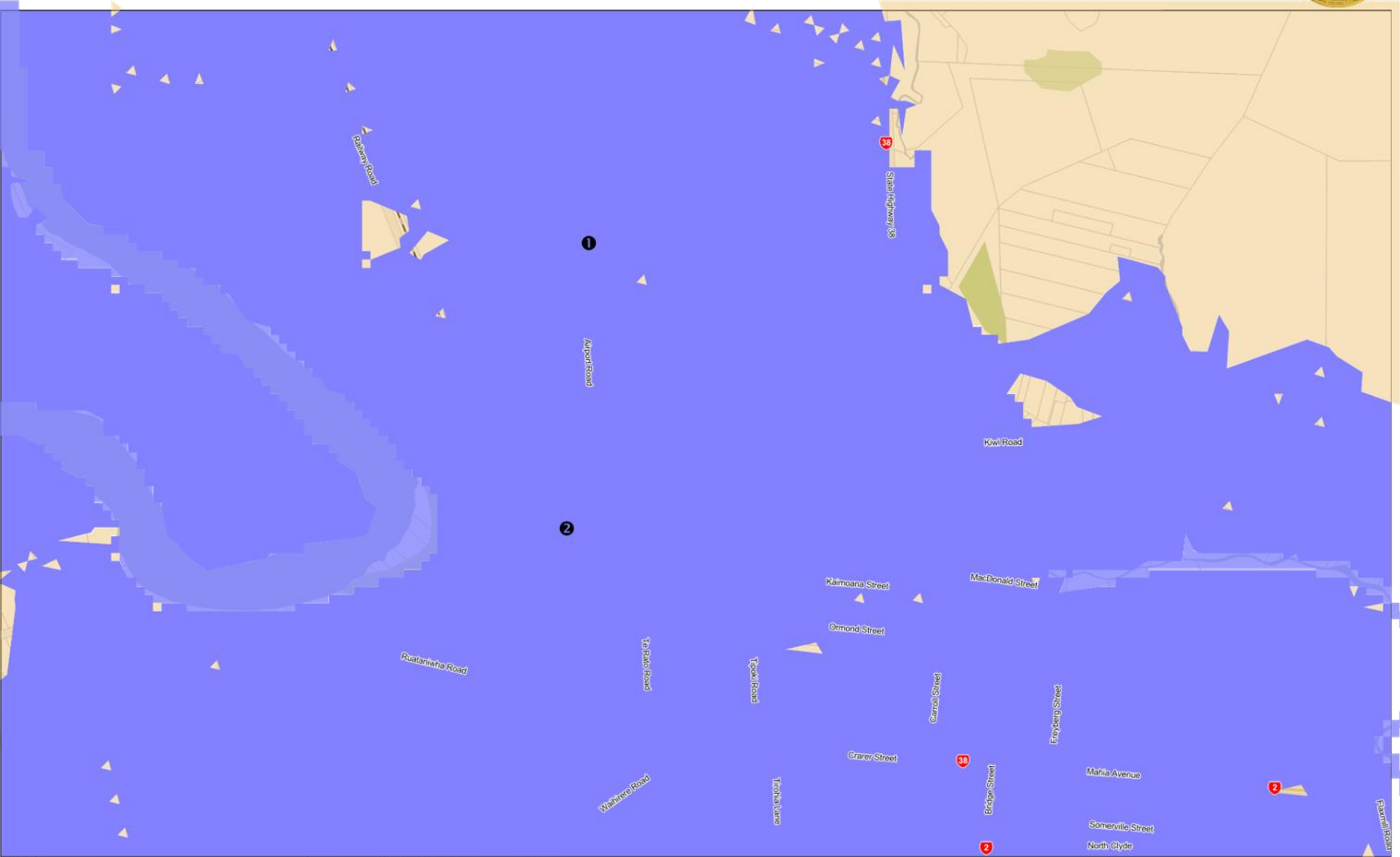
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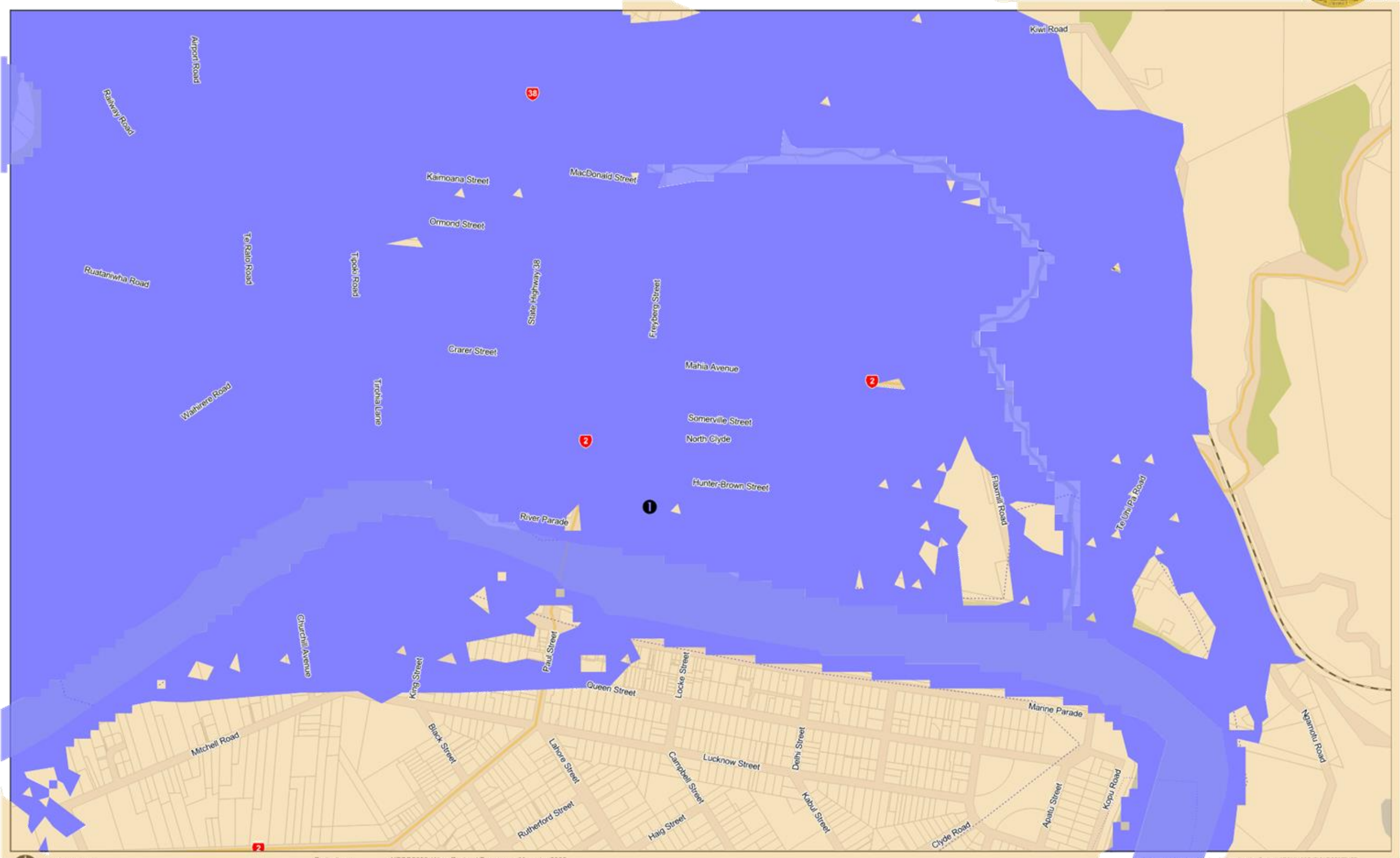
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North Clyde area - site 1 - War Memorial Park

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Print Date: 13/03/2018  
Print Time: 10:09 AM





Frasertown Site - 1 - Frasertown Domain

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The information displayed on the map has been taken from various District Council's databases and maps.  
It is made available in good faith but its accuracy or completeness is not guaranteed.  
If the information is relied on in support of a resource consent it should be verified independently.

Name	Location	Comment	Value	Cost implications of site	Availability	Size	Criteria			
							Tsunami 10m	Flooding risk	Public accessibility	Fit
Airport Road	Former Downer Yard, Cnr Airport/Railway Road, Wairoa	This is a large site, currently unoccupied and listed for sale. There is room for archives building and other necessary buildings as well as some structures already in place, the site has good access but is in the high risk zone for flooding.	\$ 325,000	▲ This site requires purchase of land at market values. RV is \$325k for current site. There are some improvements on site already and some demolition may be required to fit proposed structure. Groundworks requirement would be minimal given the established site.	Privately owned, currently listed for sale	Site is appropriate to accommodate current building design. Room to develop further if required.	✓ This site is situated outside of the danger area for a modelled 10m tsunami.	✗ The entirety of this land area is within the high risk zone for flooding.	✓ This site is easy to access from town, but would require the use of a vehicle as it is not feasible or currently safe to comfortably walk from the centre of town.	✗ This is out of the way of the CBD area, not prominent for visitors or locals. Set back from main road.
Airport road, adjacent entrance	Airport Road, Wairoa	This is a small site, that could accommodate the proposed building. It is fairly isolated and does not provide good accessibility for those without vehicles from the Wairoa CBD.	\$ 40,000	▲ This site requires purchase of unimproved land at market values. RV is \$40k for site. All services would need to be supplied to the site as well as access ways.	Privately owned, current owner has indicated willingness to sell to rationalise their own ownership.	Site would comfortably accommodate current planned building	✓ This site is situated outside of the danger area for a modelled 10m tsunami.	✗ The entirety of this land area is within the high risk zone for flooding.	✓ This site is easy to access from town, but would require the use of a vehicle as it is not feasible or currently safe to comfortably walk from the centre of town.	✗ This is out of the way of the CBD area, not prominent for visitors or locals. Set back from main road.
Frasertown Domain	Stout Street, Frasertown	This is a large site, set to sports ground currently. The Frasertown hall is also on this site. The footprint of the archives building allows current activities on the domain to continue. Access is limited but easy to remedy by piping the open drains in front of the domain to provide vehicle crossings. It is not a high profile site or accessible from the Wairoa town on foot.		▲ Owned by council, this site would require piping of open drains and considerable groundworks to ensure a viable building platform.	Owned by council, leased and rates paid by Frasertown Domain board	Site is appropriate to accommodate current building design. Room to develop further if required.	✓ This site is situated outside of the danger area for a modelled 10m tsunami.	✓ Northern most end of domain land is outside of the high flood risk area.	✗ This site is easily accessible by vehicle from town, but not on foot.	✗ This is out of the way of the CBD area, not prominent for visitors or locals. Set back from main road.
REMOVE: Archives building site (Old fire station)	Lucknow Street, Wairoa	Current building unsuitable, needs removing or renovating on site. Other ancillary buildings used as storage for Civil defence, council caravan and confiscated sound equipment. These could be replaced with built for purpose buildings & garaging adjacent to the Archives building.		- This site has all services currently connected but requires removal of the old fire station to accommodate the proposed building. This is an additional cost, but relatively low for the benefits of the site.	Owned outright by council by way of fee simple title.	Site would comfortably accommodate current planned building	✓ This site is situated outside of the danger area for a modelled 10m tsunami.	✓ This site is outside of the high risk flood area, but sits within the low risk flood area.	✓ Easily accessible from key buildings in town on foot	✓ This site is in town, well located and the location can be enhanced.
RETROFIT: Archives building site (Old fire station)	Lucknow Street, Wairoa	Given the state of the current building, but its prominent location and accessibility as a positive, one option is to retrofit and upgrade the existing Fire Station building to accommodate the archives activity.  This option would require considerable structural stabilisation and improvements to meet seismic requirements and building code. The current ground floor is largely unsuitable for archives storage as it is at least 50% bare earth. The cost and work involved to retrofit the necessary heating, ventilation and light management to appropriately store documents and other archive material will require investigation and likely further budgeting. This site is also on two levels, which is an accessibility issue for some members of our community.  This site is prominently placed and within walking distance of the town including the council offices, i-site and museum.		▲ This option would require considerable assessment and design in order to suitably accommodate an archives facility. This would require internal groundworks, structural repairs and redecoration. Due to its intended use as a publicly accessible archives building, this option would also require considerable works in the area of earthquake strengthening and works to meet the standards for an archives facility in compliance with the standards set out by the Public Records Act 2005 and ISO 30300.	Owned outright by council by way of fee simple title.	✗ Site may be appropriate, but requires considerable design and reconfiguration to fit current archives stock. Structural works may impede storage options.	✓ This site is situated outside of the danger area for a modelled 10m tsunami.	✓ This site is outside of the high risk flood area, but sits within the low risk flood area.	✓ Easily accessible from key buildings in town on foot	✓ This site is in town, well located and the location can be enhanced.
Old landfill	Fraser Street, Wairoa	Site is largely unsuitable due to being old landfill cell. Location is not ideal as it is away from town and in close proximity to other public assets i.e. landfill, cemeteries, MTB park.		▲	✗ Owned by council. Largely unsuitable for construction due to being in part old landfill cell, on bank of hill and between 2 cemeteries and current landfill.	Site is sufficient for proposed archives building.	✓ This site is situated outside of the danger area for a modelled 10m tsunami.	✓ This site is outside of the high risk and low risk flood area.	✗ This site is not accessible from town on foot, site is on a slope and off a relatively busy road with access to the landfill, cemeteries and MTB park all in proximity. Requires installation of significant parking and roadway to ensure access, all on unstable ground. Currently limited footpath access to site.	✗ The building on this site would be prominent as it is currently grassed. The location is not easy to signpost for visitors however. Would not be a feature building.
War Memorial Park	Hunter-Brown St, Wairoa	Site is currently of mixed recreation use - freedom camping, playground, reserve. Close to town, but somewhat hidden away and not well frequented currently.		- There would be a relatively low cost for use of this site, however, considerable work would be required to mitigate the significant flood risk as this site is entirely in the high risk flood zone.	Owned by council.	Site is appropriate to accommodate current building design. Room to develop further if required.	✓ This site is situated outside of the danger area for a modelled 10m tsunami.	✗ The entirety of this land area is within the high risk zone for flooding.	✓ Accessible from town on foot and by vehicle, parking provided in boundary of park.	✗ This site is away from the main road and in a mixed use recreation area. The building would not be prominent this far from town
Hospital	Wairoa Hospital, Kitchener Street, Wairoa	Prominent site on high ground, requires negotiation with Land owners to progress the development.	\$ 35,000	▼ Land value is \$35k, a suitable purchase or lease may be secured. This site would require minimal additional works due to most services and access already laid on.	Owned by Hawkes Bay District Health Board. Lease arrangement for shared use of site could be arranged and likely to be most prudent method.	Site is sufficient for proposed archives building.	✓ This site is situated outside of the danger area for a modelled 10m tsunami.	✓ This site is outside of the high risk flood area, but sits within the low risk flood area.	✓ Accessible by foot and vehicle, frequented by many public services.	✓ This site is quite prominent and well located next to a building frequented by many residents and visitors alike.
Powdrell Park	Cnr SH2/Kitchener St, Wairoa	This is a large site, property is currently leased but access is poor from the SH or from Rutherford St. The site is also renowned for waterlogged ground which would hamper construction and require significant work to remedy before works start.		▲ Due to the nature of this site, currently used as for cropping, it would require considerable ground works. There is extremely limited access, obstacles on site and majority of the site is poor draining and often waterlogged. These would need to be remedied to deliver a suitable building platform.	Owned by council.	Site is appropriate to accommodate current building design. Room to develop further if required.	✓ This site is situated outside of the danger area for a modelled 10m tsunami.	✓ This site is outside of the high risk flood area, but sits within the low risk flood area.	✗ Currently one small entrance on Cnr Kitchener/Rutherford, would require significant works to ensure accessibility through water logged areas.	✓ This would be on the corner of the SH and one of the larger roads running across town. Could potentially be visible from SH2
Standing Park	Black Street, Wairoa Adjacent to netball course, accessible from State Highway 2	Large area of grassed land which is largely under utilised, adjacent to netball courts and Black Street entrance of Te Kura Kaupapa Maori O, Ngati Kahungunu O Te Wairoa.		▼ This site is a greenfield site with good site access and services in close proximity. There is good access, but the site may require some elevation to build.	Owned by council.	Site is appropriate to accommodate current building design. Room to develop further if required. Available area is approximately 50x100m	✓ This site is situated outside of the danger area for a modelled 10m tsunami.	✓ This site is outside of the high risk flood area, but sits within the low risk flood area.	✓ Good access from town and parking provided on site.	✓ Easily signposted and directed from SH2 and town. Building would be next to sports ground and school on a greenfield site.

Name	Location	Score
Standring Park	Black Street, Wairoa Adjacent to netball course, accessible from State Highway 2	82%
REMOVE: Archives building site (Old fire station)	Lucknow Street, Wairoa	77%
Hospital	Wairoa Hospital, Kitchener Street, Wairoa	73%
RETROFIT: Archives building site (Old fire station)	Lucknow Street, Wairoa	72%
Old landfill	Fraser Street, Wairoa	52%
Frasertown Domain	Stout Street, Frasertown	51%
Powdrell Park	Cnr SH2/Kitchener St, Wairoa	51%
Airport Road	Former Downer Yard, Cnr Airport/Railway Road, Wairoa	FAIL - Flood or Tsunami risk
Airport	Airport Road, Wairoa	FAIL - Flood or Tsunami risk
War Memorial Park	Hunter-Brown St, Wairoa	FAIL - Flood or Tsunami risk
North Clyde	North Clyde area	FAIL - Flood or Tsunami risk

**8.10 ADJUSTMENT OF ROAD MAINTENANCE ROUTE POSITIONS**

**Author:** Libby Young, Transport Asset Manager

**Authoriser:** Jamie Cox, Engineering Manager

**Appendices:** Nil

**1. PURPOSE**

- 1.1 For the council to consider extending the maintenance treatment length of Sims Road, Mohaka.

**RECOMMENDATION**

The Engineering Manager RECOMMENDS that Council receives this report and provides guidance on the adjustment of our road network maintenance route positions.

**2. BACKGROUND**

- 2.1 A request by a resident of Sims Road has been made to Council to extend the maintenance length of Sims road to extend to new dwellings on the road.
- 2.2 This roadway and others in Mohaka are part of the Waipapa Roadway block which, is Maori land that is available to Council for roading purposes.
- 2.3 Sims Road (commonly known as Te O Tane Road) is currently maintained for 308 metres. The request is to extend the maintenance length for an additional 298 metres, making the total maintenance length 606 metres.
- 2.4 The entire section would be located within the Waipapa Roadway Block.
- 2.5 There are currently two permanent dwellings that this maintenance length extension would benefit.

**3. DISCUSSION**

- 3.1 The development of new road formation on Council road reserves can occur for a number of reasons based on an approved business case . In many cases, it is the result of an agreement with the developers of property utilising the new formation. In some instances Council may see an economic benefit in funding this through general rates.
- 3.2 The cost of the new requested formation would likely be between \$15-20,000 if it was carried out to Council's standards
- 3.3 The applicant has indicated that she "just wants a couple of loads on metal on the track" however this does not conform with the maintenance standards we currently maintain and would likely lead to ongoing issues if the proposed roadway was not properly formed.

**4. OPTIONS**

4.1 The options identified are:

- a. Status quo
- b. Form the roadway for a further 298 m at Council's cost and maintain this section
- c. Offer to maintain the extended roadway section once it has been constructed to Council's standard
- d. Permit the residents to maintain the road reserve as they see fit, at their cost

4.2 The preferred option is at the discretion of Council, this meets the purpose of local government as it will help meet the current and future needs of communities for good-quality infrastructure in a way that is most cost-effective for households and businesses.

**5. CORPORATE CONSIDERATIONS****What is the change?**

5.1 Road maintenance route position

**What are the key benefits?**

5.2 Ratepayer access

**What is the cost?**

5.3 \$15-20,000 for the road formation and approximately \$200 per annum maintenance costs

**What is the saving?**

5.4 nil

**Maori Standing Committee**

5.5 This appears to be culturally neutral

**Further Information**

[\[List any websites or papers where people interested could read more on this topic\]](#)

**Background Papers**

[\[List any papers/websites used in preparing the report and/or are referenced in the report\]](#)

**References (to or from other Committees)**

[\[List any instances this report or previous reports on this topic have gone to Council/Committee\]](#)

**Confirmation of statutory compliance**



In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,



- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

**Signatories**

	
Author Libby Young	Approved by Jamie Cox

**9 RECEIPT OF MINUTES FROM COMMITTEES/ACTION SHEETS****9.1 MINUTES OF FINANCE, AUDIT & RISK COMMITTEE MEETING - 3 APRIL 2018**

**Author:** Gay Waikawa, Governance Administrator

**Authoriser:** Charlotte Knight, Governance Advisor & Policy Strategist

**Appendices:** 1. Minutes of Finance, Audit & Risk Committee Meeting - 3 April 2018

**RECOMMENDATION**

1. That the Minutes of the Finance, Audit & Risk Committee Meeting held on Tuesday 3 April 2018 be received and the recommendations therein be adopted.

**1. HEADING**

[\[Type text here\]](#)

**MINUTES OF WAIROA DISTRICT COUNCIL  
FINANCE, AUDIT & RISK COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, WAIROA DISTRICT COUNCIL, CORONATION SQUARE, WAIROA  
ON TUESDAY, 3 APRIL 2018 AT 1.30PM**

**PRESENT:** His Worship the Mayor Craig Little (Mayor), Cr Denise Eaglesome-Karekare (Deputy Mayor), Cr Hine Flood, Cr Jeremy Harker (Chair), Mr Philip Jones

**IN ATTENDANCE:** S May (Chief Executive Officer), G Borg (Chief Financial Officer), D Moorcock (Interim Corporate Services Manager), C Knight (Governance Advisor & Policy Strategist), S Mutch (Ernest & Young – Partner)

**1 KARAKIA**

Given by Cr Jeremy Harker

**2 APOLOGIES FOR ABSENCE**

**APOLOGY**

**COMMITTEE RESOLUTION 2018/40**

Moved: His Worship the Mayor Craig Little

Seconded: Mr Philip Jones

That the apology received from Cr Eaglesome-Karekare be accepted and leave of absence granted.

**CARRIED**

**3 DECLARATION OF CONFLICT OF INTEREST**

Cr Jeremy Harker declared an other disclosable interest in relation to item 8.3, due to being an employee of QRS.

**4 CHAIRPERSON'S ANNOUNCEMENTS**

None.

**5 LATE ITEMS OF URGENT BUSINESS**

None.

**6 PUBLIC PARTICIPATION**

None.

**7 MINUTES OF THE PREVIOUS MEETING**

**COMMITTEE RESOLUTION 2018/41**

Moved: Cr Jeremy Harker

Seconded: His Worship the Mayor Craig Little

That the minutes of the Ordinary Meeting held on 29 November 2017 be confirmed.

**CARRIED**

## **8 GENERAL ITEMS**

### **8.1 HEALTH & SAFETY REPORT - APRIL 2018**

The Committee discussed:

- Provide some information about high level trends over time
- Sitewise – progress so far and timeframe for getting companies up to standard

#### **COMMITTEE RESOLUTION 2018/42**

Moved: Cr Jeremy Harker

Seconded: Mr Philip Jones

That the Committee receive the report.

**CARRIED**

### **8.2 RISK MANAGEMENT FRAMEWORK**

The Committee discussed:

- Timeframe on other pieces of work on the tender process, contracts and procurement
- Management letters for internal audit in future have estimated deadlines
- Resources required to implement suggestions and approximate timeframes for implementation
- Clarity on risks if risk rating is prior to treatment or after treatment
- Terms of reference review

Next meeting CEO will update the committee on timeframes for next two pieces of work and prioritisation of risk management work coming out of the report.

#### **COMMITTEE RESOLUTION 2018/43**

Moved: His Worship the Mayor Craig Little

Seconded: Cr Jeremy Harker

That the Committee receive the report.

**CARRIED**

### **8.3 QRS SIX MONTHLY REPORT TO DECEMBER 2017**

Cr Jeremy Harker declared an interest in this item and took no part in the discussion or voting on

the matter.

His Worship the Mayor took the chair at 2.04 p.m.

#### **COMMITTEE RESOLUTION 2018/44**

Moved: His Worship the Mayor Craig Little

Seconded: Mr Philip Jones

That the Committee receives the report.

**CARRIED**

#### **8.4 PROPOSAL TO RENDER HBLASS LTD DORMANT**

Cr Jeremy Harker took the chair at 2.10 p.m.

The Committee discussed:

- Governance structure
- Independent Chair
- Dormant – can be reactivated at anytime
- Collaboration
- Proposed structure

#### **COMMITTEE RESOLUTION 2018/45**

Moved: Mr Philip Jones

Seconded: Cr Jeremy Harker

That the Committee endorses the proposal.

**CARRIED**

#### **8.5 INSURANCE RENEWAL TERMS 2018-19**

The Committee discussed:

- LAPP – customary notice period
- Airport insurance level

#### **COMMITTEE RESOLUTION 2018/46**

Moved: His Worship the Mayor Craig Little

Seconded: Mr Philip Jones

That the Committee endorses the renewal terms proposed and give notice to the Local Authority Protection Programme to withdraw, reserving a decision until it's future becomes clear.

**CARRIED**

**8.6 FINANCIAL PERFORMANCE TO 28 FEBRUARY 2018**

The Committee discussed:

- Emergency works funding from NZTA
- Reasons for unspent capital project budgets
- Forecasting
- Level of detail in financial reports
  - Quarterly reports
  - Monthly exception reporting

**COMMITTEE RESOLUTION 2018/47**

Moved: His Worship the Mayor Craig Little

Seconded: Mr Philip Jones

That His Worship the Mayor will communicate with the NZTA Chair to try to identify why there has been a lack of response on the emergency funding provision from NZTA.

**CARRIED**

**COMMITTEE RESOLUTION 2018/48**

Moved: Cr Jeremy Harker

Seconded: Mr Philip Jones

That the Committee receive the report.

**CARRIED**

Closing karakia given by Cr Jeremy Harker.

**The Meeting closed at 2.56 p.m.**

**The minutes of this meeting were confirmed at the Finance, Audit & Risk Committee Meeting held on 15 May 2018.**

.....  
**CHAIRPERSON**



**9.2 MINUTES OF MĀORI STANDING COMMITTEE MEETING - 12 APRIL 2018**

**Author:** Gay Waikawa, Governance Administrator

**Authoriser:** Charlotte Knight, Governance Advisor & Policy Strategist

**Appendices:** 1. Minutes of Māori Standing Committee Meeting - 12 April 2018

**RECOMMENDATION**

1. That the Minutes of the Māori Standing Committee Meeting held on Thursday 12 April 2018 be received and the recommendations therein be adopted.

**1. HEADING**

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MINUTES OF WAIROA DISTRICT COUNCIL  
MĀORI STANDING COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, WAIROA DISTRICT COUNCIL, CORONATION SQUARE, WAIROA  
ON THURSDAY, 12 APRIL 2018 AT 12.30PM

PRESENT: Cr Jeremy Harker, Mr Kiwa Hammond, Mrs Here Nissen, Mr Paul Kelly, Mr Henare Mita, Ms Sharon Cooper, Ms Theresa Thornton, Ms Whaiora Maindonald

IN ATTENDANCE: Naina Buxton, Mana Gail, Aaron Munro (Te Puni Kokiri), Kemara Keelan (Te Puni Kokiri) Leona Karauria, Agnes Chapman (Whakaki Lands Trust), Angela Smith, Richard Brooking (Whakaki Lake Trust), Tyne Nelson, Angela Spooner (Wairoa DC) Esther Foster (Hope O Te Wairoa (RWT) Ltd), Trainor Tait (Te Waikaukau), Shirley Herewini

1 KARAKIA

The meeting opened with a karakia by H Mita.

The Chairperson welcomed everybody to the meeting.

2 APOLOGIES FOR ABSENCE

APOLOGIES

COMMITTEE RESOLUTION 2018/46

Moved: Ms Whaiora Maindonald

Seconded: Mrs Here Nissen

That the apologies received from His Worship the Mayor, C Little, S May (CEO WDC), Councillor C Lambert, C Knight, A Te Nahu accepted and leave of absence granted.

CARRIED

Nil

3 DECLARATION OF CONFLICT OF INTEREST

Nil

4 CHAIRPERSON'S ANNOUNCEMENTS

5 LATE ITEMS OF URGENT BUSINESS

Nil

## 6 PUBLIC PARTICIPATION

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 14.14 requests to speak must be made to the meeting secretary at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

**Leona Karauria – Maori Land Development Project**

1763 parcels of Maori land, 550 management structure and 1213 with no management structure.

Background is to achieve 2% success in identifying managed structure. Emerging lands and diversified

To achieve: extent, range reach and area.

Roles of responsibilities with whenua whenua, technology pathways to connect public workshops/hui, listening to feedback and challenges.

Where Am I – Created an online database, reconciling Maori Land Online, Land Care Research and LINZ.

Various questions were asked.

**Para Kore (Zero Waste) – Tyne Nelson**

Waste minimisation in Maori. 80% could be diverted to recycling. 2009 launched a trial at three marae – 230 Marae working with and kura kaupapa.

Have all Marae to have zero waste by 2020.

Funded through Ministry of Environment. Part time contractor based in Wairoa. Ms Nelson is requiring a letter of support from Maori Standing Committee.

Support in principle

Environment Centre – bees wax or tin foil is clean

**Aaron Munro – Te Puni Kokiri**

Oranga Marae – Funding through Department of Internal Affairs – closed 2017. New fund on May 2019.

Launching opens 9 May 2018 for physical buildings and cultural aspects. All applications are done online with Marae Committees with a portal – Real Me.

Each Marae needs to provide a Marae development plan.

## 7 MINUTES OF THE PREVIOUS MEETING

## COMMITTEE RESOLUTION 2018/47

Moved: Ms Whaiora Maindonald

Seconded: Mr Henare Mita

That the minutes of the Ordinary Meeting held on 8 March 2018 be confirmed.

CARRIED

## 8 GENERAL ITEMS

## 8.1 MAORI RELATIONSHIPS MANAGER REPORT

The CEO acknowledges his gratitude to all the Marae.

The Maori Relationship Manager reported on updates being client service request, pohiri-a-takiwa and council forum rotation, public participation being Aaron Munro from Te Puni Kokiri pertaining to Oranga Marae, Tyne nelson speak on behalf of Para Kore and Leona Karauria giving an overview of Maori Land Development.

The Maori Relationships Manager also reported on Economic Development Committee Update being Ngati Kahungunu Regional Kapa Haka Competition 2018, Qualmark Accreditation, Kahutia Accord, Wairoa CBD Enhancement Project, Whakaki Catchment Project and Maori Land Development Manager.

The report also included Te Para Kore, Road Naming Project and Cultural Tourism.

Some

## COMMITTEE RESOLUTION 2018/48

Moved: Mr Henare Mita

Seconded: Ms Theresa Thornton

## RESOLVED

That the Maori Relationships Manager's report be received.

CARRIED

## MOTION

## COMMITTEE RESOLUTION 2018/49

Moved: Ms Sharon Cooper

Seconded: Mrs Here Nissen

That the Maori Standing Committee confirm the Road Naming changes with macrons was acceptable with additional changes.

CARRIED

## MOTION

## COMMITTEE RECOMMENDATION 2018/50

Moved: Cr Jeremy Harker

Seconded: Mrs Here Nissen

That the Maori Standing Committee provide a letter of support to Te Para Kore supporting their (Te Para Kore) funding application to the Ministry for the Environment. This letter will be signed by both His Worship the Mayor and the Chairman of the Maori Standing Committee.

CARRIED

**TAKIWA REPORTS**

Members of the Maori Standing committee presented their takiwa reports.

**MOTION****COMMITTEE RESOLUTION 2018/51**

Moved: Mr Kiwa Hammond

Seconded: Mr Paul Kelly

That the Maori Standing Committee receive the takiwa reports.

CARRIED

**HAWKE'S BAY TRIAL LOCAL ADVISORY COMMITTEE FOR FIRE & EMERGENCY NZ**

Councillor J Harker gave a presentation on the Hawke's Bay Trial Local Advisory Committee for Fire & Emergency NZ.

The Meeting closed at 3.30pm with a karakia by H Mita..

The minutes of this meeting were confirmed at the Māori Standing Committee Meeting held on 12 May 2018.

.....  
CHAIRPERSON

**10 PUBLIC EXCLUDED ITEMS**

Nil