



Notice is hereby given that an Ordinary Meeting of Southland District Council will be held on:

Date: Thursday, 7 February 2019
Time: 9am
Meeting Room: Council Chamber
Venue: 15 Forth Street, Invercargill

Council Agenda OPEN

MEMBERSHIP

Mayor	Mayor Gary Tong
Deputy Mayor	Paul Duffy
Councillors	Stuart Baird
	Brian Dillon
	John Douglas
	Bruce Ford
	Darren Frazer
	George Harpur
	Julie Keast
	Ebel Kremer
	Gavin Macpherson
	Neil Paterson
	Nick Perham

IN ATTENDANCE

Chief Executive	Steve Ruru
Committee Advisor	Fiona Dunlop

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Full agendas are available on Council's Website
www.southlanddc.govt.nz

Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.

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1 Apologies

At the close of the agenda no apologies had been received.

2 Leave of absence

At the close of the agenda no requests for leave of absence had been received.

3 Conflict of Interest

Councillors are reminded of the need to be vigilant to stand aside from decision-making when a conflict arises between their role as a councillor and any private or other external interest they might have.

4 Public Forum

Notification to speak is required by 5pm at least two days before the meeting. Further information is available on www.southlanddc.govt.nz or phoning 0800 732 732.

5 Extraordinary/Urgent Items

To consider, and if thought fit, to pass a resolution to permit the Council to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

- (i) The reason why the item was not on the Agenda, and
- (ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

"Where an item is not on the agenda for a meeting,-

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

6 Confirmation of Council Minutes

6.1 Meeting minutes of Council, 18 December 2018

Debt Recovery Policy - for adoption

Record No: R/18/12/28744
Author: Sheree Marrah, Finance Manager
Approved by: Anne Robson, Chief Financial Officer

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 This report presents the draft Debt Recovery Policy (the draft Policy) for adoption by Council. The draft Policy is included with this report as Attachment A. The Debt Recovery Policy will be made publicly available once adopted.

Executive Summary

- 2 To assist with collection of Council debt it is desirable that Council establish a policy which outlines the approaches for recovery of Council debt. Council has not previously had a formal policy, however many of the recommendations in the policy have been informally applied.
- 3 The objective of this policy is to ensure that overdue debts are collected promptly, efficiently and consistently.
- 4 This policy is not required to be consulted on, therefore no formal public opinions have been sought in developing this policy, however the Policy will be made publicly available once adopted.
- 5 The draft Policy was reviewed and recommended for adoption by the Finance and Audit Committee at their meeting on 14 December 2018.
- 6 Staff are requesting the Council adopts the draft Policy, which is included with the report as Attachment A.

Recommendation

That the Council:

- a) Receives the report titled “Debt Recovery Policy - for adoption” dated 30 January 2019.**
- b) Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) Adopts the Debt Recovery Policy (Attachment A), incorporating any changes agreed at this meeting.**

Background

- 7 Council currently has no formal policy or process outlining the requirements for collection of Council debts. Historically, staff have applied various approaches to collection of debt, however it has never been formally documented from a Council wide perspective.
- 8 The objective of this policy is to provide guidance to staff as to the approach to be taken for debt collection, to ensure that debts are collected promptly, efficiently and consistently.
- 9 This policy will inform the public of Council's approach to debt, as Council is committed to providing an equitable and transparent approach where debt is owed to Council.
- 10 In preparing this draft Policy (Attachment A) staff documented the current approach, identified areas for improvement and streamlined the approach across the various debt types where possible. Staff also checked relevant legislation and consulted with Council's legal advisors as required. These matters are discussed further below.
- 11 It is important to note that in this draft Policy there is a number of references to recovery agencies, however staff note that in the future this activity may be undertaken by Council staff.
- 12 In addition to the draft Debt Recovery Policy, Council staff have also established a draft Debt Recovery Guidance document, which is an internal policy established to provide guidance to Council staff in relation to the recovery of debt.
- 13 Council debt types and the primary recovery approaches available are as follows:

	Legal collection methods	Other collection methods
Rates (including water rates)	Payment from Mortgagee, sale of property under a rating sale, sale of property as abandoned land (Local Government (Rating) Act 2002)	Payment arrangements Debt recovery agency
SIESA electricity charges	Disconnection of supply (Electricity Industry Act 2010)	Short term payment arrangements Debt recovery agency
Other revenue – including resource management fees, building consent fees, hall hire fees, airport landing fees, interim wheelie bin charges, rental income from community housing, property licences, food licences, animal registration fees, infringements	Varies depending on relevant legislation and associated revenue	Short term payment arrangements Debt recovery agency

- 14 The draft Debt Recovery Policy is attached. Below is a summary of the key points of this policy.

Rates and Water Rates (including metered water)

- 15 Collection of rates and water rates are governed by the Local Government (Rating) Act 2002. No formal collection action is taken in relation to current year's rates because in accordance with the legislation they are not technically overdue until 1 July of the following year.
- 16 Staff have developed this draft Policy on the basis that Council will use all remedies available to it to recover rates debt in accordance with the legislation which allows for recovery of arrears from mortgagee, seeking judgement from the Court, rating sale/lease or abandoned land sale/lease.
- 17 In relation to water rates, historically Council have collected these in a manner similar to other sundry debt, however given that they are actually rates, they should be collected in accordance with the legislation. Additionally Council is proposing to include restriction of water supply as a tool for recovery of arrears. This draft Policy has therefore been developed to seek to collect water rates consistent with other rates as well as restricting supply.

Sundry Debts

- 18 For the purpose of this draft policy, sundry debts are all other debts excluding rates, water rates and SIESA electricity tariffs. The guidelines for write-offs (discussed in detail below), are particularly relevant to these revenue streams.
- 19 It is important to note that for some sundry debt types, such as infringements and dangerous/insanitary buildings, legislation exists which governs the collection of outstanding debt, and therefore these are noted as exceptions to this policy.

SIESA

- 20 The Stewart Island/Rakiura Community Board have given staff the direction that they wanted a stronger stance taken in relation to electricity arrears and instructed staff to issue disconnection notices if payment is not received within 60 days of due date. Staff have formalised this request by incorporating this requirement into this policy. Recent issuance of disconnection notices has resulted in full payment in the majority of cases, and a few mutually acceptable short term payment arrangements.

Issues

Set off

- 21 Often Council has instances where a debtor has a credit balance (ie over payment) in one revenue area and arrears in another (ie rates arrears and overpaid building consent fees). Currently these transactions are considered separately and the building consent fees would be refunded to the customer.
- 22 Set off proposes that where a person makes an overpayment to Council or is due a refund, and that same person also owes money to Council, Council may recover arrears by way of setting off the overpayment against the arrears.

- 23 The policy has been drafted to allow set off of overpayments, refunds and creditor payments against all outstanding debt types where these are not restricted by contractual agreement or legislation and are agreed to in writing.

Application of interest charges/penalties

Rates

- 24 In accordance with section 57 and 58 of Local Government Rating Act (“the Act”), Council can apply penalties to rates that are not paid by the due date. An annual resolution is made in June by Council, establishing the penalties and this policy will reflect any changes made by this resolution.

Water rates (metred water only)

- 25 Council currently does not impose any penalties on water rates.
- 26 Consistent with rates as noted above, in accordance with section 57 and 58 of the Act, Council can apply penalties to water rates that are not paid by the due date. An annual resolution is made in June by Council, establishing both the due dates and the penalties. Council will be asked to consider including penalties on water rates as part of this resolution in June, in line with penalties charged on other rates.

SIESA electricity tariffs

- 27 Council is not proposing to apply any penalty or interest charges on SIESA electricity tariffs.
- 28 The primary collection method for SIESA electricity charges is the enforced disconnection after 60 days. The application of interest or penalties may not entice people to pay earlier and they may still end up being disconnected.

Other debt

- 29 Council currently does not apply any penalty or interest charges on other debt, however Council terms and conditions do provide for interest of 2.5% above Council’s bank’s unsecured overdraft rate.
- 30 The policy has been drafted to continue to not apply penalty or interest charges to other debt due to the current inability to automatically apply this, however this will be reviewed periodically.

Restriction of supply

Water rates (metred water only)

- 31 Currently Council does not use restriction of supply as a method of encouraging payment for water arrears. The draft policy includes the potential use of water restrictions as a tool for encouraging payment of arrears.
- 32 Section 193 of the Local Government Act 2002 and section 69S of the Health Act 1956 allows Council to restrict a customer's water supply in certain circumstances (including non-payment of use charges) and limits around the level of restriction (ie continue to provide an adequate supply of drinking water).
- 33 Council recently updated its Water Supply Bylaw in 2017 and this notes, failure to pay the appropriate charges by the due date, is a breach of conditions of supply (section 5.1(d)(i)). Additionally it notes Council’s right to reduce the flow rate of water to the customer after a defect notice has been served (section 5.1.2). In restricting supply, consideration would need to

be given to when a restriction cannot be applied (children under 5, elderly, residents with health concerns, stock etc). Currently it is the Strategic Manager of Water and Waste who has delegated authority to approve a restriction.

- 34 It is also important to note that to physically restrict supply, Council will be required to install restrictors on each individual property's supply and this comes at a cost to Council for both parts and labour.
- 35 Before implementing water restrictions as a tool for enforcing payment of arrears, Council staff need to develop the appropriate processes and terms and conditions and notify the customers accordingly. Consideration should also be given to the minimum level of arrears required before a restriction is put in place (giving consideration to the cost associated with installation and removal of restrictors).

SIESA electricity tariff

- 36 The disconnection process occurs 60 days from the end of the month associated with the invoice. The Electricity Authority advises that disconnection typically happens 48 days after a bill has been issued, so the proposed 60 days is slightly more lenient. The Stewart Island/Rakiura Community Board are in support of this approach. Council must issue a disconnection notice at least 7 days before the disconnection takes place in accordance with our terms and conditions of supply.
- 37 Staff have implemented this approach over the last 10 months and it has assisted with more efficient collection of outstanding electricity charges.
- 38 Council must be aware that disconnection of medically dependent consumers is prohibited in accordance with the Electrical Authority guidelines.

Other debt

- 39 Council currently does not restrict supply of services to customers where they have outstanding debt.
- 40 Council sought legal guidance in relation to which Council services it could restrict supply to customers with outstanding arrears. This advice has indicated that Council could take a stronger stance than it currently does. Staff will continue to work on this and bring back to the Finance and Audit Committee its findings and recommended approach before implementing.
- 41 The policy has been drafted to include restriction of services to customers with outstanding arrears where it is not restricted by legislation.

Collection via demand on mortgagee

Rates and Water rates (including metered water)

- 42 Where an owner defaults in paying rates or water rates on a property with a mortgage, Council can recover the arrears from the first mortgagee in accordance with Section 62(1) of the Act.
- 43 As this is a collection tool prescribed by legislation this policy reflects the use of this in all instances possible. Historically this process has resulted in the full recovery of rates arrears and

associated penalties in nearly 100% of all requests. Historically Council has not sought payment of water arrears from mortgagees, however this will take place going forward.

- 44 A minimum of three months' notice is required to be issued before formal demand for payment can be requested. Formal demand for payment cannot be requested until at least 1 November for arrears at 30 June of the same year.

Collection via rating sale or lease

Rates and Water rates (including metered water)

- 45 Where Council or a recovery agency have no success in recovering the rates or water rates arrears on properties without mortgage, then legal action can commence, the final step, of which, is a rating sale or lease, in accordance with section 67(1) Act.
- 46 As this is a collection tool prescribed by legislation Council staff believe that it should be progressed in all instances possible, without having to seek approval from Council. Where judgement does not result in payment of arrears, staff will notify Council, for their information only, via a confidential report for information, of the intention to progress to rating sale.
- 47 Staff anticipate that this process will result in a significant recovery of rates and water rates arrears, penalties and costs, however the level of recovery is dependent on the age of the arrears, how quickly they have been progressed and the value and condition of the property in question.
- 48 The first steps in the legal process are to lodge a statement of claim, followed by seeking judgement from the Court for rates and water rate arrears. Where judgement does not result in payment of arrears, staff will notify Council via a confidential report, of the intention to progress to rating sale. **Please note - this process could take approximately two years, in accordance with legislative timeframes set in the Act.**

Collection via abandoned land sale or lease

Rates and Water rates (including metered water)

- 49 This policy is written to seek declaration of land as abandoned where, in accordance with section 77(1) of the Act, Council or a recovery agency have no success in locating a property owner and no rates or water rates payments have been received for at least three years, Council can have the land declared as abandoned. Alternatively, property owners may give written notice to Council that they intend to abandon the property.
- 50 Staff will inform Council via a confidential report, of the properties they are intending to pursue declaration as abandoned land.
- 51 Over the past two years, Council have sought declaration of abandoned land for up to 20 properties per annum in relation to rates arrears. Typically Council sell abandoned land rather than leasing.

Write off of bad debts

Rates and Water rates (including metered water)

- 52 Under legislation, rates are attached to a property, therefore where a rating sale or abandoned land sale occurs, and the full recovery of the arrears is not achieved, the outstanding rates can

remain with the property. To date, Council have written off the outstanding rates after sale to enable the new property owner to commence with a clean slate.

- 53 In accordance with section 65(1) of the Act, Council is limited to a period of 6 years that it can commence legal proceedings to seek repayment of rates and water rates arrears. However, if the legal proceedings continue to rating sale, full recovery of arrears from the sale proceeds can occur. As such, Council staff are not writing off debt until repayment is completed.
- 54 This policy recommends that Council continue with the current approach of writing off arrears after rating sale or abandoned land sale has taken place.

SIESA electricity tariffs

- 55 This policy proposes that SIESA debts will only be written off when all reasonable attempts to recover outstanding amounts have been made or the cost of recovery is likely to equal or exceed the amount to be recovered. In some instances the cost (in both staff time and lodgement fees) doesn't justify proceeding to a collection agency.
- 56 Unless it is a debt associated with a vulnerable customer, Council has the ability to disconnect supply where a customer does not pay their account, however long outstanding arrears typically arise where a customer has discontinued their supply, moved away from the island and are unable to be located. As a relatively transient/seasonal community this often occurs. These debts are typically forwarded to a recovery agency for collection and remain against that debtor until paid.
- 57 All write-offs will be reported to the Stewart Island/Rakiura Community Board on a six monthly basis and will include the amount written off, description of the invoice and reason for write-off.

Other debt

- 58 Debts will only be written off when all reasonable attempts to recover outstanding amounts have been made or the costs of recovery are likely to equal or exceed the amount to be recovered. In some instances the cost (in both staff time and lodgement fees) doesn't justify proceeding to a collection agency. Staff are proposing in the draft debt recovery guidelines that all debt under \$50 and more than 120 days past due be written off without progressing to external collection agencies.
- 59 The draft policy has been prepared to actively write off debt for all revenue streams when it is considered uncollectable or the costs of recovery are likely to equal or exceed the amount to be recovered.

Factors to Consider

Legal and Statutory Requirements

- 60 As this policy covers the majority of revenue streams across Council, there is a significant amount of inter-related legislation that may be relevant. Section 101 of the Local Government Act requires Council to manages its finances prudently and provide for current and future interests of the community. Section 103 of the Act also requires Council to have a revenue and financing policy which must outline the income sources to offset expenditure. It is critical that ratepayers and service users pay towards the services.

- 61 Council staff have engaged Simpson Grierson to provide guidance over key issues in relation to the compilation of this policy and the associated recommendations. Simpson's Grierson's advice has been incorporated into this draft policy and report.

Community Views

- 62 Council staff have not specifically sought community views, however we believe that the public will be in support of the intent of the policy and the actions in order to ensure that Council arrears are collected in a prompt, efficient and consistent manner, given that the overarching impact of overdue debt falls on those who pay their accounts as required.
- 63 Once the draft Debt Recovery Policy has been approved by Council, it will be made available to the public for their information on Council's website alongside Council's various other policies.

Costs and Funding

- 64 There is no specific cost with the establishment of this policy, however, the final policy will affect Council's approach to outstanding debt, and may result in additional interest/penalties being charged to customers and ratepayers and/or increased provisions and write-off of doubtful debts. It is expected that it will assist in reducing the level of long standing arrears.

Policy/Risk Implications

- 65 Council staff have considered this draft Policy in conjunction with other Council policies as outlined in section seven of the draft Debt Recovery Policy.
- 66 The main risk associated with this policy is that Council may not collect arrears in accordance with the relevant legislation/policy, particularly the Local Government (Rating) Act 2002. In order to mitigate this risk, Council staff engage independent experts/lawyers to assist with recovery of significant arrears.
- 67 Additionally Council are exposed to risk if they do not collect arrears in accordance with other relevant legislation as outlined throughout this report. This risk has been mitigated by having Simpson Grierson provide legal guidance on key areas of the policy and seeking further guidance as necessary as we implement this policy.
- 68 Additional risks include:
- Reputational risk - taking a strong position on recovery of arrears, or making an error in our recovery process.
 - Potential financial risk – inability to recover some debt.
 - Legal risk – if we do something contrary to legislation we could be challenged in court or fined.

Staff consider these additional risks are not significant, and can be managed on a case-by-case basis. With the implementation of the policy and support from experienced professionals as required, these risks should be mitigated.

Analysis

Options Considered

69 Council could choose to:

- Option 1: Adopt the draft Policy (as attached to this report); or
- Option 2: Amend the Debt Recovery Policy.

Analysis of Options

Option 1 – Adopt the draft Policy

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• The draft Policy considers the various Council revenue streams and debt recovery approaches and is good practice in the local government sector to have Council's approaches documented in a policy.• Provides Council staff, ratepayers, and customers with information on its approach to debt collection and the options available to address outstanding debt.	<ul style="list-style-type: none">• There may be some delay in implementing/actioning the approaches outlined in the policy.

Option 2 – Amend the Debt Recovery Policy

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• No advantages have been identified.	<ul style="list-style-type: none">• If the Council would like to significantly amend the draft Policy (ie more than minor wording changes), it will delay the adoption of this policy to a later date.

Assessment of Significance

- 70 This policy is not considered significant in terms of Council's Significance and Engagement policy because this policy will not have a large impact on or consequence to the whole District, or people affected by or interested in this matter. As a consequence community feedback is not being sought on this policy.
- 71 However although consultation is not being undertaken, Council is still required to give consideration to the views and preferences of people likely to be affected by or have an interest in the matter, as required by Local Government Act 2002 section 78(1).
- 72 Upon reflecting on Council's level of arrears at 30 June 2017 and 30 June 2018, approximately 10% of Council's revenue is outstanding at balance date, of which approximately 50% relates to rates.

This figure includes a portion which are current debt and are anticipated to be paid within 30 days of balance date.

- 73 What this illustrates is that the majority of Council's ratepayers/customers actually pay their debts as and when they fall due and therefore this draft Policy will not affect or impact a significant portion of the community. Council consider that the majority of the population who are compliant with paying their debt will be in support of Council taking a proactive approach and formalising its approach to collecting arrears.
- 74 Additionally a large proportion of this policy, primarily in relation to rates and water rates, is based on legislative requirements and therefore community views have no ability to influence these aspects of the policy.

Recommended Option

- 75 It is recommended that Council proceed with Option 1 and adopt the draft Policy.

Next Steps

- 76 If Council adopts the draft Policy, it will be made available to the public on Council's website or at any Council office upon request.

Attachments

- A DRAFT Debt Recovery Policy [↗](#)



Southland District Council Debt Recovery Policy

DOCUMENT CONTROL

POLICY OWNER: Finance Services	RM8 NUMBER: r/18/3/5937	EFFECTIVE DATE:
APPROVED BY: Council	DATE APPROVED:	NEXT REVIEW DATE: 2021
	<input type="checkbox"/> Operational policy	<input checked="" type="checkbox"/> Council policy

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1. Purpose

This policy will help ensure that Council is running effectively and efficiently, and operating in a financially responsible manner. It will also ensure that Council are managing the collection of revenue in a legally compliant manner.

This policy was developed to outline Council's approach to debt recovery. Council is committed to providing an equitable and transparent approach when debt is owed to Council.

The objective of this policy is to ensure that debts are collected promptly, efficiently and consistently.

2. Definitions and Abbreviations

TERM	MEANING
The Act	Local Government Act (Rating) Act 2002
Debt	The amount of money owed by a debtor as a result of a transaction with Council.
Debtor	Any individual, corporation, or organisation or other entity owing money to Council.
Write-off	The accounting process for cancelling debt that is no longer collectable is a cost to Council.
Doubtful debt	A debt that is considered uncollectable.
Provision for doubtful debts	The accounting procedure for recognising the estimated value of debts that may end up being uncollectable.
Default	Where a Council approved payment arrangement is in place and payments are not made as agreed by the ratepayer or debtor
Payment arrangement	A requested alternative arrangement for payment of the debt, outside the terms on the invoice. Council provides written acceptance of the arrangement.
Recover agency	An external party appointed by Council to recover funds that are past due or in default. Council may elect to use an internal resource to fulfil these duties if appropriate.
SIESA	Stewart Island Electrical Supply Authority



3. Scope

This policy applies to all revenue streams including:

- Rates and water rates
- SIESA electricity tariffs
- Other revenues, including but not limited to:
 - property licences,
 - rent payments from community housing,
 - resource management fees,
 - building consent fees,
 - animal impound fees,
 - interim bin charges,
 - hall hire,
 - interment fees,
 - airport landing fees, and
 - library fines.

Exceptions

Infringements are covered under the Summary Proceedings Act 1957 and are excluded from this policy. Collection of infringement revenue is managed by the District Court.

Other

In accordance with Section 221 of the Building Act 2004, Council may seek to recover costs from a property owner for remedial work Council carries out when there is a default, in relation to a dangerous/insanitary building. Where the costs remains unpaid after debt recovery processes have occurred, Council will place a charge on the land/a lien or caveat may be added to the certificate of title.

It is also important to note the Building Act 2004 allows Council to transfer debt in relation to a Code of Compliance, to another party (ie the owner).

4. Background

Council requires significant levels of income to provide an extensive range of services to the community and it receives this income from various parties including ratepayers, residents and businesses.

This income is received through different methods such as rates, water rates, user charges, consent fees, licence fees, statutory charges, grants and subsidies. To assist in delivering services effectively and efficiently, Council should receive this income in a timely manner to meet the costs of providing these services.

Council seeks a transparent and equitable approach to managing debt and it seeks to formally outline its approach to the collection of arrears.



5. Policy Details

5.1 Set-off

In circumstances where a person makes an overpayment to Council or is due a refund, and that same person also owes money to the Council, settlement of the outstanding debt may be by set off where the debtor has agreed so in writing.

5.2 Application of interest charges

Other debt

Council does not apply any interest charges on any overdue invoices.

5.3 Application of penalties

Rates/Water rates (including metered water)

In accordance with section 57 and 58 of the Act, Council can apply penalties to rates and water rates that are not paid by the due date. A Council resolution is made in June each year establishing the penalties.

5.4 Restriction of supply

Water rates (metered water only)

Council may restrict water supply to customers with outstanding arrears in accordance with section 193 of the Local Government Act 2002, section 69S of the Health Act 1956 and Council's Water Supply Bylaw 2017. Defect notices are issued to customers who have arrears in excess of 60 days from invoice date which outlines the actions required to avoid restriction. Restriction will result in Council installing a restrictor to reduce the flow rate of water. In restricting water supply, Council must continue to provide an adequate supply of drinking water and consider any vulnerable consumers (such as children under 5, elderly, residents with health concerns, stock etc).

SIESA electricity tariffs

Council may restrict electricity supply by disconnection. Disconnection notices are issued to customers who have arrears in excess of 60 days from invoice date which outlines the actions required to avoid disconnection. Council recognise that disconnection of medically dependent consumers is prohibited in accordance with the Electrical Authority guidelines.

Other debt

Council may restrict provision of services to customers with outstanding arrears where it is not restricted by legislation.



5.5 Collection via demand on mortgagee

Rates/Water rates (including metered water)

Where an owner defaults in paying rates and/or water rates on a property with a mortgage, Council will recover the arrears from the first mortgagee in accordance with section 62(1) of the Act.

Council staff will notify both the owner and the mortgagee of Council's intention to issue a formal demand to the mortgagee for payment of rates and/or water rates arrears, this typically occurs in August. Formal demand for payment from the mortgagee will be issued no earlier than legislatively possible (currently 1 November of the financial year following the year in which the rates were first assessed).

A flowchart outlining the rates recovery process is included as attachment A.

5.6 Collection via rating sale or lease

Rates/Water rates (including metered water)

If Council or a recovery agency have no success in recovering the rates and/or water rates arrears on properties without mortgage, then legal action will commence and a rating sale or lease is possible under section 67(1) of the Act.

Council staff are to proceed with legal action to collect rates and/or water rates arrears no later than 30 June of the year following when the rates became overdue. The first steps in the legal process are to lodge a statement of claim, followed by seeking judgement from the Court for rates and/or water rates arrears. Where judgement does not result in payment of rates and/or water rates arrears, staff will notify Council via a confidential report for their information, of the intention to progress to rating sale. Generally this will occur approximately 24 months after first commencing legal action.

Where a property is sold via rating sale or lease, and the proceeds received are insufficient to cover the full arrears and the associated costs, as prescribed in section 75 of the Act, any outstanding arrears will be written off.

A flow chart outlining the rating sale process is included as attachment B.

5.7 Collection via abandoned land sale or lease

Rates/Water rates (including metered water)

Section 77(1) of the Act permits Council to progress an abandoned land claim where:

1. Council or its representative have had no success in locating a property owner; and
2. no rates and/or water rates payments have been received for at least three years

In these instances Council will apply to the Court to have the land/property declared as abandoned.

Alternatively, property owners may give written notice to Council that they intend to abandon the land/property (voluntary abandonment).

Staff will notify Council via a confidential report, of the intention to pursue declaration as abandoned land.



Where a property is sold via abandoned land sale or lease, and the proceeds received are insufficient to cover the full rates arrears and the associated costs, as prescribed in section 82 of the Act, any outstanding arrears will be written off.

A flow chart outlining the abandoned land process is included as attachment C.

5.8 Write-off of bad debts

Rates/Water rates (including metered water)

Where a property is sold via rating or abandoned land sale or lease, and the proceeds received are insufficient to cover the full rates arrears and the associated costs as prescribed in section 75 and 82 of the Act, any outstanding arrears will be written off.

Council staff will also consider write-off of rates/water rates arrears in accordance with the Remission and Postponement of Rates policy.

SIESA electricity tariffs

Debts will only be written off when all reasonable attempts to recover outstanding amounts have been made (by both the Council and external recovery agencies), or the cost of recovery is likely to equal or exceed the amount to be recovered. The thresholds contained in the delegations section of this policy will be applied when approving the write-off of an existing debt.

All debt under \$50 and more than 120 days past due will be written off without progressing to external recovery agencies.

The writing off of a debt and any associated debt recovery or legal costs will be charged to the SIESA activity.

The SIESA activity manager must confirm the appropriateness of all write-offs.

All write-offs will be reported to the Stewart Island/Rakiura Community Board on a six monthly basis and will include the amount written off, and reason for write-off.

Other debt

Debts will only be written off when all reasonable attempts to recover outstanding amounts have been made (by both the Council and external recovery agencies), or the costs of recovery are likely to equal or exceed the amount to be recovered. The thresholds contained in the delegations section of this policy will be applied when approving the write-off of an existing debt.

All debt under \$50 and more than 120 days past due will be written off without progressing to external recovery agencies.

The writing off of a debt and any associated debt recovery or legal costs will be charged to the activity where the invoice was originally raised.

6. Payment Arrangements

Rates and Water Rates (including metered water)



Payment arrangements for rates and water rates arrears are at the discretion of Council and are typically cleared by 30 June of the current rating year in which the arrangement is made. However, if a ratepayer includes the current year's rates with their rates arrears when making a payment arrangement, Council may extend the payment arrangement for up to 24 months.

Sundry debts

Payment arrangements for sundry debts are at the discretion of Council and should be fully repaid within 120 days of the invoice date.

SIESA

Payment arrangements for SIESA are at the discretion of Council and should be fully repaid within 60 days of the invoice date to avoid disconnection. Any payment arrangement offered in response to a disconnection notice requires approval in accordance with the delegations outlined in this policy. Customers must include the current electricity tariffs with their arrears when making a payment arrangement.

General

Payment arrangements in excess of the periods set in this policy require approval in accordance with the delegations outlined in this policy.

7. Debt recovery costs

Where legally possible, Council will seek to recover any costs associated with the collection of arrears from the relevant customer/ratepayer.

8. Professionalism

Council staff will at all times respect the privacy of individuals and communicate in a courteous and professional manner. At the same time, staff have the right to terminate conversations with any ratepayer or customer who becomes abusive or threatening.

9. Roles, Responsibilities and Delegations

PARTY/PARTIES	ROLES AND RESPONSIBILITIES
Chief Executive (CE)	<p>The Chief Executive has delegated authority to:</p> <ul style="list-style-type: none"> • Approve/authorise legal proceedings in relation to rating sales/leases and abandoned land sales/leases. • Approve the write-off of rates, water rates, SIESA tariffs and other revenue, and associated charges (such as legal/collection fees, interest/penalties etc) up to \$50,000 per request.



PARTY/PARTIES	ROLES AND RESPONSIBILITIES
Chief Financial Officer (CFO)	<p>The Chief Financial Officer is responsible for:</p> <ul style="list-style-type: none"> Developing and maintaining the governance and strategy aspects of this policy. Overall ownership of this policy. <p>The Chief Financial Officer has delegated authority to:</p> <ul style="list-style-type: none"> Approve the write-off of rates, water rates, SIESA tariffs and other revenue, and associated charges (such as legal/collection fees, interest/penalties etc) up to \$25,000 per request. Approve payment arrangements outside normal Council terms. Approve/authorise legal proceedings in relation to collection of all arrears, other than rating sales/leases and abandoned land sales/leases.
Executive Leadership Team Members (not individually specified)	<p>The Executive Leadership Team Members have delegated authority to:</p> <ul style="list-style-type: none"> Approve the write-off of other revenue associated with their activity, and associated charges (such as legal/collection fees, interest/penalties etc) up to \$10,000 per request. Approve payment arrangements outside normal Council terms.
Finance Manager	<p>The Finance Manager is responsible for:</p> <ul style="list-style-type: none"> Developing, maintaining and implementing this policy. Overall administration of this policy. Oversight and review of the debt recovery agency and contract and debt recovery process. <p>The Finance Manager has delegated authority to:</p> <ul style="list-style-type: none"> Approve the write-off of rates, water rates, SIESA tariffs and other revenue, and associated charges (such as legal/collection fees, interest/penalties etc) up to \$10,000 per request. Approve payment arrangements outside normal Council terms up to \$10,000 and/or 240 days. Approve/authorise legal proceedings in relation to collection of all arrears, other than rating sales/leases and abandoned land sales/leases.
SIESA Activity Manager	<p>The SIESA Activity Manager has delegated authority to:</p> <ul style="list-style-type: none"> Authorise disconnection of supply.



PARTY/PARTIES	ROLES AND RESPONSIBILITIES
	<ul style="list-style-type: none"> • Approve the write-off of SIESA tariffs, and associated charges (such as legal/collection fees, interest/penalties etc) up to \$10,000 per request. • Approve payment arrangements for SIESA arrears outside normal Council terms.
Finance Officer/Debtors Officer	<p>The Finance Officer/Debtors Officer is responsible for:</p> <ul style="list-style-type: none"> • Applying this policy. • Collecting arrears from ratepayers and customers. • Establishing, monitoring and following up payment arrangements in accordance with this policy. • Maintaining the debtor's ledger and associated records. • Liaising with Council's Debt Recovery agency. • Ensuring Council's debt management records are accurate and up to date. • Providing reports on debt recovery as required. • Keeping the Finance Manager advised of any significant issues with Council debtors. • Communicating established debt recovery policies and procedures. • Following up with customers/ratepayers. • Establishing payment arrangements with customers/ratepayers in accordance with this policy. <p>The Finance Officer/Debtors Officer has delegated authority to:</p> <ul style="list-style-type: none"> • Make demand on the mortgagee for unpaid rates and water rates. • Issue disconnection notices in accordance with this policy. • Apply penalty charges in accordance with this policy. • Lodge debts with recovery agencies as required. • Advise debt recovery agency or legal representative to proceed to legal recovery (once approved).



10. Associated Documents

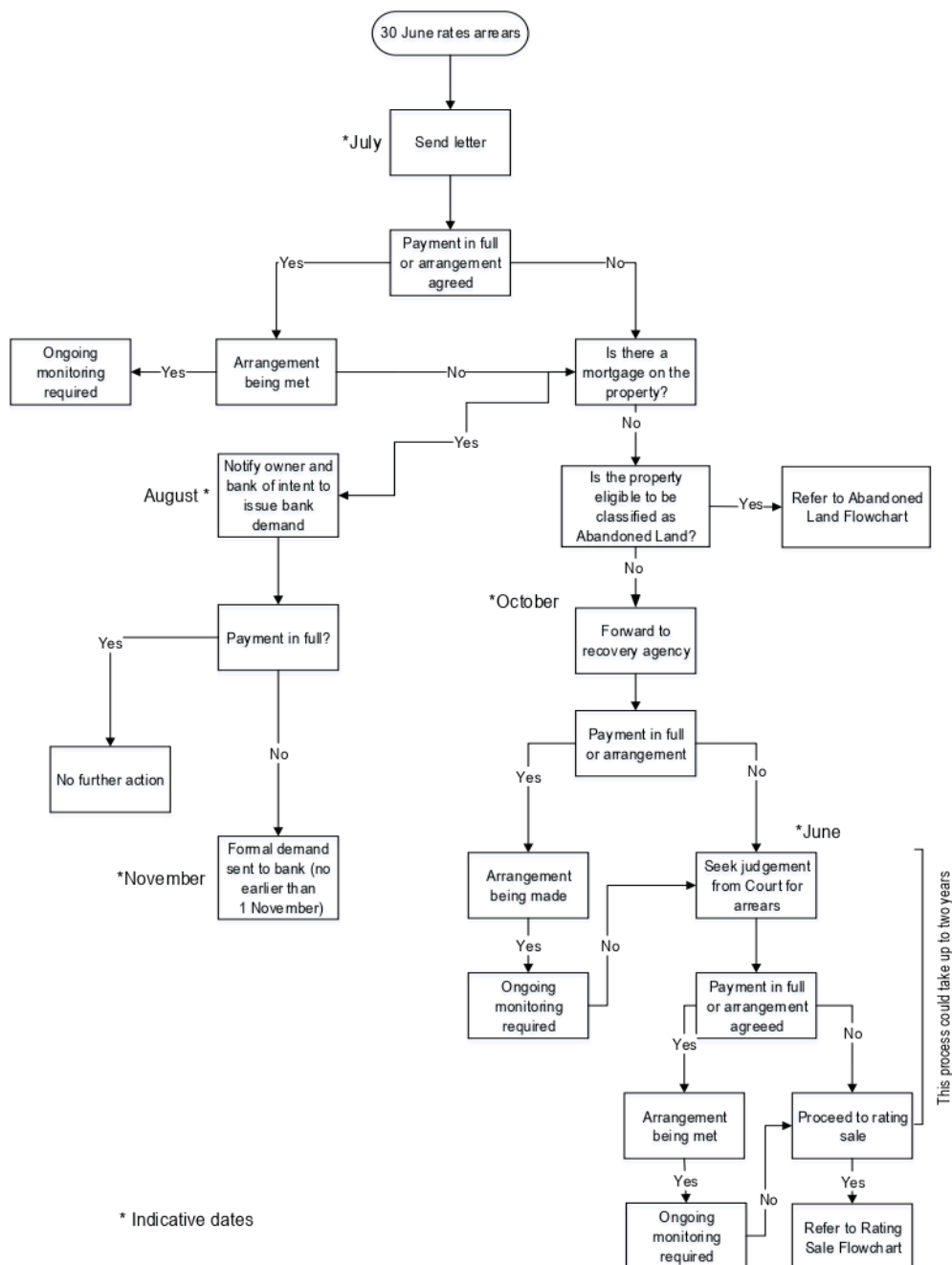
Local Government Act (Rating) Act 2002
 Local Government Act 2002
 Contracts (Privity) Act 1982
 Consumer Guarantees Act 1993
 Summary Proceedings Act 1957
 Electricity Authority Regulations 2010
 Electricity Act 1992
 Health Act 1956

Remission and Postponement of Rates Policy
 SIESA Customer Services Agreement
 Southland District Council Fees and Charges
 Water Supply Bylaw 2017

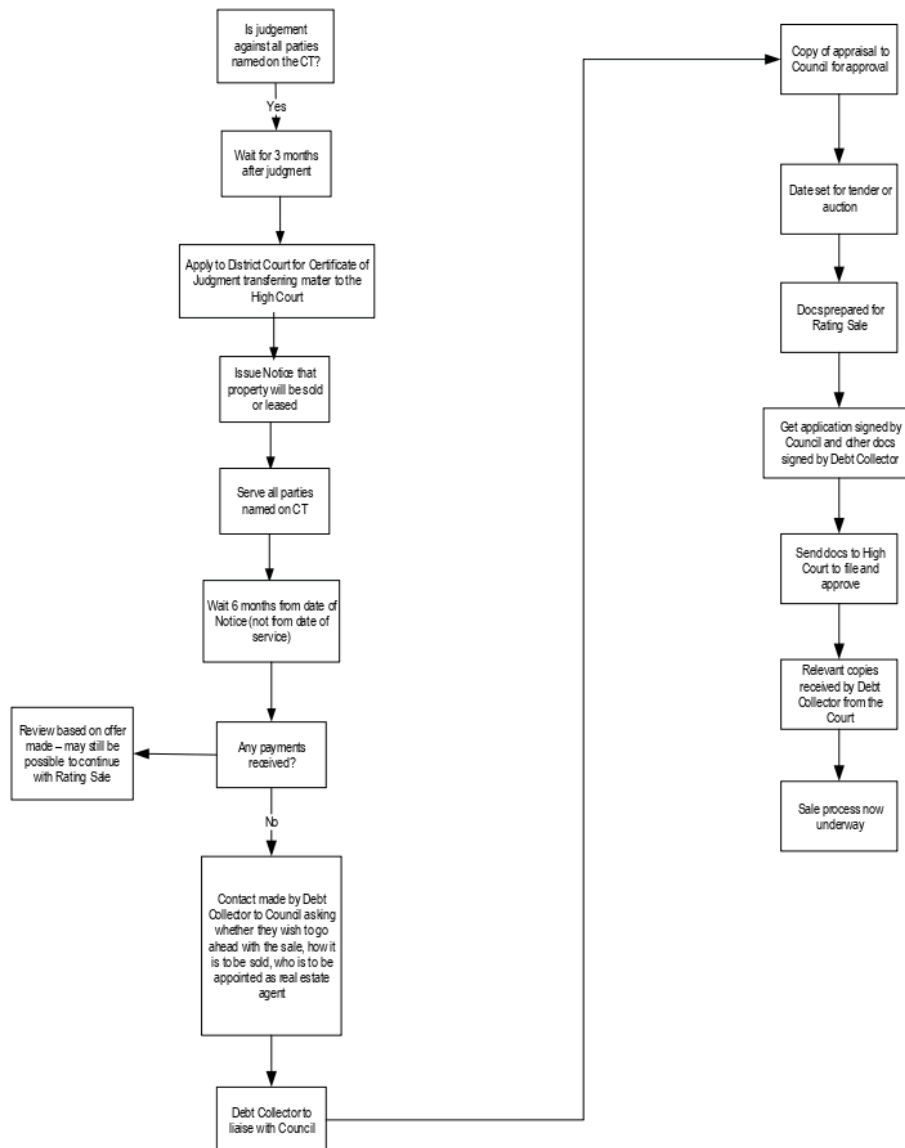
11. Revision Record

DATE	VERSION	REVISION DESCRIPTION
3/12/2018	1	Draft for ELT review and endorsement
4/12/2018	2	Draft for Finance and Audit committee review and endorsement
	3	Final for Council adoption

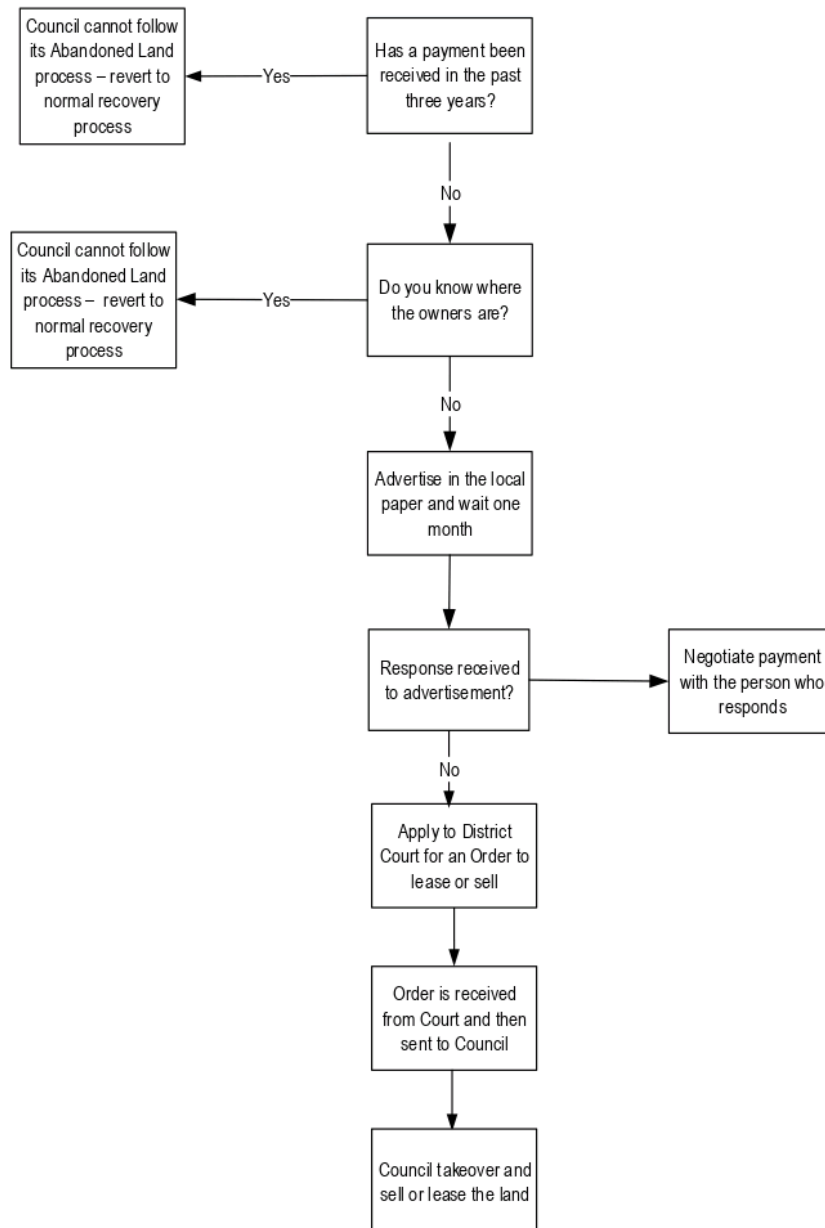
Attachment A - Rates Arrears Recovery Process



Attachment B - Rating Sale Process



Attachment C - Abandoned Land Process



Stewart Island/Rakiura Visitor Levy Policy and Bylaw, for adoption

Record No: R/19/1/299
Author: Robyn Rout, Policy Analyst
Approved by: Rex Capil, Group Manager Community and Futures

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is to present the draft Stewart Island/Rakiura Visitor Levy Policy and Bylaw for adoption.

Executive Summary

- 2 Council has completed the special consultative procedure on the draft policy and bylaw. Submissions were accepted between 4 October and 9 November 2018 and hearings were held for those people who wished to speak, on 29 and 30 November 2018.
- 3 On 18 December 2018 Council deliberated on how it wanted to proceed. Staff have updated the draft policy and bylaw to incorporate the decisions Council made at that meeting. Some other minor changes are also being suggested, and this report provides information about those minor changes.
- 4 Staff are requesting that Council now proceed and adopt the draft policy and bylaw.
- 5 It is recommended that the draft policy and bylaw come into effect on 1 July 2019, to allow Council staff time to prepare for and implement the proposed changes. This would mean that visitor levy applications/allocations in 2019, would be in accordance with the existing (current) policy and the new policy would be in effect for 2020.
- 6 Under Section 4 of the Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012 (the Empowering Act) a levy is a sum of money collected from visitors arriving as freedom travellers, and revenue is money collected on behalf of Council by approved operators. For this report, to ensure clarity, both types of money collected (levy and revenue) will be referred to as 'levy'.

Recommendation

That Council:

- a) **Receives the report titled “Stewart Island/Rakiura Visitor Levy Policy and Bylaw, for adoption” dated 25 January 2019.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Notes that on 25 September 2018, Council determined, pursuant to section 155(1) of the Local Government Act 2002, that a bylaw is the most appropriate way of addressing the problem of funding and providing services, facilities, and amenities for passengers travelling to Stewart Island/Rakiura while they are on the Island.**
- e) **Determines prior to making the bylaw, pursuant to section 155(2)(a) of the Local Government Act 2002, that the Stewart Island/Rakiura Visitor Levy Bylaw 2019 is the most appropriate form of bylaw.**
- f) **Determines prior to making the bylaw, pursuant to section 155(2)(b) of the Local Government Act 2002, that the draft Stewart Island/Rakiura Visitor Levy Bylaw 2019 does not give rise to any implications under the New Zealand Bill of Rights Act 1990.**
- g) **Notes that on 18 December 2018 Council endorsed keeping the amount of the levy at \$5 until such time as the strategic review of service delivery on Stewart Island/Rakiura has taken place and determines an appropriate quantum for the levy.**
- h) **Endorses the following changes that have been made to the draft Stewart Island/Rakiura Visitor Levy Policy since Council met on 18 December 2019 –**
 - **changing names used to ‘Real Journeys Limited’ and ‘Stewart Island Experience’**
 - **correcting that the Rakiura Maori Lands Trust is governed by ‘seven’ Trustees instead of six**
 - **including that people can also send in their application form, for exemption from the levy, to contactcs@southlanddc.govt.nz**
 - **clarifying that ‘the chair of the Community and Policy Committee’ is a member and is the chair of the Stewart Island/Rakiura Visitor Allocation Levy Subcommittee**

- including that elected members on the Stewart Island/Rakiura Visitor Allocation Levy Subcommittee 'must act in accordance with Council's Code of Conduct at all times'
 - including that 'Council's Standing Orders also apply' to the Stewart Island/Rakiura Visitor Allocation Levy Subcommittee
 - including that 'if the councillor for Stewart Island/Rakiura is also the chair of the Community and Policy or the Finance and Audit Committee, then an additional councillor will be appointed to the subcommittee, by Council'
 - removing that 'payments will be made around 20 June each year unless a prior agreement has been made for Council to hold the funds'
 - having an appendix with guidance on appointing representatives to the Stewart Island/Rakiura Visitor Allocation Levy Subcommittee (the approved operator, iwi and Stewart Island/Rakiura representatives)
 - changes to improve clarity and to ensure the document aligns with Council's Style Guide
- i) **Adopts the amended Stewart Island/Rakiura Visitor Levy Policy.**
- j) **Resolves that the amended Stewart Island/Rakiura Visitor Levy Policy will come into effect and supersede the existing Stewart Island/Rakiura Visitor Levy Policy on 1 July 2019.**
- k) **Adopts the amended Stewart Island/Rakiura Visitor Levy Bylaw.**
- l) **Resolves that the amended Stewart Island/Rakiura Visitor Levy Bylaw will come into effect and supersede the existing Stewart Island/Rakiura Visitor Levy Bylaw 2012 on 1 July 2019.**
- m) **Ensures that in accordance with Section 157 of the Local Government Act 2002, public notice be given of the making of the Stewart Island/Rakiura Visitor Levy Bylaw, advising:**
- **that the bylaw will come into force on 1 July 2019**
 - **that copies of the bylaw may be inspected, without fee, at all Council offices**
 - **that copies of the bylaw can be obtained upon payment of a reasonable charge.**

Background

- 7 Council currently has a Stewart Island/Rakiura Visitor Levy Policy (the current policy) and a Stewart Island/Rakiura Visitor Levy Bylaw (the current bylaw).
- 8 Council sets and collects levies and obtains revenue from people who visit Stewart Island/Rakiura through the current policy, the current bylaw, and through contractual agreements.
- 9 The current policy and bylaw became operative, and the levy started being collected, in October 2013. The levy collected is currently \$5 per person. Particular people are not required to pay the levy such as Stewart Island/Rakiura residents and ratepayers, and people visiting who are under 18 years.
- 10 As is required under the Empowering Act and the current bylaw, levies collected have been used to fund activities used by or for the benefit of visitors, and to mitigate the adverse effects of visitors on the island.
- 11 Staff undertook preliminary consultation and obtained feedback from internal and external stakeholders (staff members, members of the Stewart Island/Rakiura community and stakeholders involved with the levy) on this matter, which helped develop the draft policy and bylaw.
- 12 On 25 September 2018 Council endorsed a statement of proposal, which included the draft policy and draft bylaw, for public consultation. Council consulted on the draft policy and bylaw from 4 October 2018 to 9 November 2018. There were 121 submissions on the draft policy and bylaw, and nearly two thirds of the submissions were from submitters who live on Stewart Island/Rakiura. Council heard those submitters who wished to speak to their submission at a Council meeting held on 29 and 30 November 2018. A full summary of the submissions received was provided in the report to Council on 29 November 2018.
- 13 On 18 December 2018, Council deliberated on the draft policy and bylaw and made a number of decisions. A key point that Council deliberated on, but decided not to change during this review process, is the amount of the visitor levy. Council resolved to keep the amount of the levy at \$5 until such time as the strategic review of service delivery on Stewart Island/Rakiura has taken place and determines an appropriate quantum for the levy.

Issues

- 14 This report presents the draft policy and bylaw for adoption. The draft policy and bylaw include the changes that were endorsed by Council on 18 December 2018, and also the changes that have been in the draft policy and bylaw from earlier in the review process.

Changes to the draft policy

- 15 Key changes to the current policy, that have been endorsed by Council, include:
 - Council or a contractor administering the application/allocation process
 - not having a Technical Advisory Group (TAG) and having a staff member/contractor giving advice to the Stewart Island/Rakiura Visitor Allocation Levy Subcommittee (the subcommittee)

- adding three members to the subcommittee, namely:
 - the chair of the Finance and Audit Committee
 - a member from Stewart Island/Rakiura community, and
 - a member to represent iwi
- having categories and guidelines for allocating levy funds (although the subcommittee will still have complete discretion on how funds are allocated)
- allowing applications for salary and wages
- allowing the subcommittee to commit to multi-year funding
- requiring a ten year funding plan to be completed as part of each three year Long Term Plan cycle

16 The small amendments that have been made to the draft policy since it was last presented to Council in December 2018, are:

- changing names used to ‘Real Journeys Limited’ and ‘Stewart Island Experience’ (in its submission, Real Journeys Limited clarified names and informed us that a company we had referred to, Stewart Island Experience Limited, no longer exists)
- correcting that the Rakiura Maori Lands Trust is governed by ‘seven’ Trustees instead of six (this error was raised by a submitter)
- including that people can also send in their application form, for exemption from the levy, to contactcs@southlanddc.govt.nz
- making it clear that it is ‘the chair of the Community and Policy Committee’ who is a member and the chair of the subcommittee. This is to align the draft policy with Council’s Terms of Reference and Delegations. The current policy describes this member as being an ‘independent councillor’ although, in practice, it has been the chair of the Community and Policy Committee who has held this position
- including that elected members on the subcommittee ‘must act in accordance with Council’s Code of Conduct at all times’
- including that ‘Council’s Standing Orders apply’ to the subcommittee
- including that ‘if the councillor for Stewart Island/Rakiura is also the chair of the Community and Policy or the Finance and Audit Committee, then an additional councillor will be appointed to the subcommittee, by Council’
- removing that ‘payments will be made around 20 June each year unless a prior agreement has been made for Council to hold the funds’, as this provision does not align with the invoicing system Council uses to make payments to successful applicants
- having an appendix with guidance on appointing representatives to the subcommittee (specifically the approved operator, iwi and Stewart Island/Rakiura representatives)

- minor changes to improve clarity and to ensure the document aligns with Council's Style Guide.

Changes to the draft Bylaw

- 17 Changes to the current bylaw, that have been endorsed by Council, include:
- removing that Council will collect levies on its website
 - outlining that levies will be collected in a collection box on the main wharf in Oban
 - amending definitions in the 'interpretation' section
 - detailing the infringement fee that has been set by way of regulation.
- 18 Other than minor editing, staff have not made any other changes to the draft bylaw since it was last presented to Council.

Implementation

- 19 Staff propose that the draft policy and bylaw come into effect on 1 July 2019. There would not be enough time for staff to implement the revised policy before the next levy application round if it came into effect at this time. Applications for visitor levy funding are sought in March each year, and Council staff need time to prepare for the application and allocation process. For administrative ease, it is proposed that the date the bylaw comes into effect is kept consistent with the policy (so they both come into effect on 1 July 2019).
- 20 If the draft policy comes into effect on 1 July 2019, the levy application and allocation process this year would be undertaken in accordance with the current policy (not the revised one). This means, for example, that TAG will still advise the current subcommittee, and there would not be categories, guidelines, multi-year funding, or allocations for salary/wages.

Factors to Consider

Legal and Statutory Requirements

The Empowering Act

- 21 The Empowering Act provides that Council may make bylaws in accordance with the Local Government Act 2002 (LGA) to prescribe:
- the rates of levies that may be imposed on or in respect of 'visitors', and
 - the means by which those levies are to be collected.
- 22 The Empowering Act identifies that the levy is a source of funding under section 103 of the LGA.

Consultation

- 23 Council has undertaken consultation on the draft policy and bylaw in accordance with the special consultative procedure outlined in section 83 and 86 of the LGA. The proposal was made widely available and people were encouraged to give their feedback.

- 24 Under section 78 of the LGA, Council must consider to the views and preferences of persons likely to be affected by, or to have an interest in the matter.
- 25 If Council want to make significant changes to the draft policy and bylaw, away from the options that were outlined in the statement of proposal and outside of feedback that was given by submitters, Council will be required to re-consult on the draft policy and bylaw.

LGA financial requirements

- 26 Under the LGA Council is required to manage its finances prudently and in accordance with sound business practice. It is also required to make adequate provision for meeting its forecast expenditure requirements. As the levy is a source of 'funding' under the LGA, it is subject to the normal LGA financial management provisions.

Contractual obligations

- 27 The approved operators are only required to collect revenue through their contractual commitments with Council. Under the contract they have the option to terminate the contract by giving six months' notice of termination. Termination cannot take place during the peak months of October to April (inclusive).

Delegations

- 28 Changes will need to be made to update Council's 'Terms of Reference/Delegations' to reflect the removal of the TAG group and the additional members on the subcommittee. The delegation changes will be made either as part of the update that occurs after elections, or as a separate report to Council seeking the change.

Determinations

- 29 Council was required, before commencing the process for making a bylaw, to determine whether a bylaw is the most appropriate way of addressing the perceived problem. The problem is that the island hosts many short term visitors but has a small permanent population. The Empowering Act enables Council to collect a levy from passengers travelling to Stewart Island/Rakiura to provide services, facilities, and amenities for those people while they are on the island. Council determined a bylaw is the most appropriate way to address the problem on 25 September 2018.
- 30 Council is also required to determine whether the proposed bylaw is the most appropriate form of bylaw, before it is made. Council made this determination on 25 September 2018 regarding the draft bylaw, but as amendments have been made, it is appropriate to make the determination again. The draft bylaw has been prepared and structured for ease of reference and interpretation. The draft bylaw is consistent with the Empowering Act, and the process prescribed in the LGA is being followed.
- 31 Council is also required (before making the bylaw) to determine whether the draft bylaw gives rise to any implications under the New Zealand Bill of Rights Act 1990, which grants certain civil and political rights to people in New Zealand. Again, this determination was made by Council on 25 September 2018 but as amendments have been made, it is appropriate to make the determination again. The provisions of the proposed Stewart Island/Rakiura Visitor Levy Bylaw do not unreasonably interfere with any of the rights given by the New Zealand Bill of Rights Act 1990. While the draft bylaw requires visitors to Stewart Island to pay a levy, this power has been mandated by virtue of the Empowering Act, which has already been reviewed by the Attorney-

General for any inconsistency with the Bill of Rights. The objectives of the levy are to provide services for visitors and mitigate the environmental impacts of tourism. These objectives support the rights of residents and represent value for those who will be paying the levy.

Community Views

- 32 Council has undertaken a thorough consultation process on this matter. The community views captured through the preliminary and formal consultation processes have been provided to Councillors in previous Council/committee reports. All reports are available for Councillors on the 'hub', and they can be accessed on Council's website.
- 33 Submitters generally supported the removal of TAG and they were in favour of having the subcommittee (and people with local knowledge) allocate levy funds. There was also support for levy funding being allocated towards infrastructure, however there were mixed views on whether levy funds should be allocated to operational costs.
- 34 Feedback from submitters also suggested that there could be preferable sources of funding to the visitor levy, to provide for visitors. There was general support for being able to commit to provide multi-year funding to applicants.

Costs and Funding

- 35 Costs associated with staff time, advertising, travel and legal advice have been met within current budgets.

Policy Implications

- 36 If Council adopts the policy and bylaw, there are policy implications for:
- future applicants to the levy
 - Council, including TAG members and the subcommittee, and
 - visitors to Stewart Island/Rakiura.

The minor changes proposed to the levy application process may make it easier for future applicants to apply for funding. For example, applicants may be more certain about what is eligible for funding and have the opportunity to correct minor errors in their application. Future applicants would also be able to make applications for operational costs, and for multi-year funding.

The TAG would be disestablished, and there would be three additional members on the subcommittee. A staff member or contractor would provide the subcommittee with advice, and the subcommittee would have guidelines on how funding could be allocated.

Collectively, the proposed changes (such allowing allocations for operational costs) should better provide for visitors to Stewart Island/Rakiura.

Analysis

Options Considered

- 37 There are two options considered in this report:

- option 1: proceed and adopt the draft policy and bylaw
- option 2: propose a different way forward

Analysis of Options

Option 1 – Proceed and adopt the draft policy and bylaw

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Council has a good understanding of community views on this matter• incorporates community views• establishes a clear timeline for application and allocation dates• the definition sections align with legislation• the exemption card provisions align with current practice• clarifies who is eligible for funding (such as applications for salary/wage)• less confusing and fewer conflicts of interest with the removal of TAG• an iwi representative on the committee means tikanga Maori will be part of the allocation process, and it aligns with Council being in a partnership with local iwi• the subcommittee would have more local knowledge• the categories/guidelines would introduce a strategic approach to allocating funds and create a more transparent process• multi-year funding would allow applicants to request funds to service loans drawn, enabling the funds to be used more effectively• the accountability requirements are tighter• would complete a review of the policy and bylaw.	<ul style="list-style-type: none">• some community views did not support the proposed changes• the allocation process (with allowing multi-year funding) would be more complex than the current process• there would be more risk associated with giving multi-year commitments, rather than the current practice of just allocating funds in the present allocation round• there is a small risk that approved operators may elect to terminate their contract with Council, which would mean alternative collection methods would have to be established• with the subcommittee allocating funds, there is not a direct application of Council strategy• keeping the levy at \$5 may limit strategic planning to provide for visitors.

Option 2 – Propose a different way forward

<i>Advantages</i>	<i>Disadvantages</i>
-------------------	----------------------

<ul style="list-style-type: none">would give clarity on Council's preferred approach.	<ul style="list-style-type: none">if Council wants to make significant changes to the draft policy and bylaw, it would be required to re-consultthis option would not be consistent with previous decisions made regarding the visitor levy and Council may be perceived as undervaluing the process undertaken.
---	---

Assessment of Significance

- 38 The decisions Council is making in regard to this report have been assessed as being of lower significance in relation to Council's Significance and Engagement Policy and the Local Government Act.

Recommended Option

- 39 Staff recommend that Council proceed with option 1 and adopt the draft policy and bylaw.

Next Steps

- 40 If Council proceeds and adopts the draft policy and bylaw, staff would give public notice of the making of the policy and bylaw. Staff would also send letters to people who submitted on the statement of proposal, informing them of the final outcome.
- 41 The current (existing) policy would be used for the 2019 levy application/allocation round, and the new policy and bylaw would come into effect on 1 July 2019. At that time, staff would ensure the revised policy and bylaw are put up on Council's website. In 2020, the new policy would govern the levy allocation/application process.
- 42 The strategic review of service delivery on Stewart Island/Rakiura is likely to take about one year to complete. When it is completed, staff will present information to Council on the funds required to provide for visitors to Stewart Island/Rakiura, and discuss what the visitor levy should be. If Council then decides to review the policy and bylaw, staff would ~~have to~~ engage with stakeholders, and undertake consultation on a proposed draft policy and bylaw in accordance with the special consultative procedure. Council would also be required to consult on any increase in the levy amount, via the Annual Plan/Long Term Plan.
- 43 The draft policy states that the policy and bylaw will be reviewed within six years of adoption, so if Council adopt the draft policy and bylaw at this meeting, at the latest, a review will be due by February 2025.
- 44 It is important to note staff are currently undertaking a review of Council's community assistance and funding alignment, and grants from the Stewart Island/Rakiura visitor levy fund will be considered as part of that review.

Attachments

- A Draft Stewart Island/Rakiura Visitor Levy Bylaw [↗](#)
- B Draft Stewart Island/Rakiura Visitor Levy Policy [↗](#)
- C Current Stewart Island/Rakiura Visitor Levy Bylaw 2012 [↗](#)
- D Current Stewart Island/Rakiura Visitor Levy Policy [↗](#)



Southland District Council

Stewart Island/Rakiura Visitor Levy Bylaw

(Revision 1, 2019)

DRAFT

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Document Revision

Date	Amendments	Amended by	Approved by	Approval date
2012	Original		Council	12 Dec 2012
2019	2019 review <ul style="list-style-type: none"> • Adding/amending definitions of 'Approved Operator' and 'Visitor' • adding the location of the collection box • adding the infringement fee that has been set by way of regulation • removing that payment can be made on website 	Council	Council	7 February 2019 – to come into effect on 1 July 2019

1 Title and commencement

This bylaw may be cited as the Southland District Council Stewart Island/Rakiura Visitor Levy Bylaw.

This bylaw shall come into force on 1 October 2013.

2 Purpose of bylaw

The bylaw is made to prescribe:

- (a) the rate of the levy that will be imposed on or in respect of visitors; and
- (b) the means by which the levy is to be collected.

This bylaw does not apply to a person who travels to or from Stewart Island/Rakiura under a contract of carriage with an 'Approved Operator' or who is otherwise excluded from the definition of 'visitor'. As at the date of this bylaw the Approved Operators are Real Journeys Limited (currently trading as Stewart Island Experience), Stewart Island Flights Limited, and ISS McKay Limited (as agent for the cruise ship operators).

3 Interpretation

In this bylaw, unless the context requires otherwise:

"Act" means the Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012.

"Approved Operator" means a person who owns or operates or is otherwise in control of a transport vessel and who enters into a contract with the Council:

- (a) relating to the provision of a service to carry to or from the Island passengers who, but for the contract, would be visitors to the Island; and
- (b) providing for revenue to be collected from the passengers; and
- (c) that has the effect of bringing passengers carried by the operator within the definition of an excluded visitor; and
- (d) including any other terms and conditions that may be agreed from time to time by the approved operator and the Council.

"Council" means the Southland District Council.

"GST" means goods and services tax chargeable under the Goods and Services Act 1985.

"Levy" means the levy set under clause 4 of this bylaw.

"Visitor" means any person who:

- (a) travels to or from the Island, whether for a single day or for any continuous period of less than 21 days, by any transport vessel; but
- (b) is not a person who:
 - (i) for the purposes of the Local Government (Rating) Act 2002, is a ratepayer in respect of a rating unit on the Island; or

- (ii) is a resident of the Island by virtue of being a resident for electoral residency purposes under section 23 of the Local Electoral Act 2001; or
- (iii) is a tenant of a rating unit for the purposes of the Residential Tenancies Act 1986; or
- (iv) is the spouse, civil union partner, de facto partner, or dependant of a ratepayer or tenant; or
- (v) is a beneficiary of the Rakiura Māori Land Trust or who has an ownership interest in a Māori land block on the Island; or
- (vi) is an excluded visitor.

For the avoidance of doubt, as at the date of this bylaw, 'visitor' excludes a person who travels to or from Stewart Island/Rakiura under a contract of carriage with an Approved Operator or who is otherwise excluded from the definition of 'visitor'.

4 Levy for visitors to Stewart Island/Rakiura

The levy for a visitor who travels to Stewart Island/Rakiura is \$5 (inclusive of GST).

5 Surrounding islands

For the avoidance of doubt, a visitor who has paid a levy for travel to Stewart Island/Rakiura is not required to pay an additional levy for return travel from Stewart Island/Rakiura to a surrounding island.

6 Means of collection of levies

Levies will be collected:

- (a) by Council at any of its offices;
- (b) by Council at its collection box on the Main Wharf in Oban; and
- (c) by agents of the Council appointed to collect levies on its behalf.

Details of the agents who have been appointed to collect levies will be given on the signs erected by the Council at major points of entry on Stewart Island/Rakiura under section 5(3) of the act and on the Council's website.

7 Offences and penalties

A person commits an infringement offence under the act who:

- (a) evades the payment of a levy payable by that person; or
- (b) falsely claims that he or she is not a visitor.

The infringement fee for each infringement offence has been set by way of a regulation made under the act and it is \$250.

This bylaw has been made and confirmed by a resolution passed at a meeting of Council held on Wednesday 12 December 2012.

THE COMMON SEAL of the }
SOUTHLAND DISTRICT COUNCIL }
was hereunto affixed in the presence of: }

MAYOR

CHIEF EXECUTIVE



Stewart Island/Rakiura Visitor Levy Policy

Role responsible:	Activity Manager Community Assistance
Date approved:	12 December 2012
Date amended:	7 February 2019 (to come into effect on 1 July 2019)
File number:	r/18/2/4407

1.0 Purpose

This policy provides guidance on governance and administration of the Stewart Island/Rakiura Visitor Levy. The policy outlines who is liable to pay levies and revenue and it outlines how levies and revenue will be collected, administered, allocated and enforced.

2.0 Background

Although Stewart Island/Rakiura has a small resident population, it is a destination for a large number of short-term visitors. This creates a unique funding challenge for Council.

The Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012 was passed into law on 26 March 2012. The act empowers Council to set and collect levies and obtain revenue from visitors to Stewart Island/Rakiura. Under the act, funds must be used to better provide services, facilities, amenities for island visitors, or mitigate environmental effects.

3.0 Definitions

Accountability Form	This is a form that must be completed by applicants after they have received funding, so Council is informed how the applicant has spent the funds and so Council is aware of any benefits that have been achieved with the funds
Activity	Has the meaning given in section 5(1) of the Local Government Act 2002: A good or service provided by, or on behalf of, a local authority or a council-controlled organisation; and includes— (a) the provision of facilities and amenities; and (b) the making of grants; and (c) the performance of regulatory and other governmental functions
Agent	A business entity that enters into a contractual arrangement with Council to collect the levy from its passengers on behalf of



	Council
Approved Operator	<p>A person who owns or operates or is otherwise in control of a transport vessel and who enters into a contract with the Council—</p> <ul style="list-style-type: none"> (a) relating to the provision of a service to carry to or from the island passengers who, but for the contract, would be visitors to the island; and (b) providing for revenue to be collected from the passengers; and (c) that has the effect of bringing passengers carried by the operator within the definition of an excluded visitor; and (d) including any other terms and conditions that may be agreed from time to time by the approved operator and the Council <p>The Approved Operators are Real Journeys Limited (currently trading as Stewart Island Experience), Stewart Island Flights Limited and ISS McKay Limited on behalf of the cruise ships</p>
A staff member	A staff member from Council
Contractor	A contractor approved by Council
Council	Southland District Council
Dependent	A person primarily under the care and responsibility of another person, living with that person as a member of their family and substantially reliant on that person for financial support
Excluded visitor	<p>A person who is not to be treated as a visitor because the person—</p> <ul style="list-style-type: none"> (a) travels to the island under a contract of carriage with an Approved Operator; or (b) is the owner or is otherwise in control of a transport vessel or is employed, or under contract, to work on a transport vessel; or (c) is one whose visit is entirely within the boundaries of the Rakiura National Park; or (d) is visiting the island for a continuous period of 21 days or more; or (e) is a person under the age of 18 years on the date of arrival on the island
Freedom traveller	A visitor who travels to the island by means other than as a passenger of an Approved Operator. This includes chartered vessels and independent travel. It does not include people who travel via the ferry (with Real Journeys Limited), scheduled flights (Stewart Island Flights) or cruise ships
GST	Goods and services tax chargeable under the Goods and Services Act 1985



Island	Stewart Island/Rakiura
Levy	The sum of money (inclusive of GST) collected under the Stewart Island/Rakiura Visitor Levy Bylaw 2019 from persons who are visitors to the island
Maori Land	Has the meaning given in section 4 of the Te Ture Whenua Maori Act 1993: Maori customary land and Maori freehold land
Rakiura Maori Lands Trust	The Rakiura Maori Lands Trust is governed by seven Trustees appointed by the Maori Land Court upon recommendation from the beneficial owners. The Rakiura Maori Lands Trust holds lands and funds in trust for many Rakiura Maori descendants
Ratepayer	A person who is named on a current rates notice of a rating unit on the island. Only persons who are named on current rates notices are considered to be ratepayers, regardless of who funds rates payments
Resident	A person recognised as living on the island for electoral residency purposes under section 23 of the Local Electoral Act 2001
Revenue	Revenue (inclusive of GST) collected from excluded visitors, in place of any levy imposed by the Stewart Island/Rakiura Visitor Levy Bylaw 2019, by an Approved Operator in accordance with a contract entered into for the purpose with Council
Subcommittee	The Stewart Island/Rakiura Visitor Allocation Levy Subcommittee
Tenant	A person who has a tenancy agreement for a rating unit on the island under the provisions of the Residential Tenancies Act 1986
The Act	The Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012
Transport vessel	(a) means a ship, aircraft, or other vessel carrying passengers to or from the island, whether or not— (i) there is a charge for any or all of those passengers; or (ii) any charge is part of a tourist package; or (iii) the vessel is operated commercially; or (iv) the vessel is used for freight as well as passengers; and (b) includes— (i) a regular ferry or air service to the island; and (ii) a cruise ship whose passengers disembark to land on the island
Visitor	Any person who— (a) travels to or from the island, whether for a single day or for any continuous period of less than 21 days, by any transport vessel; but (b) is not a person who,—



	<ul style="list-style-type: none"> (i) for the purposes of the Local Government (Rating) Act 2002, is a ratepayer in respect of a rating unit on the island; or (ii) is a resident of the island by virtue of being a resident for electoral residency purposes under section 23 of the Local Electoral Act 2001; or (iii) is a tenant of a rating unit for the purposes of the Residential Tenancies Act 1986; or (iv) is the spouse, civil union partner, de facto partner, or dependant of a ratepayer or tenant; or (v) is a beneficiary of the Rakiura Māori Land Trust or who has an ownership interest in a Māori land block on the island; or (vi) is an excluded visitor.
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4.0 Collection

The act provides for the collection of money from two sources:

1. **Revenue;** and
2. **Levy.**

The definitions of revenue and levy are found in section '3.0 Definitions' above.

Through contractual arrangements, Council will collect revenue from passengers who travel with Approved Operators. Approved Operators include Real Journeys Limited (currently trading as Stewart Island Experience), Stewart Island Flights Limited and ISS McKay Limited on behalf of the cruise ships. Passengers will pay the Approved Operator in accordance with the terms of carriage (i.e. the revenue will form part of their ticket price). If the passenger travels via an Approved Operator and pays a local or child fare, the Approved Operator will not charge the revenue.

Under the Stewart Island/Rakiura Visitor Levy Bylaw 2019, Council will collect the levy. The levy will be collected from freedom travellers (i.e. those who are visitors under the act, so it does not include people who travel with an Approved Operator). Where a person is a freedom traveller the categories of exemption outlined in Clause 4.1 below apply. This means that if a freedom traveller is not exempt, he or she will have to pay the levy.

4.1 Who Pays

All individuals travelling to Stewart Island/Rakiura, including freedom travellers, must pay the levy or pay revenue to an Approved Operator unless they are exempt under the following:

- residents, ratepayers and tenants of Stewart Island/Rakiura and their spouses, civil union partners, de facto partners, or dependents;
- beneficiaries of the Rakiura Māori Land Trust or individuals who have an ownership interest in a Māori land block on the island;
- visitors who remain on the island for any continuous period of 21 days or more;



- owners of a transport vessel or individuals employed under contract to work on a transport vessel;
- individuals whose visit is entirely within the boundaries of the Rakiura National Park; or
- persons under the age of 18 years on the date of arrival on the island.

Where the resident or ratepayer exemption applies to a person, the exemption does not automatically apply to the whole family or group. The exemption applies to the ratepayer(s) set out on the rates notice and their spouse, civil union partner, de factor partner and dependents. This does not include visiting adult children or grandchildren (unless they are dependents).

Holiday home owners are exempt if they are a ratepayer on the Council's rates notice. However, beneficiaries of family trusts will not be exempt unless they are designated by name as ratepayers on Council rates notice, or they meet one of the other reasons for exemption outlined above.

The exemption does not apply to visiting trades-people unless the person stays for more than 21 consecutive days. Visitors undertaking volunteer work are also required to pay the levy unless they fall within a category of exemption.

Visiting entirely within the boundaries of the Rakiura National Park means the person visiting does not arrive or leave through the township of Oban.

5.0 Calculation

The amount of the levy is set out in the Stewart Island/Rakiura Visitor Levy Bylaw and is \$5.

In the event an increase in the levy or revenue amount is considered, public consultation will occur via the Southland District Council Annual/Long Term Plan process and a bylaw amendment process. If Council decides to increase the levy amount, the increase will not take effect until 1 October in the year following the decision to adopt the plan ie, Approved Operators will receive 15 months lead in time before they start collecting the new amount.

5.1 Arrangements with Approved Operators

Approved Operators will collect revenue on behalf of Council in accordance with contractual arrangements. The contractual arrangements will be negotiated for each Approved Operator taking into account the individual circumstances of each transport business.

Apart from ISS McKay Limited, Approved Operators will collect revenue from passengers on both inbound and outbound journeys (\$2.50 each way). This allows for passengers who use different modes of transport to travel to and from the island and allows the revenue to be apportioned across the modes of transport on an equitable basis.

ISS McKay Limited will collect revenue (\$5) from each passenger (carried to or from Stewart Island/Rakiura (or its internal waters) on behalf of Southland District Council. This applies regardless of whether or not that passenger disembarks and regardless of the number of times the passenger disembarks and embarks.



5.2 Collection of the Levy from Freedom Travellers

The Stewart Island/Rakiura Visitor Levy Bylaw outlines levy collection from visitors who travel to the island via private or chartered transportation (i.e. freedom travellers). A \$5 levy is payable when the visitor arrives on the island. Council has provided a collection box to receive payments or payment can be made at any Council office. The collection box is placed on the Main Wharf in Oban. Freedom travellers can deposit levy payments at this location at any time. Council may also enter into agreements with agents operating chartered vessels, to collect the levy from passengers on behalf of Council.

Only one payment is required per person for the duration of their stay on the island. Travel to neighbouring islands (excluding the mainland) will not constitute leaving the island.

6.0 Proof of Exemption

Persons who are not required to pay the visitor levy or revenue can apply for a Southland District Council photo identification card. Southland District Council photo identification cards will be accepted as proof of exemption by Approved Operators and agents. They will also be accepted by enforcement officers monitoring compliance with the Stewart Island/Rakiura Visitor Levy Bylaw.

A Southland District Council photo identification card will be issued and renewed at no cost to the applicant. Renewing a Southland District Council photo identification card will require confirmation of entitlement using documentation as set out in Appendix A. Photographs will also be updated at the time of renewal. It is the responsibility of the card holder to advise the Council of any change in contact details or exemption status.

The card remains the property of Southland District Council. Cards are not transferable and cardholders retain sole responsibility for use of the card issued to them. A replacement fee will apply to lost or damaged cards. This fee will be set out in the Southland District Council Schedule of Fees and Charges.

Agreements between Council and Approved Operators with respect to exemption identification are reached on an individual basis and may differ. A Southland District Council photo identification card may be required by the Approved Operator at the time of ticket purchase or boarding the vessel for an exemption to be granted.

Each Approved Operator may choose to compile a list of names eligible for local fares. Eligibility for a local fare is a commercial decision made at the discretion of Approved Operators and is not influenced or administered by Council. Individuals can contact Approved Operators to ascertain whether they maintain such a list and to determine their eligibility for inclusion. Eligibility for local fares may mean that there is no requirement to apply for and carry a photo identification card when travelling.

6.1 Application for Exemption

An application to receive a Southland District Council photo identification card can be made by attending the Southland District Council office located at 15 Forth Street, Invercargill or by sending a completed application form to Council (PO Box 903, Invercargill 9840 or contactcs@southlanddc.govt.nz) with a colour passport photo of each applicant.



Applicants are also required to provide documentation which proves their exemption. Examples of accepted documentation to prove exemption status are set out in Appendix A.

7.0 Refunds

People who have been charged the levy but believe that they are exempt under the act can apply to Council to receive a refund.

Refund applications should state the reason for the claim, along with a copy of supporting documentation as set out in Appendix A.

An application for a refund must be made within six months of the date of travel.

8.0 Audit

Council has the ability to audit the collection and payment of the levy by agents and revenue by Approved Operators. Audit procedures may include a review of visitor numbers against funds received.

9.0 Enforcement

Part 2 of the act outlines infringement offences. Any person who evades the payment of a levy payable by that person or falsely claims that he or she is not a visitor commits an infringement offence.

An infringement fee has been set by way of regulation and will be displayed on signs erected on the island. The amount of the infringement fee is \$250. Infringement notices can be issued by Southland District Council Enforcement Officers if they observe a person committing an infringement offence or if they have reasonable cause to believe that a person has committed an infringement offence.

Southland District Council photo identification cards are accepted as proof of exemption. A ticket issued by an approved transport operator, a cruise ship boarding pass or a receipt from the collection box or a levy collection agent will also be accepted as proof of payment.

10.0 Administration

The subcommittee has the delegated authority and will make decisions to approve applications from the Stewart Island/Rakiura Visitor Levy fund. The subcommittee will meet annually to review applications and allocate funding.

The subcommittee is the subordinate decision making body of the Community and Policy Committee. The subcommittee is subject to standard audit procedures. The Community and Policy Committee will be informed of funding decisions via memoranda. Council's Annual Report will contain an itemised statement of the Stewart Island/Rakiura Visitor Levy fund each year.



10.1 Subcommittee Membership

The subcommittee will consist of the following members appointed by Council:

- the chair of the Community and Policy Committee
- the chair of the Finance and Audit Committee
- the councillor for Stewart Island/Rakiura
- a representative from the Stewart Island/Rakiura Community Board
- a representative recommended by each of the Approved Operators (three in total)
- a member to represent iwi
- a member from Stewart Island/Rakiura

The chair of the Community and Policy Committee will act as chair of the subcommittee.

The chair of the subcommittee will have a casting vote, which can only be exercised to resolve an evenly split vote.

If the councillor for Stewart Island/Rakiura is also the chair of the Community and Policy or the Finance and Audit Committee, then an additional councillor will be appointed to the subcommittee, by Council.

Elected members on the subcommittee must act in accordance with Council's Code of Conduct. Council's Standing Orders also apply to the subcommittee. If a subcommittee member has any connection to an application greater than that of the general public, that member should declare an interest in the relevant application, prior to it being considered. In such circumstances, the member affected shall still be entitled to speaking and voting rights, unless the member has a pecuniary interest in the application.

Further information on the appointment of the representatives from the Approved Operators, the iwi representative and the representative from Stewart Island/Rakiura, is provided in Appendix B.

10.2 Applications

The application process will be administered by Council. Advertisements will be placed at the beginning of March seeking applications and outlining the deadline for receipt of applications. The application period will close at the end of March.

Applications to the Stewart Island/Rakiura Visitor Levy fund must be made using the appropriate documentation provided by Council. All applications must include:

- an outline of the project or work requiring funding, including a timeline;
- if the project involves physical works, scale conceptual plans including site plans;
- any requirement for resource or building consent;
- a business plan for the project including costs and on-going funding requirements, if any;
- evidence of legal status of the applicant (eg, charitable trust or body corporate);
- an assessment of how the project is for the benefit of visitors; and
- declarations of interest.

An application can be made for funding in relation to salary and wages and it can relate to a range of things such as the development or maintenance of existing facilities, services and projects.

Applicants can indicate on their application form if they would like to be heard by the subcommittee.



Late applications will not be considered.

10.3 Allocation Process

A three step process will be undertaken to allocate funds. The three steps are:

Step 1 - Assessing if the application is eligible for funding

Step 2 - Assessing which category the application falls under

Step 3 - Allocating funds to applications from each category (using the funding allocation percentages as a guide and based on the strength of the application).

Step 1: Assessing if the application is eligible for funding

To be considered for funding, applications must be consistent with section 6(b) of the act. Section 6(b) states that revenue and levies collected must be used to:

- fund, wholly or in part, activities used by visitors or any class of excluded visitor;
- fund, wholly or in part, activities on the island for the benefit of visitors or any class of excluded visitor; and/or
- mitigate the adverse effects of visitors or excluded visitors on the environment of the island.

If an application is not consistent with section 6(b) of the act, this will be identified by a staff member or contractor.

Where appropriate, a staff member or contractor may liaise with an applicant to discuss their application (e.g. whether further information is needed, or whether there is a minor issue with the application etc). The applicant will be permitted to make minor amendments to their application in this circumstance.

If, after engaging with the applicant, the staff member or contractor thinks the application is still not eligible for funding, the staff member or contractor will communicate this to the subcommittee at the allocation meeting.

Step 2: Assessing which category the application falls under

Applications that are consistent with section 6(b) of the act will be assessed by a staff member or contractor as being in one of the following categories.

ALLOCATION CATEGORY	DESCRIPTION
Council/community owned infrastructure	Applications relating to Council's/the community's physical and organisational structures and facilities (e.g. buildings, roads, power supply etc).
Operational costs	Applications by non-profit organisations to meet their operational needs/requirements.
Community projects	Applications that do not relate to infrastructure. These applications must be made by Stewart Island/Rakiura resident/s, ratepayer/s or tenant/s.



A staff member or contractor will communicate to the subcommittee, which category they believe the application falls under. It is possible that an application will fit into more than one category.

Step 3 - Allocating funds in accordance with the funding allocation percentages and based on the strength of the application

Funding allocation categories and percentages

The subcommittee will consider the allocation categories when it allocates funding. Although it has complete discretion, as a guide, the subcommittee may allocate the funding received on an annual basis, to applications in each category in accordance with the funding allocation percentages outlined below.

ALLOCATION CATEGORY	FUNDING ALLOCATIONS
Council/community owned infrastructure	60-70% (% of the funds available annually that will be allocated to Council/community owned infrastructure)
Operational costs	20-25% (% of the funds available annually that will be allocated to operational costs)
Community projects	5-10% (% of the funds available annually that will be allocated to community projects)

The strength of the application

The subcommittee will allocate funds to applications in the allocation categories based on the strength of the application. The strength of an application will be determined by the extent it will:

- fund, wholly or in part, activities used by visitors or any class of excluded visitor; or
- fund, wholly or in part, activities on the island for the benefit of visitors or any class of excluded visitor; or
- mitigate the adverse effects of visitors or excluded visitors on the environment of the island.

The subcommittee will have regard to the extent that the proposed project will also benefit the local community.

A staff member or contractor will provide guidance to the subcommittee, on the strength of an application.

Committing to allocating funds in the future

The subcommittee can commit to multi-year funding (committing to give funds in an application round, to an applicant in future allocation rounds). This could be done by the subcommittee to commit to service loans drawn, such as to cover capital works projects. When this can occur, and for how many years, relates to the allocation category of the application, and is outlined in the table below.



ALLOCATION CATEGORIES	THE NUMBER OF YEARS THE COMMITTEE CAN COMMIT TO GIVING FUNDS TO AN APPLICANT, IN FUTURE ALLOCATION ROUNDS
Council/community owned infrastructure	Up to 10 years (the current allocation round, and the next 9 allocation rounds)
Operational costs	Up to three years (the current allocation round, and the next two allocation rounds)
Community projects	One year (just the current allocation round)

Allocations in each funding year will include those funds committed from prior years.

The subcommittee will work with staff to develop a 10 Year Funding Plan as part of each three year Long Term Plan cycle. This plan would then be approved by Council through the Long Term Plan. The plan could be used to provide forecasting around future revenue streams and also to enable the subcommittee to have a view on what proportions it might want to allocate towards multi-year commitments.

General points about allocation

Local and central government can make applications for funding.

Funding can be allocated to an applicant when he/she has received funding for the same or a similar thing, on a previous occasion.

Applicants are not required to have spent the funding that has been allocated to them previously, in order to be eligible for further funding.

The subcommittee can elect to allocate a lower level of funding to an applicant, but it cannot allocate more than what the applicant has requested.

When an application is considered by the subcommittee, the applicant will be notified within two weeks of the subcommittee meeting whether or not their application was successful, and if it was successful, the amount of funding allocated.

The subcommittee will not give further funding to applicants if they have not returned their accountability form to Council (when they have been required by this policy, to do so).

11.0 Accountability

Applicants will be required to complete and provide Council with Accountability Forms. Accountability Forms must be returned to Council before 31 March, the year after the subcommittee grants the applicant funds. If an applicant hasn't used all (or any) of the funds by that time, the Accountability Form must still be completed. An applicant also must complete the Accountability Form by 31 March each subsequent year (even if the applicant outlines that no funding has been spent), until all of the funding allocated has been accounted for by way of an Accountability Form and/or returned to Council and the fund.

Any funds that are not spent by applicants (completing what was outlined in their application), within five years of the decision to allocate the applicant funding, must be returned to Council and the fund.



If any funding is returned, information on the amount and why the funding was returned, will be communicated to the subcommittee at the annual allocation meeting.

12.0 Review

Council will review the Stewart Island/Rakiura Visitor Levy Bylaw and this policy within six years of adoption.



APPENDIX A: DOCUMENTS WHICH CAN BE USED TO CLAIM EXEMPTION OR REFUND

The table below contains a list of documents which will be accepted as proof of exemption from the need to pay the Stewart Island/Rakiura Levy.

These documents will be accepted in relation to (1) applying for a photo identification card and (2) applying for a refund.

Original documentation from both Category A and Category B must be presented concurrently. Council requires proof of both identity and levy exemption status. A current address will need to be provided to receive notice of renewals and other information.

This is not a comprehensive list and other equivalent documents may be accepted when applying for a Southland District Council photo identification card or applying for levy refund.

AT LEAST ONE PHOTO ID MUST BE PRODUCED FROM CATEGORY A (THE NAME ON THE DOCUMENT MUST BE EXACTLY THE SAME AS THE APPLICANTS NAME)	
Passport (Passports can be accepted up to two years past the expiry date)	
Proof of Age card with photo	
Drivers Licence	
Public Service Employee ID card bearing photo	
Education ID card bearing photo	
Firearms Licence	
AT LEAST ONE FORM OF IDENTIFICATION FROM CATEGORY B	
REASON FOR EXEMPTION	EXAMPLE OF ACCEPTED PROOF OF EXEMPTION
<ul style="list-style-type: none"> • ratepayers • tenants • residents 	<p>One or more of the following documents showing name and address on Stewart Island/Rakiura:</p> <ul style="list-style-type: none"> • notice of rates or VG number verified by Rates Department. Rates Notices must state that the applicant is the owner of the property to which the Rates Notice was sent and the document must be current at the time of the application. • tenancy Agreement. • utilities bill. • insurance renewal advice. • motor vehicle registration. • electoral roll number. • mortgage documents. • current land titles office records.
<ul style="list-style-type: none"> • spouses of a ratepayer or tenant. • civil union or de facto partner of a ratepayer or 	<ul style="list-style-type: none"> • application to be made in conjunction with the respective person.



tenant. • dependents of a ratepayer or tenant.	
• Rakiura Maori Land Trust beneficiaries.	• Council may be able to check property rights via the www.maorilandonline.govt.nz website or work with the Rakiura Māori Land Trust to access its database of beneficiaries.
• people under the age of 18.	• passport. • school student concession card. • birth certificate.
• owners or those working on transport vessels.	• employment documentation (eg, payslips, letter from employer).
• visitors whose visit is for 21 days or more.	• tickets or invoices showing names and dates of arrival and departure. • receipts for accommodation covering the relevant time period.



Appendix B: Appointing representatives to the subcommittee

Representative recommended by each of the Approved Operators

Council will request the Approved Operators to nominate a person to be a voluntary member on the subcommittee.

Representative for iwi

Council will, in accordance with its Charter of Understanding with Te Ao Marama Incorporated, seek an iwi representative to be a voluntary member on the subcommittee. If a willing iwi representative is not identified through liaising with Te Ao Marama Incorporated, Council will then approach other people who may be suitable for the role.

The appointment of a member to represent iwi will be reviewed every three years, after Council elections.

Representative from Stewart Island/Rakiura

Council will request expressions of interest from Stewart Island/Rakiura residents and ratepayers, to be a voluntary member on the subcommittee. A person will be selected by Council, following consideration of:

- the skills and experience of those interested
- the extent that conflicts of interest would be likely if the individual became a member (there is a preference for minimal/no conflicts being likely)
- the extent that the individual knows tourist/visitor requirements and impacts on the island.

If no-one suitable expresses interest, Council will approach people who may be suitable for the role.

The appointment of the Stewart Island/Rakiura representative will be reviewed every three years, after Council elections.

SOUTHLAND DISTRICT COUNCIL**STEWART ISLAND/RAKIURA VISITOR LEVY BYLAW 2012**

This Bylaw is made under the Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012 in accordance with the Local Government Act 2002.

1. TITLE AND COMMENCEMENT

- (a) This Bylaw may be cited as the Southland District Council Stewart Island/Rakiura Visitor Levy Bylaw 2012.
- (b) This shall come into operation on 1 October 2013.

2. PURPOSE OF BYLAW

This Bylaw is made to prescribe:

- (a) The rate of the levy that shall be imposed on or in respect of visitors; and
- (b) The means by which the levy is to be collected.

This Bylaw does not apply to a person who travels to or from Stewart Island/Rakiura under a contract of carriage with an Approved Operator (as defined in the Act) or who is otherwise excluded from the definition of visitor under the Act. As at the date of this Bylaw the Approved Operators are Real Journeys Limited (on behalf of Stewart Island Experience Limited), Stewart Island Flights Limited and ISS McKay Limited (as agent for the cruise ship operators).

3. INTERPRETATION

In this Bylaw, unless the context requires otherwise:

"**Act**" means the Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012.

"**Council**" means the Southland District Council.

"**GST**" means goods and services tax chargeable under the Goods and Services Act 1985.

"**Levy**" means the levy set under clause 4 of this Bylaw.

"**Visitor**" has the same meaning as in the Act. For the avoidance of doubt, as at the date of this Bylaw this excludes a person who travels to or from Stewart Island/Rakiura under a contract of carriage with an Approved Operator (as defined in the Act) or who is otherwise excluded from the definition of visitor under the Act.

4. **LEVY FOR VISITORS TO STEWART ISLAND/RAKIURA**

The levy for a visitor who travels to Stewart Island/Rakiura is \$5 (inclusive of GST).

5. **SURROUNDING ISLANDS**

For the avoidance of doubt, a visitor who has paid a levy for travel to Stewart Island/Rakiura shall not be required to pay an additional levy for return travel from Stewart Island/Rakiura to a surrounding Island.

6. **MEANS OF COLLECTION OF LEVIES**

Levies will be collected:

- (a) By the Council at its offices and on the Council's website (when available); and
- (b) By agents of the Council appointed to collect levies on its behalf. Details of the agents who have been appointed to collect levies will be given on the signs erected by the Council at major points of entry on Stewart Island/Rakiura under Section 5(3) of the Act and on the Council's website.

7. **OFFENCES AND PENALTIES**

A person commits an infringement offence under the Act who:

- (a) Evades the payment of a Levy payable by that person; or
- (b) Falsely claims that he or she is not a visitor.

The infringement fee for each infringement offence will be set by regulations made under the Act.

This Bylaw has been made and confirmed by a resolution passed at a meeting of the Southland District Council held on Wednesday 12 December 2012.

THE COMMON SEAL of the
SOUTHLAND DISTRICT COUNCIL
was hereunto affixed in the presence of:

[Signature]
[Signature]

}
}
}

MAYOR

CHIEF EXECUTIVE



POLICY: STEWART ISLAND/RAKIURA VISITOR LEVY

ROLE RESPONSIBLE: Activity Manager Community Assistance

DATE APPROVED: 23 February 2017

DATE AMENDED:

FILE NO: R/17/1/1098

1.0 PURPOSE

This policy provides guidance on governance and administration of the Stewart Island/Rakiura Visitor Levy. The policy outlines who is liable to pay the levy as well as how the levy will be collected, administered, allocated and enforced.

2.0 BACKGROUND

Although Stewart Island/Rakiura has a small resident population, it is a destination for a large number of short-term visitors. This creates a unique funding challenge for Southland District Council.

The Southland District Council (Stewart Island/ Rakiura Visitor Levy) Empowering Act 2012 (the Act) was passed into law on 26 March 2012. The Act empowers Southland District Council set and collect levies and obtain revenue from visitors to Stewart Island/ Rakiura. Under the Act, funds must be used to better provide services, facilities, and amenities for Island visitors.

3.0 DEFINITIONS

The Act - the Southland District Council (Stewart Island/ Rakiura Visitor Levy) Empowering Act 2012.

Council - the Southland District Council.

Island - Stewart Island/Rakiura.

Levy - the sum of money (inclusive of GST) collected under Stewart Island/ Rakiura Visitor Levy Bylaw 2012.

Revenue - revenue (inclusive of GST) collected under Stewart Island/ Rakiura Visitor Levy Bylaw 2012, by an approved operator in accordance with contractual arrangements with the Council.

Visitor - any person who travels to the Island and is not exempt from payment of levy or revenue under the Act or the provisions of this policy.

Approved Operator - once an agreement is reached between Southland District Council and a transport vessel operator for the collection and payment of revenue, the operator becomes an Approved Operator. The Approved Operators are Real Journeys on behalf of Stewart Island Experience, Stewart Island Flights and ISS McKay on behalf of the cruise ships.

Agent - a business entity that enters into a contractual arrangement with Southland District Council to collect the Levy from its passengers on behalf of the Council.

Resident - a person recognised as living on the Island for electoral residency purposes under Section 23 of the Local Electoral Act 2001.

Ratepayer - a person who is named on a current rates notice of a rating unit on the Island. Only persons who are named on current rates notices are considered to be ratepayers, regardless of who funds rates payments.

Tenant - a person who has a tenancy agreement for a rating unit on the Island under the provisions of the Residential Tenancies Act 1986.

Dependant - a person primarily under the care and responsibility of another person, living with that person as a member of their family and substantially reliant on that person for financial support.

Activity - has the meaning given in Section 5(1) of the Local Government Act 2002 This includes:

- (a) the provision of facilities and amenities; and
- (b) the making of grants; and
- (c) the performance of regulatory and other governmental functions.

Freedom traveller - a visitor who travels to the Island by means other than as a passenger of an approved operator. This includes chartered vessels and independent travel. It does not include people who travel via the ferry (Stewart Island Experience) or scheduled flight (Stewart Island Flights) or cruise ships.

Rakiura Māori Land Trust - the Rakiura Māori Lands Trust is governed by six Trustees appointed by the Māori Land Court upon recommendation from the beneficial owners. The Rakiura Māori Land Trust holds lands and funds in trust for many Rakiura Māori descendants.

4.0 COLLECTION

The Act provides for the collection of money from two sources:

1. **Revenue** collected on behalf of Southland District Council by Approved Operators; and
2. **Levy** income from visitors arriving as freedom travellers.

Through contractual arrangements, Southland District Council will collect *revenue* from Approved Operators. Approved Operators include Stewart Island Experience (the ferry), Stewart Island Flights (scheduled airline service) and cruise ships. Passengers will pay the Approved Operator in accordance with the terms of carriage ie, the levy will form part of their ticket price.

However, if the person travels via an Approved Operator and pays a local or child fare, the Approved Operator will not charge the levy.

Under the Stewart Island/Rakiura Visitor Levy Bylaw 2012, Southland District Council will collect the *levy*. The *levy* will be collected from freedom travellers, ie those who are visitors under the Act but do not travel as passengers of an Approved Operator. Where a person is a freedom traveller the categories of exemption in Clause 4.1 apply. This means that if a person is not exempt, he or she will have to pay the levy.

The Act exempts people visiting the Island for a continuous period of 21 days. If revenue is collected from such individuals, they can seek a refund from Southland District Council by providing proof they have been on the Island for at least 21 days.

4.1 Who Pays

All individuals travelling to Stewart Island/Rakiura must pay the levy or pay revenue to an Approved Operator unless they are exempt under the Act or pay a local fare.

The Act provides several categories of exemption. These are:

1. Residents, ratepayers and tenants of Stewart Island/Rakiura and their spouses, civil union partners, de facto partners, or dependants;
2. Beneficiaries of the Rakiura Māori Land Trust or individuals who have an ownership interest in a Māori land block on the Island;
3. Visitors who remain on the Island for any continuous period of 21 days or more;
4. Owners of a transport vessel or individuals employed under contract to work on a transport vessel;
5. Individuals whose visit is entirely within the boundaries of the Rakiura National Park;
6. Persons under the age of 18 years on the date of arrival on the Island.

Where the resident or ratepayer exemption applies to a person, the exemption does not automatically apply to the whole family or group. The exemption applies to the ratepayer(s) set out on the rates notice and their spouse, civil union partner, de facto partner or dependant. This does not include visiting adult children or grandchildren (unless they are dependants). Holiday home owners are exempt if they are a ratepayer on the Council's rates notice. However, beneficiaries of family trusts are unlikely to be exempt if they are not designated by name as ratepayers on the Southland District Council rates notice.

The exemption does not apply to visiting trades-people unless the person stays for more than 21 days. Volunteer visitors are also required to pay the levy unless they fall within a category of exemption.

Visiting entirely within the boundaries of the Rakiura National Park means the person visiting does not arrive or leave through the township of Oban.

5.0 CALCULATION

The amount of the levy is set out in the Stewart Island/Rakiura Visitor Levy Bylaw 2012 and is currently set at \$5.00.

In the event an increase in the levy amount is considered, public consultation will occur via the Southland District Council Annual/ Long Term Plan process. If Council decides to increase the levy amount, the increase will not take effect until 1 October in the year following the decision ie, Approved Operators will receive 15 months lead in time before they start collecting the new amount.

5.1 Arrangements with Approved Operators

Approved Operators will collect revenue on behalf of Southland District Council in accordance with contractual arrangements. The contractual arrangements will be negotiated for each Approved Operator taking into account the individual circumstances of each transport business.

Apart from cruise ships, Approved Operators will charge the levy for both inbound and outbound journeys (\$2.50 each way). This allows for passengers who use different modes of transport to travel to and from the Island and allows the levy to be apportioned across the modes of transport on an equitable basis.

5.2 Collection of the Levy from Freedom Travellers

The Stewart Island/Rakiura Visitor Levy Bylaw 2012 outlines levy collection from visitors who travel to the Island via private or chartered transportation ie, freedom travellers. A levy of \$5.00 will be payable when the person arrives on the Island. Southland District Council has provided a collection box to receive payments, placed at the Southland District Council office at 10 Ayr Street, Oban. Freedom travellers can deposit levy payments at this location at any time. Southland District Council will also enter into agreements with an agent(s) operating chartered vessels to collect the levy from passengers on behalf of Southland District Council.

Only one payment is required per person for the duration of their stay on the Island. Travel to neighbouring Islands (excluding the mainland) will not constitute leaving the Island.

6.0 PROOF OF EXEMPTION

Persons exempt under the Act can apply for a Southland District Council photo identification card. Southland District Council photo identification cards will be accepted as proof of exemption by Approved Operators and agents. They will also be accepted by enforcement officers monitoring compliance with the Stewart Island/Rakiura Visitor Levy Bylaw 2012.

A Southland District Council photo identification card will be issued and renewed at no cost to exempt applicants. Renewing a Southland District Council photo identification card will require confirmation of entitlement using documentation as set out in Appendix A. Photographs will also be updated at the time of renewal. It is the responsibility of the card holder to advise the Council of any change in contact details or exemption status.

The card remains the property of Southland District Council. Cards are not transferable and cardholders retain sole responsibility for use of the card issued to them. A replacement fee will apply to lost or damaged cards. This fee will be set out in the Southland District Council Schedule of Fees and Charges.

Agreements between Southland District Council and Approved Operators are reached on an individual basis and may differ. A Southland District Council photo identification card may be required by the Approved Operator at the time of ticket purchase or boarding the vessel for an exemption to be granted.

Each Approved Operator may choose to compile a list of names eligible for local fares. Eligibility for a local fare is a commercial decision made at the discretion of Approved Operators and is not influenced or administered by Southland District Council. Individuals can contact Approved Operators to ascertain whether they maintain such a list and to determine their eligibility for inclusion. Eligibility for local fares may mean that there is no requirement to apply for and carry a photo identification card when travelling.

6.1 Application for Exemption

An application to receive a Southland District Council photo identification card can be made by attending the Southland District Council office located at 15 Forth Street, Invercargill or by sending a completed application form to PO Box 903, Invercargill 9840 accompanied by a colour passport sized photo of each applicant.

Applicants are also required to provide documentation which proves their exemption. Examples of accepted documentation to prove exemption status are set out in Appendix A.

Two categories of card will exist, distinguished from one another by colouring. The first category will cover people with long term exemptions, including ratepayers, residents and beneficiaries of the Rakiura Māori Land Trust. Cards issued to individuals in this category will be valid for a period of up to five years.

A second category of card will be issued to people who have a temporary exemption due to circumstances such as seasonal work or extended temporary stay on the Island. These cards will be valid for a fixed period of time up to six months. To align with seasonal work trends, fixed periods for temporary cards will be from 1 October to 31 March and from 1 April to 30 September each year.

7.0 **REFUNDS**

People who have been charged the levy but believe that they are exempt under the Act can apply to Southland District Council to receive a refund. Refund applications should state the reason for the claim, along with a copy of supporting documentation as set out in Appendix A.

An application for a refund must be made within six months of the date of travel.

8.0 **AUDIT**

Southland District Council has the ability to audit the collection and payment of the levy by agents and revenue by Approved Transport Operators. Audit procedures may include a review of visitor numbers against funds received.

9.0 ENFORCEMENT

Part 2 of the Act outlines infringement offences. Any person considered a visitor that has evaded payment or falsely claims that they are not a visitor will be considered to have committed an infringement offence.

An infringement fee is set by way of regulation and will be displayed on signs erected on the Island. Infringement notices can be issued by Southland District Council Enforcement Officers. Enforcement Officers are authorised to request proof of payment or exemption from individuals.

Southland District Council photo identification cards are accepted as proof of exemption. A ticket issued by an approved transport operator, a cruise ship boarding pass or a receipt from the collection box or a levy collection agent will also be accepted as proof of payment.

10.0 ADMINISTRATION

The Stewart Island/Rakiura Visitor Levy Subcommittee (the Subcommittee) has delegated responsibility to make decisions regarding funding from the Stewart Island/Rakiura Visitor Levy Fund. Decisions will be based on the compatibility of applications with allocation criteria and alignment with strategic outcomes determined by the Subcommittee.

The Stewart Island/Rakiura Visitor Levy Subcommittee is a Subcommittee of the Community and Policy Committee and is subject to standard audit procedures. The Community and Policy Committee will be informed of funding decisions via memoranda. Southland District Council's Annual Report will contain an itemised statement of the Stewart Island/ Rakiura Visitor Levy Fund each year.

10.1 Stewart Island/ Rakiura Visitor Levy Subcommittee Membership

The Subcommittee will meet annually to review applications and allocate funding. The Subcommittee will consist of the following members appointed by Council:

- A representative recommended by each of the Approved Operators (three in total).
- One Community Board representative and the Councillor for Stewart Island.
- One independent Councillor who will act as a representative of Southland District Council and be appointed by the Council. The independent Councillor will act as Chair of the Subcommittee.

The Chair of the Subcommittee will have a casting vote, which can only be exercised to resolve an evenly split vote.

10.2 Technical Advisory Group

The Subcommittee will be supported by a Technical Advisory Group (TAG). The TAG will be appointed by Southland District Council to provide strategic insight and technical expertise regarding funding applications. The Technical Advisory Group will provide recommendations to the Subcommittee based on an assessment of the demand for projects, their viability, likely impact and alignment with strategic outcomes.

10.3 Allocation Criteria

Allocations will be made in May of each year. The application process will be administered by Venture Southland. Advertisements will be placed once the fund is open to receive applications and will include the deadline for receipt of applications. Late applications will not be considered.

Only funds that have been received by Southland District Council at the time of advertisement will be allocated.

To be considered for funding, applications must be consistent with Section 6(b) of the Act. Section 6(b) states that revenue and levies collected must be used to fund:

1. Activities used by visitors;
2. Activities on the Island for the benefit of visitors; or
3. To mitigate the adverse effects of visitors on the environment of the Island.

These criteria do not exclude applications for funding in relation to the development or maintenance of existing facilities, services and projects. However, no funds will be allocated retrospectively for projects that have already been completed.

In considering applications, the Subcommittee will give priority to applications for activities or projects that can demonstrate the widest public benefit. Applications that primarily benefit a single or limited number of persons or entities will be given a low priority.

Applications to the Stewart Island/Rakiura Visitor Levy Fund must be made using the appropriate documentation provided by Venture Southland. All applications must include:

- An outline of the project or work requiring funding, including a timeline.
- If the project involves physical works, scale conceptual plans including site plans.
- Any requirement for resource or building consent.
- A business plan for the project including costs and on-going funding requirements, if any.
- Evidence of legal status of the applicant (eg, charitable trust or body corporate).
- An assessment of how the project meets the purposes of the Act and responds to the set strategic outcomes.
- Declarations of interest.

If a Subcommittee member has any connection to an application greater than that of the general public that member should declare an interest in the relevant application, prior to it being considered. In such circumstances, the member affected shall still be entitled to speaking and voting rights, unless the member has a pecuniary interest in the application.

11.0 REVIEW

Southland District Council will review the Stewart Island Rakiura Bylaw and this Policy within 6 years of adoption.

APPENDIX A: DOCUMENTS WHICH CAN BE USED TO CLAIM EXEMPTION OR REFUND

The table below contains a list of documents which will be accepted as proof of exemption from the need to pay the Stewart Island/Rakiura Levy.

These documents will be accepted in relation to 1) applying for a photo identification card and 2) applying for a refund.

Original documentation from both Category A and Category B must be presented concurrently. Southland District Council requires proof of both identity and levy exemption status. A current address will need to be provided to receive notice of renewals and other information.

This is not a comprehensive list and other equivalent documents may be accepted when applying for a Southland District Council photo identification card or applying for levy refund.

At least one photo ID must be produced from Category A	
The name on the document must be exactly the same as the applicant's name	
<ul style="list-style-type: none"> • Passport (Passports can be accepted up to two years after the expiry date). • Proof of Age Card with photo. • Drivers Licence. • Public Service Employee ID Card bearing a photo. • Education ID Card with photo. • Firearms licence. 	
At least one form of identification from Category B	
Reason for exemption	Example of accepted proof of exemption
<ul style="list-style-type: none"> • <i>Ratepayers.</i> • <i>Tenants.</i> • <i>Residents.</i> 	<p>One or more of the following documents showing name and address on Stewart Island:</p> <ul style="list-style-type: none"> • Notice of rates or VG number verified by Rates Department. Rates Notices must state that the applicant is the owner of the property to which the Rates Notice was sent and the document must be current at the time of the application. • Tenancy Agreement. • Utilities bill. • Insurance Renewal Advice. • Motor Vehicle Registration. • Electoral roll number. • Mortgage documents. • Current Land Titles Office records.
<ul style="list-style-type: none"> • <i>Spouses of a ratepayer or tenant.</i> • <i>Civil union or de facto partner of a ratepayer or tenant.</i> • <i>Dependants of a ratepayer or tenant.</i> 	<ul style="list-style-type: none"> • Application to be made in conjunction with the respective person.
<ul style="list-style-type: none"> • <i>Rakiura Māori Land Trust beneficiaries.</i> 	<ul style="list-style-type: none"> • Southland District Council may be able to check property rights via the www.Maorilandonline.govt.nz website or work with the Rakiura Māori Land Trust to access its database of beneficiaries.
<ul style="list-style-type: none"> • <i>People under the age of 18.</i> 	<ul style="list-style-type: none"> • Passport. • School student concession card. • Birth Certificate.
<ul style="list-style-type: none"> • <i>Owners or those working on transport vessels.</i> 	<ul style="list-style-type: none"> • Employment documentation (eg, payslips, letter from employer).
<ul style="list-style-type: none"> • <i>Visitors whose visit is for 21 days or more.</i> 	<ul style="list-style-type: none"> • Tickets or invoices showing names and dates of arrival and departure. • Receipts for accommodation covering the relevant time period.

Stewart Island/Rakiura Service Sustainability Review

Record No: R/18/12/28512
Author: Steve Ruru, Chief Executive
Approved by: Steve Ruru, Chief Executive

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 To seek Council approval of the terms of reference and unbudgeted expenditure for completion of the Stewart Island/Rakiura Service Sustainability Review.

Executive Summary

- 2 At its meeting on 5 September 2018, Council considered and approved a report requesting unbudgeted expenditure, to be funded from the district operations reserve, to allow for urgent maintenance repairs to the Ulva Island and Millers Beach jetties.
- 3 In approving the request Council asked staff to develop terms of reference for a proposed service sustainability review. The request reflected an underlying concern about the need to better understand the financial and service sustainability issues associated with delivering services to the Stewart Island/Rakiura community.
- 4 It was originally intended that the review would be focussed purely on the delivery of Council services. Council subsequently made a decision at its 18 December 2018 meeting, however, to retain the current level of the visitor levy at \$5 until the service sustainability review process can be completed and provide information that would assist with determining what might be an appropriate level for the visitor levy moving forward. As a result the scope of the review has been widened to include consideration of visitor related services that are provided by community groups and other non-Council related entities.
- 5 Terms of reference for the project, as originally conceived, were developed and endorsed by the Stewart Island/Rakiura Community Board at its meeting on 10 December. Comment has not been sought from the community board about the changes made to the terms of reference to reflect the 18 December 2018 Council decision.
- 6 This report seeks Council approval for the terms of reference and the unbudgeted expenditure required to enable the project to proceed.

Recommendation

That the Council:

- a) Receives the report titled “Stewart Island/Rakiura Service Sustainability Review” dated 23 January 2019.**
- b) Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) Approve the terms of reference for the Stewart Island/Raikura Service Sustainability Review.**
- e) Approve unbudgeted expenditure of up to \$50,000, to be funded from the district operations reserve, to enable a suitable contractor to be employed to assist with completion of the review.**
- f) Notes that the terms of reference have been amended from the version presented to the Stewart Island/Rakiura Community Board on 10 December 2018 to reflect the decision made by Council at its 18 December meeting to ask that the review also be used to inform decisions about what might constitute an appropriate quantum for the visitor levy in the future.**

Background

- 7 At its meeting on 5 September 2018, Council considered and approved a report requesting that unbudgeted expenditure to be funded from the district operations reserve, be approved to allow for urgent maintenance repairs to the Ulva Island and Millers Beach jetties.
- 8 The Council report followed on from an earlier decision of the Stewart Island/Rakiura Community Board to decline to fund the maintenance works from their local reserves. This decision, and the lack of a structured funding plan to ensure that all jetties are able to be operated and maintained to an appropriate standard is indicative of a number of local activity funding challenges that exist on the Island. There is for example, work currently being progressed to review the Stewart Island Electrical Supply Authority activity. This follows on from concerns being raised over a number of years about the cost of supplying electricity on the Island.
- 9 Given the broad range of funding issues that appear to exist, Council asked that staff develop terms of reference for a proposed review of the service sustainability challenges that might exist in relation to the delivery of Council activities (services) to the Stewart Island/Rakiura community.
- 10 During 2018 Council completed a review of the Stewart Island Visitor Levy policy and bylaw. As part of this process it consulted on a proposal to increase the levy from \$5 to \$15.
- 11 At its meeting on 18 December 2018 Council made a decision to retain the levy at its current level of \$5 until the service sustainability review has been completed. This decision reflected the need to be able to outline a clear expenditure need to be funded from any increase in the levy. It is also important to recognise that the visitor levy is only one of a number of funding sources available to Council and hence all of the communities funding needs, whether they be generated by Council or other agencies/community groups should be met from the full range of funding tools available and not rely unduly on the visitor levy.
- 12 The decision made by Council at its 18 December meeting means that the terms of reference for the service sustainability review should be widened to include an assessment of non-Council delivered services that support visitors to the Island which may seek a level of assistance from the visitor levy.

Issues

- 13 The proposed terms of reference for the service sustainability review are attached (Attachment A) for Council consideration and approval.
- 14 The terms of reference have been changed since the version (Attachment B) that was considered by and endorsed by the Stewart Island/Rakiura Community Board at its 10 December 2018 meeting to reflect the need to recognise the likely level of demand from non-Council groups for funding from the visitor levy. The changes made are not seen as being of such significance that they need to be referred back to the community board for further input at this stage.

Factors to Consider

Legal and Statutory Requirements

- 15 Section 17A of the Local Government Act 2002 contains provisions which require that local authorities review the cost effectiveness of the service delivery methods that they use for delivering service at least once every six years.
- 16 Section 17A(4) requires that any such review should “...*consider options for the governance, funding and delivery of infrastructure services...*”. Hence, the requirement is for the review process to be comprehensive and consider internal as well as external governance, management and service delivery arrangements.
- 17 While the section 17A provisions do not explicitly require the completion of a review that is as broad as that proposed for the Stewart Island/Rakiura Service Sustainability Review they are of relevance given that parts of the review could be seen as meeting this legislative requirement for services delivered to the Stewart Island/Rakiura community.
- 18 Under the Local Government Act 2002 local authorities are required to identify, in their long term plan, their expenditure needs and how those needs are to be met from the range of funding tools at their disposal.
- 19 The visitor levy is identified, under section 6 of the Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012, as being a source of revenue under section 103 of the Local Government Act 2002.
- 20 These provisions mean that it is important that Council’s adopted long term plan identify the level of expenditure needed to support visitor related services to be delivered to the Stewart Island/Rakiura community that are to be funded via the levy, whether these be delivered by Council or another organisation. Council currently meets this requirement by including projections related to the level of visitor levy expected to be collected.

Community Views

- 21 The community expects Council to set realistic levels of service so that agreed services can be delivered in a financially sustainable and affordable way. At present adequate provision is not being made within the long term plan to deliver the agreed levels of service. The funding being set aside for the funding of water structures is a good example of an area in which there is a known funding gap. It is important that these gaps are identified so that an informed decision on the levels of service to be delivered and how they are to be funded can be made in consultation with the community.
- 22 The views of the Stewart Island/Rakiura Community Board have been sought in developing the original terms of reference for the project. The board were supportive of the review subject to the costs being funded by the district.

Costs and Funding

- 23 Completion of the review will require significant input from staff, which is currently not allowed for in current work programmes. As a result there will need to be some reprioritisation of work to ensure that the project can be supported in an appropriate manner.

- 24 Staff are also of the view that there is merit in employing an external resource to lead the review process. This will bring a level of independence and ensure that the review can be completed in a timely manner.
- 25 Depending on the review findings there may also be merit in using an external contractor to assist with the community engagement process. This is a decision that should be made once we have the outputs from the review.
- 26 At this stage staff have not sought proposals for leading the review process and/or any subsequent community engagement process. This will be done once the terms of reference have been approved.
- 27 As a result it is difficult to provide an accurate indication of the likely cost of the exercise. Staff propose, however, that unbudgeted expenditure of up to \$50,000 be approved for the project. It is possible that this may be able to be funded through MBIE community planning funding but this will need to be discussed with MBIE once the scope of the work is clear. In the interim it is recommended that Council approve an allocation of funding from the district operating reserve.

Policy Implications

- 28 Council has specified its current levels of service and performance measures in its 2018 Long Term Plan and associated Activity Management Plans.

Non-Council Services

- 29 As noted the terms of reference have been broadened to include the level of demand for funding that might exist for non-Council delivered services. To date approximately 30% of the visitor levy funds have been allocated to local community groups.
- 30 It is envisaged that the assessment of the likely level of demand from these groups would be assessed through discussions with the known 'major' groups that delivery visitor related services. This would include, for example, Stewart Island Promotions and the museum society. A judgement would then be made about the likely level of visitor levy funding that might be made available to other groups.
- 31 The outputs from this work, when combined with the information gathered in relation to Council activities/services can then be used to develop a model outlining the likely level of demand for visitor related services and the extent to which these might be funded from the visitor levy as distinct from other available funding sources.

Analysis

Options Considered

- 32 The options considered are for Council to approve the proposed terms of reference as currently drafted (option 1), approve the scope to focus only on Council delivered activities and services (option 2) or not proceed with the review (option 3). Option 2 is consistent with the terms of reference that were presented to the community board.

Analysis of Options

Option 1 – Approve the terms of reference

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Will enable Council and the community to develop a clear understanding of the challenges associated with delivering services to Stewart Island/Rakiura.• The outputs from the review will support improved long term decision making and ensure that the desired levels of service can be delivered in a sustainable manner.• The outputs from the review can be used to inform development of the 2021 LTP and a future review of the visitor levy quantum.• Is consistent with community planning work completed in 2017. Will allow the review to proceed in a manner that takes account of the community board views.	<ul style="list-style-type: none">• Completion of the project will require a reprioritisation of existing work programmes and the allocation of unbudgeted expenditure.• The views of the community board have not been sought on the amendments made to broaden the review to include demand for visitor levy funding from community groups.

Option 2 – Amend terms of reference to focus only on Council services

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Will enable Council and the community to develop a clear understanding of the challenges associated with delivering Council services to Stewart Island/Rakiura.• The outputs from the review will support improved long term decision making and ensure that the desired levels of service can be delivered in a sustainable manner.• The outputs from the review can be used to inform development of the 2021 LTP and a future review of the visitor levy quantum.• Is consistent with community planning work completed in 2017.• Is consistent with the terms of reference presented to the community board and as such will allow the review to proceed in a manner that takes account of the community board views.	<ul style="list-style-type: none">• Completion of the project will require a reprioritisation of existing work programmes and the allocation of unbudgeted expenditure.

Option 3 – Not proceed with project

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Costs of completing the review will be avoided.• Responsibility for managing the risks and costs associated with the delivery of local services will remain with the community board and district services with Council. This will require stronger prioritisation of available resources which should be reflected in the relevant levels of service.	<ul style="list-style-type: none">• Will mean that there is continued uncertainty about the sustainability of Council services delivered to the Stewart Island community.• If Council does not proceed with the review then there will be a lack of information about the extent of the challenges faced and how they might best be addressed.• Challenges will not be able to be addressed as part of the 2021 LTP.

Assessment of Significance

- 33 In this report Council is being asked to endorse the terms of reference for the proposed service sustainability review.
- 34 While the decision to initiate the review reflects a number of concerns that Council has about the long term sustainability of the services delivered to Stewart Island, an issue which is clearly of some significance to this community, a decision to initiate the review is not in itself seen as being significant. The decisions that Council makes once it has the information from the review, particularly if it proposes a number of changes to either service levels and/or funding sources/levels could, however, meet the significant threshold.

Recommended Option

- 35 It is recommended that Council adopt option 1 and approve the terms of reference and the allocation of unbudgeted expenditure of \$50,000 to enable the review to be progressed. This option is consistent with the decisions that it has previously made to ask for terms of reference to be drafted and for it include the likely level of demand for visitor levy funding in the future.
- 36 It is noted that the Stewart Island/Rakiura Community Board have not had the opportunity to provide comment on the changes made to the terms of reference as a result of the decision made by Council at its 18 December meeting.

Next Steps

- 37 Staff will proceed with the review including seeking to engage a suitable external consultant to assist with it.

Attachments

- A Terms of Reference - updated January 2019 [↗](#)
- B Terms of Reference - original version [↗](#)



Stewart Island/Rakiura Service Sustainability Review

Purpose

- 1 This paper seeks to outline the terms of reference for the proposed Stewart Island/Rakiura Service Sustainability Review.

Background

- 2 At its meeting on 5 September 2018, Council considered and approved a report requesting that unbudgeted expenditure, to be funded from the district operations reserve, be approved to allow for the undertaking of urgent maintenance repairs to the Ulva Island and Miller's Beach Jetties.
- 3 The Council report followed on from an earlier decision of the Stewart Island/Rakiura Community Board to decline to fund the needed maintenance works from their local reserves.
- 4 The decision made by the Stewart Island/Rakiura Community Board to not allocate funding for the urgent repairs required and direct that the Ulva Island Jetty is not to be closed, raised a number of issues. These included:
 - Whether it was appropriate for the Ulva Island jetty to remain open, even if the size and weight of vessels allowed was restricted.
 - The decision is inconsistent with the conditions in the resource consents that Council has for both of these jetties.
 - Whether the closure will have reputational consequences for Stewart Island/Rakiura as a tourist destination.
 - Whether it created a health and safety risk for people using these jetties and therefore was inconsistent with Council's statutory obligations.
 - It is inconsistent with Council policy including the desired levels of service for this activity.
 - It is inconsistent with good asset management practice.
 - The long term sustainability of the funding mechanisms that are currently in place for funding the Stewart Island/Rakiura water structures.
- 5 The decision made was also indicative of what appears to be a number of local funding challenges that exist in relation to the funding of local activities provided to the Stewart Island/Rakiura community. There, is for example, work currently being scoped, to progress a review of the Stewart Island Electrical Supply activity. This follows on from concerns being raised over a number of years about the cost of supplying electricity on the Island.
- 6 Given the broad range of funding issues that appear to exist, Council asked that staff develop terms of reference for a proposed review of the sustainability challenges that might exist in relation to the delivery of Council activities (services) to the Stewart Island/Rakiura community. The resolution that Council passed in this regard was:



Asks the Chief Executive to develop, in consultation with the Stewart Island/Rakiura Community Board, a project scope for a potential project to investigate the strategic challenges associated with the provision and funding of Council services on Stewart Island/Rakiura.

- 7 The issues arising from the current jetties funding decisions also need to be seen against the background of the Stewart Island Community Planning Report that was completed in March 2018 and the Stewart Island Jetties consultation process that was completed in 2017.
- 8 Since its meeting on 5 September 2018, Council has completed a review of the current Stewart Island/Rakiura visitor levy and bylaw. As part of this review process it consulted on a proposal to increase the levy from \$5 to \$15. Following consideration of the feedback received Council made a decision to retain the levy at \$5 until the service sustainability review could be completed so that the outputs from the review could be used to inform its future decision-making processes in relation to whether there should be an increase in the visitor levy. It is recognised that the visitor levy is used to fund a number of non-Council delivered activities and services which are utilised by visitors to Stewart Island/Rakiura.

Terms of Reference

Objectives

- 9 The objectives for this review include:
 - To provide an assessment of the strategic and operational challenges associated with the delivery and funding of Council activities to the Stewart Island/Rakiura community so that Council can make decisions about how best to govern, manage and fund the delivery of the services needed by this community.
 - To develop an understanding of the current and desired future levels of service and costs associated with the delivery of Council activities to the Stewart Island/Rakiura community.
 - To provide an assessment of how decisions are made about the range and mix of Council services, that are delivered to the Stewart Island/Rakiura community and how these processes might be improved going forward.
 - To provide an assessment of the current levels and likely future level of non-Council delivered services which service visitors that might seek funding assistance from the Stewart Island/Rakiura visitor levy.
 - To develop an understanding of the range of funding tools that are currently available and the extent to which they are or are not fully utilised at present to support both Council and non-Council delivered services.
 - To develop a financial model that outlines the current costs and likely future costs relating to the future delivery of Council services and how these might be funded using currently available funding tools.



- To develop a model that outlines likely future demand for visitor related services and the extent to which these demands might be met via the visitor levy as distinct from other funding sources.
- 10 The outputs from this review will be used to inform future decisions about the governance, management and funding of services to the Stewart Island/Rakiura community. They will also be used to inform future Council decision-making about potential changes to the Stewart Island/Rakiura visitor levy.

Scope of the Review

- 11 The review is to cover all activities/services delivered by Council to Stewart Island/Rakiura community irrespective of how they are funded and whether they be for residents, ratepayers and/or visitors to the Island.
- The review is to also provide an assessment of the likely level of demand for funding from the Stewart Island/Rakiura visitor levy from non-Council delivered services that are utilised by visitors.
- 12 The review should consider the adequacy and effectiveness of the strategic framework, governance, decision-making, financing and funding framework used to deliver services to Stewart Island/Rakiura. In particular it should consider:

Strategic Challenges

- What is the strategic framework within which the Council determines the range, level and mix of services to be delivered to the Stewart Island/Rakiura community?
- What are the strategic challenges facing the Stewart Island/Rakiura community and the delivery of services to this community?
- What processes do the Council and Community Board have in place for determining the range and level of services to be delivered?

Governance

- Where does the governance responsibility for the management and control of current Council services delivered on Stewart Island/Rakiura rest at present and where should they best sit in the future? In considering this item regard should be given to the current and proposed future Community Board delegations.
- What factors should drive the allocation of decision-making between different levels of Council governance and/or community entities?
- Where and how are decisions relating to the levels of service to be delivered made and what information is used to inform those decisions.

Levels of Service and Asset Management

- What is the current range and levels of service that are delivered to the Stewart Island/Rakiura community?
- Complete an assessment of the completeness or otherwise of the asset condition and performance capability information held for assets on the Island and the ability of those assets to meet projected future needs.



- What is the current condition and service capacity relative to future demand of the infrastructure used to deliver services to the Stewart Island/Rakiura community and what are the likely expenditure requirements to maintain the current capability levels?
- What does this information tell us about the likely future funding requirements for the different assets/services?

Cost Pressures

- What are the factors that drive/determine the cost of delivering services to the Stewart Island/Rakiura community both now and into the future?
- What are the factors affecting the cost of delivering Council services within Southland and local government in general that might influence the cost of service provision in the future?
- What are the current and projected costs of delivering the range of services currently delivered and projected to be needed over the next 10 – 20 years?

Funding and Financing

- What are the current funding tools used to support the delivery of services to the Stewart Island/Rakiura community?
- What is the ability of the current funding models for each activity to deliver on community expectations and Council obligations now and into the future?
- What is the sustainability of using rates as a major funding tool for the Island now and into the future?
- What is the ability of the Island community to meet the projected required levels of rating?
- What level of funding has the visitor levy contributed to the development of Stewart Island/Rakiura assets and services in the past and what levels might reasonably be expected in the future?
- Are there alternative rating and/or funding tools that might be used to support local service delivery into the future?
- Assess the effectiveness of potential new (or increased usage of existing) funding tools having regard to the principles of efficiency, equity, affordability and effectiveness.

Non-council services

- What are the major services delivered by non-council entities that support the Stewart Island/Rakiura visitor industry?
- What are the costs associated with the delivery of these 'major' services and what level of funding demand might they seek/be allocated from the Stewart Island/Rakiura visitor levy in the future?
- What are the range of funding tools used to support the delivery of non-council related visitor services to the Stewart Island/Rakiura community? What is the ability of these funding sources to continue to meet likely future demand for funding?
- What level of funding demand might Council seek to allocate for other non-major services delivered to the Stewart Island/Rakiura visitor industry?



Out of Scope

- 14 The following matters are outside the scope of this review:
- Changes to any representation structures for the Stewart Island/Rakiura community board and/or the council.
 - The rating of crown land and maori land.
 - Changes to the legislative structure and/or regulatory framework within which council needs to operate.
 - Making decisions on an appropriate level of the Stewart Island/Rakiura visitor levy or how it is to be allocated.

Report and Recommendations

- 15 A report is to be produced that will be presented to Council for its consideration, following the provision of feedback on the draft report from the Stewart Island/Rakiura Community Board.
- 16 The report should provide recommendations on how to improve the sustainability of services delivered to the Stewart Island/Rakiura community and on the likely level of future demand for funding from the Stewart Island/Rakiura visitor levy.
- 17 Final decisions on what actions are to be taken, including whether any of the recommendations are to be implemented, are to be made by Council.



Linkages

- 18 This study will not replicate work that is already been commissioned or has been completed in the past. This should include:
- Stewart Island/Rakiura Community Facilities Assessment, March 2017 – Impact Consulting
 - Stewart Island Visitor Strategy 2010 – 2015, December 2010 – Venture Southland
 - Stewart Island Wharfing Provision, Community Engagement Report, July 2017 – Connecting People
 - Stewart Island/Rakiura Community Planning report – Connecting People.
 - Findings from the review of SIESA.

Methodology and Resourcing

- 19 The review is to be undertaken by a mix of internal staff and external contractor resources.
- The review will include development of a summary activity profile (refer attachment A) for the following Council activity groups/activities:
- Community assistance
 - Community facilities and libraries
 - Cemeteries
 - Parks and Reserves
 - Public toilets
 - SIESA
 - Water structures
 - District leadership
 - Emergency management
 - Regulatory services
 - Roads and footpaths
 - Solid waste
 - Stormwater
 - Wastewater.

The profiles will be used to inform the production of the final report to be presented to Council.



Process and Timeframe

- 20 A first draft report is to be developed and presented to Council by 30 June 2019. Decisions on the process to be followed to present the report to the community board and Council and its committees will be made once the draft has been received.



Stewart Island/Rakiura Service Sustainability Review

Summary Activity Profile – (enter activity name)

General Information

ACTIVITY NAME		
GOVERNANCE	LOCAL OR DISTRICT ACTIVITY	DELIVERY GROUP
	District <input type="checkbox"/> Local <input type="checkbox"/>	e.g. Services and Assets
ACTIVITY MANAGER		

Service Overview

ACTIVITY DESCRIPTION	<ul style="list-style-type: none"> Insert a brief overview of the service that is provided at a District level and to the Stewart Island community
ACTIVITY RATIONALE	<ul style="list-style-type: none"> Provide a brief overview of the rationale for providing the activity including any specific issues affecting delivery of the service on Stewart Island
ACTIVITY DELIVERY MODEL	<ul style="list-style-type: none"> Provide a brief overview of how the service is delivered, to the Stewart Island community. Include a brief overview of any challenges associated with providing the service on the Island
LEVEL OF SERVICE	<ul style="list-style-type: none"> List key features of the desired level service as per the Activity Management Plan Also include details of where the current level of service provided to the Stewart Island community may not match the desired level of service
USER DEMAND	<ul style="list-style-type: none"> Provide an overview of what we know about the users of the activity/service and how demand is projected to change in the future
ASSET PROFILE	
Provide a brief overview of the assets used to deliver the service to the Stewart Island community. information to include: <ul style="list-style-type: none"> brief description of the assets current condition issues, if any, with condition assessment process planned asset management improvements 	
STRATEGIC CHALLENGES	
Provide an overview of any strategic challenges related to the delivery of this activity/service, particularly as it relates to Stewart Island/Rakiura that are not covered elsewhere.	



Performance and Service Level Information

Measuring Performance: Source LTP 2018

PERFORMANCE INDICATOR/SERVICE LEVEL
Insert details of performance measures relevant to this activity. In addition to the district wide activity measures give consideration to what might be appropriate for measuring delivery of the service on Stewart Island.

Planned and Desirable Improvements – 2018 -2028

PLANNED IMPROVEMENT/CHANGE YEAR 1 - 3	<ul style="list-style-type: none"> Provide a summary of activity planning or actual service improvements expected for Stewart Island/Rakiura through the current LTP in years 1- 3
PLANNED IMPROVEMENT/CHANGES YEAR 4 - 10	<ul style="list-style-type: none"> Provide a summary of activity planning or actual service improvements expected for Stewart Island/Rakiura through the current LTP in years 4 - 10
PLANNED IMPROVEMENT/CHANGES UNBUDGETED	<ul style="list-style-type: none"> Outline any desired improvements/changes that are not currently budgeted/reflected in the 2018 LTP

Financial Information

Operational Expenditure

- Insert operating income and expenditure statement showing cost of delivering this activity on Stewart Island/Rakiura
- Where it is a District activity provide an assessment of current operational income and expenditure costs based on a reasonable allocation method, where necessary
- Include details of any assumptions used in undertaking the allocation of costs

Capital Expenditure

- Insert details of planned capital works for the activity on Stewart Island as per the 2018 LTP
- Where and how are they proposed to be funded



FINANCIAL NOTES AND RISKS	<ul style="list-style-type: none"> • Include operational and capex budgets for ten years based on the 2018 LTP. • Comment on any risks affecting the activity generally and/or which might be specific to Stewart Island.
FUNDING SOURCE AND RATIONALE	<p>FUNDING:</p> <ul style="list-style-type: none"> • Outline the funding source currently used (eg rates and user fees) <p>RATIONALE:</p> <ul style="list-style-type: none"> • Detail the rationale behind the current funding sources <p>ISSUES AND OPPORTUNITIES:</p> <ul style="list-style-type: none"> • Also comment on any issues and/or opportunities associated with funding of the activity on Stewart Island
KEY POLICY AND STATUTORY RELATED COST DRIVERS	<ul style="list-style-type: none"> • Provide an overview of District or regional policies and/or national legislative or policy drivers that influence costs of providing the activity. • Also comment on any projected changes in local, regional or national policy settings



Stewart Island/Rakiura Service Sustainability Review

Purpose

- 1 This paper seeks to outline the terms of reference for the proposed Stewart Island/Rakiura Service Sustainability Review.

Background

- 2 At its meeting on 5 September 2018, Council considered and approved a report requesting that unbudgeted expenditure, to be funded from the district operations reserve, be approved to allow for the undertaking of urgent maintenance repairs to the Ulva Island and Miller's Beach Jetties.
- 3 The Council report followed on from an earlier decision of the Stewart Island/Rakiura Community Board to decline to fund the needed maintenance works from their local reserves.
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 - Whether it was appropriate for the Ulva Island jetty to remain open, even if the size and weight of vessels allowed was restricted.
 - The decision is inconsistent with the conditions in the resource consents that Council has for both of these jetties.
 - Whether the closure will have reputational consequences for Stewart Island/Rakiura as a tourist destination.
 - Whether it created a health and safety risk for people using these jetties and therefore was inconsistent with Council's statutory obligations.
 - It is inconsistent with Council policy including the desired levels of service for this activity.
 - It is inconsistent with good asset management practice.
 - The long term sustainability of the funding mechanisms that are currently in place for funding the Stewart Island/Rakiura water structures.
- 5 The decision made was also indicative of what appears to be a number of local funding challenges that exist in relation to the funding of local activities provided to the Stewart Island/Rakiura community. There, is for example, work currently being scoped, to progress a review of the Stewart Island Electrical Supply activity. This follows on from concerns being raised over a number of years about the cost of supplying electricity on the Island.
- 6 Given the broad range of funding issues that appear to exist, Council asked that staff develop terms of reference for a proposed review of the sustainability challenges that might exist in relation to the delivery of Council activities (services) to the Stewart Island/Rakiura community. The resolution that Council passed in this regard was:



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- 7 The issues arising from the current jetties funding decisions also need to be seen against the background of the Stewart Island Community Planning Report that was completed in March 2018 and the Stewart Island Jetties consultation process that was completed in 2017.
- 8 Since its meeting on 5 September 2018, Council has also made a decision to consult, as part of a review of the current Stewart Island/Rakiura visitor levy and bylaw on a proposal to increase the levy from \$5 to \$15. The outputs from this project could be used to inform future Council decision-making about the level of the visitor levy that might be required to support the delivery of Council services in the future. It is important to recognise, however, that the visitor levy is used to fund a number of community based activities and services that are beyond the scope of this review.

Terms of Reference

Objectives

- 9 The objectives for this review include:
 - To provide an assessment of the strategic and operational challenges associated with the delivery and funding of Council activities to the Stewart Island/Rakiura community so that Council can make decisions about how best to govern, manage and fund the delivery of the services needed by this community.
 - To develop an understanding of the current and desired future levels of service and costs associated with the delivery of Council activities to the Stewart Island/Rakiura community.
 - To provide an assessment of how decisions are made about the range and mix of services, that are delivered to the Stewart Island/Rakiura community and how these processes might be improved going forward.
 - To develop an understanding of the range of funding tools that are currently available and the extent to which they are or are not fully utilised at present.
 - To develop a financial model that outlines the current costs and likely future costs relating to the future delivery of Council services and how these might be funded using currently available funding tools.
- 10 The outputs from this review will be used to inform future decisions about the governance, management and funding of services to the Stewart Island/Rakiura community. It could also be used to inform future Council decision-making about potential changes to the Stewart Island/Rakiura visitor levy.



Scope of the Review

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- What processes do the Council and Community Board have in place for determining the range and level of services to be delivered?

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Cost Pressures

- What are the factors that drive/determine the cost of delivering services to the Stewart Island/Rakiura community both now and into the future?



- What are the factors affecting the cost of delivering Council services within Southland and local government in general that might influence the cost of service provision in the future?
- What are the current and projected costs of delivering the range of services currently delivered and projected to be needed over the next 10 – 20 years?

Funding and Financing

- What are the current funding tools used to support the delivery of services to the Stewart Island/Rakiura community?
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 - The rating of crown land and maori land.
 - Changes to the legislative structure and/or regulatory framework within which council needs to operate.

Report and Recommendations

- 15 A report is to be produced that will be presented to Council for its consideration, following the provision of feedback on the draft report from the Stewart Island/Rakiura Community Board.
- 16 The report should provide recommendations on how to improve the sustainability of services delivered to the Stewart Island/Rakiura community.
- 17 Final decisions on what actions are to be taken, including whether any of the recommendations are to be implemented, are to be made by Council.



Linkages

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 - Stewart Island/Rakiura Community Planning report – Connecting People.
 - Findings from the review of SIESA.

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The review will include development of a summary activity profile (refer attachment A) for the following activity groups/activities:

- Community assistance
- Community facilities and libraries
- Cemeteries
- Parks and Reserves
- Public toilets
- SIESA
- Water structures
- District leadership
- Emergency management
- Regulatory services
- Roads and footpaths
- Solid waste
- Stormwater
- Wastewater
- Water supply

The profiles will be used to inform the production of the final report to be presented to Council.



Process and Timeframe

- 20 A first draft report is to be developed and presented to Council by 30 June 2019. Decisions on the process to be followed to present the report to the community board and Council and its committees will be made once the draft has been received.



Stewart Island/Rakiura Service Sustainability Review

Summary Activity Profile – (enter activity name)

General Information

ACTIVITY NAME		
GOVERNANCE	LOCAL OR DISTRICT ACTIVITY	DELIVERY GROUP
	District <input type="checkbox"/> Local <input type="checkbox"/>	e.g. Services and Assets
ACTIVITY MANAGER		

Service Overview

ACTIVITY DESCRIPTION	<ul style="list-style-type: none"> Insert a brief overview of the service that is provided at a District level and to the Stewart Island community
ACTIVITY RATIONALE	<ul style="list-style-type: none"> Provide a brief overview of the rationale for providing the activity including any specific issues affecting delivery of the service on Stewart Island
ACTIVITY DELIVERY MODEL	<ul style="list-style-type: none"> Provide a brief overview of how the service is delivered, to the Stewart Island community. Include a brief overview of any challenges associated with providing the service on the Island
LEVEL OF SERVICE	<ul style="list-style-type: none"> List key features of the desired level service as per the Activity Management Plan Also include details of where the current level of service provided to the Stewart Island community may not match the desired level of service
USER DEMAND	<ul style="list-style-type: none"> Provide an overview of what we know about the users of the activity/service and how demand is projected to change in the future
ASSET PROFILE	
Provide a brief overview of the assets used to deliver the service to the Stewart Island community. information to include: <ul style="list-style-type: none"> brief description of the assets current condition issues, if any, with condition assessment process planned asset management improvements 	
STRATEGIC CHALLENGES	
Provide an overview of any strategic challenges related to the delivery of this activity/service, particularly as it relates to Stewart Island/Rakiura that are not covered elsewhere.	



Performance and Service Level Information

Measuring Performance: Source LTP 2018

PERFORMANCE INDICATOR/SERVICE LEVEL
Insert details of performance measures relevant to this activity. In addition to the district wide activity measures give consideration to what might be appropriate for measuring delivery of the service on Stewart Island.

Planned and Desirable Improvements – 2018 -2028

PLANNED IMPROVEMENT/CHANGE YEAR 1 - 3	<ul style="list-style-type: none"> Provide a summary of activity planning or actual service improvements expected for Stewart Island/Rakiura through the current LTP in years 1- 3
PLANNED IMPROVEMENT/ CHANGES YEAR 4 - 10	<ul style="list-style-type: none"> Provide a summary of activity planning or actual service improvements expected for Stewart Island/Rakiura through the current LTP in years 4 - 10
PLANNED IMPROVEMENT/ CHANGES UNBUDGETED	<ul style="list-style-type: none"> Outline any desired improvements/changes that are not currently budgeted/reflected in the 2018 LTP

Financial Information

Operational Expenditure

- Insert operating income and expenditure statement showing cost of delivering this activity on Stewart Island/Rakiura
- Where it is a District activity provide an assessment of current operational income and expenditure costs based on a reasonable allocation method, where necessary
- Include details of any assumptions used in undertaking the allocation of costs

Capital Expenditure

- Insert details of planned capital works for the activity on Stewart Island as per the 2018 LTP
- Where and how are they proposed to be funded



FINANCIAL NOTES AND RISKS	<ul style="list-style-type: none"> • Include operational and capex budgets for ten years based on the 2018 LTP. • Comment on any risks affecting the activity generally and/or which might be specific to Stewart Island.
FUNDING SOURCE AND RATIONALE	<p>FUNDING:</p> <ul style="list-style-type: none"> • Outline the funding source currently used (eg rates and user fees) <p>RATIONALE:</p> <ul style="list-style-type: none"> • Detail the rationale behind the current funding sources <p>ISSUES AND OPPORTUNITIES:</p> <ul style="list-style-type: none"> • Also comment on any issues and/or opportunities associated with funding of the activity on Stewart Island
KEY POLICY AND STATUTORY RELATED COST DRIVERS	<ul style="list-style-type: none"> • Provide an overview of District or regional policies and/or national legislative or policy drivers that influence costs of providing the activity. • Also comment on any projected changes in local, regional or national policy settings

Blackmount Community Centre - Transfer Ownership to the Blackmount Community Pool Society Inc

Record No: R/19/1/298

Author: Theresa Cavanagh, Property Advisor

Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 To seek Council approval to transfer ownership of the Blackmount Community Centre from Council to the Blackmount Community Pool Society Incorporated as per the Society's request.

Executive Summary

- 2 In 2015, at the request of the Blackmount community, Council purchased the former Blackmount School from the Crown to be used as a local community centre. The reason for the request from the community was twofold. To retain the facility for the benefit of the community, and for the community to retain its financial interest both in the school building and significant community pool on the site.
- 3 In 2017, Council received a letter from the Blackmount Community Pool Society (who operate the swimming pool and community centre) requesting that the title to the property be transferred to them as representatives of the local community.
- 4 The possibility of community ownership had been raised when Council acquired the property as the Blackmount community had raised \$60,000 of the total purchase price of \$90,000.
- 5 Council is required to consider the request.

Recommendation

That the Council:

- a) Receives the report titled “Blackmount Community Centre - Transfer Ownership to the Blackmount Community Pool Society Inc” dated 22 January 2019.**
- b) Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) Resolves to transfer the Blackmount Community Centre property, being Lots 1 & 2 DP 3117 held in RT 672165, to the Blackmount Community Pool Society Incorporated for \$1.**
- e) That the Chief Executive be given delegated authority to enter into an Agreement for Sale and Purchase with the Blackmount Community Pool Society Incorporated on the condition the property cannot be transferred without a first right of refusal for Council including the winding up of the Society.**

Background

- 6 On 1 September 2015, Council purchased Blackmount School from the Crown pursuant to Sections 20 & 50 of the Public Works Act 1981 (PWA) for the purpose of a Community Centre. The purchase included the land (Lots 1 & 2 DP 3117), school building, playground, swimming pool and former public hall building (which has subsequently been sold for removal).
- 7 The purchase price was \$90,000 and the funds were sourced by:
- \$30,000 from SDC (Waiau Aparima reserves)
 - \$10,300 from community equity in the property
 - \$10,000 from local fundraising
 - \$20,000 from Community Trust South
 - \$15,000 from lotteries
 - \$4,700 from Tuatapere Lions.
- 8 It must be noted that the community funded 66% of the purchase price through fundraising and grants which they applied for.
- 9 In the report to Council on 10 December 2014, it was mentioned that a subsequent transfer of ownership to the local community may occur given they had raised a significant amount of the purchase price locally. It was also commented that this would be subject to a separate report to Council should a transfer be requested by the community.
- 10 In 2017, Council received a letter from the Blackmount Community Pool Society (who operate the swimming pool and community centre) requesting that the title to the property be transferred to them as representatives of the local community, as they consider themselves to be financially secure and in a good position to have the assets transferred. Part of the delays in getting this report to Council have been seeking both the 2017 and 2018 Annual Reports of the Society to confirm their financial position. The Society is aware that this report for transfer of ownership is going to Council.

Issues

- 11 There are no issues identified at this point given the strong community support for retaining these existing facilities.
- 12 Through the Sale and Purchase Agreement it is advised that Council seek a first right of refusal should the Society be considering either transferring the property or winding up the Society.

Factors to Consider

Legal and Statutory Requirements

- 13 Section 42 of the PWA governs the disposal of land no longer required for public work. This states that the local authority may dispose of land by way of a private treaty provided the rights of the former owner have been considered. Council's Chief Executive under his statutory authority of the PWA 1981 has determined that offer back to the former owners is exempted.
- 14 As a result of the Chief Executive's determination, Council can now consider the request from the Blackmount Community Pool Society Inc.

Community Views

- 15 See attached letter from the Blackmount Community Pool Society Incorporated which is the entity that operates the swimming pool and community centre. It is considered that this Society is a reasonable representation of the Blackmount community.

Costs and Funding

- 16 There will be standard legal costs to effect the transfer but this will be funded from the Blackmount Community Centre funds held by Council.
- 17 If the transfer is approved by Council, this facility will then be considered a non-Council Community Centre and as such will continue to collect the Community Centre rate and the funds will be transferred to them, as happens with many others in this situation.

Policy Implications

- 18 None identified at this stage.

Analysis

Options Considered

- 19 The options are to approve the request or decline it.

Analysis of Options

Option 1 – Approve the request of the Blackmount Community Pool Society Inc

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">Allows the community through a formal society to own and manage an asset they have made significant contributions towards both financially and physically.	<ul style="list-style-type: none">None identified for Council.

Option 2 – Decline the request of the Blackmount Community Pool Society Inc

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">No advantage to Council in retaining the asset when a local community through a formal society is willing to own and operate the Community Centre and Pool.	<ul style="list-style-type: none">Council may invoke a negative reaction from the Blackmount community by retaining ownership of assets that they have actively funded and taken pride in.

Assessment of Significance

- 20 Not considered significant.

Recommended Option

- 21 Option 1 – Approve the request of the Blackmount Community Pool Society Incorporated

Next Steps

- 22 Notify the Pool Society of the decision and complete transfer.

Attachments

- A Request for transfer of ownership from the Blackmount Community Pool Society Inc [↓](#)
B Blackmount Community Centre Photos [↓](#)

Blackmount Community Pool Society Inc.
C/o Mrs N A Baker
4149 Blackmount – Redcliff Road
R D 2
Otautau 9682

1.05.2017

Mr Kevin McNaught
Strategic Manager Property
Southland District Council
P O Box 903
Invercargill

53411/4288/0

Dear Kevin,

Re: former Blackmount School building and grounds

The Blackmount Community Pool Society Inc met recently and is requesting that the ownership of the Blackmount Community Assets be transferred to the Blackmount Community.

Through our own community fund raising and generous donations the Committee feel that we are financially secure and in a good position to have the assets transferred. We are looking forward as a community to future planning and development of our community buildings and grounds.

Public Toilet: The Blackmount Community Pool has a public access toilet at the rear of the building which has a high amount of usage from tourists and local road users. When the school was open the school cleaner was employed to clean the facility in addition to the school cleaning. Since the school closure a local person has been doing this job which now involves travel, cleaning products & supplies, and time taken to clean the facility. We are finding that the usage is very high especially from the “Freedom Campers” who like to use our small basin to bathe in and wash dishes and they also like to leave their rubbish even though we have a sign asking them not to do so. We would like to request an increase in the amount that the Southland District Council gives us to service and clean this facility and to cover long term maintenance.

Based on our calculations, we would like to request \$4875 per year (\$13.36/day) including supplies, labour and long term maintenance

We look forward to hearing from you in the near future

Yours Sincerely



Neil Robertson
Chairman
Blackmount Community Pool Society Inc.







Monthly Financial Report - December 2018

Record No: R/19/1/906
Author: Kate Westenra, Graduate Accountant
Approved by: Anne Robson, Chief Financial Officer

☐ Decision ☐ Recommendation ☒ Information

Summary

1. The purpose of this report is to provide Finance and Audit with an overview and to provide financial information around the results of our operations within our nine groups of activities, the Financial Position, and the statement of Cash Flows.
2. This report summaries Council financial results for the six months to 31 December 2018.

Recommendation

That the Council:

- a) **Receives the report titled “Monthly Financial Report - December 2018” dated 30 January 2019.**

Attachments

- A Monthly Council Financial Report - December 2018 [📄](#)



Monthly Financial Report

December 2018

Southland District Council
Te Rohe Pōtae o Murihiku

PO Box 903
15 Forth Street
Invercargill 9840

0800 732 732
sdc@southlanddc.govt.nz
southlanddc.govt.nz

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Executive Summary

1. This Monthly Financial Report summarises Council's financial results for the six months to 31 December 2018.
2. The Monthly Financial Report Summary consolidates the business units within each of Councils Groups of Activities.
3. The Monthly Financial Report includes:
 - Year to Date (YTD) Actuals, which are the actual costs incurred,
 - Year to Date (YTD) Projection, which is based on the full year projection and is a combination of the Annual Plan and carry forwards,
 - Year to Date (YTD) Budget, which is based on the full year Annual Plan budget with adjustments for phasing of budgets,
 - Full Year (FY) Budget, which is the Annual Plan budget figures,
 - Full Year (FY) Projection, which is the Annual Plan Budget figures plus the carry forward, and forecast adjustments.
4. Phasing of budgets occurs in the first two months of the financial year, at forecasting and when one-off costs have actually occurred. This should reduce the number of variance explanations due to timing.
5. Where phasing of budgets has not occurred, one twelfth of annual budgeted cost is used to calculate the monthly budget.
6. Southland District Council Summary Reports use a materiality threshold to measure, monitor and report on financial performance and position of the Council. The materiality threshold adopted by Council, together with annual budget for 2018/2019 is variances greater or lower than 10% of the original adopted budget and greater than \$10K in value.
7. Report Contents:
 - A. Council Monthly Summary
 - B. Council Summary Report - Income and Expenditure and Commentary
 - C. Statement of Comprehensive Income
 - D. Statement of Financial Position and Movement Commentary
 - E. Statement of Cash Flows.

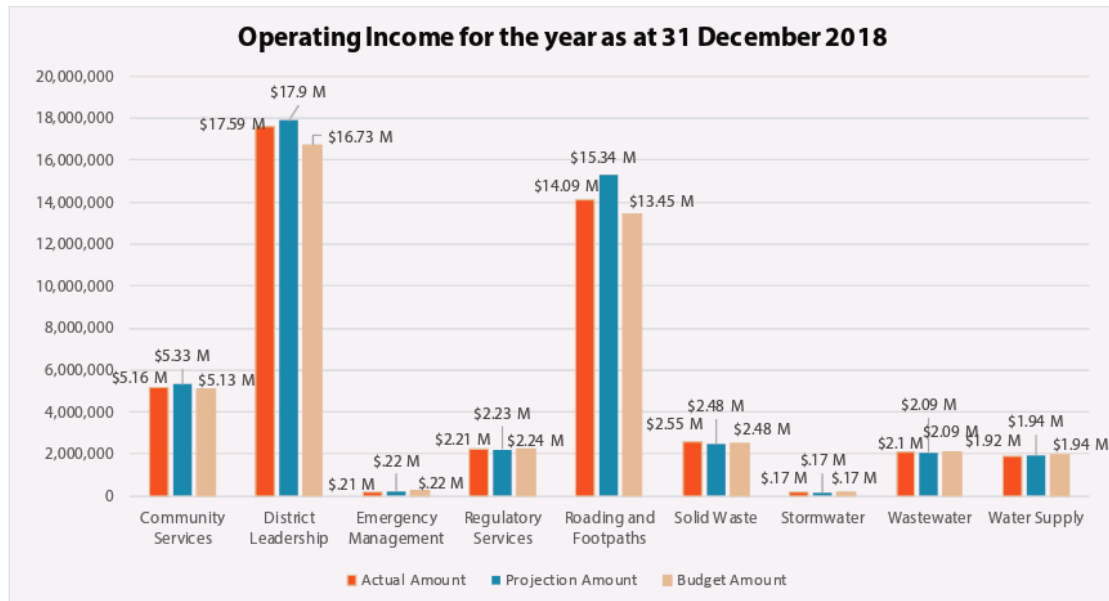
Abbreviation Explanation

Abbreviation	Description
AP	Annual Plan
CAPEX	Capital Expenditure
ELT	Executive Leadership Team
FYB	Full Year Budget
GDC	Gore District Council
GIS	Geographic Information System
GMSE	GeoMedia Smart Client
GST	Goods and Services Tax
ICC	Invercargill City Council
LED	Light Emitting Diode
LTP	Long Term Plan
ME	Month End
NZTA	New Zealand Transport Authority
SDC	Southland District Council
SIESA	Stewart Island Electricity Supply Authority
YE	Year End
YTD	Year To Date
YTD Variance	Comparison of actual results compared to YTD budget
\$K	Thousands of dollars
\$M	Millions of dollars

A. Council Monthly Summary

1. Income

Operating Income is \$1.7M (4%) under projection for YTD (\$46M actual vs \$47.7M projected)



Community Services income is \$169K (3%) under YTD projection.

- **Public Conveniences** is \$150K (24%) under projection. This budget includes external income from MBIE that has not been received yet for the Monkey Island, Clifden Bridge, Milford Road and Waikawa toilet upgrade projects. These projects were subject to the recently announced TIF application. This will be rectified as the projects are undertaken and this income is received in the coming months.

District Leadership income is \$307K (3%) under YTD projection.

- **Corporate Services** is \$207K (3%) under projection. This is made up of various areas within the corporate support group. Most of these activities within corporate support are internally funded therefore income is a reflection of the expenditure levels. The key variance is:
 - **Operations and Community Services** which is under projection by \$208K (39%). This business unit is internally funded and reflects expenditure which is \$206K under projection YTD. In the budget there is an income line for recoveries from the roading business unit for work completed by the community engineers. Due to the way we need to report to NZTA we are now having to offset this income directly against expenses.
 - **Investments – Operating Account** is over projection by \$163K (22%). Income is higher than budgeted due to external interest on investments being more than budgeted, this is offset by income on internal loans being lower than budgeted for the YTD and anticipated dividends not yet being received.

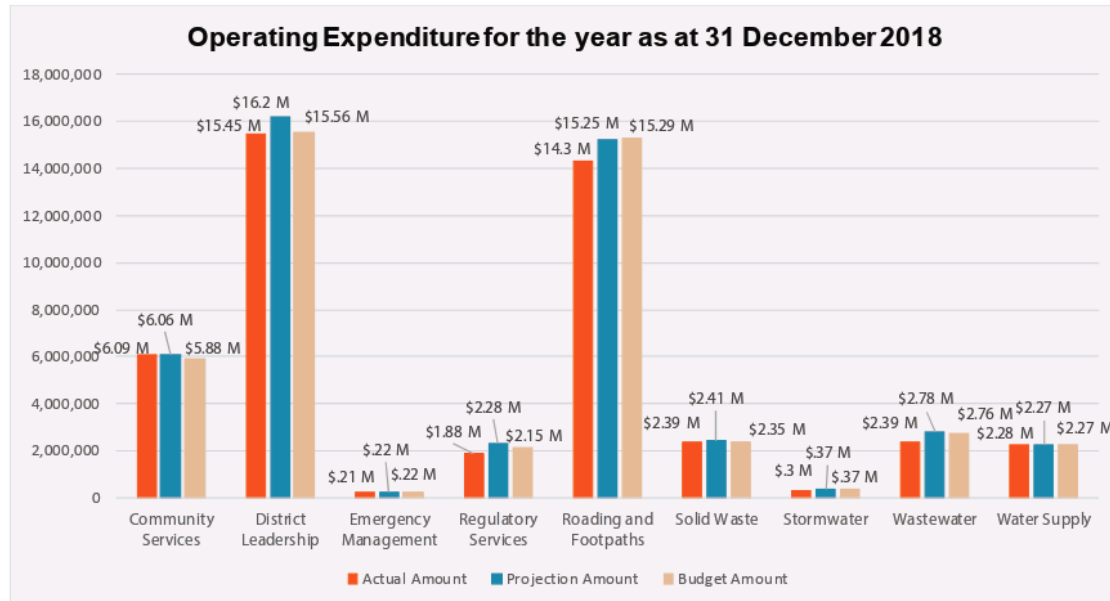
- **Financial Services** is \$104K (10%) under projection. This business unit is internally funded and reflects expenditure which is \$80K under projection YTD. The primary reasons for the under expenditure is staff costs as a result of vacancies in the team, minimal expenditure on consultants to date, and software costs not being incurred to date.
- **District Development Services** includes the Milford Opportunities Project which is \$72K (134%) under project due to the MBIE grant still to be received. The claim for this grant is expected to be processed late January 2019.
- **Representation and Advocacy** is \$112K (6%) under projection significantly due to Internal Interest of \$174K that is only allocated at year end. This has now been phased to occur in June, future reporting will reflect this.
- **Chief Executive** is \$72K (16%) over projection due to rates penalty income being higher than anticipated and proceeds from a vehicle sale.

Roading and Footpaths income is \$1.25M (8%) under YTD projection. This is predominantly due to:

- **Around the Mountains Cycle Trail** income is under projection by \$60K (64%). This is due to the MBIE grant that is yet to be processed to fund the toilets and shelters that are being installed on the trail. A claim for this grant will be processed on completion of this work.
- **Road Safety Southland**. ICC were invoiced in early November however this activity is still \$111K (59%) under projected income. Part of this is due to there being less operational costs incurred than budgeted. Costs and therefore income are expected to align with budget by year end.
- **District Wide Roding** is \$610K (5%) under projection, this is a reflection on the lower levels of work that has been carried out and therefore lower NZTA funding received. Detail on district wide roading expenditure on page 8.
- **Special Purpose Roads** is under projection by \$466K (30%). This is due to delays in the Chaslands Slip repair. Good progress is being made to recoup lost time and works are still expected to be completed this construction season.
- **Other areas of roading and footpaths** are under projection, this reflects the lower levels of work that is currently being undertaken in these areas due mainly to the time of the year. This lower level of activity means less income received to date from NZTA.

2. Expenditure

Operating Expenditure is \$2.6M (5%) under projection for the YTD (\$45.3M actual vs \$47.8M projection).



District Leadership operating expenditure is \$750K under YTD projection. The major contributors to this are:

- **Corporate services** is \$529K (8%) under projection. There are variances across all activities in this group. The key variance is:
 - **Operations and Community Services** is \$206K (39%) under projection. As noted above we have had to change the way we account for NZTA costs. This has resulted in us offsetting income from the roading business unit for the roading work completed by the community engineers against expenditure.
 - **Financial Services** is \$79K (8%) under projection. This is due to vacancies in the team, minimal expenditure on consultants to date, and software costs not being incurred to date.
 - **Engineering Consultants** is \$79K (15%) under projection. Consultants costs in relation to the business case on the Invercargill office are yet to be incurred. This is partially offset by increased costs from operations and community services due to there being less claimable work occurring. Engineering Consultants is the funding source to make up for the lower NZTA funding being received.
 - **People and Capabilities** is \$69K (15%) under projection. A portion of the underspend is due to expenditure in training and health and safety being lower YTD then budgeted. Expenditure in these areas is planned to be spent later in the financial year. Additionally salary costs are lower than expected due to staff vacancies.
- **District Support** is \$182K (6%) under projection significantly due to Community Operating costs being under projection. Operational costs across all of the business units are under and over budget. The major areas are as follows:

- **Manapouri** is over spent by \$7,873 due to costs incurred for Pearl Harbour tree work, this resulting in higher YTD spend. This overspend is within the CDA's annual general projects budget.
- **Riverton** is over spent by \$13,794. This is due to two funding requests that were approved by the Community Board. A \$9,000 grant towards the purchase of the Christmas tree was approved July 2018 and a \$5,000 grant towards the street artwork was approved December 2018. These grants are within the Community Boards annual general projects budget.
- **Te Anau** is under spent by \$20,130 significantly due to miscellaneous grants and Freedom camping budgets not being used yet, other variances are minor. The Freedom camping expense is to be forecast to zero, costs associated with Freedom Camping are district funded.
- **Waihopai Toetoes Ward** is under spent by \$53,951 due to general projects that are still to being undertaken and grants that are yet to be paid out. There has been \$20,138 capitalised that is works budgeted in general projects (operational expenditure). This effectively reduces the \$54K variance to a \$34K expenditure variance.
- **Forestry** is \$85K (4%) under projection. This predominately relates to Silviculture pruning at Gowan Hills Forest. Also the seedling purchases and tree planting at Waikaia Forest is yet to occur.

Other Activities in this group have a positive and a negative variance which offset some of the variances within this group.

Regulatory Services operating expenditure is \$404K (18%) under YTD projection. There have been some vacancies in the Group in late 2018 which have now been filled so the salary component of expenditure will start to track closer to budget in the later part of the 2018/2019 year. Activity Managers are maintaining their close scrutiny around budgets. Some elements of building consent processing are continuing to be undertaken by an external contractor to assist with customer service and staff workloads, particularly at the higher end of the competency matrix, while some staff are in the training stage.

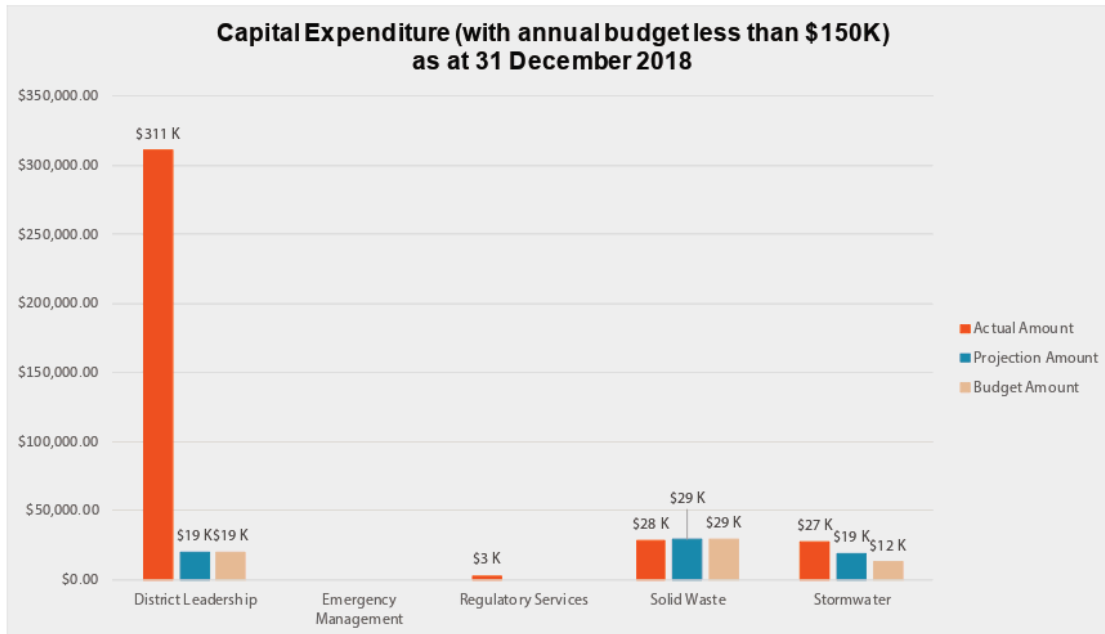
Roading and Footpaths operating expenditure is \$952K (6%) under YTD projection. This is due to:

- **Roading – District Wide** is \$762K (5%) under projected spend, made up of the following:
 - **Sealed Pavement Maintenance** \$220K under projected spend. The 2019/20 pre seal repairs have been marked out and this activity will increase over in the first quarter of 2019.
 - **Unsealed Pavement Maintenance** \$120K under projected spend. Waimea Area in particular had graders more focused on flood damage repairs.
 - **Structures Maintenance** \$123K under projected spend, works are expected to ramp in over January and February particularly for the Foveaux area.
 - **Emergency Reinstatement** is \$37K under projected spend, however with the recent flooding events this budget will be fully utilised. As the exact cost of the recent events are still unclear it is proposed to manage any additional costs within the overall activity budget.
 - **Roading – Special Purpose**, currently under the projected spend \$67K as no invoices have been received for maintenance works on the Lower Hollyford.
 - **Road Safety Southland**, currently under the projected spend, \$51K, but with Christmas advertising this activity is expected to be on budget at year end.

Wastewater operating expenditure is \$394K (14%) under YTD projection. This is primarily due to the costs for investigation and business case for the Te Anau wastewater scheme being \$416K under spent. There is a total allowance of \$500k allowed for 2018/2019 phased evenly in the first six months of the year.

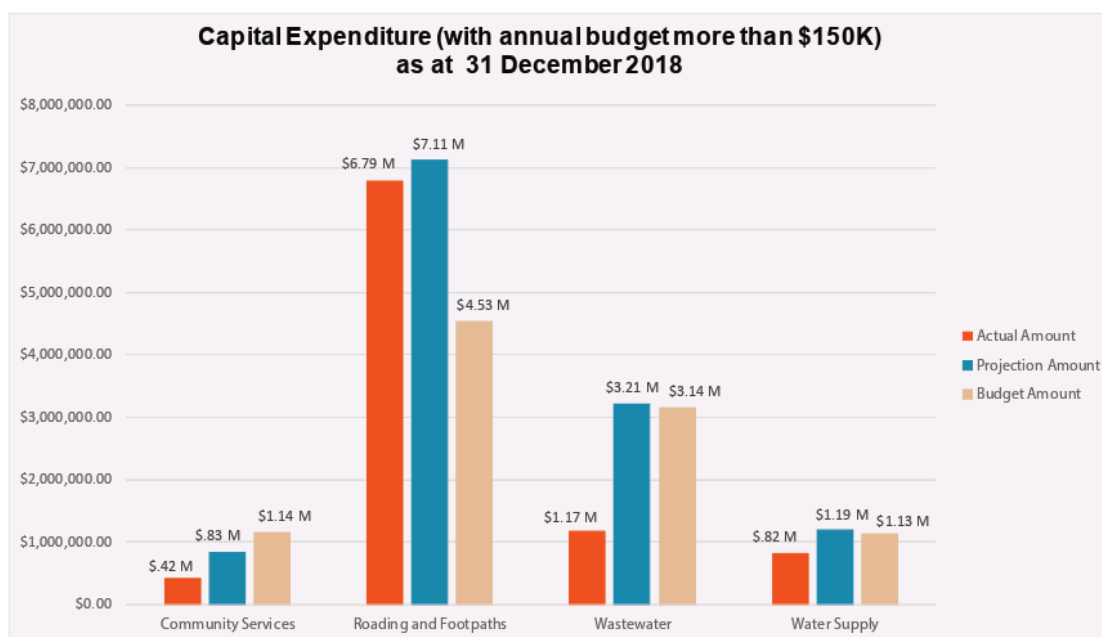
4. Capital Expenditure (CAPEX)

Capital Expenditure is \$2.8M (34%) under projection year to date (\$9.6M actual v \$12.4M projection).



District Leadership is \$291K (1092%) over projection. This is predominately due to Information Management being \$212K over projection resulting from consultancy costs that were incurred for CAMMS (Strategy and Project Management System). The Council approved this unbudgeted expenditure for the 2018/2019 financial year in June 2018. This budget was phased for costs to be incurred later in the financial year, it has created a variance to date.

Stormwater is \$8K (44%) over YTD projection. The Winton Stormwater Main replacement project has incurred investigation and design costs, the budget has been phased to incur costs later in the financial year.



Community Services is \$408K (49%) under YTD projection which is due to:

- **Council Facilities** is under projection by \$104K (98%). The capital expenditure project at the Invercargill office is on hold at present until the investigation project is completed. This will not be undertaken in this financial year.
- **Parks and Reserves** is under projection by \$51K (51%). The minimal capital expenditure is a result of projects not yet commencing or being completed. These costs have been spread over the whole year rather than being phased.
- **Public Conveniences** is under projection by \$219K (51%) due to projects either having not yet commenced or no charges incurred yet. The Te Anau, Monkey Island, Waikawa and Clifden toilets were previously scheduled to be completed for this period. However, procurement delays have pushed this work out by a number of months.
- **SIESA** is under projection by \$41K (71%). The majority of scheduled capital works have been put on hold pending a business review.

Roding and Footpaths is \$317K (4%) under YTD projection.

- **Around the Mountain Cycle Trail** is underspent by \$46K (38%). The timing of expenditure relates to the coordination for the installation of the toilets and shelters. Toilets are due from the supplier in February 2019.
- **Roding - District Wide** is \$311K (6%) over projected spend.
 - The resurfacing contract is \$128K ahead of projected spend due to timing of work.
 - Unsealed Roding Metalling is also ahead of projected spend by \$123K, this is due to the timing of works.

- **Roading - Special Purpose** is under projected spend by \$420K (28%) due to the initial onsite construction condition delaying progress on the Chaslands slip. Works are still expected to be completed in late March/April which is in line with revised programme.
- **Street Works** Currently under the projected spend \$167K (44%) with a programme of works being developed that will include the additional funds made available from NZTA. The programme size will be approx. \$750K or 4,500m2.

Wastewater is \$2M (66%) under YTD projection. The significant project for the year is Te Anau wastewater budget. The project was forecasted in October and will be re-forecasted through the second round to reflect delays in issue of the tender for the pipeline. Costs incurred in the year are likely to be for design and consenting of various elements of the project.

Water Supply is \$370K (29%) under projection. The key variances are:

- **District water** is under projection by \$637K (47%). This is a funding business unit that reflects significant underspend on the following projects:
 - Te Anau water supply lateral replacement project is planned to be undertaken later in the financial year. Current reporting is incorrectly reflecting a negative budget of \$471K. The funding of this project was not phased in alignment with the costs, this has been corrected and will be reflected in the January report.
 - Eastern Bush water supply upgrade project is \$200K under projection. Council is yet to obtain a discharge consent for the backwash waters from the plant upgrade, this consent is unlikely to be obtained until the end of the current financial year. Therefore the project has been deferred to the 2019/2020 financial year.

B. Council Summary Report

Southland District Council Financial Summary for the period ending 31 December 2018

Operating Income									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	5,159,184	5,327,884	5,126,951	(168,700)	(3%)	11,106,135	10,927,260	(178,875)	(2%)
District Leadership	17,594,180	17,901,028	16,729,695	(306,847)	(2%)	31,140,227	31,033,227	(107,000)	(0%)
Emergency Management	214,372	219,320	219,320	(4,949)	(2%)	438,641	438,641	0	0%
Regulatory Services	2,205,134	2,231,801	2,244,519	(26,666)	(1%)	4,217,151	4,217,151	0	0%
Roading and Footpaths	14,089,864	15,342,552	13,447,743	(1,252,687)	(8%)	31,901,439	28,846,487	(3,054,952)	(10%)
Solid Waste	2,545,212	2,481,738	2,481,738	63,474	3%	4,973,196	4,973,196	0	0%
Stormwater	169,491	171,821	171,821	(2,330)	(1%)	396,867	396,867	0	0%
Wastewater	2,102,796	2,089,620	2,089,620	13,176	1%	4,257,630	4,257,630	0	0%
Water Supply	1,920,362	1,935,611	1,935,611	(15,249)	(1%)	3,875,650	3,875,650	0	0%
Total	\$46,000,595	\$47,701,374	\$44,447,017	(1,700,779)	4%	\$92,306,937	\$88,966,110	(3,340,827)	(4%)
Operating Expenditure									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	6,090,159	6,064,769	5,883,117	25,389	0%	11,402,280	11,247,763	(154,517)	(1%)
District Leadership	15,451,945	16,200,549	15,559,590	(748,605)	(5%)	32,246,139	32,066,202	(179,937)	(1%)
Emergency Management	214,294	219,320	219,320	(5,026)	(2%)	438,641	438,641	0	0%
Regulatory Services	1,878,244	2,282,614	2,150,833	(404,370)	(18%)	4,527,518	4,252,013	(275,505)	(6%)
Roading and Footpaths	14,299,114	15,251,415	15,287,532	(952,301)	(6%)	30,474,140	30,466,373	(7,766)	(0%)
Solid Waste	2,390,690	2,411,965	2,353,065	(21,275)	(1%)	4,701,221	4,701,221	0	0%
Stormwater	296,510	365,970	365,970	(69,460)	(19%)	708,933	708,933	0	0%
Wastewater	2,388,357	2,782,209	2,763,209	(393,852)	(14%)	4,919,161	4,919,161	0	0%
Water Supply	2,276,015	2,269,037	2,269,037	6,978	0%	4,525,665	4,525,665	0	0%
Total	\$45,285,328	\$47,847,849	\$46,851,673	(2,562,521)	(5%)	\$93,943,698	\$93,325,973	(617,725)	(1%)
Net Surplus/Deficit	\$715,267	(\$146,474)	(\$2,404,656)	861,742	9%	(\$1,636,760)	(\$4,359,863)	(2,723,102)	(3%)
Capital Expenditure									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	418,990	827,034	1,143,052	(408,044)	(49%)	3,441,719	3,013,625	(428,094)	(12%)
District Leadership	310,814	19,448	19,448	291,366	1498%	289,428	83,054	(206,374)	(71%)
Emergency Management	-	-	-	0	0%	-	-	0	0%
Regulatory Services	2,815	-	-	2,815	0%	35,000	35,000	0	0%
Roading and Footpaths	6,789,640	7,106,991	4,527,042	(317,351)	(4%)	19,190,213	14,943,110	(4,247,103)	(22%)
Solid Waste	28,092	29,207	29,207	(1,114)	(4%)	58,413	58,413	0	0%
Stormwater	27,181	18,917	12,500	8,264	44%	1,047,834	1,035,000	(12,834)	(1%)
Wastewater	1,173,670	3,205,004	3,142,526	(2,031,334)	(63%)	6,900,820	6,335,053	(565,767)	(8%)
Water Supply	822,725	1,192,551	1,128,959	(369,826)	(31%)	2,755,526	1,755,118	(1,000,408)	(36%)
Total	\$9,573,928	\$12,399,152	\$10,002,735	(2,825,224)	(23%)	\$33,718,963	\$27,258,373	(6,460,580)	(19%)

Activities reporting under Groups listed:

Community Services	District Leadership	Regulatory Services
Community Assistance	Representation and Advocacy	Building Control
Parks and Reserves	Community Development	Resource Management
Cemeteries	District Support	Animal Control
Community Facilities	Corporate Support	Environmental Health
Community Groups	Forestry	
Library Services		
Public Toilets		
Airports		
Electricity Supply		

C. Statement of Comprehensive Income

Statement of Comprehensive Revenue and Expenses					
for the period ending 31 December 2018					
	YTD			FYB	
	Actual Amount	Projection Amount	Budget Amount	Projection Amount	Budget Amount
Revenue					
Rates Revenue	23,289,487	23,255,214	23,255,214	46,780,057	46,780,057
Other Revenue	6,479,365	6,469,666	5,353,597	8,138,388	8,138,388
Interest and Dividends	275,970	69,956	69,956	139,912	139,912
NZ Transport Agency Funding	6,585,634	7,747,361	5,863,252	16,152,037	13,124,585
Grants and Subsidies	403,823	637,968	391,915	1,353,661	1,040,286
Other gains/losses	56,465	19,998	19,998	(1,347,690)	(1,347,690)
Vested Assets	0	0	0	0	0
Development and financial contributions	4,778	7,872	7,872	63,744	63,744
	37,095,522	38,208,034	34,961,803	71,280,109	67,939,282
Expenditure					
Employee Benefit Expense	6,374,866	6,335,458	6,335,458	12,418,394	12,418,394
Depreciation and Amortisation	11,156,814	11,168,894	11,168,894	22,338,053	22,338,053
Finance Costs	10,082	11,000	11,000	22,000	22,000
Other Council Expenditure	18,838,493	20,839,156	19,851,107	38,138,422	37,520,697
Scheme capital recovery for sewerage/water schemes	0	0	0	0	0
	36,380,255	38,354,508	37,366,459	72,916,869	72,299,144
Total Comprehensive Income	715,267	(146,475)	(2,404,656)	(1,636,760)	(4,359,863)

D. Statement of Financial Position

Council's financial position as at 31 December 2018 is detailed below and is for the activities of Council only. The balance sheet as at 30 June 2018 represents the audited balance sheet for activities of Council only.

SOUTHLAND DISTRICT COUNCIL STATEMENT OF FINANCIAL POSITION

as at 31 December 2018

	Actual 31-Dec-18	Actual 30-Jun-18
Equity		
Retained Earnings	721,705,133	720,989,866
Asset Revaluation Reserves	772,464,594	772,464,594
Other Reserves	41,882,804	41,882,804
Share Revaluation	2,368,904	2,368,904
	1,538,421,436	1,537,706,168
Represented by:		
Current Assets		
Cash and Cash Equivalents	19,111,866	15,885,108
Trade and Other Receivables	3,449,411	6,823,524
Inventories	106,493	106,493
Other Financial Assets	2,806,981	2,716,374
	25,474,752	25,531,499
Non-Current Assets		
Property, Plant and Equipment	1,504,483,088	1,506,009,083
Intangible Assets	2,363,954	2,272,416
Forestry Assets	13,429,626	13,428,000
Internal Loans	28,243,726	29,031,239
Work in Progress	361,364	511,419
Other Financial Assets	2,851	3,091
	1,548,884,610	1,551,255,249
TOTAL ASSETS	1,574,359,362	1,576,786,748
Current Liabilities		
Trade and Other Payables	3,687,280	5,898,519
Contract Retentions and Deposits	478,299	341,452
Employee Benefit Liabilities	1,280,415	1,564,589
Development and Financial Contributions	2,170,907	2,167,401
Borrowings	(79)	0
Provisions	14,000	14,000
	7,630,822	9,985,962
Non-Current Liabilities		
Employment Benefit Liabilities	49,281	49,281
Provisions	14,097	14,097
Internal Loans - Liability	28,243,727	29,031,240
Borrowings	(0)	(0)
	28,307,105	29,094,618
TOTAL LIABILITIES	35,937,926	39,080,579
NET ASSETS	1,538,421,436	1,537,706,168

F. Statement of Cash Flows**Statement of Cashflows for the year ended December 2018**

	2018/2019 YTD Actual
Cash Flows from Operating Activities	
Receipts from rates	24,931,376
Receipts from other revenue (including NZTA)	15,379,629
Cash receipts from Interest and Dividends	275,970
Payment to Suppliers	(20,757,871)
Payment to Employees	(6,659,040)
Interest Paid	(10,082)
GST General Ledger (net)	(325,315)
Net Cash Inflow (Outflow) from Operating Activities	12,834,668
Cash Flows from Investing Activities	
Receipts from sale of PPE	56,465
(Increase)/Decrease Other Financial Assets	(90,368)
Purchase of property, plant and equipment	(9,480,764)
Purchase of Forestry Assets	(1,626)
Purchase of Intangible Assets	(91,538)
Net Cash Inflow (Outflow) from Investing Activities	(9,607,830)
Cash Flows from Financing Activities	
Increase/(Decrease) Term Loans	(79)
Increase/(Decrease) Finance Leases	-
Net Cash Inflow (Outflow) from Financing Activities	(79)
Net Increase/(Decrease) in Cash and Cash Equivalents	3,226,759
Cash and Cash Equivalents at the beginning of the year	15,885,108
Cash and Cash Equivalents at the end of the year	19,111,867

Cash and Cash Equivalents and Other Financial Assets

1. At 31 December 2018, Council had \$15.5M invested in six term deposits ranging from two to six month maturities as follows:

SDC Investments - Term Deposits				
Bank	Amount	Interest Rate	Date Invested	Maturity Date
ANZ	\$ 3,000,000	3.18%	22-Nov-18	19-Feb-19
ASB	\$ 5,000,000	3.33%	30-Nov-18	30-May-19
BNZ	\$ 2,500,000	2.43%	30-Oct-18	17-Jan-19
BNZ	\$ 2,000,000	2.74%	26-Nov-18	19-Feb-19
Westpac	\$ 3,000,000	2.64%	26-Nov-18	17-Jan-19
Total	\$ 15,500,000			

At 31 December 2018, SIESA had \$1.62M invested in four six month term deposits as follows:

SIESA Investments - Term Deposits				
Bank	Amount	Interest Rate	Date Invested	Maturity Date
BNZ	\$ 600,000	3.33%	23-Oct-18	23-Apr-19
BNZ	\$ 300,000	3.38%	7-Nov-18	6-May-19
BNZ	\$ 320,000	3.34%	1-Oct-18	1-Apr-19
BNZ	\$ 400,000	3.33%	30-Jul-18	30-Jan-19
Total	\$ 1,620,000			

2. Funds on Call at 31 December 2018:

Funds on Call				
	Balance at 31 December 2018	Bank	Account	Interest Rate
SDC	\$ 2,714,481	BNZ	Funds on Call	1.00%
	\$ 10,000	BNZ	Operating Bank Acc	1.00%
	\$ 349,701	BNZ	Restricted Funds Acc	3.25%
SIESA	\$ 105,002	BNZ	Funds on Call	3.25%

Council's Investment and Liability Policy states that Council can invest no more than \$10M with one bank. Investments and Funds on Call, comply with the SDC Investment Policy.

Bridge Report January 2019

Record No: R/19/1/973

Author: Hartley Hare, Strategic Manager Transport

Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 To seek approval to formally recognise the closure of the listed bridges due to safety concerns and obtain support to proceed with the recommended actions listed for each structure.

Executive Summary

- 2 This report covers the actions required on six bridges as part of the ongoing management strategy of the bridging stock. These bridges have reached the end of their useful lives and require action as the risks they pose to Council are too great if no further action is taken.
- 3 The bridges and actions required are:
 - Mataura Island Titiroa Bridge – carry out community engagement with the purpose of closing the structure for the remainder of the current LTP period and potentially beyond. It is also recommended to improve the alternative route via Oakland Road as outlined in the WSP-Opus report.
 - Welsh Road East Bridge – resolve for staff to pursue the divestment of the asset. However, if this is not achievable due to land status (esplanade strip) then support that the bridge be permanently removed.
 - Channel Road Bridge - Council to officially recognise the bridge closure. Resolve for staff to carry out community engagement with the purpose of closing the structure for the remainder of the current LTP period and integrating its replacement into the 2021-31 LTP.
 - Evans Road - Council to officially recognise the bridge closure and remove the existing structure following community engagement.
 - Benmore Bridge – Council to officially recognise the closure of the bridge. Resolve for staff to carry out community engagement with the purpose of closing and removing the structure for the remainder of the current LTP period and potentially beyond.
 - Mararoa Bridge – Council to officially recognise the bridge is closed to heavy vehicles and agree to replace and divest the bridge to landowners.
- 4 The report seeks formal approval from the Council to proceed with the above actions.

Recommendation

That the Council:

- a) **Receives the report titled “Bridge Report January 2019” dated 30 January 2019.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Agree for staff to proceed with actions for each bridge as detailed below:**
 - **Mataura Island Titiroa Bridge – carry out community engagement with the purpose of closing the structure for the remainder of the current LTP period and potentially beyond.**
 - **Carry out the required improvement improvements outlined in the WSP-Opus report for option 2 (Oakland road route).**
 - **Welsh Road East Bridge – pursue the divestment of the bridge asset to adjacent landowners however if this is not achievable due to land status along the stream (esplanade strip) then support that the bridge be permanently removed.**
 - **Channel Road Bridge - Council to officially recognise the bridge closure for staff to carry out community engagement with the purpose of closing the structure for the remainder of the current LTP period and integrating its replacement into the 2021-31 LTP.**
 - **Evans Road - Council to officially recognise the bridge closure and remove the existing structure following appropriate community engagement.**
 - **Benmore Road Bridge – Council to support closing the structure for the remainder of the current LTP period and potentially beyond.**
 - **Mararoa Road Bridge – officially recognise that the bridge is restricted to heavy vehicle use. Agree that subject to suitable tenders being received the bridge be replaced and divest bridge.**
- e) **Ask staff to initiate the appropriate actions, including any public notifications, to implement the required notification of the bridge closures.**

Background

- 5 Council has an aging bridge stock of which a number of structures are at the end of their useful lives. Out of the 1,084 bridges, 92 bridges are posted and a further six bridges are currently closed.
- 6 This report seeks to address the six bridges that are currently closed.

- 7 The proposed actions associated with each are discussed further in the report following the ‘analysis of options’ section.

Issues

- 8 With current budget availability, Council cannot afford to continue replacing and maintaining all structures due to the sheer number and the cost involved. This has resulted in the development of the bridge replacement/rationalisation programme for 2018-21 Long Term Plan period.

Factors to Consider

Legal and Statutory Requirements

- 9 Under the Local Government Act 2002 Council has authority to dispose of assets unless expressly provided otherwise in the Act.

Community Views

- 10 Some consultation has been carried out with land owners including a full public meeting with respect to Benmore Road Bridge.
- 11 Further community engagement is required and the respective Ward Councillors will be contacted to help determine the extent of community engagement required for each bridge.
- 12 It is anticipated that the SDC bridge stock will be a critical consultation topic through the 2021-31 LTP process.

Costs and Funding

- 13 The recommended actions and work recommended will be funded from the current LTP budget and the appropriate NZ Transport Agency work category with 51% of these costs anticipated to be funded by NZTA.
- 14 If staff recommendations are not be accepted additional funding will be required to achieve the planned programme presented to the Services and Assets Committee on 17 October 2018 or alternatively the programme reprioritised to complete the works within current budgets.

Policy Implications

- 15 There are no policy implications.

Analysis

Options Considered

- 16 The bridge matrix tool was utilised as a first swipe mechanism to determine the outcome for each of the structures; this includes replacement, replace and divest, replace and divest with third party contribution and complete removal of structures. Further validation is then undertaken to confirm.
- 17 The options considered for each bridge are as follows:

Analysis of Options

Option 1 – Replace Structure

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">Existing level of service remainsSupports Council's strategic outcomes.	<ul style="list-style-type: none">Ongoing liability including inspections, maintenance and future replacementsFunding the replacement.

Option 2 – Replace and Divest Structure

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">Existing level of service remains at the time of divestingRemoves long term liability to Council including future inspections, maintenance and replacements.	<ul style="list-style-type: none">Cost associated with funding the initial replacement.

Option 3 – Replace and Divest Structure with third party contribution

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">Existing level of service remains at the time of divestingRemoves liability long term to Council including future inspections, maintenance and replacementsReduce Council's investment in the initial replacement.	<ul style="list-style-type: none">Council's contribution to funding of the initial replacement.

Option 4 – Remove Structure

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">Decrease the number of structures around the network resulting in a more sustainable bridge stockReduces the required investment including bridge maintenance and inspectionsReduced exposure to Council on high risk assets.	<ul style="list-style-type: none">Reduced level of service for affected parties.

Discussion

Mataura Island Titiroa Bridge

- 18 Mātaura Island Tīroa Bridge spans 33m and is a timber structure with steel beams and was posted at 50% of class 1 prior to closure.
- 19 It was closed in November 2017 due to concerns with the structural integrity of the bridge. Significant concerns were raised around the condition of the piles. Other components of the bridge such as pier caps and deck were considered at or very close to the end of their useful lives so maintenance or structural upgrade were not considered as an economical option.
- 20 A replacement option was designed and tendered however due to the overall state of the bridging network along with alternative routes available, it is considered long term more sustainable to close the bridge and invest in improvements along the proposed alternative route (Oakland Road). See WSP-Opus report for further detail.
- 21 The shortest available detour (one side of bridge to other) is via Oakland and Carnie Roads and is 9.1km. However, it is evident that this route is not the most appropriate route for larger loads. Other detours of varying lengths are available.

Welsh Road East Bridge

- 22 Welsh Road East Bridge spans 13m and is a timber structure. The bridge was posted at 10% of class 1 prior to closure in May 2018. Significant concerns were raised by our structural engineer with rotten timbers beams and deck.
- 23 When the bridge was assessed in its entirety it was found that most components of the bridge such as piles and pier caps were considered at or very close to the end of their useful lives so maintenance or structural upgrade are not considered as an economical option.
- 24 The bridge enters a paddock on an unformed section of road and under the Bridge Matrix it is recommend to replace and divest the structure due to no alternative formed detour being available. However, in this instance due to the land use and proximity to Egerton Road it may be considered more appropriate to remove the bridge.
- 25 From consultation with landowners they would prefer to see the bridge divested rather than removed. As such, if the esplanade status allows for divestment this is recommended, if not removal is recommended.

Channel Road Bridge

- 26 Channel Road Bridge spans 34m and is a timber structure. It was posted at 60% of class 1 prior to closure in late December 2018 due to the condition of the piles. However, on closer inspection other components such as the beams and deck were also considered to be very close to the end of their useful lives.
- 27 Based on the Bridge Matrix it is recommended to replace the bridge. However, this bridge is not one of the 18 bridges identified as part of the reprioritised bridge list presented to Services and Assets Committee on 17 October 2018.
- 28 An option for consideration is the replacement of the bridge on Sharks Tooth Road (alternative route but currently posted at 80%) due to the lower replacement cost of this bridge. Based on the

Bridge Matrix if Channel Road bridge was replaced Sharks Tooth Rod Bridge would not be replaced.

- 29 From initial investigation the Channel Road Bridge provides a key access for a local dairy farmer who owns property on either side of the structure and the shortest available detour (one side of the bridge to other) is just over 15km.
- 30 As a result of all consideration it is the staff recommendation that Council officially recognise the bridge closure on Channel Road and for staff to carry out community engagement with the purpose of closing and removing the structure with the intention to replace the structure as part of the 2021-31 Long Term Plan.

Evans Road Bridge

- 31 Evans Road Bridge spans 11m and is a timber structure with steel beams. It was closed in late December 2018 due to concerns with the structural integrity raised by our structural engineer as part of the current round of inspections (6 yearly). The bridge was not posted at the time of the closure.
- 32 Due to the overall condition of the structure it is not considered economical to carry out maintenance or structural upgrade.
- 33 The shortest available route is via Piercy Road (9.6km) and based on the Bridge Matrix it is recommended not to replace the structure. On that basis it is recommended that Council officially recognise the bridge closure for the remainder of the LTP period and potentially beyond pending the 2021-31 LTP engagement process.
- 34 It should also be noted that there is a secondary bridge located 175m up the road from the closed bridge. If it is agreed to proceed with the staff recommendation then this bridge would also be closed once it reached the end of its useful life.

Benmore Road Bridge

- 35 Benmore Road Bridge spans 112m and is a timber structure including timber and steel beams and was posted at 30% of class 1 prior to closure.
- 36 It was closed in November 2018 due to significant concerns with the condition of the deck. However on closer inspection it was found that most components of the bridge are reaching the end of their useful lives and as such maintenance or structural upgrade is not considered economical.
- 37 Physical barriers have been installed to control access over there is clear evidence by wheel marks that these are not being adhered to.
- 38 As the value of the bridge will be well in excess of \$1M a full business case would be required to justify funding and replacement from NZTA. Due to the use and proximity of alternative access initial indications are that funding assistance would not be available.
- 39 A public meeting was held in Dipton on 15 January 2019 outlining the challenges Council faces with its bridge asset and the reason for the closure of Benmore Road Bridge.

- 40 Understandably there was strong community desire to retain the bridge. It was requested that before the bridge be removed that a report be circulate to the community from Council's structural engineers outlining the condition and remaining useful life of the various components.
- 41 Due to the current condition of the bridge deck and risk posed to Council by the lack of adherence to the restriction, it is recommended that bridge remain closed while this report is circulated and throughout the remainder of the current 2018-28 LTP period with further consultation through the 2021-31 LTP.

Mararoa Road Bridge

- 42 The Mararoa Road Bridge spans 69m and is a timber structure. The bridge was posted at 50% Class 1 prior to closure to heavy vehicles in July 2018. A significant concern was raised around the condition of the pier caps and cross bracing. However, following further inspection it was found that most components had reached the end of their useful life.
- 43 Based on the Bridge Matrix and with no alternative legal routes it is recommend to replace and divest the asset. The bridge is in the current bridge programme for replacement and as such has been put out to market.
- 44 Adjacent landowners have been consulted in regard to this option along with the local Councillor.
- 45 The outcome and recommendation from the tender will be reported to the Services and Assets Committee for approval.

Assessment of Significance

- 46 Based on the Council's Significance and Engagement Policy and given that the decisions made are in line with the Annual Plan and Long Term Plan budget expectations, it is believed that the decision made based on this recommendation is not significant.
- 47 Nor does the disposal of these bridge assets trigger Council's Significance and Engagement Policy as the policy considers strategic assets (roading/bridge network) as a whole.

Recommended Option

- 48 Based on the above options and discussions to date, the following actions are recommended for each bridge:
- Mataura Island Titiroa Bridge – carry out community engagement with the purpose of closing the structure for the remainder of the current LTP period and potentially beyond. It is also recommended to improve the alternative route via Oakland Road as outlined in the WSP-Opus report.
 - Welsh Road East Bridge – resolve for staff to pursue the divestment of the asset. However, if this is not achievable due to land status (esplanade strip) then support that the bridge be permanently removed.
 - Channel Road Bridge - Council to officially recognise the bridge closer. Resolve for staff to carry out community engagement with the purpose of closing the structure for the remainder of the current LTP period and integrating its replacement into the 2021-31 LTP.

- Evans Road - Council to officially recognise the bridge closure and remove the existing structure following community engagement.
- Benmore Bridge – Council to officially recognise the closer of the bridge. Resolve for staff to carry out community engagement with the purpose of closing and removing the structure for the remainder of the current LTP period and potentially beyond.
- Mararoa Bridge – Council to officially recognise the bridge is closed to heavy vehicles and agree to replace and divest bridge to landowners.

Next Steps

- 49 To implement the recommendations discussed in the report.

Attachments

- A Matura Island Titiroa Bridge 1281.001 [↓](#)
- B Memorandum from Opus - Matura Island Titiroa Detour Assessment [↓](#)
- C Welsh Road East Bridge 2654.001 [↓](#)
- D Channel Road Bridge 2563.001 [↓](#)
- E Evans Road Bridge 1583.001 [↓](#)
- F Benmore Road Bridge 2895.001 [↓](#)
- G Mararoa Road Bridge 3582.001 [↓](#)

Mataura Island Titiroa Bridge 1281.001

Description

Mataura Island Titiroa Bridge 1281.001 was closed in November 2017 due to concerns with the structural integrity of the bridge. Significant concerns were raised around the piles and their movement (including having an excavator do a push-test on the bridge to confirm this). Other components of the bridge such as pier caps and deck were considered at or very close to the end of their useful lives so maintenance or structural upgrade were not considered as an economical option. The bridge spans 33m and is a timber structure with steel beams and was posted at 50% of class 1 prior to closure.

PHOTO

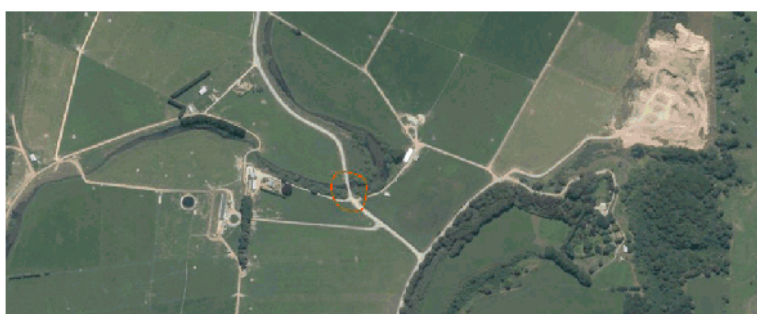


Photo looking underneath bridge 1281.001

Location

Bridge 1281.001 is located on Mataura Island Titiroa Road at RP 2.755.

In the area is a rock quarry and also Titiroa Transport so heavy vehicle movements are proportionally quite high. However the rock quarry can still be accessed from the Titiroa approach or through private land on the Mataura Island approach.



Aerial Map showing bridge 1281.001 circled in red.

Mataura Island Titiroa Bridge 1281.001
24/01/2019

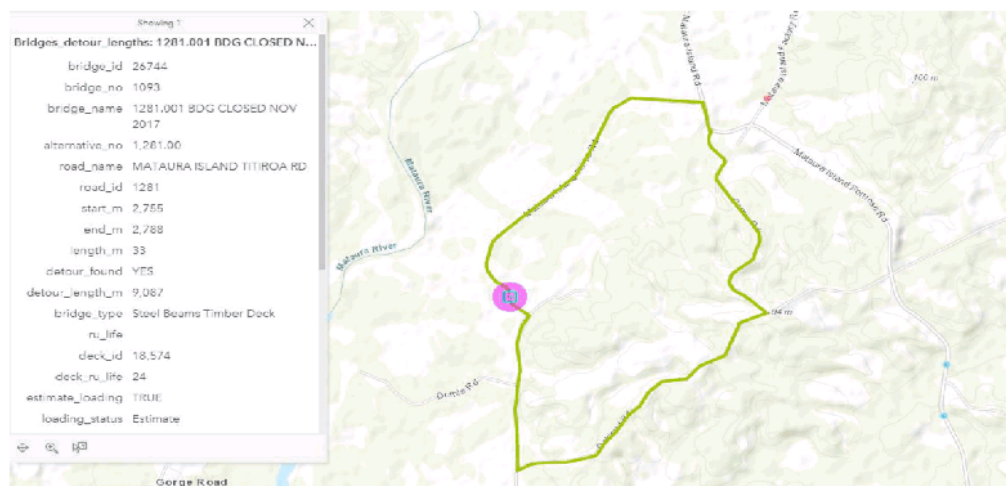
Southland District Council
Te Rohe Pōtae o Murihiku

PO Box 903
15 Forth Street
Invercargill 9840

0800 732 732
@ sdc@southlanddc.govt.nz
southlanddc.govt.nz

Detour

The shortest available detour (one side of bridge to other) is via Oakland and Carnie Roads and is 9.1km. Other detours of varying lengths are available. Please see independent report from Opus attached around detour suitability and level of service provided.



Map showing shortest detour available.

Traffic Volume

Mataura Island Titiroa Road has an estimated ADT of 70 vehicles per day with 32% being Heavy vehicles. (Last actual metro count was 2016 with 46 vpd).

Replacement Cost

2018 Valuation replacement cost for bridge 1218.001: \$562,543.00.

Procurement

In June 2018 a tender was advertised for a Causeway structure or alternative replacement Bridge.

Four conforming tenders were received; 3 of which were for a causeway and the 4th was for a replacement concrete structure.

The lowest price causeway tender received was: \$493,276.50

The preferred replacement bridge tender price was: \$586,286.00

Based on the need to reprioritise the bridging programme and rationalise Councils Bridging Assets – the bridge matrix was developed and all tenders have been rejected until a decision has been made by Council.



Bridge Matrix Recommendation

Parameters used:

ONRC category: Access Road

Detour Length: <10km

Recommendation: Remove and do not replace structure.



Memorandum

To	Roy Clearwater
Copy	Dylan Rabbidge
From	Venkataraman, Sreenath
Office	Invercargill Office
Date	17 January 2019
File	VN094.00
Subject	Detour options for Mataura Island Titiroa Road Bridge

Detours for Mataura Island Titiroa Road Bridge

The Bridge on the Mataura Island Tiitroa Road has been closed due to structural issues. The above report was commissioned to assess the level of service and the deficiencies along the detour route. The report will identify all the existing detour routes and their suitability for use over the long term.

Mataura Island Titiroa Road

Mataura Island Titiroa Road is classified as an Access as per ONRC with an estimated ADT of 70vpd.



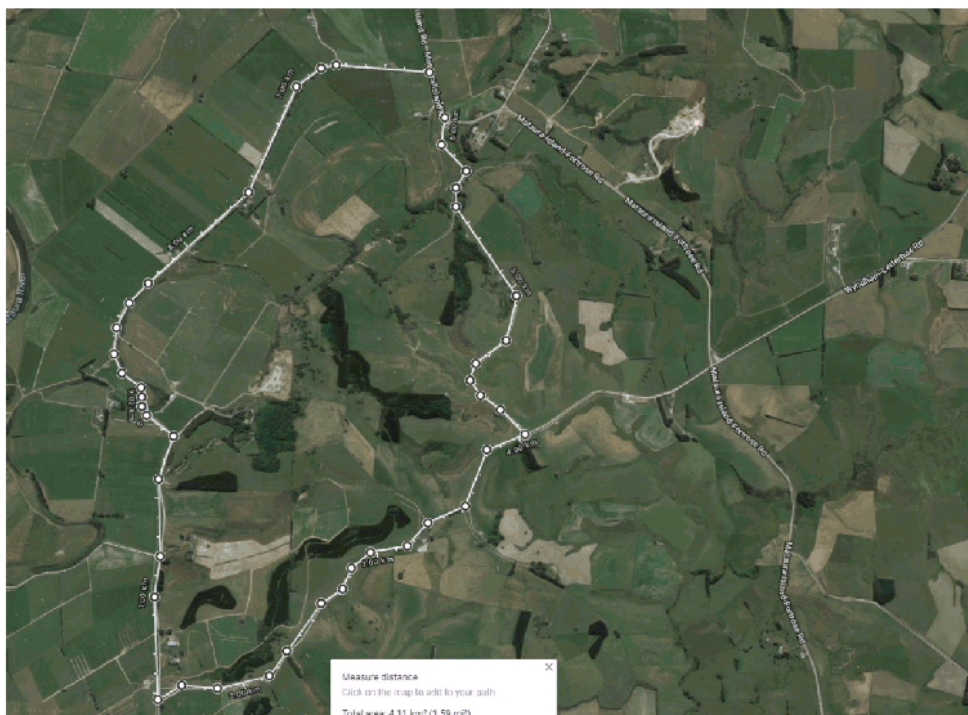
www.wsp-opus.co.nz

Mataura Island Titiroa Road



Bridge closure

1 Detour 1 - Existing Detour



Detour Route comprises of Mataura Island Titiroa Road - Mataura Island Fortrose Road - Carnie Road - Oakland Road - Mataura Island Titiroa Road

Detour Length - Approximately 9km

www.wsn-online.co.nz

1.1 Carnie Road

Is a very narrow unsealed road and is not suitable for heavies especially when they pass each other. The road has corners which has limited visibility. The road has horizontal and vertical curves with restricted visibility. The intersection of Mataura Fortrose Road and Carnie Road is on a curve which restricts visibility for vehicles using the intersection.

Carnie Road is a low volume road as per ONRC classification with an estimated ADT of 10 vpd. The section of road is below the standard of Mataura Fortrose Titiroa Road. The level of service is lower than the Mataura Island Titiroa Road, is narrower, and the alignment is not desirable.

The road alignment is not suitable for heavies

1.1.1 Improvements

Will require cutting into the banks for widening and trimming vegetation. Provide some widening on the curves.

1.1.2 Costs

Cutting into embankments to improve visibility and widening - \$60,000
Vegetation clearing - \$ 5,000.00
Grading - \$1,500.00



Carnie Road - Curves vegetation obscuring visibility. Very Narrow for vehicles to pass each other



Combination of Vertical and horizontal curve on Carnie Road lack of visibility.

1.2 Oakland Road

The Oakland Road is wider than the Carnie Road. The alignment of the road is much better and has better visibility around corners. The visibility is obscured by tall grass on either side of the road. The road has gravel built up in between the wheel tracks which hits the undercarriage of the cars. 2.5km of Oakland Road forms part of Detour 1 from the Carnie Road intersection to Mataura Island Titiroa Road intersection.

Oakland Road is classified as a Low Volume Road according to the ONRC and has an estimated ADT of 20 vpd.

The alignment of the route is suitable for heavies

1.2.1 Improvements

Trim vegetation around the curves. - \$5,000.00

Grade the gravel built up in the middle of the road- \$1500.00

Widening - \$60,000



Oakland Road - narrow but has a better alignment than Carnie Road



Vegetation obscuring visibility on the corner Oakland Road



Visibility from the Oakland Road Intersection



Visibility from the Oakland Road Intersection

2 Detour Option 2

Detour Route comprises of Matura Island Titiroa Road - Matura Island Fortrose Road - Oakland Road - Matura Island Titiroa Road

Detour Length - Approximately 10.3km

Appropriate for heavies



2.1 Oakland Road

The Oakland Road is wider than the Carnie Road. The alignment of the road is much better and has better visibility around corners. The visibility is obscured by tall grass on either side of the road. The road has gravel built up in between the wheel tracks which hits the undercarriage of the cars. 3.5km of Oakland Road forms part of Detour 2 from the Matura Island Fortrose Road intersection to Matura Island Titiroa Road intersection.

Oakland Road is classified as a Low Volume Road according to the ONRC and has an estimated ADT of 20 vpd. To increase the level of service to Matura Titiroa Road standards the following improvements is necessary.

2.1.1 Improvements Costs

Trim vegetation around the curves. - \$7,000.00
 Grade the gravel built up in the middle of the road- \$2500.00
 Widening - \$60,000 - \$100,000



Oakland Road – narrow but has a better alignment than Carnie Road



Vegetation obscuring visibility on the corner Oakland Road

2.2 Discussion

- 1 The intersection of Oakland Road and Maitua Island Fortrose Road has better visibility than Carnie Road intersection.
- 2 The above option eliminates Carnie Road and provides better alignment for the users on Oakland Road.
- 3 The above option only adds 1km to the detour and is a lot safer to the existing detour.
- 4 The detour is suitable for heavies.

3 Detour Option 3

Mataura Island Titiroa Road - Mataura Island Fortrose Road - McCall Road - Seaward Downs Gorge Road - Shepherd Road - Hamill Road - Seaward Downs Gorge Road - Tokanui Gorge Road - Fleming Road - Springfield Road - Mataura Island Titiroa Road

Detour Length - Approximately 35.3km
Detour is suitable for heavies



The above detour crosses Mataura river along the Tokanui Gorge Highway and is much longer when compared to the Option 1 and Option 2

- The detour includes unsealed roads such as McCall Road, Shepherd Road, Hamill Road, Springfield Road and Mataura Island Titiroa Road.
- The alignment of the unsealed road is good, but they do have a couple of small bridges on the above route.
- McCall Road - Mataura Island Fortrose Road Intersection lacks visibility towards the bridge. McCall road has a small timber bridge in its path may need to be assessed for its suitability for heavies. McCall Road is classified as an Access as per ONRC and has a ADT of 50vpd
- Shepherd Road has a couple of blind corners. The visibility at the intersection is very good. It is a narrow-unsealed road. It is classified as a low volume road as per ONRC and has an estimated ADT of 30vpd.
- Hamill Road - Is a narrow-unsealed road. The visibility at the intersection of Seawards down Gorge road is very good. It is classified as an Access as per ONRC and has an estimated ADT of 40vpd.

- Springfield Road - is an unsealed road but has good width and visibility. It is classified as an Access as per ONRC and has an estimated AADT of 120vpd.

Most of the roads along this route is at the same level of service as Mataura Island Titiroa Road. Only Shepherd Road will need improvements to bring the level of service to Access Standard.

3.1 Improvement Costs

Widening of Shepherd Road - \$150,000



Mccall Road



Bridge on Mccall Road.



Shepherd Road

www.weston-odis.co.nz

Page 11



Springfield Road



Hamill Road



Mataura Island Titiroa Road

4 Detour Option 4

Mataura Island Titiroa Road - Mataura Island Fortrose Road -McCall Road-
Seaward Downs Gorge Road- Fleming Road - Mataura Island Fortrose Road -
Oakland Road Mataura Island Titiroa Road

Detour Distance - 43 km.

Detour is suitable for heavies



The above detour is too long, compared to all other options.

This detour option provides seal roads for most of the route except for Oakland Road and Mataura Island Titiroa Road to access the bridge.

The above route is the least feasible.

Oakland Road is the only unsealed road which has a lower level of service, will require upgrades to increase its level of service to an Access.

4.1 Improvements Costs

Trim vegetation around the curves. - \$7,000.00

Grade the gravel built up in the middle of the road- \$2,500.00

Widening - \$60,000.00 - \$100,000.00

5 Discussion

- 1 Option 1 and Option 2 are the most feasible.
- 2 Option 3 and Option 4 provide alternative but is too long to be considered as valid options.
- 3 With respect to the improvements to the detour route - Option 2 only requires trimming of the vegetation and grading to remove the gravel buildup in between the wheel paths.
- 4 Option 2 is much safer than Option 1 in terms of alignment and intersection sight distances.

Detour	Safety	Length	Improvement Costs	Suitable for heavies
Detour 1	Not safe	9km	\$132,000.00	No
Detour 2	Safe	10.3km	\$110,000.00	Yes
Detour 3	Safe	35.3km	\$150,000.00	Yes
Detour 4	Safe	43km	\$110,000.00	Yes

6 Recommendation

We recommend Option 2 - Mataura Island Titiroa Road - Mataura Island Fortrose Road - Oakland Road - Mataura Island Titiroa Road is the best available detour in terms of length, safety and cost of improvements.

Welsh Road East Bridge 2654.001

Description

Welsh Road East Bridge 2654.001 was closed in May 2018 due to concerns with the structural integrity of the bridge. Significant concerns were raised by our structural engineer with rotten timber beams and deck. When the bridge was assessed in entirety it was found that most components of the bridge such as piles and pier caps were considered at or very close to the end of their useful lives so maintenance or structural upgrade were not considered as an economical option. The bridge spans 13m and is a timber structure. This bridge was posted at 10% of class 1 prior to closure.

PHOTO



General photo showing bridge 2654.001



Photo showing state timber beam underneath bridge 2654.001

Welsh Road East Bridge 2654.001
24/01/2019

Southland District Council
Te Rohe Pōtae o Murihiku

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15 Forth Street
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Location

Bridge 2654.001 is located on Welsh Road East at RP 0.637.

This bridge is located at the end of the formed section of Welsh Road East and accessed a paddock as per aerial below:



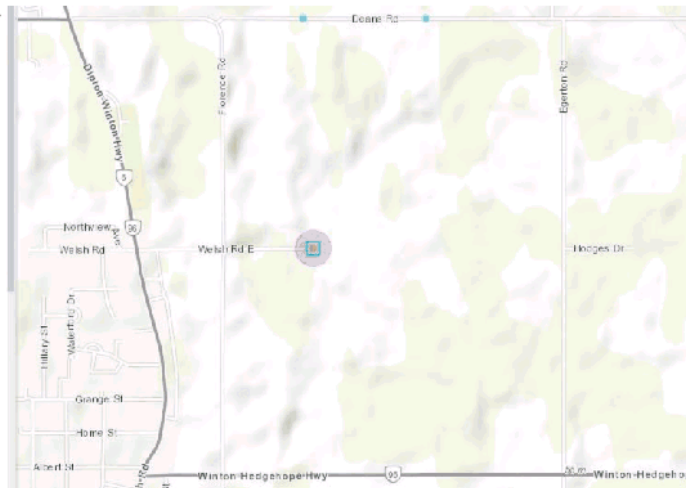
Aerial Map showing bridge 2654.001 circled in red.

Detour

As bridge 2654.001 enters a paddock on an unformed section of Welsh Road East – there is no ‘formed detour’ available. To access the unformed section of Welsh Road East from Egerton Road is approx. 2.8km.

Bridges_detour_lengths: 2654.001 BDG CLOSED JUN...

bridge_id	27075
bridge_no	1763
bridge_name	2654.001 BDG CLOSED JUN 2018
alternative_no	2,654.00
road_name	WELSH RD EAST
road_id	2654
start_m	637
end_m	650
length_m	13
detour_found	NO
detour_length_m	
bridge_type	Timber Beams and Deck
ru_life	
deck_id	18,905
deck_ru_life	1
estimate_loading	TRUE
loading_status	Estimate



Map showing NO detour available (on formed roads).

Welsh Road East Bridge 2654.001
24/01/2019

Page | 2



Traffic Volume

Welsh Road East has an estimated ADT of 5 vehicles per day with 0% being Heavy vehicles (At the end where the bridge is located).

Replacement Cost

2018 Valuation replacement cost for bridge 2654.001: \$229,176.00

Procurement

This bridge has not gone out to market yet as we await Council decision on whether to replace, remove or divest the structure.

Bridge Matrix Recommendation

Parameters used:

ONRC category: Low Volume Road

Detour Length: No Detour

Recommendation: Replace structure and divest to affected parties with 3rd party contributions (Because there is no formed alternative detour).

Please note:

The landowners have been contacted when the bridge was closed to discuss the long term future of the structure. They certainly want to see it remain but understand Council's position as far as benefit to cost on such a low use bridge such as 2654.001.

The affected parties were quite keen for the bridge to be divested to them as is – but there are a number of legal issues to be addressed before this can be considered an option such as esplanade access and the condition of the structure.

Therefore recommendation is to find out whether or not we can legally divest structure and remove all liability to Council. If Council cannot divest – then the recommendation will be to remove the structure.

Channel Road Bridge 2563.001

Description

Channel Road Bridge 2563.001 was closed in December 2018 due to concerns with the structural integrity of the bridge. Significant concerns were raised around the piles but on closer inspection it was found that most components of the bridge such as pier caps, beams and deck were considered at or very close to the end of their useful lives so maintenance or structural upgrade were not considered as an economical option. The bridge spans 34m and is a timber structure including timber beams and was posted at 60% of class 1 prior to closure.

PHOTO



Photo looking underneath bridge 2563.001

Location

Bridge 2563.001 is located on Channel Road at RP 2.131.

In the area are a couple of Dairy Farms but predominately this Road is used as a shortcut between Tussock Creek and SH96.

Channel Road Bridge 2563.001
24/01/2019

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🏠 southlanddc.govt.nz



Aerial Map showing bridge 2563.001 circled in red

Detour

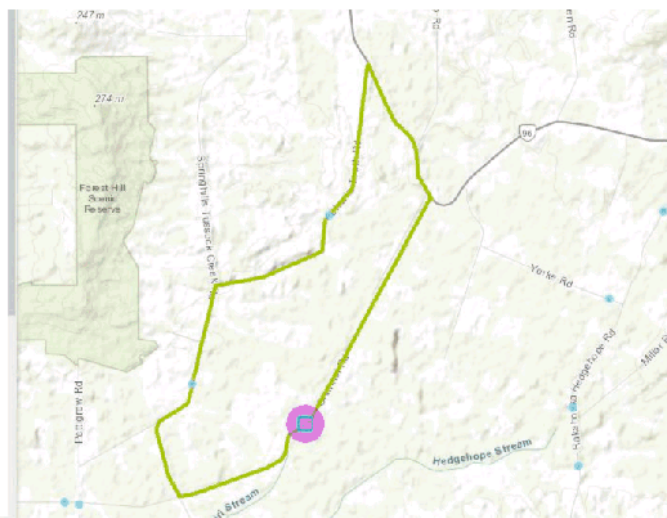
The shortest available detour (one side of bridge to other) is via SH96, Sharks Tooth Road and is 15.3km. Other detours of varying lengths are available.

Please note there is a small posted bridge on Sharks Tooth Road. This structure is Timber beams and Deck and currently posted at 80% class one.

Bridges_detour_lengths: 2563.001

```

bridge_id 27043
bridge_no 1678
bridge_name 2563.001
alternative_no 2,563.00
road_name CHANNEL RD 1
road_id 2563
start_m 2,131
end_m 2,165
length_m 34
detour_found YES
detour_length_m 15,320
bridge_type Timber Beams and Deck
ru_life
deck_id 18,873
deck_ru_life 4
estimate_loading TRUE
loading_status Estimate
loading_pc_heavy 12
  
```



Map showing shortest detour available.

Traffic Volume

Channel Road has an estimated ADT of 80 vehicles per day with 13% being Heavy vehicles.



Replacement Cost

2018 Valuation replacement cost for bridge 1218.001: \$514,354.64.

Procurement

This bridge has not gone out to market yet as we await Council decision on whether to replace the structure in existing location, remove the structure or explore other options (such as upgrade Sharks Tooth Road Bridge).

Bridge Matrix Recommendation

Parameters used:

ONRC category: Access Road

Detour Length: >15km

Recommendation: Replace Structure

Please note:

The bridge matrix recommends that when the Sharks Tooth Bridge reaches the end of its useful life we should not replace it based on it being a Low Volume Road with a detour of 11.3km. However if the decision was to not replace Channel Road Bridge then the Sharks tooth bridge could be replaced for \$103,313.70 (2018 valuation data – in reality with the way the market is it could be closer to \$200k with related fees and consents etc). This option would provide access for full class 1 vehicles at a much lower cost than replacing Channel Road Bridge.

Evans Road Bridge 1583.001

Description

Evans Road Bridge 1583.001 was closed in December 2018 due to concerns with the structural integrity of the bridge. Significant concerns were raised by our structural engineer with rusty piles (rail way irons) and rotten deck. Also the amount of movement the bridge had overall when crossed by a bus. When the bridge was assessed in entirety it was found that most components of the bridge such as pier caps, and spiking plates were considered at or very close to the end of their useful lives so maintenance or structural upgrade were not considered as an economical option. The bridge spans 11m and is a timber structure with steel beams. This bridge was not posted prior to closure and was identified as part of this years (6 yearly) structural inspections.

PHOTO



Photo showing rusty rail way iron piles support abutments underneath bridge 1583.001



Photo showing state of some deck planks underneath bridge 1583.001.

Location

Bridge 1583.001 is located on Evans Road at RP 0.274.



Aerial Map showing bridge 1583.001 circled in red.

Detour

The shortest available detour (one side of bridge to other) is via Piercy Road, Woodlands South Road, and SH1 and is 9.6km. Other detours of varying lengths are available.



Map showing shortest detour available.

Traffic Volume

Evans Road has an estimated ADT of 20 vehicles per day with 10% being Heavy vehicles.

Evans Road Bridge 1583.001
24/01/2019

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Replacement Cost

2018 Valuation replacement cost for bridge 1583.001: \$175,879.28

Procurement

This bridge has not gone out to market yet as we await Council decision on whether to replace or remove the structure.

Bridge Matrix Recommendation

Parameters used:

ONRC category: Access Road

Detour Length: <10km

Recommendation: Remove and do not replace structure.

Please note:

There is another bridge on Evans Road (1583.002) located just 175m up the road from the closed bridge. If a decision was to close bridge 1583.001 then bridge 1583.002 could also be closed once it reaches the end of its useful life. Bridge 1583.002 has a 2018 valuation of \$126,437.71. The matrix recommends that bridge 1583.002 be closed when it reaches the end of its useful life. Therefore if a decision to go against the matrix now and replace bridge 1583.001 was to be made – then bridge 1583.002 will also need replaced in the future to retain access along Evans Road.

Benmore Road Bridge 2895.001

Description

Benmore Road Bridge 2895.001 was closed in November 2018 due to concerns with the structural integrity of the bridge. Significant concerns were raised around the condition of the deck but on closer inspection it was found that most components of the bridge such as piles, pier caps and beams were considered at or very close to the end of their useful lives so maintenance or structural upgrade were not considered as an economical option. The bridge spans 112m and is a timber structure including timber and steel beams and was posted at 30% of class 1 prior to closure.

Physical barriers have been installed for a few years now to restrict heavy vehicular movements however there is clear evidence by wheel marks that these restrictions are not being adhered to which is very disappointing. Especially considering that around 18 - 24 months ago, the local community engineer approached several farmers to advise of the need to adhere to the restrictions and as not doing so will cause the bridge to deteriorate even quicker.

PHOTO



Photo looking underneath bridge 2895.001

Location

Bridge 2895.001 is located on Benmore Road at RP 1.202.

Benmore Road Bridge 2895.001
24/01/2019

Southland District Council
Te Rohe Pōtae o Murihiku

PO Box 903
15 Forth Street
Invercargill 9840

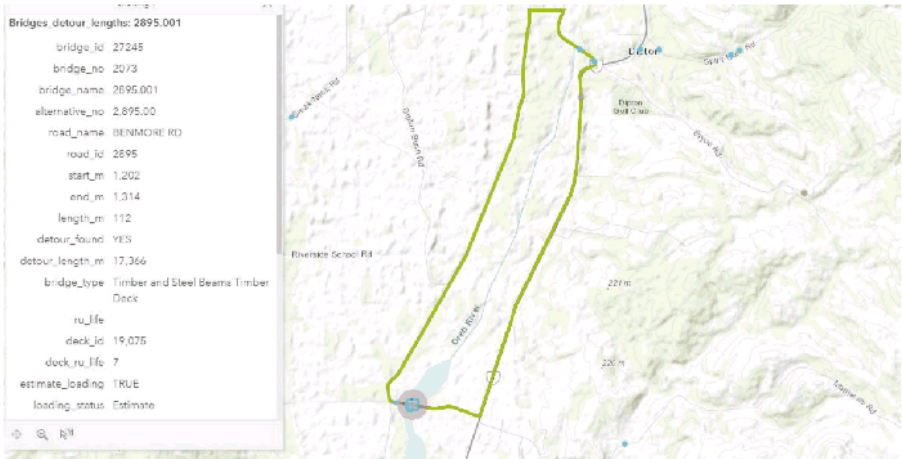
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Aerial Map showing bridge 2895.001 circled in red.

Detour

The shortest available detour (one side of bridge to other) is via Dipton using South Hillend Dipton road, SH6 and is 17.3km. Other detours of varying lengths are available including utilising the bridge across the Oreti River at Centre Bush which is a 27.1km detour. Please note: these detour lengths referred to are point to point on the Benmore Bridge. Unless activities (such as farming) require access on either side of river – then you can essentially halve these values as typically you’d be heading either north or south regardless.



Map showing shortest detour available.



Traffic Volume

Benmore Road has an estimated ADT of 50 vehicles per day with 13% being Heavy vehicles.

Replacement Cost

2018 Valuation replacement cost for bridge 2895.001: \$1,446,391.80.

Procurement

This bridge has not gone out to market yet as we await Council decision on whether to replace or remove the structure.

As the replacement value of this bridge will be well over \$1M (expected to be much higher than valuation data based on current market values) it would require a business case to NZTA for funding (above \$1M) but considering the alternative access and low traffic volumes (50 vpd) I would be extremely surprised if NZTA would even contemplate the notion of providing any financial contribution towards the bridge.

Bridge Matrix Recommendation

The Bridge matrix was only developed for structures with an expected replacement cost of <\$1M as any project with a cost of >\$1M requires an NZTA business case.

Based on the fact that with alternative access being available and the low traffic volumes a business case will not be approved and therefore without NZTA financial support we recommend that the bridge be removed and not replaced.

Mararoa Road Bridge 3582.001

Description

Mararoa Road Bridge 3582.001 was closed in July 2018 due to concerns with the structural integrity of the bridge. Significant concerns were raised around the condition of the pier caps and cross bracing but on closer inspection it was found that most components of the bridge such as piles, beams and deck were considered at or very close to the end of their useful lives so maintenance or structural upgrade were not considered as an economical option. The bridge spans 69m and is a timber structure and was posted at 50% of class 1 prior to closure.

PHOTO



Photo showing general condition of bridge 3582.001

Location

Bridge 3582.001 is located on Mararoa Road at RP 0.974.



Aerial Map showing bridge 3582.001 circled in red.

Mararoa Road Bridge 3582.001
24/01/2019

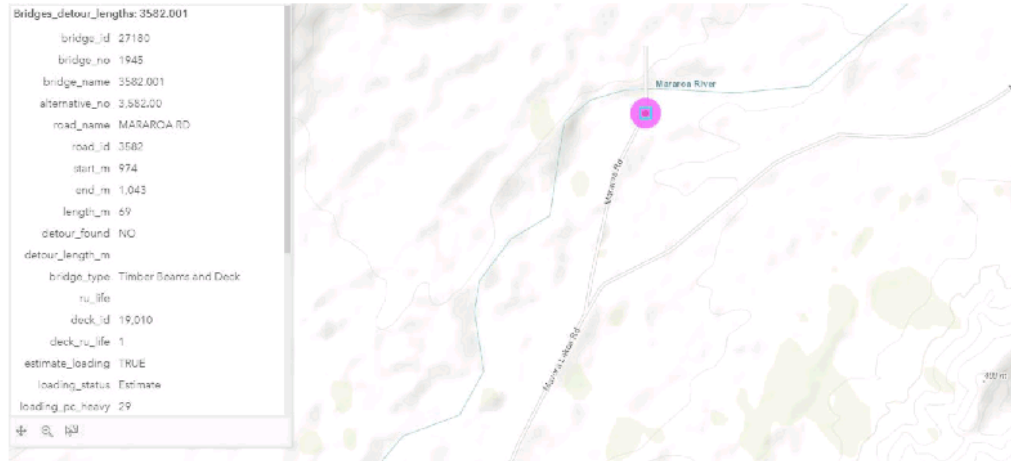
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Detour

As bridge 3582.001 is a no exit road – there is no detour available (on legal roads).



Map showing NO detour available.

Traffic Volume

Mararoa Road has an estimated ADT of 20 vehicles per day with 25% being Heavy vehicles.

Replacement Cost

2018 Valuation replacement cost for bridge 3582.001: \$855,437.44.

Procurement

This bridge is currently being tendered and closes at the end of January 2019. The replacement bridge design was prepared by Opus and is much shorter than the existing structure to keep costs down. This will result in the bridge potentially being out of action a few days of the year when flooding which has been consulted with the affected parties. The replacement bridge is designed to full class 1 loading and being built from 'off the shelf' products to try get a fit for purpose replacement structure built as cost effectively as possible. The contract is lowest price conforming method.

For NZTA funding contribution from Low Cost Low Risk category – the project needs to come under \$1M – which the engineers estimate is approx. \$750,000 + professional services. The landowners have been consulted with and told that if the tender comes in above \$1M – the difference will be sought from themselves as a third party contribution for the project to proceed.



Bridge Matrix Recommendation

Parameters used:

ONRC category: Low Volume Road

Detour Length: No Detour

Recommendation: Replace structure and divest to affected parties.

(Because there is no formed alternative detour).

Delegations under the Building Act 2004

Record No: R/19/1/1130
Author: Bruce Halligan, Group Manager Environmental Services
Approved by: Steve Ruru, Chief Executive

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is to seek the Council's approval of updated delegations under the Building Act 2004, to reflect current staff structure and position titles within the Environmental Services Group.
- 2 This is part of the process of preparation for the upcoming external audit of the Council's Building Solutions team by International Accreditation New Zealand (hereafter IANZ), which is occurring from 19th to 22nd February 2019.

Recommendation

That the Council:

- a) **Receives the report titled "Delegations under the Building Act 2004" dated 30 January 2019.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Approves the delegations under the Building Act 2004 to staff as specified in the attachment in Appendix 1.**

Background

- 3 Every council is required to be reaccredited at two-yearly intervals in order to be able to continue to operate as a Building Consent Authority under section 212 of the Building Act 2004.
- 4 Southland District Council's Building Solutions team's IANZ reaccreditation audit is scheduled for 19-22 February 2019 inclusive. An internal project team has been working for over six months to seek to position Council positively for this audit process. As part of the preparation for this audit, Council approval is sought to an updated schedule of delegations which reflects current position titles and operational processes, please refer to **Appendix 1** for this schedule.
- 5 It is an important part of the IANZ audit process that Council can clearly demonstrate that it is exercising all its relevant Building Act statutory functions in accordance with appropriate

delegations; and that the delegations schedule is current and reflects current departmental structure and processes.

- 6 It is common for councils to delegate various functions under the Building Act 2004 (and other regulatory legislation) to staff, in order to provide for the timely and efficient execution of its statutory roles and consent processing.
- 7 Obviously however, a council can only delegate to staff within the extent of the jurisdiction to do so provided under the relevant statute. Many statutes specifically exclude the delegation of certain statutory functions; or if some functions are to be delegated, these are unable to be legally delegated beyond Chief Executive level.
- 8 The Building Act is one such statute, and care has been taken in preparing the proposed schedule of delegations attached as **Appendix 1** to ensure that no delegations have been included that are explicitly excluded from being delegated by statute. For instance, when a council is exercising its powers to take immediate action in relation to addressing dangerous or insanitary building functions under the Act, the Act requires (section 129) that the relevant warrant be signed by the Chief Executive.
- 9 For most of the Council's functions under the Building Act 2004, Council's Quality Manager for IANZ purposes is the Group Manager of Environmental Services (GMES), and this is reflected in the schedule in **Appendix 1**. This is hence reflected in the fairly broad delegation to the GMES, with further delegations reflecting the respective staff and their respective functions in the building control processes.
- 10 It is important to note that this updated schedule largely does not represent any significant shift from current processes in terms of how building consents are processed and authority exercised by staff, but rather is an update of titles and terminology.
- 11 However, the exception to this is a recent (October 2018) arrangement which was made to provide for Solutions Group Limited, a Christchurch based building consultancy, to process some building consents under contract. Solutions Group performs similar functions for approximately a dozen councils throughout New Zealand. The reasons for this arrangement are:
 - to seek to ensure a timely building consent processing service is maintained for our customers, which meets statutory timeframes and key performance indicators
 - to ensure that staff are not processing building consents beyond their competency levels. During 2018, several long-serving staff with higher levels of assessed technical competency have moved on, and while they have been replaced, there is currently reduced capacity to process consents at the higher levels of design complexity
 - to ease pressures on building consent processing staff.
- 12 Solutions Group performs the processing functions for selected consents in the Southland District referred to them via the Team Leader of Building Solutions. Council retains the issuing function and the Building Consent Authority function which has not been delegated, and the ultimate responsibility for the issued building consent.
- 13 Therefore this arrangement is also reflected in the proposed delegations, and associated departmental structure arrangements. Section 213 of the Building Act 2004 provides for such aspects of the process to occur under contract; and with significant resourcing pressures in the sector, many councils are outsourcing aspects of their Building Act 2004 functions around the country.

- 14 Ultimately, it is Council's prerogative as to what functions it chooses to delegate to staff under the Building Act 2004. However, it is suggested that the delegations as outlined are important to ensure an efficient operation of Council's building consent processing functions, and the schedule in **Appendix 1** reflects the departmental practices occurring and the relevant position titles.
- 15 Having suitable delegations to staff is considered to be consistent with the Southland Regional Development Strategy Ease of Doing Business workstream in terms of keeping an important and highly time-sensitive statutory process moving, while also ensuring appropriate robustness in the process.

Issues

- 16 This report seeks to ensure that formal delegations under the Building Act 2004 remain robust and reflect current practice and position titles.

Factors to Consider

Legal and Statutory Requirements

- 17 It is imperative that the Council ensures that all delegations instruments remain current and robust, to mitigate potential legal liability from a staff member exercising a function under legislation such as the Building Act 2004 which they did not have the appropriate delegated authority for.

Community Views

- 18 There is no legislative requirement for community consultation in relation to these delegations. However, ensuring appropriate delegated authority under the Building Act 2004 assists with the provision of a prompt service to the community and customers.

Costs and Funding

- 19 There are no additional cost implications from the approval of these updated delegations. Appropriate statutory delegations mitigate the potential for unnecessary costs for customers from processes becoming excessively lengthy or complex.

Policy Implications

- 20 There are no specific policy considerations. However, at a broad level, as mentioned above these delegations assist in delivery of the Southland Regional Development Strategy (SoRDS) in relation to the ease of doing business.

Analysis

Options Considered

- 21 Options considered are to either retain existing delegations or to update these delegations as recommended via **Appendix 1**.

Analysis of Options

Option 1 – Retain existing Building Act delegations, don't update

<i>Advantages</i>	<i>Disadvantages</i>
-------------------	----------------------

<ul style="list-style-type: none">• None identified	<ul style="list-style-type: none">• Would expose Council to potential liability• Delegations instrument would not reflect current departmental structure, processes and position titles• Could create risk in the IANZ audit process
---	--

Option 2 – Update Building Act delegations as recommended

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Ensures the Council's Building Act delegations reflect departmental structure, processes and position titles• Mitigates risk for IANZ audit process• Facilitates ease of doing business for customers	<ul style="list-style-type: none">• None identified

Assessment of Significance

- 22 The updating of Council's Building Act delegations is not considered significant in terms of section 76 of the Local Government Act 2002. The determination of appropriate delegations for staff is a routine administrative matter.

Recommended Option

- 23 Option 2- updating of Building Act delegations as per **Appendix 1** – is recommended

Next Steps

- 24 If these delegations are approved, they will be included in the Council's delegations manual and made available to IANZ for the audit process.

Attachments

- A Proposed update Building Act 2004 Delegations [↓](#)



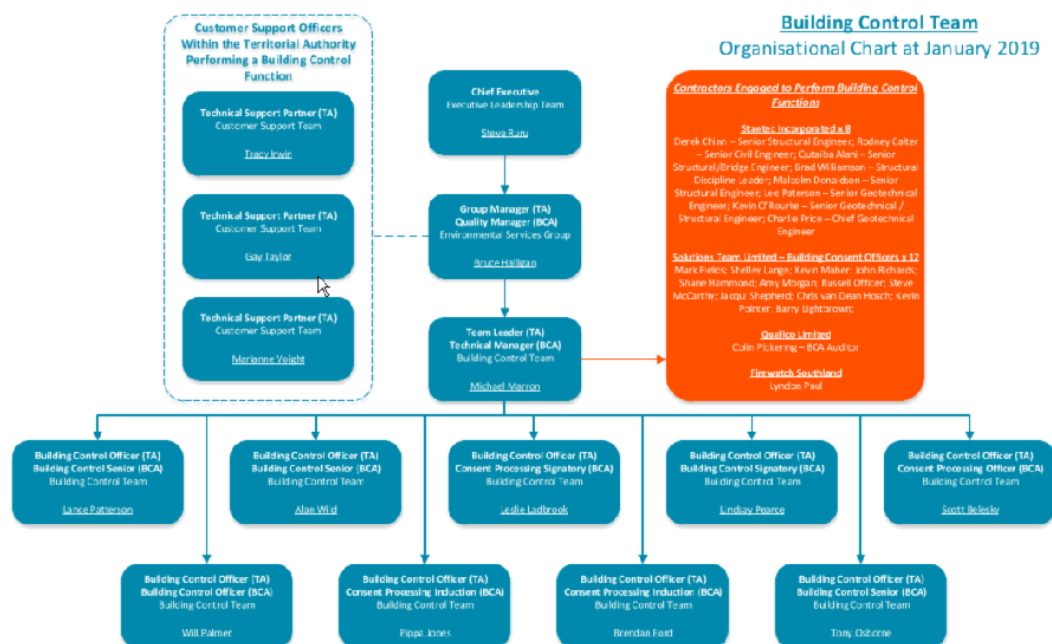
Delegation of BCA Functions

It is the intention of this document to supersede the delegation of BCA functions as approved by Council in 2008 via resolution R/18/6/14281 which speaks to delegations specified the report R/18/6/14282.

Section CA 8 “Organisational Capacity” of the QAS Manual places overall responsibility for quality assurance of Southland District Council’s BCA functions with the Quality Manager who holds the position of Group Manager Environmental Services. This position is currently filled by **Bruce Halligan**.

The Quality Manager reports directly to the Chief Executive of the Southland District Council. In the absence of the Quality Manager being available, another executive level officer shall deputise for the Quality Manager.

Although the Quality Manager retains overall responsibility for quality assurance functions, all employees and contractors performing a building control function require the powers to perform these functions. The roles as set out below are being delegated responsibility to perform the day-to-day tasks of the BCA. These positions are currently specified in the organizational chart on the building control website https://jam10.sapjam.com/groups/C2ZbwD190LL0skTMVMnzgu/overview_page/xcUjsGVQE8UeRMScdTUcfN





Abbreviations

GMES	Group Manager Environmental Services
MBC	Manager Building Control, Team Leader Building Solutions
MEO	Monitoring and Enforcement Officer
BCO	Building Control Officer, Consent Processing Officer, Team Leader Building Solutions and Contractors performing building control functions
SP	Senior Planner
TLRM	Team Leader, Resource Management
TSP	Technical Support Partners (formerly Technical Officers, suitably trained Administration staff who support the building team)



Building Act 2004 Delegations

SECTION	SUMMARY OF FUNCTION/POWER DELEGATED	DELEGATED OFFICER
	All powers, functions and duties under the Building Act 2004 (except those that are unable to be legislatively delegated)	GMES
S.31	To apply for and provide PIM to owner on application of a building consent	MBC, BCO
S.33	To determine the adequacy of information received with an application for a PIM and require further information on an application	MBC, BCO, TSP
S.34(1)	To issue a PIM	MBC, BCO, TSP
S.34(4)	To determine if any PIM issued contains an error or omission, or determine if any information received affects that PIM, and re-issue the PIM	MBC, BCO, TSP
S.35	To determine the content of a PIM	MBC, BCO, TSP
S.37	To permit issue of building consent with certificate attached that resource consent required and no work to commence until this resource consent has been obtained	GMES, TLRM, SP
S.38	To provide PIM to operators or other authorities that have provided information in that PIM	MBC, BCO, TSP
S.39	To advise New Zealand Historic Places Trust of certain applications	MBC, BCO, TSP
S.40	To initiate legal proceedings in respect of individuals who have undertaken building work without first having obtained a building consent	GMES
SS.45, 48	To determine the adequacy of information received with a building consent application or an application for an amended building consent, and require further information on the application	MBC, BCO, TSP
S.46	To provide a copy of certain applications to the NZ Fire Service Commission	MBC, BCO, TSP
S.48	To process building consent applications	MBC, BCO, TSP
S.49	The authority to grant a building consent subject to receipt of fees and any levy payable	MBC, BCO,
S.50	To determine whether to refuse any building consent and give written notice of the refusal and the reasons for the refusal	MBC, BCO,
S.51	The authority to issue a building consent	MBC, BCO, TSP
S.52	To extend the time permitted to activate a building consent to prevent lapse of consent	MBC BCO
S.54	To advise applicant of the amount of levy payable	MBC, BCO, TSP
SS.58, 59	The duty to make payments and certify in respect of levies to the Department of Building and Housing	MBC
S.62	The power to recover unpaid levies from applicant	MBC



SECTION	SUMMARY OF FUNCTION/POWER DELEGATED	DELEGATED OFFICER
S.64	The duty to keep in safe custody all records and building consents issued including the estimated value of the building work	MBC
S.67	Authority to grant or refuse any applications for a waiver or modification of the Building Code, on matters of minor non-compliance	MBC
S.68	The duty to notify the Department of Building and Housing	MBC
S.70	The duty to receive applications for energy work	MBC, BCO, TSP
S.71	Authority to refuse any building consent in relation to land with natural hazards	MBC, BCO, TSP
SS. 72-74	To permit the granting and issuing of a building consent in circumstances where the site may be subject to natural hazards but the situation is not made worse by the construction of the building	GMES, TLRM
S. 75-77	Building on two or more allotments - issue and authenticate for entry of titles	GMES, TLRM
SS.90, S222	The power to inspect any land and building work and enter any premises for the purpose of inspection and be an "authorised agent or officer"	MBC, BCO
SS.93-95	To determine all matters in relation to whether a code compliance certificate will be issued, including requiring further information, and issue code compliance certificates	MBC, BCO
S.96	To determine whether to grant or refuse an application for a certificate of acceptance	MBC, BCO
SS.97, 98	Power to determine information required and to require further information on an application for a certificate of acceptance	MBC, BCO
S.99	To determine whether any qualifications should be made on any certificate of acceptance	MBC, BCO
SS.100-103, 108	Authority to consider and implement all aspects relating to compliance schedules, building warrants of fitness and approval of Independent Qualified Persons	MBC, BCO
S.103	Content of compliance schedule (specified systems)	MBC, BCO, TSP, MEO
SS.106, 107, 109	Power to amend a compliance schedule	MBC, BCO, TSP
S.110	To require owner of building to produce of annual written reports on compliance schedules	MBC, BCO, TSP, MEO
S.111	Power to inspect buildings	MBC, BCO, TSP, MEO
S.112, S118	To determine all matters in relation to alterations to an existing building, that will not comply fully with the relevant provisions of the building code	MBC, BCO
S.113	Authority to determine conditions of a building consent in relation to buildings with specified intended lives	MBC, BCO



SECTION	SUMMARY OF FUNCTION/POWER DELEGATED	DELEGATED OFFICER
S.115	The power and authority to determine the change of use of buildings	MBC, BCO
S.116	The power and authority to determine an extension of life of a building	MBC, BCO
S.116A	To determine whether to permit a subdivision that affects a building or part of a building	MBC, BCO
S116C	To determine if a building cannot be used because it is insanitary or does not have an appropriate means of escape	GMES MBC
S.121	To determine whether a building is dangerous, including seeking advice from the New Zealand Fire Service	MBC
S.123	To determine whether a building is insanitary	MBC
SS.124-129-	Authority to take action in relation to dangerous and insanitary buildings.	GMES, MBC
S126	Apply to the district court for order to carry out building	GMES
S129	Take action to avoid immediate danger or to fix insanitary conditions	CE of territorial authority
133AH	Request engineering assessment of potentially earthquake-prone buildings	MBC BCO TSP
133AJ	Granting / refusing application for extension of time to provide engineering assessment	MBC BCO
S133 AK	Determining if a building is earthquake prone	MBC, BCO
S133 AL	Issue Earth Quake-Prone Buildings (EPB) notice for earthquake-prone buildings	GMES, MBC, BCO
133AN	Granting/ refusing application for exemption from requirement to carry out seismic work	GMES, MBC, BCO
133AO	Granting/ refusing application for extension of time to complete seismic work on certain heritage buildings	GMES, MBC, BCO
133AQ	Assessing information relating to earthquake prone building status at any time and deciding if a building is or is not an EPB	GMES, MBC
133AR	Impose safety requirements in relation to EPB	GMES, MBC
133AS	Applying to the District Court to carry out seismic work	GMES, MBC
SS.164-166	The power and authority to issue notices to fix, or to determine whether another authority should issue notices to fix	BCO in conjunction with MBC TSP in conjunction with MBC
S.167	The power to inspect the building work to which any notice to fix relates, to confirm whether or not the notice to fix has been complied with, and to issue any notices with reasons	BCO in conjunction with MBC
S.177	To apply to the CE or the Ministry of Business Innovation and Employment for a determination	MBC
S.180	To withdraw any application for a determination	MBC



SECTION	SUMMARY OF FUNCTION/POWER DELEGATED	DELEGATED OFFICER
S.189	To apply for the clarification of a determination	MBC
S.215	Duty to obtain accreditation and be registered	MBC
S.216	The duty to keep all records relevant to the administration of the Building Act 2004	MBC
S.217	The duty to provide access to that information to the public	MBC
SS.224, 371C	The duty of authorised and warranted officers to carry and produce evidence when required	MBC, BCO, , MEO
S.222	To be an authorised officer to inspect land on which building work is or is proposed, building, building work or residential pool or pool area	MBC, BCO, , MEO (limited to barriers for swimming pools)
SS.363, 363A	To determine all matters in relation to occupation of public buildings or buildings intended to be open to the public on payment or otherwise prior to the issue of a code compliance certificate, including requesting further information, determining conditions and issuing Certificates For Public Use	MBC
SS.370-374	To issue infringement notices.	MBC, BCO
S.377	The power to lay an information for an offence under section 377	MBC, BCO, MEO
S.433 & S.435-S.439	Transitional provision for building consents granted, notices issued, certificate of acceptance issued, code compliance certificates and compliance schedules issued and code compliance certificates in respect of building work carried out under building consents granted under the former Act (including documents used in establishing compliance with the building code)	GMES, MBC, BCO
SCHEDULE 1, CL. 1(K)	The power to consider exemptions from building consent	MBC, BCO

SIGNATURE:

 Quality manager

 Technical manager

New Street Names in Te Anau and Curio Bay

Record No: R/19/1/1309
Author: Hartley Hare, Strategic Manager Transport
Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 To consider a request to name the streets within the Murchison Villas Retirement Home Complex and new subdivision in Curio Bay.

Executive Summary

- 2 This report covers the request for four new street names. Three in Te Anau and a one in Curio Bay.
- 3 The request for those in Te Anau were received from Sarah Greaney, Director of Murchison Villas Limited, to name the streets within the Murchison Villas retirement housing development.
- 4 Currently, the streets have no legal names and therefore cannot officially be assigned individual house numbers. The proposal is to name the streets Villa Drive, Davenport Place and Johnstone Court which will overcome this issue.
- 5 The street name in Curio Bay is part of the Porpoise Bay Ltd development for a road which has been vested to Council. The proposed name is Ara Pahu.
- 6 The suggested names have to be approved by Council before it can be legalised. Council's guidelines for road names include the following:
 - Name duplications are to be avoided.
 - Similar sounding or spellings are to be avoided to reduce confusion.
- 7 In terms of the names suggested, the only issue is the proposed road name of Villa Drive due to its similarity to Village Place which is also situated in Te Anau.
- 8 This can create a higher risk in emergency situations in particular, the two names get mixed up and responders could attend the wrong location in the first instance. As a result an alternative has been recommended by council officers from the current list of Te Anau Community Board approved street names.
- 9 The Te Anau Community Board were advised of the Council staff position regarding Villa Drive but opposed the staff recommendation to substitute Villa Drive with Moore Place. The Community Board elected to continue to support the original name of 'Villa Drive'.
- 10 Based on Councils policy the staff recommendation is still to adopt the street names of Davenport Place and Johnstone Court and substitute Villa Drive with Moore Place along with Ara Pahu in Curio Bay.

Recommendation

That the Council:

- a) **Receives the report titled “New Street Names in Te Anau and Curio Bay” dated 28 January 2019.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Approve the naming of the streets in the Murchison Villas Retirement Home Complex in Te Anau as follows:**
 - **Davenport Place**
 - **Johnstone Court**
 - **Moore Place**
- e) **Approve the naming of the street in Porpoise Bay subdivision in Curio Bay as Ara Pahu**

Background

- 11 A request has been received from Sarah Greaney, Director of Murchison Villas Limited, requesting naming of three street in the Murchison Villas retirement housing development at 28 Pop Andrew Drive. The request has been attached along with additional correspondence on the proposed names.
- 12 The streets within the development are not intended to be vested to Council and maintenance will be the responsibility of the body corporate.
- 13 The names proposed are Villa Drive, Davenport Place and Johnstone Court

Issues

- 14 Due to the expected number of dwellings on the property they will not be able to be assigned a separate house numbers for the volume of houses based on the current address and by assigning street names, this will overcome this issue.
- 15 In terms of the names suggested, the only issue is the proposed road name of Villa Drive due to its similarity to Village Place which is also situated in Te Anau.
- 16 This creates a higher risk of providing/confusing the names under emergency situations which as an example could result in first responders attending to the wrong location in the first instance.
- 17 The options to cover this are discussed further under the options section of the report.

Factors to Consider

Legal and Statutory Requirements

- 18 Council has a requirement to comply with the LINZ / Geographic Board guidelines for naming

Community Views

- 19 The Te Anau Community Board were advised of the Council staff position regarding Villa Drive but opposed the staff recommendation to substitute Villa Drive with Moore Place. The Community Board elected to continue to support the original name of 'Villa Drive'.
- 20 No additional community views have been requested or required at this point in time.
- 21 For Ara Pahu no community views have been sort however clarification was sought from LINZ and no issues of concern were raised.

Costs and Funding

- 22 The road signs are to be supplied, installed and maintained by the developer for Murchison Villas and for the Porpoise Bay subdivision the initial sign will be supplied by the developer after which point Council takes over responsibility.

Policy Implications

- 23 The suggested name has to be approved by Council before it can be legalised. Council's guidelines for road names are as follows:
 - Name duplications are to be avoided.

- Similar sounding or spellings are to be avoided to reduce confusion.
- Names are to be easily spelt and readily pronounced.
- Long (no more than 25 characters maximum) names are to be avoided.

- 24 Three out of the Four proposed names meet the policy requirements, however as noted previously in the report Villa Drive is very similar in sound to Village Place which already exists in Te Anau.
- 25 As a result an alternative name has been suggest under the options section

Analysis

Options Considered

- 26 The three main options have been considered below. These are to not support the proposed names, support the proposed names or to support some of the names with amendments

Analysis of Options

Option 1 – Not Support

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• None.	<ul style="list-style-type: none">• Cannot supply individual house numbers.• Makes it more difficult for emergency services to locate required dwellings.

Option 2 – Support proposed road names

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Streets can be assigned individual names and house numbers.• Makes it easier for the likes of emergency services to locate the correct dwelling.	<ul style="list-style-type: none">• Greater risk that Villa Place will be rejected.• Increase the risk that the process for street naming will have to be worked through again.

Option 3 – Support with amendments

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Reduces the risk of having to work through the street naming process again.• Streets can be assigned individual names and house numbers.• Makes it easier for the likes of emergency services to locate the correct dwelling.	<ul style="list-style-type: none">• None.

- 27 The suggested alternatives proposed as a substitute for Villa Drive are:

- Moore Place - John Moore was the first resident doctor in Te Anau. He served on the Te Anau Town Council and was the Ward Councillor on the Wallace County Council
- Dome Place - Named after Dome Island
- Stuart Place - Named after the Mountain

Assessment of Significance

- 28 Not considered significant.

Recommended Option

- 29 That three out of the four road names be formally approved and to substitute Villa Drive with Moore Place due to Villa Drive being too similar in nature to Village Place which already exists in Te Anau.

Next Steps

- 30 Notify the respective developers and relevant organisations

Attachments

There are no attachments for this report.

Risk Management Framework Project

Record No: R/18/12/28526
Author: Rex Capil, Group Manager Community and Futures
Approved by: Steve Ruru, Chief Executive

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is to update Council on the Risk Management Framework (RMF) project and seek Council's adoption of the Risk Management Framework 2018 document and associated next steps.

Executive Summary

- 2 Council has been working towards the development of a Risk Management Framework since early 2017.
- 3 This has involved developing a project brief, refining a project scope and engaging Structured Conversations Ltd to facilitate the process for the framework development.
- 4 Structured Conversations Ltd has facilitated two workshop sessions involving elected representatives and staff. This process has culminated in the development of the Southland District Council Risk Management Framework 2018 document which is attached to this report.
- 5 The Finance and Audit Committee at its 14 December 2018 meeting endorsed the Southland District Council Risk Management Framework 2018 and resolved to recommend to Council that it adopt the Southland District Council Risk Management Framework 2018 document as attached.

Recommendation

That the Council:

- a) Receives the report titled “Risk Management Framework Project” dated 30 January 2019.**
- b) Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) Adopts the Southland District Council Risk Management Framework 2018 document.**
- e) Notes staff will work with the Finance and Audit Committee to progress the transition from the current Quarterly Risk Update approach to confirm and embed the requirements for implementing the Risk Management Framework 2018 – specifically with regard to :**
 - Strategic risk**
 - Corporate risk**
 - Operational risk**
 - Risk monitoring**
 - Risk reporting**
 - Risk categories**
 - Risk thresholds**
 - Risk tolerance**
 - Risk prioritisation**
 - Risk acceptance and escalation**
 - Risk treatments and controls**
 - Risk management policy review**

Background

- 6 The Finance and Audit Committee at the 15 March 2017 meeting resolved that a Risk Management Review project be established to develop a project scope and terms of reference to be considered at the June 2017 Finance and Audit Committee meeting.
- 7 As a result of this the project scope and terms of reference for the Southland District Council Risk Management Review project was endorsed by the Finance and Audit Committee at the 7 June 2017 meeting.
- 8 The intervening period saw the project scope be further developed and Structured Conversations Ltd was engaged, on a preferred supplier basis, to undertake the Risk Management Framework project.
- 9 At its 18 April 2018 meeting, Council resolved to approve unbudgeted expenditure to be allocated to complete the project by engaging Structured Conversations Ltd.
- 10 Structured Conversations Ltd has facilitated two workshops – on 16 August 2018 being an agenda setting workshop and 9-10 October being an opportunity to provide input in to the development of the RMF. The Southland District Council Risk Management Framework 2018 document is the result of this process.
- 11 The Finance and Audit Committee at its 14 December 2018 meeting endorsed the Southland District Council Risk Management Framework 2018 and resolved to recommend to Council that it adopt the Southland District Council Risk Management Framework 2018 document as attached.

Issues

- 12 To ensure the success of the implementation of the RMF and embedding it into Council operations, it is important that elected representatives, stakeholders and staff are involved and supportive to ensure the objective of assisting Council to better understand and manage risk is achieved.
- 13 The current Risk Management Policy is overdue for review and it has been identified that the policy should be reviewed once the RMF project has been undertaken.
- 14 It is appropriate for the review of the policy to align with the work related to the RMF project, and staff have been preparing for the policy review and alignment to the RMF project process accordingly.

Factors to Consider

Legal and Statutory Requirements

- 15 There are no specific legal or statutory requirements identified with regards to the development and adoption of the RMF.

Community Views

- 16 Community views have not been sought in relation to the RMF project as it relates to organisation wide operational practices. It can be expected that the community would expect Council to operate in accordance with recognised good practice standards.

Costs and Funding

- 17 The RMF project has been completed as an additional project following Council's approval for unbudgeted expenditure being allocated to complete the development of the RMF.
- 18 In terms of implementation of the RMF, it is not anticipated that there will be a need to incur any unbudgeted or extraordinary expenditure unless there are specific risk issues identified which require more specialist assessment.

Policy Implications

- 19 The RMF project has reinforced the need to review the Risk Management Policy which has been identified as being overdue for review.
- 20 The RMF document supports the approach of reviewing the Risk Management Policy once the RMF is adopted.
- 21 The current Southland District Council Risk Management Policy was approved and became effective from 29 October 2014.
- 22 Policy staff have identified the need to review the Risk Management Policy and align it to the RMF document. This will be completed as the next step in this risk management project development process.
- 23 It is anticipated the draft Risk Management Policy review will be completed for Council consideration by June 2019.

Analysis

Options Considered

- 24 Council is requested to consider two options.

Analysis of Options

Option 1 –Council to adopt the Southland District Council Risk Management Framework 2018 document.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• supports the process and investment to date in the project and allows the project implementation next steps to be advanced.• reinforces the findings of the workshops and project development.• provides clarity and an understanding of the significance of risk management to the organisation – for elected representatives and staff alike.• will allow policy staff to continue with the preparatory work required for the review of the Risk Management Policy which is recognised as being overdue.	<ul style="list-style-type: none">• will mean the RMF project will need to be reassessed and redeveloped under a new project brief.• will require further resource allocation and time to deliver a redeveloped RMF project.

Option 2 – Council not adopt the Southland District Council Risk Management Framework 2018 document.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• there are no advantages.	<ul style="list-style-type: none">• further delay puts at risk current risk management practice and associated operational requirements.• is inconsistent with the work completed to date and does not reflect the findings from the workshops facilitated as part of the process to date.• creates confusion and a lack of cohesion for a project which has received endorsement and buy in from elected representatives and staff to date.

Assessment of Significance

- 25 This recommendation is not considered significant in relation to Council's Significance and Engagement Policy.

Recommended Option

- 26 It is recommended that Council adopt the Southland District Council Risk Management Framework 2018 document.

Next Steps

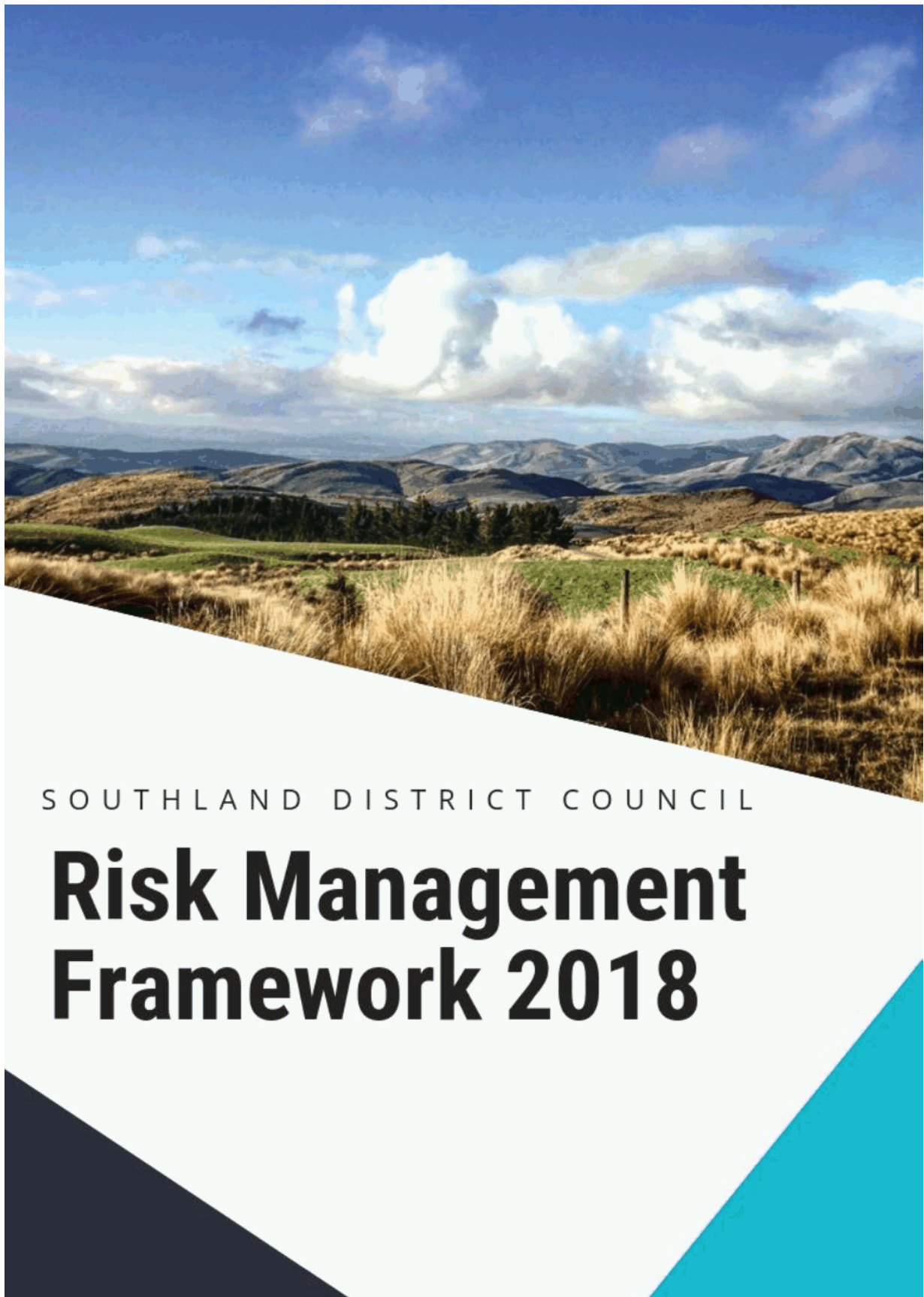
- 27 Staff will follow up and will work with the Finance and Audit Committee to progress the transition from the current Quarterly Risk Update approach to confirm and embed the requirements for implementing the Risk Management Framework 2018 – specifically with regard to defining and confirming understanding of:
- Strategic risk
 - Corporate risk
 - Operational risk
 - Risk monitoring
 - Risk reporting
 - Risk categories
 - Risk thresholds
 - Risk tolerance
 - Risk prioritisation

- Risk acceptance and escalation
- Risk treatments and controls
- Risk management policy review

28 It is intended this work will be undertaken in February and March 2019 with the Finance and Audit Committee to support the implementation rollout following this being completed.

Attachments

A Risk Management Framework November 2018 [📄](#)





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Overview

The Risk Management Framework (RMF) is an important strategic document for Southland District Council (SDC). By understanding risk, we can make better decisions and become more dynamic to change by managing uncertainty.

SDC looks after critical community assets and services, which need to be safeguarded. Understanding and mitigating risk will make it possible for us to do that. As guardians of community money, it is important that we allocate spending in the right places.

Risk management is an important part of this, helping us to make progress toward our strategic goals with clear and informed decisions that make the best use of these funds.

We operate in an uncertain environment. As things change and different options become available, we need a clear way to compare relative choices and options that aligns with our big picture objectives and represents consistent response to risk.

Our goal is to create a framework that supports risk thinking across Council, so we can understand, plan for and mitigate risk across all levels and activities.

The RMF has been designed to:

- Provide the basis of a consistent, structured approach for SDC to identify and manage risk
- Support the achievement of SDC's strategic and operational objectives, by helping us to manage risks that that would otherwise impede success
- Encourage an open and transparent organisational culture, where conversations about risk are supported and understood
- Facilitate good decisions, by helping SDC to prioritise actions and distinguish between potential options
- Provide assurance to Council, the Southland District community and stakeholders that critical risks are being identified and managed effectively.



What is risk management?

Risk management is the approach that we take to understanding, assessing and mitigating risk.

As a cycle, it looks like this:



What risk management is	What risk management is not
A valuable way to be prepared for uncertainty	100% accurate
A decision-making tool	
A way to direct resources	A compliance exercise
Big picture	All encompassing
Long-term and strategic.	A way to justify bad or risk-averse decisions
An inexact science	
Forward-looking – (with backwards data)	



About the RMF

The development of the RMF has been a team effort, including the input of activity managers and elected members from the outset. First, we set the foundation through senior level engagement – and then we collaborated at all levels of the organisation to identify areas for improvement.

We surveyed key staff and elected members and held facilitated workshops to understand the way that risk is currently managed and identify areas for improvement. Staff and elected members partnered on a journey to understand and identify risk, building a common understanding of how risk management can add value to our organisation.

Key principles

- Create value
- Be an integral part of organisational processes
- Be part of decision making
- Explicitly address uncertainty
- Be systematic and structured
- Be based on the best available information
- Be tailored
- Take into account human factors
- Be transparent and inclusive
- Be dynamic, iterative and responsive to change
- Be capable of continual improvement and enhancement.

Scope

This framework has been developed to support organisation-wide risk management, with a particular focus on SDC's most critical risks.

However, the principles and processes outlined in this framework can and should be applied at a group, team, project and individual level – with required adjustments to thresholds and guidelines made accordingly.



Identifying and Assessing Risk

Risk categories

Providing common categories or types of risks is a useful way to manage risk information. By categorising risk into several common groups, we can see where concentrations of risk are the greatest, identify common causes and develop better risk responses.

We have categorised potential risks into six common categories, based on the main threat or impact. Many risks will touch several categories. These categories should be applied according to 'which area is most affected'.

Category	Description
Strategic	Usually addresses external changes. The risk that Council's strategy is no longer relevant or effective. Could be due to technological changes, social and demographic change, customer expectations. Also covers governance-related issues, reputational risk.
Operational	A risk to Council operations or the delivery of service. Includes corporate and management functions, product or service failure, IT, customer service interruption. This also covers people and capability risks, as well as access to resources and materials.
Financial	A risk that primarily threatens financial loss – might also include credit rating, access to finance.
Health, Safety and Wellbeing	Internal and external health and safety threats, which might cause illness, injury or death. This includes public health and safety, and employee/ contractor health and safety.
Social, Cultural and Environmental	A risk to the community or environment, such as natural hazards, emergency management, environmental protection. Includes community impact, both social and economic.
Regulatory and Compliance	A risk of non-compliance with statutes and regulations which may or may not result in penalty.



Risk thresholds

	Insignificant	Minor	Moderate	Major	Catastrophic
Strategic	No significant adverse public comment No impact on achievement of LTP objectives Key stakeholder relationships unaffected	Adverse comment in local or social media Letters to CEO, complaints to Crs May slow achievement of LTP objectives Minor impact on key stakeholder relationships	National media coverage Will impact achievement of one or more LTP objectives Negative impact on key stakeholder relationships	National media coverage 2-3 days Will significantly impact the achievement of multiple LTP objectives Significant impact on multiple key stakeholder relationships	Coverage in national media 3+ days Commission of Inquiry/ Parliamentary questions Stakeholder relations irreparably damaged Cannot deliver on most LTP objectives
Operational	No loss of operational capability Minimal change to service levels Minimal loss of internal capacity	Loss of operational capability in some areas Some disruption to service levels Internal capacity lost for up to 1 week	Serious loss of operational capability for over 6 weeks and/or Disruption to service levels for 4-6 weeks Loss of internal capacity 1-3 weeks	Serious loss of operational capability for over 8 weeks and major disruption to service levels and/or Loss of internal capacity 4-6 weeks	Serious loss of operational capability for 3-4 mths and serious disruption to service levels and Loss of internal capacity for more than 6 weeks
Financial	No impact on financial targets	Up to 1% impact on financial targets	Up to 5% impact on financial targets	Up to 10% impact on financial targets	More than 10% impact on financial targets



	Insignificant	Minor	Moderate	Major	Catastrophic
Health, Safety and Wellbeing	No medical treatment required Issue noted, no action required	Minimal personal injury and/or sickness AND Less than 2 weeks incapacitation H&S issue noted by Worksafe	Personal injury and/or sickness with up to 3mths incapacitation OR H&S issue to court	Significant public health impact OR Personal injury and/or sickness with 3+ months incapacitation or long term disability OR H&S issue to court and fine imposed	Permanent severe disability or loss of life OR H&S issue taken to court resulting in imprisonment OR Widespread community sickness
Social, Cultural, Environmental	No significant community impact Localised short-term reversible environmental, economic or social impact	Single community affected Localised short-term reversible environmental, economic or social damage	Multiple communities affected Localised medium term (1 month +) reversible damage or disruption (environmental, economic, social or cultural)	Many communities affected Localised or widespread long term (3-6m) reversible damage or disruption (environmental, economic, social or cultural)	Most or all communities affected OR Extensive or irreversible damage or disruption (environmental, economic, social or cultural)
Regulatory and Compliance	Fine/ liability less than \$10K	Fine/ liability \$10-100K	Fine/ liability \$100-250K	Fine/liability \$250K - \$1M	Fine/ liability \$1M +



These thresholds determine, based on the impact of a potential risk event, the consequence level of a particular risk event. This assessment, along with an assessment of likelihood, form this basis of identifying which risks require further attention.

Risk tolerance

Council is willing to accept a **low to medium** level of risk in pursuit of its objectives. If a risk is assessed as **high** or **very high**, then we need to take action to reduce the likelihood or impact.

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Catastrophic
Highly likely	Low	Medium	High	Very High	Very High
Likely	Low	Medium	High	Very High	Very High
Possible	Low	Medium	Medium	High	Very High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Medium	Medium

Risk prioritisation

Decisions about the treatment of high and very high priority risks need to consider the relative importance of each risk in relation to the resources available. The following weighted priority criteria should be applied by Council, the Finance and Audit Committee and the ELT in determining the relative priority of high-level risks.

Criteria	Weighting
Potential for at-fault death	30%
Potential for financial disaster	25%
Threat to LTP objectives	20%
Level of influence over drivers or outcomes	15%
Immediate impact of treatment or control	10%



Responding to Risk

Risk acceptance and escalation

Risk Level	Escalation
Very High	Immediate and ongoing action required. Only the Chief Executive and/or Council can accept this level of risk.
High	Council and ELT attention required. Group Managers can accept this level of risk.
Medium	Group Manager attention advised. Activity and project managers can accept this level of risk, with the approval of Group Managers.
Low	Manage by standard operational practice. Activity and project managers can accept this level of risk.

Risk treatments and controls

Risk treatment options need to consider a reasonable assessment of potential outcomes and only applied if the impact or benefit outweighs the potential cost.

Treatments are generally based on one (or a combination) of the following options.

Avoid: Avoid the event that would lead to the risk occurring. This might include not endorsing a particular option, entering a contract or undertaking a specific project.

Mitigate: Develop a plan to reduce the likelihood and/or consequence of a risk occurring. This involves pre-emptive action and should include:

- Identification of a full range of mitigation options
- Select the most effective options(s) based on timeliness, cost and feasibility
- Assigning each a treatment owner
- Development of a treatment plan, or incorporation into existing project, risk management or asset plans
- Development of contingency responses if necessary.

Retain: Accept the likelihood and consequence of the risk occurring.

Transfer: Transfer all or some risk, usually through insurance or by contractual agreement.

Treatments and controls must then be monitored regularly, to ensure that they are having the intended effect and reducing risk.



Monitoring Risk

Risk management is the responsibility of everyone at SDC. All staff should be empowered to identify risks and have the tools to bring risk to the attention of managers and Council.

The mandate for risk management comes from Council and the Executive Leadership Team (ELT). Together, these groups lead the agenda for managing risk at SDC and drive commitment across the organisation. This responsibility transcends individual functional areas, with Council and the ELT committed to an organisation-wide view and approach.

Council and the ELT lead this commitment by:

- Endorsing and implementing the RMF
- Championing the value added by risk management to staff and stakeholders
- Aligning risk management activities with organisational objectives
- Ensuring legislative and regulatory compliance
- Assigning accountabilities and responsibilities for risk management at appropriate levels within the organisation
- Ensuring the independence of the Finance and Audit Committee
- Creating and supporting an organisational culture which encourages transparent identification and open discussion of risks
- Monitoring the effectiveness of the risk management system and ensuring actions are taken to continually improve it.

Key responsibilities

Council

Council's risk responsibilities include:

- Evaluating risks to the delivery of SDC's Long Term Plan and other strategies
- Determining SDC's strategic approach to risk
- Setting a clear risk threshold
- Establishing structures and practices for risk management
- Understanding the most significant risks facing SDC
- Setting and reviewing risk policies
- Reviewing the quality of risk information, reports and effectiveness of risk assurance practices.

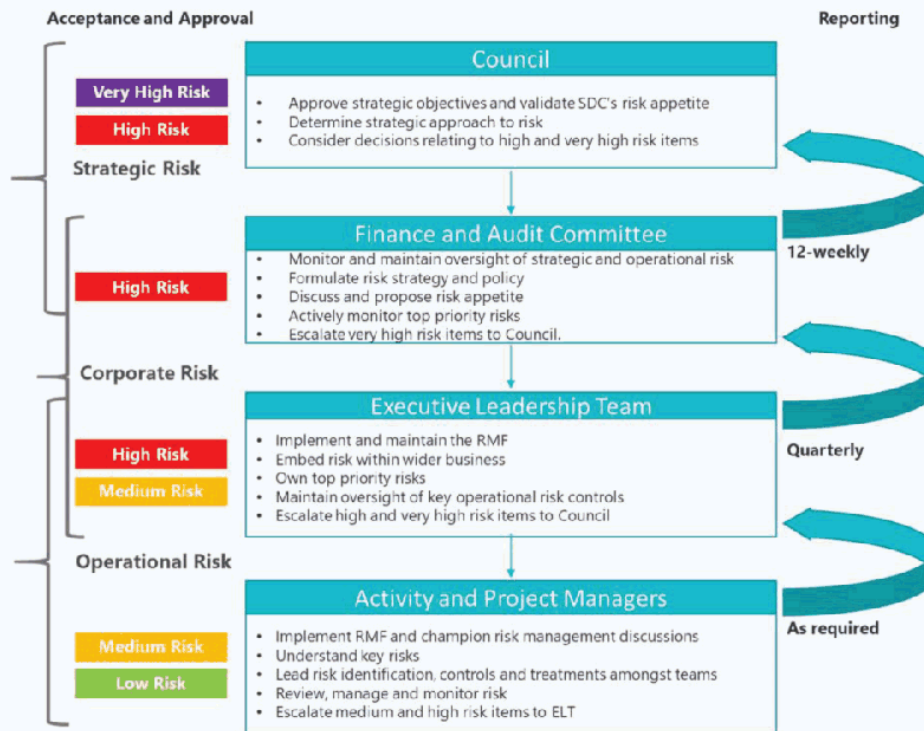


Figure 1 - SDC Risk Responsibility Summary

Finance and Audit Committee

The Finance and Audit Committee provides monitoring and oversight of risk management at SDC and support Council staff to manage risk effectively – but does not absolve the responsibility of individuals.

The Finance and Audit Committee is responsible for: administering the RMF, monitoring risk assessments and internal controls, as well as approving or recommending approval of risk related policies.

The Committee oversees the corporate risk register and actively monitors the management of top priority risks. The full Terms of Reference for is in the Appendices.



Executive Leadership Team

SDC's ELT jointly own the top 10 priority risks for Southland District Council. Each priority risk will also be assigned a primary Risk Lead within the ELT. The ELT are responsible for overseeing key risk management controls across the organisation, including but not limited to:

- Financial and management accounting
- Property
- Insurance
- Contractual liabilities
- Business continuity
- People related, and other operational risk controls
- Assessment of strategic risk within their areas of responsibility.

Role	Responsibility
Risk Owner	Responsible for coordinating management of risk, including: <ul style="list-style-type: none"> ▪ Ensuring controls are effective ▪ Monitoring implementation of treatments ▪ Monitoring the environment ▪ Providing updates for risk reporting
Risk Lead	Usually an Activity or Group Manager. Responsible for maintaining oversight of risks identified in their area, in consultation with Risk Owner/s. This includes providing status updates on risk and controls.
Control/ Treatment Owner	Responsible for ensuring controls are effective through ongoing operation and improvement. Responsible for designing and implementing risk treatments to agreed timeframes and quality.
Executive Leadership Team	Responsible for maintaining oversight of SDC risks, controls and treatments. This includes: <ul style="list-style-type: none"> ▪ Reporting risk to the Finance and Audit Committee ▪ Facilitating the risk management process ▪ Reporting on emerging risk issues ▪ Monitoring the internal and external environment for their area of responsibility and Council in general.



Monitoring and reporting

Risk monitoring

Assigned risk owners should monitor their project, team or group level risk registers at least 6-monthly. Changes should be considered as part of this review, in respect of:

- The maturity and effectiveness of existing treatments or controls
- New or emerging risks presenting because of change in the internal or external environment.

Identified risks should be reported to the appropriate level on a regular or as required basis, using the below table as a guide.

Risk Level	Reporting To	Frequency
Very High	Council Finance and Audit Committee ELT	12 weekly (Council) Quarterly (Finance and Audit Committee) Monthly - ELT
High	Council Finance and Audit Committee ELT	12 weekly (Council) Quarterly (Finance and Audit Committee) Monthly - ELT
Medium	Group Manager	As required
Low	Activity Manager	As required

Risk reporting

Risk reports are prepared quarterly for Finance and Audit Committee, detailing:

- Changes and emerging trends relating to risk
- Updates to controls, treatments and mitigation strategies for priority risks
- The effectiveness of current controls, treatments and mitigation strategies
- Material changes to the internal or external operating environment
- Policy recommendations and concerns.



Integrating Risk Management

Risk management needs to be part of the way we make decisions and operate across Council on a day to day basis.

It is particularly important that we consider risk implications in processes like:

Long term and annual planning and budgeting: Within each group of Council, risk identification should inform planning and budgeting for the following year or LTP period. The cost of implementing annual plans, including any controls or treatments required need to be incorporated into the budgeting process.

Project management: As part of good project management practice, risks must be actively identified, managed, escalated and reported throughout the lifetime of the project.

Policy development: Council policies outline how we should manage a wide variety of risks, including those associated with legislative compliance, asset management, public health and safety, environmental impact, service quality and finance.

Procurement and asset management: Risk management must be factored into decision making for significant procurement and asset management related processes.

Making risk management a core part of our business requires behaviours and support that facilitate this. Key areas for organisational development we have identified include:

- Working across borders to take a Council-wide view
- Delegations that empower staff to identify risk and be solution-focused
- Strong leadership – senior leaders to model good practice
- Encouraging challenge and questioning in the operational and strategic arenas
- Clear priorities and alignment to the bigger picture
- Conversation, culture and collaboration to support good practice
- Technology and system support to automate risk management.



Implementation and Review

The RMF will come into operation in April 2019¹, following Council adoption. It will be reviewed annually and redeveloped every three years. In the meantime, the RMF will be a living document that changes and adapts as required.

The SDC Corporate Risk Register review will be undertaken by the Finance and Audit Committee formally every six months (with other changes and updates made on an as-required basis).

¹ Projected. Depends on Council approval



Appendices

Appendix 1: Definitions

Term	Definition
Risk	The effect of uncertainty on strategic or operational objectives
Risk management	Coordinated activities to direct and control an organisation with regard to risk.
Risk owner	A person or entity that has the accountability and authority to manage a risk
Control	A process, device, practice or other action that is intended to modify the likelihood or impact of risk
Treatment	<p>An agreed approach to a specific risk.</p> <p>This might include:</p> <ul style="list-style-type: none">▪ Avoiding risk▪ Accepting risk▪ Removing the source of risk▪ Changing the likelihood or impact of risk▪ Sharing risk.



Appendix 2: SDCs highest priority risks as at 10 October 2018

These risks form the basis of the Finance and Audit Committee Corporate Risk Register. A living document, this will be reviewed formally every 6 months and on an as required basis.

Rank	Risk
1	Underinvestment in infrastructure
2	Inaccurate data leads to bad decisions/ asset failure
3	Infrastructure not fit for purpose to withstand climate change
4	Health and safety controls threatening staff and contractor safety
5	Overcommitment and work programme
6	Financial conservatism constrains progress
7	Key people leave with organisational knowledge, impacting business continuity
8	Difficulty retaining or recruiting staff affects service levels
9	Growth dependent model makes it hard to fund new infrastructure
10	Population decline will impact the viability of small communities
11	Funding mechanisms limiting ability to make change
12	Economic change impact on delivering capital programme
13	Coastal communities unprepared for climate change will be affected
14	Natural or biosecurity event impacts economy/ industry
15	Increasing compliance costs make rates less affordable
16	Potential LG reform - instability



17	Ageing population can no longer afford rates
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Appendix 3: RMF Implementation Plan as at October 2018

Timeframe	Action	Responsibility
By January 2019	Change Finance and Audit committee name	Clare
	Build buy-in with Council	Gary + Steve
	Communicate framework at staff forum	ELT
	Change ELT agenda	Matt
	Risk report to be elevated to Council	Michelle
By April 2019	Internal communications and support	Louise
	Council report template changes	Clare + Michelle
By October 2019	Induction designed to include risk	Clare + ELT
	Job descriptions changed to incorporate risk	Janet



Appendix 4: Finance and Audit Committee Terms of Reference

SOUTHLAND DISTRICT COUNCIL

FINANCE AND AUDIT COMMITTEE

TERMS OF REFERENCE

Authorising body	Council
Approval date	16 November 2016 (amended 27 April 2017)

1. SCOPE OF ACTIVITIES

The Finance and Audit Committee is responsible for:

- Ensuring that Council has appropriate financial, risk management and internal control systems in place that provide:
 - An overview of the financial performance of the organisation.
 - Effective management of potential opportunities and adverse effects.
 - Reasonable assurance as to the integrity and reliability of Council's financial and non-financial reporting.
- Exercising active oversight of information technology systems.
- Exercising active oversight of "Council's health and safety policies, processes, compliance, results and frameworks"
- Relationships with External, Internal Auditors, Banking Institutions and Insurance brokers.

The Finance and Audit Committee will monitor and assess the following:

- The financial and non-financial performance of Council against budgeted and forecasted outcomes
- Consideration of forecasted changes to financial outcomes
- Council's compliance with legislative requirements
- Council's risk management framework
- Council's Control framework
- Council's compliance with its treasury responsibilities.

2. MEMBERSHIP

The Finance and Audit Committee will comprise of five members.

Membership will be the Mayor, three Councillors and one external appointee.



External appointees have full speaking and voting rights on the Finance and Audit Committee.

Chairperson

The Chairperson is responsible for:

1. The efficient functioning of the Committee;
2. Setting the agenda for Committee meetings in conjunction with the Chief Financial Officer; and
3. Ensuring that all members of the Committee receive sufficient timely information to enable them to be effective Committee members.

The Chairperson will be the link between the Committee and Council staff.

3. MEETING SCHEDULE

Quarterly or as required. Meetings outside of the regular meeting schedule shall be called by the Chairperson.

4. QUORUM (amended 27 April 2017)

The quorum at any meeting of the Finance and Audit Committee shall be three members.

5. DELEGATION

5.1 Power to Act

The Finance and Audit Committee shall have the following delegated powers and be accountable to Council for the exercising of these powers.²

In exercising the delegated powers, the Finance and Audit Committee will operate within:

- policies, plans, standards or guidelines that have been established and approved by Council;
- the overall priorities of Council;
- the needs of the local communities; and
- the approved budgets for the activity.

² Local Government Act 2002, Schedule 7, Clause 32



The Finance and Audit Committee will have responsibility and delegated authority in the following areas:

Financial and Performance Monitoring

- (a) Monitoring financial performance to budgets
- (b) Monitoring service level performance to key performance indicators.

Internal Control Framework

- (a) Reviewing whether Council's approach to maintaining an effective internal control framework is sound and effective;
- (b) Reviewing whether Council has taken steps to embed a culture that is committed to probity and ethical behaviour;
- (c) Reviewing whether there are appropriate systems, processes and controls in place to prevent, detect and effectively investigate fraud.

Internal Reporting

- (a) To consider the processes for ensuring the completeness and quality of financial and operational information being provided to the Council
- (b) To seek advice periodically from internal and external auditors regarding the completeness and quality of financial and operational information that is provided to the Council.

External Reporting and Accountability

- (a) Agreeing the appropriateness of the Council's existing accounting policies and principles and any proposed change;
- (b) Enquiring of internal and external auditors for any information that affects the quality and clarity of the Council's financial statements and statements of service performance, and assess whether appropriate action has been taken by management in response to the above;
- (c) Satisfying itself that the financial statements and statements of service performance are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (ie, letters of representation), and recommend signing of the financial statements by the Chief Executive/Mayor and adoption of the Annual Report, Annual Plans, Long Term Plans;

Risk Management

- (a) Reviewing whether Council has in place a current, comprehensive and effective risk management framework and associated procedures for effective identification and management of the Council's significant risks;
- (b) Considering whether appropriate action is being taken to mitigate Council's significant risks.



Health and Safety

- (a) Review, monitor and make recommendations to Council on the organisations health and safety risk management framework and policies to ensure that the organisation has clearly set out its commitments to manage health and safety matters effectively.
- (b) Review and make recommendations for Council approval on strategies for achieving health and safety objectives.
- (c) Review and recommend for Council approval targets for health and safety performance and assess performance against those targets.
- (d) Monitor the organisation's compliance with health and safety policies and relevant applicable law.
- (e) Ensure that the systems used to identify and manage health and safety risks are fit-for-purpose, being effectively implemented, regularly reviewed and continuously improved. This includes ensuring that the Council is properly and regularly informed and updated on matters relating to health and safety risks.
- (f) Seek assurance that the organisation is effectively structured to manage health and safety risks, including having competent workers, adequate communication procedures and proper documentation.
- (g) Review health and safety related incidents and consider appropriate actions to minimise the risk of recurrence.
- (h) Make recommendation to the Council regarding the appropriateness of resources available for operating the health and safety management systems and programmes.
- (i) Any other duties and responsibilities which have been assigned to it from time to time by the Council.

Internal Audit

- (a) Approve appointment of the internal auditor, internal audit engagement letter and letter of understanding.
- (b) Reviewing and approving the internal audit coverage and annual work plans, ensuring these plans are based on the Council's risk profile;
- (c) Reviewing the adequacy of management's implementation of internal audit recommendations;
- (d) Reviewing the internal audit charter to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place.

External Audit

- (a) Confirming the terms of the engagement, including the nature and scope of the audit, timetable and fees, with the external auditor at the start of each audit;
- (b) Receiving the external audit report(s) and review action(s) to be taken by



- (c) management on significant issues and audit recommendations raised within;
- (c) Enquiring of management and the independent auditor about significant business, political, financial and control risks or exposure to such risks.

Compliance with Legislation, Standards and Best Practice Guidelines

- (a) Reviewing the effectiveness of the system for monitoring the Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and Best Practice Guidelines as applicable
- (b) Conducting and monitoring special investigations, in accordance with Council Policy, and reporting the findings to Council.
- (c) Monitoring the performance of Council organisations, in accordance with the Local Government Act.

Business Case Review

- (a) Review of the business case of work, services, supplies, where the value of these or the project exceeds \$2million or the value over the term of the contract exceeds \$2million.

Insurance

- (a) Consider Council's insurance requirements, considering its risk profile
- (b) Approving the annual insurance renewal requirements

Treasury

- (a) Oversee the treasury function of Council ensuring compliance with the relevant Council policies and plans
- (b) Ensuring compliance with the requirements of Council's trust deeds are met
- (c) Recommending to Council treasury policies.

6. Power to Recommend

6.1 The Finance and Audit Committee is responsible for considering and making recommendations to Council regarding:

- (a) Policies relating to risk management, rating, loans, funding and purchasing.
- (b) Accounting treatments, changes in generally accepted accounting practice, and new accounting and reporting requirements.
- (c) The approval of financial and non-financial performance statements including adoption of the Annual Report, Annual Plans and Long Term Plans.



- 6.2** The Finance and Audit Committee is responsible for considering and making recommendations to the Services and Assets Committee on business cases completed under section 5.1 (above).

7. RELATIONSHIPS WITH OTHER PARTIES

The Chief Executive is responsible for servicing and providing support to the Committee in the completion of its duties and responsibilities. The Chief Executive generally appoints the Chief Financial Officer to provide these functions on his/her behalf.

Professional advisors to the Committee shall be invited to attend all meetings of the Committee:

- External auditor;
- Internal auditor/risk advisor (if appointed); and
- Chief Financial Officer.

At each meeting, the Chairperson will provide the external auditor and the internal auditor/risk advisor (if appointed) with an opportunity to discuss any matters with the Committee without management being present. The Chairperson shall request the Chief Executive and staff in attendance to leave the meeting for the duration of the discussion. The Chairperson will provide minutes for that part of the meeting.

The Chief Executive Officer and the Chief Financial Officer shall be responsible for drawing to the Committee's immediate attention any material matter that relates to the financial condition of Council, material breakdown in internal controls and any material event of fraud.

The Committee shall provide guidance and feedback to the Council on financial performance, risk and compliance issues.

The Committee will report to Council as it deems appropriate but no less than twice a year.

7.1 Public Access and Reporting

Notification of meetings to the public and public access to meetings and information shall comply with Standing Orders, but it should be noted that:

- At any meeting of the Committee at which no resolutions or decisions are made, the provisions of Standing Orders relating to public access do not apply.
- Workshop meetings solely for information and discussions and at which no resolutions or decisions are made may be held in accordance with Standing Orders.
- Extraordinary meetings of the Committee may be held in accordance with Standing Orders.



- The public may be excluded from the whole or part of the proceedings of the meeting and information withheld on one or more of the grounds specified in the *Local Government Official Information and Meetings Act 1987* s.48.

The Committee shall record minutes of all its proceedings and present the minutes to the next available Council meeting following the Committee meeting.

7.2 Contacts with Media and Outside Agencies

The Committee Chairperson is the authorised spokesperson for the Committee in all matters where the Committee has authority or a particular interest.

Committee members, including the Chairperson, do not have delegated authority to speak to the media and/or outside agencies on behalf of Council on matters outside of the Committee's delegations.

The Chief Financial Officer will manage the formal communications between the Committee and its constituents and for the Committee in the exercise of its business. Correspondence with central government, other local government agencies or other official agencies will only take place through Council staff and will be undertaken under the name of the Southland District Council.

8. CONDUCT OF AFFAIRS

The Committee shall conduct its affairs in accordance with the *Local Government Act 2002*, the *Local Government Official Information and Meetings Act 1987*, the *Local Authorities (Members' Interests) Act 1968*, Council's Standing Orders and Code of Conduct.

In fulfilling their role on the Finance and Audit Committee, members shall be impartial and independent at all times.

9. REMUNERATION

Elected members will be reimbursed in accordance with the current Local Government Elected Members' Determination

External members and advisors to the Committee will be reimbursed in accordance with their standard business rates, including disbursements.

10. FUNDING AND BUDGETS

Funding for the Committee will align with Council's Revenue and Financing Policy.

The Committee shall only expend funding on purposes for which that funding was originally raised and in accordance with the budgets approved by Council through its Long Term Plan and Annual Plan.

Remuneration and expenses will be funded from the Leadership activity budget.



11. REPORTING

Minutes of all meetings of the Finance and Audit Committee will be provided to the Council.

12. Review of the Committee

The Committee shall undertake an annual self-review of its objectives and responsibilities.

Such objectives and responsibilities shall also be reviewed by the Council, the Chief Executive Officer and the Chief Financial Officer and any other person the Council considers appropriate.

Appendix 5: Finance and Audit Committee Risk Register Quarterly Update Report (DRAFT)

Risk #	Risk	Risk Lead	Risk Owner	Changes and Updates
1	Underinvestment in infrastructure			
2	Inaccurate data leads to bad decisions/ asset failure			
3	Infrastructure not fit for purpose to withstand climate change			
4	Health and safety controls threatening staff and contractor safety			
5	Overcommitment and work programme			
6	Financial conservatism constrains progress			
7	Key people leave with organisational knowledge, impacting business continuity			

8	Difficulty retaining or recruiting staff affects service levels			
9	Growth dependent model makes it hard to fund new infrastructure			
10	Population decline will impact the viability of small communities			

Minutes of the Finance and Audit Committee Meeting dated 17 October 2018

Record No: R/19/1/793
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision

☐ Recommendation

☒ Information

Recommendation

That Council receives the minutes of the Finance and Audit Committee meeting held 17 October 2018 as information.

Attachments

- A Minutes of Finance and Audit Committee Meeting dated 17 October 2018 (separately enclosed)

Minutes of the Services and Assets Committee Meeting dated 17 October 2018

Record No: R/19/1/794
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Services and Assets Committee meeting held 17 October 2018 as information.

Attachments

- A Minutes of Services and Assets Committee Meeting dated 17 October 2018 (separately enclosed)

Minutes of the Around the Mountains Cycle Trail Project Subcommittee Meeting dated 15 November 2017

Record No: R/19/1/802
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Around the Mountains Cycle Trail Project Subcommittee meeting held 15 November 2017 as information.

Attachments

- A Minutes of Around the Mountains Cycle Trail Project Subcommittee Meeting dated 15 November 2017 (separately enclosed)

Minutes of the Around the Mountains Cycle Trail Project Subcommittee Meeting dated 6 December 2017

Record No: R/19/1/801
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Around the Mountains Cycle Trail Project Subcommittee meeting held 6 December 2017 as information.

Attachments

- A Minutes of Around the Mountains Cycle Trail Project Subcommittee Meeting dated 6 December 2017 (separately enclosed)

Minutes of the Edendale-Wyndham Community Board Meeting dated 23 October 2018

Record No: R/19/1/800
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision

☐ Recommendation

☒ Information

Recommendation

That Council receives the minutes of the Edendale-Wyndham Community Board meeting held 23 October 2018 as information.

Attachments

- A Minutes of Edendale-Wyndham Community Board Meeting dated 23 October 2018
(separately enclosed)

Minutes of the Otautau Community Board Meeting dated 4 October 2018

Record No: R/18/12/28538
Author: Alyson Hamilton, Committee Advisor
Approved by: Alyson Hamilton, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Otautau Community Board meeting held 4 October 2018 as information.

Attachments

A Minutes of Otautau Community Board Meeting dated 4 October 2018 (separately enclosed)

Minutes of the Stewart Island/Rakiura Community Board Meeting dated 1 November 2018

Record No: R/18/12/28820

Author: Kirsten Hicks, Committee Advisor/Customer Support Partner

Approved by: Kirsten Hicks, Committee Advisor/Customer Support Partner

☐ Decision

☐ Recommendation

☒ Information

Recommendation

That Council receives the minutes of the Stewart Island/Rakiura Community Board meeting held 1 November 2018 as information.

Attachments

- A Minutes of Stewart Island/Rakiura Community Board Meeting dated 1 November 2018
(separately enclosed)

Minutes of the Wallacetown Community Board Meeting dated 25 October 2018

Record No: R/19/1/647
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Wallacetown Community Board meeting held 25 October 2018 as information.

Attachments

- A Minutes of Wallacetown Community Board Meeting dated 25 October 2018 (separately enclosed)

Minutes of the Winton Community Board Meeting dated 5 November 2018

Record No: R/18/12/28200
Author: Alyson Hamilton, Committee Advisor
Approved by: Alyson Hamilton, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Winton Community Board meeting held 5 November 2018 as information.

Attachments

- A Minutes of Winton Community Board Meeting dated 5 November 2018 (separately enclosed)

Minutes of the Dipton Community Development Area Subcommittee Meeting dated 22 August 2018

Record No: R/19/1/797
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Dipton Community Development Area Subcommittee meeting held 22 August 2018 as information.

Attachments

- A Minutes of Dipton Community Development Area Subcommittee Meeting dated 22 August 2018 (separately enclosed)

Minutes of the Gorge Road and Districts Community Development Area Subcommittee Meeting dated 22 June 2018

Record No: R/19/1/796
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Gorge Road and Districts Community Development Area Subcommittee meeting held 22 June 2018 as information.

Attachments

- A Minutes of Gorge Road and Districts Community Development Area Subcommittee Meeting dated 22 June 2018 (separately enclosed)

Minutes of the Tokanui Community Development Area Subcommittee Meeting dated 23 July 2018

Record No: R/19/1/798
Author: Fiona Dunlop, Committee Advisor
Approved by: Fiona Dunlop, Committee Advisor

☐ Decision ☐ Recommendation ☒ Information

Recommendation

That Council receives the minutes of the Tokanui Community Development Area Subcommittee meeting held 23 July 2018 as information.

Attachments

- A Minutes of Tokanui Community Development Area Subcommittee Meeting dated 23 July 2018 (separately enclosed)

Exclusion of the Public: Local Government Official Information and Meetings Act 1987

Recommendation

That the public be excluded from the following part(s) of the proceedings of this meeting.

C10.1 Public Excluded Minutes of the Services and Assets Committee Meeting dated 17 October 2018

C10.2 Public Excluded Minutes of the Winton Community Board Meeting dated 5 November 2018

The general subject 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(1) 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(1) for the passing of this resolution
Public Excluded Minutes of the Services and Assets Committee Meeting dated 17 October 2018	<p>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.</p> <p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Public Excluded Minutes of the Winton Community Board Meeting dated 5 November 2018	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p>	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.