

THE WEST COAST REGIONAL COUNCIL

**MINUTES OF THE MEETING OF THE COUNCIL HELD ON 13 APRIL 2010,
AT THE OFFICES OF THE WEST COAST REGIONAL COUNCIL, 388 MAIN SOUTH ROAD,
GREYMOUTH, COMMENCING AT 11.36 A.M.**

PRESENT:

R. Scarlett (Chairman), P. Ewen, A. Robb, T. Archer, D. Davidson, B. Chinn, A. Birchfield

IN ATTENDANCE:

C. Ingle (Chief Executive Officer), R. Mallinson (Corporate Services Manager), S. Moran (Planning and Environmental Manager), T. Jellyman (Minutes Clerk), The Media

1. APOLOGIES:

There were no apologies.

2. PUBLIC FORUM

There was no presentation.

3. CONFIRMATION OF MINUTES

Moved (Ewen / Archer) *that the minutes of the Council Meeting dated 9 March 2010, be confirmed as correct.*

Carried

Matters arising

There were no matters arising.

REPORTS:

4.1 PLANNING AND ENVIRONMENTAL MANAGER'S REPORT ON ENGINEERING OPERATIONS

S. Moran took his report as read and offered to answer questions.

Moved (Robb / Davidson) *that the report be received.*

Carried

5.1 CORPORATE SERVICE MANAGER'S REPORT

R. Mallinson spoke to his report advising that \$800,000 has been withdrawn from the investment portfolio to part fund the Greymouth Floodwall upgrade. R. Mallinson reported that this financial year there have not been any withdrawals from the investment portfolio for general council purposes. R. Mallinson reported that this is the eight month financial report. The operating surplus for the reporting period was \$728,000. He advised that this would change during March – June when the full costs of the Greymouth Floodwall upgrade come to charge as this is operating expenditure and not capital expenditure.

R. Mallinson reported that the investment portfolio returned over \$800,000 for the eight month period. R. Mallinson drew attention to the table in his report demonstrating the costs of capital works that have been untaken in various rating districts during the eight month period. R. Mallinson reported that due to the demand for rock, the quarries are trading quite profitably. Cr Scarlett asked if there is an accrual in the operating surplus that could have an offsetting effect on these figures as we get this money back in through rates. R. Mallinson advised that council has built up the credit

balance which is paying for the upgrade from the rates over previous years therefore we are funding the upgrade with accumulated credit balances that the Greymouth Rating District has saved up and loan borrowing.

Moved (Birchfield / Chinn) *that this report be received.*

Carried

5.1.2 EIGHT MONTH REVIEW 1 JULY 2009 – 28 FEBRUARY 2010

R. Mallinson spoke to this report advising that this is the non-financial performance of our organisation. R. Mallinson drew attention to the figure of 98.2% of non-notified resource consents being processed within the statutory timeframe. He also spoke of the technical reason behind performance targets not being achieved in the flood monitoring area. Cr Scarlett asked R. Mallinson for his personal opinion regarding the Christmas letter from the Auditor General regarding the AG – 4 performance measures and targets and asked if this council is complaint? R. Mallinson responded that he feels that the existing performance framework we have in place is suitable and quite satisfactory for this size council. Cr Archer stated this is a very focused and targeted report.

Moved (Archer / Robb) *that the report be received.*

Carried

5.1.3 NEW AUDITING STANDARD ON AUDITING SERVICE PERFORMANCE

R. Mallinson spoke to this report. He introduced Council's Auditor Director, Mr John Mackey to the meeting. R. Mallinson stated that Mr Mackey would be providing information on the new auditing standard AG -4.

Moved (Archer / Ewen)

That Audit Director John Mackey from Audit New Zealand be granted speaking rights so that he may speak to these discussion notes.

Carried

Cr Scarlett welcomed Mr Mackey to the meeting. Mr Mackey advised that under the previous auditing standard which Audit NZ worked, they were required to express a view whether the Statement of Service Performance reported against the measures that Council had in its LTCCP or Annual Plan. Audit NZ were not required to say whether or not this meaningfully reflects the performance of the Council therefore the point at which Audit NZ would qualify was if the service performance framework was "fundamentally misleading or senseless". Mr Mackey stated that the bar has now been raised in terms of what auditors are looking at. Mr Mackey stated that because this is the first time that Local Government has been audited against this revised standard, the Office of the Auditor General is running consistency panels to make sure that what Audit NZ does with this council is consistent with what other auditors do with other councils. Cr Scarlett asked Mr Mackey if the performance targets in today's report to council fits the bill. Mr Mackey responded that Council's performance management framework was appropriate if there hasn't been any significant change in the Council's circumstances between last year and now which, he noted from receiving council's agenda papers, there have not been any significant changes. Mr Mackey stated the next stage is to ensure that Council is reporting accurately against the performance management framework to make sure the correct systems and controls are in place. Mr Mackey advised that it can be difficult to measure performance in some areas and to ascertain what is good as the impact of work that is being done now may not be seen for 10, 20 or 50 years from now. Mr Mackey stated that part of purpose of performance targets is to undertake a certain level of monitoring so that compliance can be tracked and this supplementary information assists with the gaining a better understanding of council's performance. Cr Scarlett queried as to whether the test would be that if the decisions made 20 or so year's turns out to be good or bad, would a better test be the reasonable test? Mr Mackey agreed with this. Cr Archer stated that he was heartened to see in Audit NZ letter that the changes were going to be cost neutral to Council. Cr Archer asked Mr Mackey that if the bar is being raised, does Mr Mackey have an overview as to the implications of that on this council and in view of some of the AG -4 outcomes being subjective rather than objective targets. Cr Archer wondered if councils are better placed to make subjective decisions and outcomes than auditors are; Cr Archer

wonders what skills the auditors have on making subjective assessments based on the expectations of communities. Mr Mackey responded that auditors have skills in terms of judgments and look at the processes that are being followed and if the judgments are reasonable. He stated that there would be a consistency panel so that if there are issues they will be looked at on a national basis. Mr Mackey there should not be extra work for councils if the systems under which the reporting is currently being made is reliable. Mr Mackey stated that Audit NZ is yet to go through the consistency process so they are still trying to work out how best to go about this but it is likely that Audit NZ will make suggestions on how performance management framework can be enhanced. Cr Archer suggested to Mr Mackey that the Office of the Auditor General's expectations and reporting standards will be substantially different to the expectations of the community and that we need to respond to the community needs. Cr Archer is concerned that the level of reporting is now at such a high degree to satisfy auditors, that we are missing out on the community and it is now too complex for the general Joe Public to really understand what we are actually doing. Mr Mackey stated that other organisations are reviewing the reporting by councils and by other public entities as members of the public aren't normally going to take time to study this type of information. Mr Mackey confirmed that part of the lifting of the bar has been driven by central government. Cr Scarlett agreed with Cr Archer in that the level of reporting is difficult for the general public to understand. Cr Scarlett remains concerned that changes do remain cost neutral.

Cr Scarlett asked for further clarification from Mr Mackey as to what "*to ensure council tells a compelling story*," means. Mr Mackey responded that council might need to supplement performance measures with some narrative. Councils are dealing with performance measures on a monthly basis but the public doesn't stop to think about these until they perhaps apply for a resource consent or need to deal with council. Cr Archer stated this is exactly his point about the level of reporting and who we are trying to report to as Cr Archer feels we should be reporting to our community which is who councilors represent. Cr Archer asked Mr Mackey if he and auditors are satisfied that the new level of required reporting is going to make significant positive benefits to the communities. Mr Mackey stated that this would depend on whether councils treat this as a compliance exercise or whether councils are actually measuring their performance and better achieve outcomes for the community. Cr Scarlett asked if the letter from the Auditor General is politically motivated, is this the wish of the government as the Minister of Local Government is very keen to see transparency and performance measures. Mr Mackey stated that the current government is very keen on improved performance reporting in the public sector. He stated that the former Auditor General had pushed strongly for this, the new Auditor General is also very keen on improvement in this area as she feels there has not been a significant improvement in 20 years. Mr Mackey acknowledged that councils are the leading performers in performance reporting in the public sector in New Zealand and this is why councils are the first to go under the revised AG -4 with other public sectors being phased in over the next 3 - 4 years. Cr Scarlett asked Mr Mackey if he feels this is a request from the government for more transparency and accountability and the Auditor General has responded to this. Mr Mackey stated that this is not a new initiative but the current government is very strong on wanting greater performance reporting so that they can work out where they can make cuts on expenditure.

Cr Archer stated that the AG -4 document is really focusing on bringing the rest of the public sector into line with the current work standards of local government, with some minor tweaking. Mr Mackey responded that there are quite a few other areas of the public sector that have a significant catch up on councils but this is not to say that councils have not got room for improvement. Cr Davidson stated that councils do what they need to do as the main focus is to keep rates as low as possible. He feels that this extra reporting will cost more. Cr Scarlett stated that this council would be very grumpy there is a cost increase. He would like an undertaking to be cost neutral and he would like this confirmed. Cr Archer asked if there specific areas of our performance management framework that require specific emphasis as a result of the AG-4 outcomes. Mr Mackey responded that the difficulty is providing objective, reliable information versus providing information that is relevant. Mr Mackey stated that with regard to the outcomes that council is trying to achieve, other parties have impact into what happens with these. Mr Mackey stated that this is an area where this council has very few outcome measures included within its framework but he expects improvements in this area over time. Cr Scarlett feels that firmer criteria are required so that Council has some certainty of what is required by the Auditor General. Mr Mackey advised that R. Mallinson met with the Executive Director of Audit NZ and himself seeking clearer guidance and as a result of this meeting, the Office of the Auditor General is now working on best practice examples. Mr Mackey stated that the best practice examples would be distributed once they are to hand. R. Mallinson stated that he is hopeful they will be relevant to regional councils. Cr Chinn asked if the reference in the Auditor General's Christmas letter stating "*our aim is to make these changes cost neutral to the Council*" would be changed. Mr Mackey advised that the audit arrangement letter has been signed

off with the audit fee for the 2009 / 10 audit therefore a recovery would not be sought unless Council fails to meet the audit requirements. Cr Scarlett suggested that the wording is changed to "*these changes will be cost neutral to council subject to the above conditions being met*".

Cr Ewen asked Mr Mackey if there is any likelihood of the LTCCP process becoming a five yearly process rather than the current three yearly process. Mr Mackey responded that part of the TAFM (Transparency, Accountability and Financial Management) Reform that the Minister of Local Government is driving has concluded that there will be no change to the frequency of the LTCCP at this stage and it will still be audited. R. Mallinson asked Mr Mackey to comment on what central government agencies he is referring to with regard to the "lifting of the bar" as he thought this would be the role of the Auditor General. Mr Mackey stated that the Office of the Auditor General reports to Parliament each year with the results of the audits it has undertaken and has a watchdog role over public finance.

Cr Scarlett thanked Mr Mackey for attending today's meeting.

5.1.4 WEST COAST REGIONAL COUNCIL ELECTIONS 2010

R. Mallinson spoke to this report advising that this is a request from the Returning Officer at Grey District Council.

Moved (Ewen / Robb)

- 1. That the West Coast Regional Council reconfirm the appointment of the Grey District Council Electoral Officer as the Electoral Officer for the West Coast Regional Council Electoral Officer for the 2010 Local elections pursuant to section 12 of the Local Electoral Act 2001.*
- 2. That the West Coast Regional Council agree that the returned voting documents for the 2010 elections be processed during the voting period, such early processing to be undertaken in accordance with section 79 of the Local Electoral Act 2001 and the Society of Local Government Managers' Code of Best Practice.*
- 3. That the West Coast Regional Council require the ordering of candidates names in alphabetical order pursuant to section 31(1) of the Local Electoral regulations 2001.*

Carried

5.1.5 ADOPTION OF 2010 / 2011 ANNUAL PLAN STATEMENT OF PROPOSAL FOR PUBLIC CONSULTATION

R. Mallinson spoke to this report and took it as read.

Moved (Davidson / Birchfield)

- 1. That the 2010/11 Annual Plan Statement of Proposal be adopted for public consultation pursuant to section 83 of LGA 2002.*
- 2. That public hearings be held on Monday 31 May commencing at 10.30 a.m.*

Carried

6.0 CHIEF EXECUTIVES REPORT

C. Ingle spoke to his report. He advised that he attended a number of meetings during the reporting period including a meeting with Westland Milk Products. He advised that there is a "Working Together" agreement between Westland Milk Products and Council which has now been in place for four years. C. Ingle reported a report is currently being prepared on the joint achievements that have been made during this time. He is hopeful of reporting on this at the next Council meeting.

C. Ingle drew attention to the letter he sent to The Auditor General, which is attached to his report. He advised that this letter relates to a matter discussed at a Councillor Workshop earlier this month

regarding the decision The Auditor General made relating to Ecan councillors. C. Ingle feels this has put a lot of uncertainty into whether the conflict of interest rules can now be interpreted in a different way. C. Ingle advised that for the avoidance of doubt he has asked for dispensation for all elected members to be able to make decisions at the meeting in June which is when it becomes legally important that this dispensation is in place.

Cr Birchfield asked C. Ingle if it is correct that he has spent a lot of time trying to resolve the wetlands issue with DoC to get a resolution. Cr Birchfield stated that it has been suggested to him that Council has not consulted enough with DoC on this and that is why it has gone to court. C. Ingle responded that he has spent a considerable amount of time on this and stated that the variation to the plan was first notified several years ago.

Cr Archer asked C. Ingle if development and participation with the IRIS software programme is going to result in longterm continuing expenditure or is it a one off. C. Ingle responded that there is a software development stage that goes for approximately 12 months. After this there will be a software maintenance phase but the cost goes down significantly once the development is done.

C. Ingle stated that this is mainly for the consents and compliance area as all regional councils have an outdated model and that is why it is being done collectively. C. Ingle stated this is being done within budget and there are no additional costs. He stated there are also no tax implications involved and to keep the costs down it has been suggested that that the Chief Executives of the regions are used as the governance board. C. Ingle advised that some very competent people at Environment Waikato are managing the entire IRIS project.

Moved (Davidson / Robb) *that this report be received.*

Carried

7.0 CHAIRMANS REPORT (VERBAL)

The Chairman reported that he attended the RAC meeting in Wellington with the Chief Executive. He stated that it has been a fairly light month.

Moved (Archer / Birchfield) *that this report be received.*

Carried

GENERAL BUSINESS

There was no general business.

The meeting closed at 12.26 p.m.

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Chairman

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Date