

## THE WEST COAST REGIONAL COUNCIL

### MINUTES OF THE MEETING OF THE COUNCIL HELD ON 14 AUGUST 2012, AT THE OFFICES OF THE WEST COAST REGIONAL COUNCIL, 388 MAIN SOUTH ROAD, GREYMOUTH, COMMENCING AT 11.43 A.M.

#### PRESENT:

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

#### IN ATTENDANCE:

C. Ingle (Chief Executive Officer), R. Mallinson (Corporate Services Manager), J. Adams (Consents & Compliance Manager), M. Meehan (Planning & Environmental Manager), T. Jellyman (Minutes Clerk)

#### 1. APOLOGIES:

There were no apologies

#### 2. PUBLIC FORUM

There was no public forum.

#### 3. CONFIRMATION OF MINUTES

**Moved** (Birchfield / Archer) *that the minutes of the Council Meeting dated 10 July 2012, be confirmed as correct.*

*Carried*

#### Matters arising

There were no matters arising.

#### **ADDRESS BY MR JOHN MACKEY, DIRECTOR – AUDIT NEW ZEALAND**

The Chairman welcomed Mr Mackey to the meeting to speak to the Audit Report. Mr Mackey apologised to Council for being unable to make it to the December 2011 meeting. Mr Mackey reported that Long Term Plan process for this council went smoothly compared to other councils around the country. He commented that Council and staff can take credit for this and our LTP was fit for its purpose. Mr Mackey stated that West Coast Regional Council has more diversity in its revenue streams and is able to get income from the VCS Business Unit and the investment account. Mr Mackey stated that investment account is more volatile and there is risk in trying to maximise return. Mr Mackey commented that it would be good to see the investment return council 7% year on year but this will be a challenge over the next ten years. Mr Mackey noted that it was good to see councillors declaring their interests during the RMC meeting. Mr Mackey stated that Audit NZ has noted that there is not a formal policy and process for handling consents where a council member is involved in the transaction. Mr Mackey stated that Audit NZ is not questioning whether decisions are being made appropriately but they are talking about public perception of transactions where a councillor is an applicant, that they could be seen to receive beneficial or preferential treatment. Cr Scarlett asked Mr Mackey what do other councils do in this situation. Mr Mackey responded that other councils use independent commissioners. C. Ingle advised that he checked council's Delegations Manual and this showed that, for example, if the Greymouth floodwall was being upgraded and council is the applicant then we have independent commissioners making the decisions, but we do not have this element in place where an individual councillor may be making an application. C. Ingle stated that this is always handled in a way that does not create conflict of interest but what Mr Mackey is pointing out is that council does not have a formal policy saying so. C. Ingle stated this is a very minor matter that is easily fixed. Mr Mackey noted that council is currently implementing a new financial and information system. Mr Mackey stated that council is to be commended in relation to credit card expenditure procedures as the prior year recommendations were made and they have now been implemented. Mr Mackey stated that the only issue he has raised is that

council is now assisting people with resource consent applications. Mr Mackey stated that this could be seen as a perceived conflict of interest as others may see the engagement of council staff for this purpose as an advantage to the applicant. Mr Mackey stated that this service would rely on the integrity of staff involved. Mr Mackey suggested that a policy be drafted that shows to people that all consent applications are treated equally. Mr Mackey is not aware of another council that provides this service. Mr Mackey answered various questions from councillors. The Chairman thanked Mr Mackey.

## **REPORTS:**

### **4.1 ENGINEERING OPERATIONS REPORT**

M. Meehan spoke to this report advising the river and drainage inspections are currently being carried out in preparation for the annual rating district meetings which are due to be held in October. M. Meehan reported that the stopbank upgrade works in the Coal Creek rating district have now been completed. M. Meehan advised that he is very pleased with the work done by Westland Contractors. M. Meehan reported that works have been carried out in the Taramakau, Lower Waiho and Redjacks Creek rating districts. M. Meehan reported that further repair work is required on the seawall at Punakaiki. He advised a source of rock has now been found on private land, which is closer to Punakaiki. M. Meehan reported that work is being done in the Kiwi Quarry and once this work is completed then there should be a good stockpile of rock in this quarry. Cr Chinn asked if the resource consent for work at Whataroa is for work on private property. M. Meehan advised that the consent was for river works on the Whataroa River.

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

*Carried*

### **4.2 CORPORATE SERVICES MANAGER'S REPORT**

R. Mallinson spoke to this report advising that this is for the full 12 months until the end of June, which will be then fed into the Annual Report which will be subject to audit in due course. R. Mallinson reported that the surplus is just \$200,000 which is a disappointing result when compared to the budgeted surplus of over \$781, 000. R. Mallinson reported that this result is heavily influenced by the non-performing investment portfolio which yielded less than \$100,000 on an \$11M portfolio. R. Mallinson reported that the invested income from Westpac was \$67,000 on a \$1.5M portfolio. He stated that the total investment returns were only \$165,000 compared to the budgeted return of in excess of \$1M.

R. Mallinson reported that there continues to be a heavy demand for rock from council quarries with the deficit in the quarry area being less than budgeted. R. Mallinson reported that a highlight is another excellent performance for the VCS business unit. Cr Birchfield commented that it is very good to see the VCS business unit performing so well with the outside contracting work paying dividends to the ratepayers. Cr Scarlett commented that with what is happening in the world at the moment it is hard to predict in terms of budgets and what is likely to happen with investment portfolios on a year to year basis. Cr Scarlett stated that Council can be thankful that it has not come out of this with a loss and hopefully council can look forward to better things next year.

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

*Carried*

#### **4.2.1 12 MONTH REVIEW 1 JULY 2011 – 30 JUNE 2012**

R. Mallinson spoke to this report and stated that this report is about actual performance during the same period as the financial report just dealt with.

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

*Carried*

C. Ingle advised that in terms of resource consent processing we are virtually 100% within the timeframes which is very pleasing. C. Ingle stated that the only area where this is a couple of non-achieved performances is in the planning area but this reflects the fact that this area is running on low resources and in view of the TAG report this may be an area that needs to be resourced up in the future. C. Ingle stated that he feels that staff have achieved wonderful things over the past year.

#### 4.2.3 WEST COAST CLEAN AIR AND WARM HOMES SCHEME

R. Mallinson spoke to this report advising that this scheme was introduced during the recent Long Term Plan process and the first six applications have now been received for processing. R. Mallinson explained that council would only fund work where there were an EECA grant in place as well. R. Mallinson advised that EECA recently announced substantial reduction in heating grants (as distinct from insulation grants) with heating grants now only available within the Reefton Airshed. R. Mallinson advised that EECA has asked council to extend the Council financing scheme to include heating units without matching EECA grants. R. Mallinson stated that the advantage of the involvement with EECA grants is that they are closely involved in the quality assurance and post implementation audit process. R. Mallinson stated that he is sympathetic to EECA's request to increase our involvement where there is no heating grant from EECA and he is recommending the installation of heat pumps where there is no EECA heating grant in place but he would not recommend financing solid fuel heating units as at the moment council is not that confident about the quality assurance issues that would be involved. Cr Scarlett asked R. Mallinson if this would contribute to council's overall debt in view of government looking at councils and assessing their debt. Cr Scarlett is concerned that some may perceive that debt loading to be quite high even though the debt is secured? R. Mallinson advised that the EECA scheme has been factored into our long term plan and we would be well within what would be considered a reasonable debt level for a council. Cr Archer stated that there seems to be little or no financial risk to council. R. Mallinson agreed with this. C. Ingle advised that when the West Coast Clean Air and Warm Homes Scheme were put into the LTP, heating was part of the offer that EECA made, but the grant for heating was only \$500 unless you are in an affected air shed such as Reefton where you can get up to \$2,000. C. Ingle stated that there would probably not be a lot of demand for new heat pumps outside of Reefton especially now that EECA have withdrawn the heating grants outside of Reefton. C. Ingle advised that he and R. Mallinson met with Henry Nepia from EECA on Friday to discuss criteria for quality control. C. Ingle stated that even though EECA are no longer involved, if council follow the EECA steps this would be the easiest way to make sure the scheme does not fail. C. Ingle outlined the five steps required to Councillors. C. Ingle noted that there is no rule in place to stop people from keeping their old wood burner (outside Reefton). R. Mallinson advised that those who uplift loans this year which start to repay their loans via their rates next year. They will be charged interest on the advance until the next rating year and then the loan is repaid over the next ten years. C. Ingle advised that the highest loan application so far has been for \$10,000 and this was for insulation and a compliant wetback wood burner for a homeowner in Reefton. R. Mallinson advised that administratively, it is a lot more economical for homeowners to take out a loan with council rather than the banks.

**Moved** (Robb / Cummings)

1. *That Council note the scaling back of the EECA involvement with regard to heating grants and the implications for the Warm West Coast Voluntary Targeted Rate scheme.*
2. *That Council agree to extend its involvement to include heat pumps where there is no EECA heating grant, subject to satisfactory quality assurance processes being put in place.*

*Carried*

#### 4.2.4 SUBMISSION ON THE LOCAL GOVERNMENT AMENDMENT BILL

C. Ingle spoke to this report advising that he recently emailed this report to councillors.

**Moved** (Archer / Birchfield) *It is recommended that Council formally adopt the attached submission.*

*Carried*

#### 4.2.5 BACKGROUND REPORT TO SOUTH ISLAND STRATEGIC ALLIANCE (SISA)

C. Ingle spoke to this report advising this matter is Richard Kempthorne's (Mayor of Tasman District) brainchild in trying to match the political impetus of the North Island alliance which is Bay of Plenty, Waikato, Northland and Auckland regions. C. Ingle advised that the objective is to try and get the South Island councils and particularly the regions talking to each other and lobbying government for benefits such as for R Funding (transport). C. Ingle advised that councils around the South Island have already adopted the Terms of Reference. Cr Scarlett advised that this matter has been well thrashed out with other councils and it is about speaking with one voice and this will be very good for the South Island.

**Moved** (Archer / Birchfield)

1. *That this report is received.*
2. *That Council adopt the attached Terms of Reference, and the Chairman be the authorised signatory.*  
*Carried*

#### **4.2.6 PRODUCTIVITY COMMISSION – REGULATION INQUIRY**

C. Ingle spoke to this report. He advised that the Productivity Commission is looking at what local government should be delivering including what should be done by central government and what the split should be. C. Ingle stated that he is yet to draft a submission on this and he is keen to hear councilors views first. Cr Scarlett stated that a small council cannot be carrying out the functions of central government and not be compensated, as times are tough for the financial sector and government. He feels we cannot expect ratepayers to fund this. Cr Archer agrees with Cr Scarlett. Cr Archer stated that there seems to be different interpretations from council to council but generally they are based on different communities needs and interests. He feels this is a healthy process and it should not change. C. Ingle stated that there are a lot of things that this council does well and this should not be overlooked such as resource consent applications that are always processed in a very timely fashion.

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

*Carried*

#### **6.0 CHIEF EXECUTIVES REPORT**

C. Ingle spoke to his report. He advised that the Shared Services Agreement with Otago Regional Council's senior procedural specialist in resource consent processing will give us a little more depth in our consents team especially in view of C. Dall's departure. C. Ingle advised that this would be helpful with notified consent applications and those that are a little more complex. He stated that this is a good example of a shared service with a neighbouring region.

C. Ingle advised that the Local Government Efficiency Taskforce is looking at the Local Government Act and the Long Term Plan process and the role of Audit NZ. C. Ingle stated that this group is coming up with some quite radical ideas and it will be interesting to see what develops in this area. Cr Scarlett stated that the Minister David Carter is keen to connect provinces between industries and council and to allow industry to be able to function well and efficiently for the benefit of the country.

**Moved** (Robb / Birchfield) *That this report be received.*

*Carried*

#### **7.0 CHAIRMANS REPORT (VERBAL)**

The Chairman reported that he attended the recent LGNZ Annual General Meeting in Dunedin. He advised that the meeting had a metropolitan flavour and there was not a lot in it for the provinces. The Chairman reported that the message from the Minister was that they are onto reform and there is no turning back. Cr Scarlett advised that a committee has been formed for the next annual meeting and he feels this indicates that they are getting ready to make change and to have a broader spread on matters.

Cr Scarlett stated that it has been a reasonably quiet month and he has dealt with the usual constituency matters.

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

*Carried*

#### **GENERAL BUSINESS**

There was no general business.

The meeting closed at 12.36 p.m.

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Chairman

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Date