

# AMENDMENTS TO THE HAURAKI COMMUNITY PLAN 2004/2014

Following the adoption of the Hauraki Community Plan 2004/14 in June 2004, some further information became apparent, further progress was made, or progress was not as far along as was projected.

Consequently there are a number of variations and amendments to be made to the Hauraki Community Plan 2004/14. To aid in the ease of understanding, and to reduce duplication costs, the Annual Plan process and the amendments and variations to the Hauraki Community Plan 2004/14 have been combined and are being presented alongside each other.

## 1. ROADING STATEMENT OF PROPOSAL

### 1.1 Coxhead Road Bridge Renewal

Coxhead Road No 1 Bridge will be renewed starting 2007/08. A bridge inspection report in September 2004 recommended the bridge as a candidate for replacement. If the bridge is not replaced it will ultimately have to be closed.

The cost of closing the bridge is budgeted at \$55,000.

A recent change in the Land Transport New Zealand's policy now allows the replacement to be subsidised. At Council's financial assistance rate of 54% Council funding will be \$124,200, the balance of \$145,800 is being funded by Land Transport New Zealand.

Provision of \$270,000 for Subs Pavement Maintenance has been included in the 2005/06 programme, as the Coxhead Bridge Renewal increases the 2005/06 budget by this amount over LTCCP provisions.

#### Significance Assessment

This bridge is now able to be replaced with the cost subsidised.

The benefits of this renewal is:

- Increased operating speed;
- Heavy Commercial Vehicle access not restricted;
- Improved road user benefits (accelerating and braking reduction).

#### Options Considered

Replacement options previously considered could not attract a subsidy.

The subsidised option will realise the benefits above at a reduced cost to Council.

If no action was taken the load rating of the bridge would steadily reduce, eventually leading to its removal from service. The route is used by locals for access between state highways and was used by state highway traffic as an emergency bypass route.

### 1.2 Bridge Replacement subsidised (replaces Non Sub Bridge Replacements)

The project is to widen the Waitawheta Bridge No 3 across the Taireri Stream on either side and improve the vertical alignment, making the bridge consistent with the recently widened adjacent section of road and reducing impact loading on the bridge deck.

Recent change in Land Transport New Zealand policy now allows projects such as the widening of the Waitawheta Bridge No 3 to be subsidised. \$175,000 was allowed for the 2005/06 budget. This as well as the provisions made in subsequent years for the bridge widening are no longer needed. The revised value of Waitawheta Bridge No 3 widening is \$134,000 for 2005/06.

\$72,000 is to be subsidy funded leaving \$62,000 to be funded by Council. The proposal leads to a saving in Council funding provision of \$113,000.

If the proposal does not proceed the financial benefit to the Council of the subsidy will be lost, road user safety and road user cost benefits will not be realised.

### 1.3 HDC 274 Road Maintenance Contract

Changes to the LTCCP budget provisions have resulted from the new Routine Road Maintenance Contract HDC 274 for a 2 year contract period with three possible one year renewals. The new contract results in an increase in the cost of some work categories and a decrease in others. Three of these situations are detailed below.

The cost of Pavement Maintenance has decreased, reducing the budget by \$290,000 from \$1,600,000 to \$1,310,000.

The budget cost of amenity maintenance has increased by \$50,000 to \$200,000.

The cost of street cleaning reduced to \$30,000 from the \$60,000 provided in the LTCCP. 30% of street cleaning expenditure is subsidised at the financial assistance rate of 54%, so the estimated expenditure of \$30,000 in the 2005/06 year will attract a subsidy of \$4,860.

The cost of traffic services reduced \$50,000 to a budget of \$200,000.

The professional services contract is approaching its 3<sup>rd</sup> year and will be eligible for cost escalation as a normal part of this contract. These cost escalations increase the budget by \$17,500. This changes the basic budget from \$360,000 to \$378,000.

There is an increase of \$24,500 to the current budget of \$150,000 for street lighting maintenance, and improvements district wide for carriage way lighting due to increased contract rates and increased energy charges.

Due to low traffic volumes and minimal traffic benefits there are no subsidised road reconstruction projects in the 2005/06 year. There is therefore a reduction in the subsidised reconstruction budget provision of \$160,000 to zero for 2005/06.

### 1.4 Seal Extension

In order to achieve better Benefit Cost ratios, seal extension projects are generally carried out in two stages. Stage one, is the preliminary work and includes earthworks, formation widening and drainage construction. Stage two includes road metal, the seal itself and finishing work which comprises the subsidised seal extension work.

Land Transport New Zealand generally requires that the preliminary work be completed and accounted for, at least in the year preceding the subsidised seal extension work. This requirement has not always been achieved, but no projects were actually deferred as a result. Current strict application of the requirement entails deferring the Stage 2 work on the 0.7 km South Road, the 0.8 km Taieri Road and the 0.8 km Parakiwai Road projects to the 2005/06 year. The Stage 1 work on Parakiwai Road is complete, Stage 1 work for the other two projects is scheduled for the current financial year.

Stage 2 work on Parakiwai Road is included in the same contract as the recently completed Stage 2 work for Corbett Road. A satisfactory arrangement has been negotiated for deferring the work to the 2005/06 year using the same contract.

Council will complete all Stage 1 work for South and Taieri Roads in 2004/05 using the funds provided in the 2004/05 budget as non subsidised seal extensions, and to follow with Stage 2 work for South, Taieri and Parakiwai Roads in the 2005/06 financial year as subsidised seal extensions, assuming a successful application to LTNZ.

#### **Net overall financial effect of Roading Statement of Proposals**

The net financial effect of proposed changes on the overall roading budget includes a 2.1% decrease on the District General Rate.

## 2. POLICY ON APPOINTMENT OF DIRECTORS

### 2.1 Purpose

Hauraki District Council (the Council) is required by Section 57 of the Local Government Act 2002 (the Act) to adopt a Policy for the Selection, Appointment and Remuneration of Directors of Council Organisations.

Council is required to adopt a policy that sets out an objective and transparent process for:

- the identification and consideration of the skills, knowledge and experience required;
- of directors of a council organisation;
- the appointment of directors to a council organisation;
- the remuneration of directors of a council organisation.

Council received no submissions for or against Council participating in the establishment of the Policy of Appointment of Directors .

Council resolved to proceed with the proposal contained in the Draft Annual Plan.

### 2.2 Definitions

The following definitions are provided for in Section 6 of the Act:

- **Directors**  
Section 6(3)(b) of the Act defines a director as including company directors, trustees, members, managers and office holders of an organisation.
- **Organisation**  
Includes partnerships, trusts, arrangements for sharing profits, unions of interest, co-operations, joint ventures and similar arrangements.
- **Company** means a body corporate.

- **Council Organisation (CO)**

CO means—

- (a) a company—
  - (i) in which equity securities carrying voting rights at a meeting of the shareholders of the company are—
    - (a) held by 1 or more local authorities; or
    - (b) controlled, directly or indirectly, by 1 or more local authorities; or
  - (ii) in which 1 or more local authorities have the right, directly or indirectly, to appoint 1 or more of the directors (however described) of the company; or
- (b) an entity in respect of which 1 or more local authorities have, whether or not jointly with other local authorities or persons,—
  - (i) control, directly or indirectly, of 1 or more of the votes at any meeting of the members or controlling body of the entity; or
  - (ii) the right, directly or indirectly, to appoint 1 or more of the trustees, directors, or managers (however described) of the entity”.

- **Council-Controlled Organisation (CCO)**

“CCO means a council organisation that is—

- (a) a company—
  - (i) in which equity securities carrying 50% or more of the voting rights at a meeting of the shareholders of the company are—
    - (a) held by 1 or more local authorities; or
    - (b) controlled, directly or indirectly, by 1 or more local authorities; or
  - (ii) in which 1 or more local authorities have the right, directly or indirectly, to appoint 50% or more of the directors of the company; or
- (b) an entity in respect of which 1 or more local authorities have, whether or not jointly with other local authorities or persons,—

- (i) control, directly or indirectly, of 50% or more of the votes at any meeting of the members or controlling body of the entity; or
- (ii) the right, directly or indirectly, to appoint 50% or more of the trustees, directors, or managers (however described) of the entity”.

- **Council-Controlled Trading Organisation (CCTO)**

“CCTO means a council-controlled organisation that operates a trading undertaking for the purpose of making a profit”.

The exact form of CCO formed will depend on the objectives that the partners wish to achieve (e.g. should the CCO operate with the intent of making a surplus or with some other non-profit objective in mind).

## 2.3 Principles

Prior to Council deciding to appoint a member, trustee, director or manager to any organisation, Council’s involvement will be assessed against the following principles.

- The organisation’s goals and objectives must fit with Council’s directions as stated in its Long-Term Council Community Plan.
- Appointments must provide good governance to the organisation.
- The benefits of appointing a director or directors must outweigh other methods of achieving Council’s objectives.

## 2.4 Council Organisations

Appointments to COs are made for a number of reasons and are usually at the request of an organisation for a representative from Council.

Council has a non-controlling interest in a number of Organisations. These are mainly not for-profit bodies. Appointments are made by Council to these Organisations for a number of reasons. These include:

- to provide a means of monitoring where the Council has made a grant to that body;

- to enable Council involvement where the CO’s activity is relevant to the Council;
- to satisfy a request from the Organisation that the Council appoint a representative;
- statutory requirements.

Appointments to a CO are generally for a three year term, and are made at a meeting of Council shortly after the triennial meeting of Council.

The Council will endeavour to minimise the number of appointments where the benefit to the Council of such an appointment is minimal.

All appointments will be at the pleasure of Council.

## 2.5 Council-Controlled Organisations (CCOs)

A CCO is a CO where Council (alone or together with other councils) controls 50% or more of the voting rights or appoints 50% or more of the directors. If Council is a shareholder it has a statutory requirement to monitor and evaluate the performance of CCOs.

Appointments to a CCO may be for any term but will generally be made for three years and made after the triennial Council elections.

## 2.6 Council-Controlled Trading Organisations

CCTOs all operate at arm’s length from Council and transactions between the company and the Council are on a purely commercial basis. Council and the CCTO will annually agree to a statement of intent which will allow the Council to outline its expectations of the CCTO.

If Council is a shareholder, it has a statutory requirement to monitor and evaluate the performance of CCTOs and is empowered under this policy to appoint directors to their own subsidiaries or associates in accordance with their own policies.

## 2.7 Appointment of Directors

### 2.7.1 Appointment of Members to a CO

Appointments to COs are usually made at the beginning of each triennium and are generally elected members. Vacancies may occur during a triennium, or new organisations may seek a Council representative on their organisation. In such cases the appointments will be made by way of resolution of Council, having regard to the criteria specified in this policy.

### 2.7.2 Appointment of Councillors as directors of a CCO or CCTO

Care should be taken when appointing Councillors as directors of CCOs as this may create a conflict between their obligations to the CCO and their obligations to Council.

All Councillors are eligible to be included in the list of potential directors, subject to the processes of this Policy.

A Councillor appointment must add value to the work of the Board and is not a substitute for a formal monitoring relationship between the Council and the subsidiary. Any elected member must have the required skills as identified in this policy.

The Council makes an appointment.

### 2.7.3 Appointment of Council's Chief Executive Officer or employees as directors of a CCO or CCTO

Care should be taken when appointing Council's Chief Executive Officer or employees as directors of CCOs as this may create a conflict between their obligations to the CCO and their obligations to Council.

Any employee of Council must have the required skills as identified in this policy.

Council will make the appointment.

## 2.8 Identification of required skills, knowledge and experience

### 2.8.1 CO Members

The Council may appoint a person as a member of a CO only if the Council considers the person has the skills knowledge and experience to:

- guide the organisation given the nature and scope of its activities; and
- contribute to the achievement of the objectives of the organisation.

The Council considers that any person that it appoints to be a member of a CO should, as a minimum, have the following skills:

- an understanding of governance issues;
- either business experience or other experience that is relevant to the activities of the organisation (or both);
- sound judgement;
- intellectual ability;
- a high standard of personal integrity;
- the ability to work as a member of a team.

### 2.8.2 CCO and CCTO Appointments

In addition to the skills identified in 2.8.1 for appointment to a CO appointments to a CCO or CCTO shall also have the following skills:

- either business experience or other experience that is relevant to the activities of the organisation (or both).

## 2.9 Conflict of Interest

The Council expects that any appointments to any CO, CCO or CCTO will avoid situations where their actions could give rise to a conflict of interest. To minimise these situations, the Council requires Directors to follow the provisions of Council's Code of Conduct or, in the absence of a Code of Conduct, the New Zealand Institute of Directors' Code of Ethics

All members are appointed "at the pleasure of the Council" and may be dismissed for breaches of the Code of Conduct or Code of Ethics or of this Policy.

## 2.10 Remuneration

Remuneration of Council appointments to COs, CCOs and CCTOs is a matter of public interest.

For CO appointments will be paid in accordance with Council's remuneration policy except as otherwise formally resolved by Council.

For CCOs and CCTOs, Council, in conjunction with other shareholders, will set the director's remuneration by resolution at the Annual General Meeting. On reaching a view on the appropriate level of remuneration for directors the shareholders representative will consider the following factors:

- the need to attract and retain appropriately qualified people to be directors;
- the level and movement of salaries in comparable organisations;
- the past performance of the organisation;
- the financial position of the organisation;
- the objectives of the CCO (in particular whether or not the CCO operates on a charitable basis).

CCO directors appointed by the Council will receive the remuneration (if any) offered by that body. Only if no remuneration is offered, will directors who are Councillors be entitled to receive normal Council meeting allowances.

In the event of Council's Chief Executive Officer or employee being appointed to a CCO where remuneration is paid, the fees for that appointee shall be paid to Council, unless the Council determines there are special circumstances.

## 2.11 Director's Responsibilities

At the time of appointment the responsibilities of the director(s) in relation to reporting back to Council will be determined. As a minimum appointees

will report on the progress of the organisation annually as required by the Local Government Act 2002 Schedule 10, Part 3, Sections 16 and 18.

## 2.12 Review Requirements

Council's involvement in these organisations will be reviewed within three months following each triennial election.

Council's policy of appointing and remunerating directors will be reviewed following the 2007 triennial election at the latest or earlier at Council's discretion.

### 3. CCO- SHARED SERVICES

A group of Territorial Local Authorities (TLAs) within the Waikato Region have been working together on a shared valuation database for the last couple of years. This has become known as the Shared Valuation Database Service (SVDS).

The primary driver for this initiative was to encourage and facilitate a competitive market for rating valuation services. Without the basis for competition in the rating valuation market place the return of a monopolist market was likely. The potential impact on quality of service and costs of rating valuations to Councils became a risk that needed action.

Secondary significant benefits included the benefits to process and information flows that would eliminate duplication of effort, reduce potential for error, focus valuers on valuing and not administrative effort and have Councils more aware of their responsibilities and information.

*Council received no submissions for or against Council participating in the establishment of the Council Controlled Organisation (CCO) for the purposes of shared services or for holding any shares in the CCO.*

*Council resolved to proceed with the proposal contained in the Draft Annual Plan.*

#### Governance

A variety of options for governance of this shared initiative have been considered. The preferred scenario is to establish a Council Controlled Organisation (CCO). This CCO can act as an umbrella company for the future development and delivery of shared services, such as the SVDS, throughout the region.

All the Local Authorities within the Waikato have expressed an interest in being shareholders in such a CCO. They have all agreed to participate in the process required to establish a CCO.

The reasons for establishing a CCO include:

- A desire for a more transparent governance structure involving all local authorities in the Region deciding priorities for shared services, and their management.
- The need for a body that can enter into commercial arrangements with suppliers and partners on behalf of the participating local authorities.
- A desire to ensure focus on ensuring services do add benefit to the community through enhancement and/or reduced costs, and pursue opportunities to sell processes and systems to other local authorities to reduce costs to shareholding local authorities.

Each Council will hold one of thirteen shares in a Company: i.e, each council would be an equal shareholder in this umbrella company. It is recommended that the Company have six directors:

1. One appointed by Waikato Regional Council;
2. One appointed by Hamilton City Council;
3. One appointed by agreement between Franklin and Waikato District Councils;
4. One appointed by agreement between Thames Coromandel, Hauraki and Matamata Piako District Councils;
5. One appointed by agreement between Waipa, Otorohanga and Waitomo District Councils; and
6. One appointed by agreement between South Waikato, Taupo and Rotorua District Councils.

Unless otherwise agreed by the Board each appointee will be a Chief Executive Officer of a local authority. The Board will also be able to include up to three additional professional directors to supplement the expertise of the CEOs.

Services, such as the SVDS, will run as separate projects under the umbrella of the CCO. These separate projects, such as the SVDS, may be made up of all 13 Councils or a subset of the Councils in the region. For example the SVDS is a subset as it does not include a number of the Councils in the region.

Participating Councils in the services will hold a second class of share, a "Service Share". The size of the Service Shareholding will be proportional to the amount of capital that each Council invests in the service. A proportion of this capital may come from the sale of existing services and products provided by the Company.

Funding for specific projects will only come from those Councils willing to participate in particular projects. The funding will not come from the Councils that own shares in the CCO. The separate share structures allows for this activity under one company structure rather than having multiple companies for each different service.

#### **4. PAEROA AND WAIHI REFUSE TRANSFER STATIONS**

In order to meet the income target for the waste volumes for 2005/06 it will be necessary to increase the disposal fee at the Paeroa and Waihi transfer stations from the present \$85. There is to be an increase in the bulk charge for refuse disposal to \$100 including GST.

#### **5. PAEROA WAR MEMORIAL HALL**

The Paeroa War Memorial Hall is to be upgraded to a suitable standard for public use, similar to the other memorial halls in Hauraki District. \$400,000 has been included in the 2005/06 budget to cater for the interior/exterior work, including roof repair and statutory work required under the Building Act, such as toilets, handrails etc.

## VARIATIONS TO HAURAKI COMMUNITY PLAN

As a result of further consideration of the proposed amendments to the Annual Plan, the following have also been scheduled.

### 6. POUARUA MAUKORO DRAINAGE SCHEME SOUTHERN STAGE

The construction of the proposed pump station has been accepted by Environment Waikato as new work under the Piako River Scheme. Environment Waikato will fund one quarter of the capital cost, but is unable to commence construction of the pump in the 2004/05 year.

Council's three quarter share for the investigations will be incurred in 2005/06, and the capital works incurred in the 2006/07 year.

### 7. POSITIVELY PROMOTING THE PLAINS

'Positively Promoting the Plains' will receive funding of \$7,250. This funding is to be split to 60% business/40% ward Uniform Annual Charge (UAC). This proposal is slightly different from the Go Waihi and Positive Paeroa Funding. There will be no difference between the urban and rural commercial & industrial properties i.e. the business rate will be the same across the whole ward.

It is proposed the same rate be applied to all businesses, as Positively Promoting the Plains is for promotion of the whole plains area not just Ngatea.

### 8. KARANGAHAKE RESERVE TOILET BLOCK

\$15,000 has been included to investigate options towards the sewerage system at Karangahake reserve toilet block to meet the demand of increasing level of service.

### 9. WAITAKARURU RAW WATER STORAGE

\$90,000 from the budget total of \$2.15 million for the Waitakaruru Raw Water Storage Capital Works item has been brought forward from the 2007/08 financial year to 2005/06 financial year. This capital work is needed for the preliminary drilling investigation works required to assess the location of the high quality rock to establish the site for the new quarry pit. The total budget for this activity has not increased but simply been redistributed over the period of the project.

### 10. PLAINS UNALLOCATED CAPITAL PROJECTS

The unallocated capital project amount has been increased from \$30,000 to \$50,000 for 2005/06.

### 11. DELAY OF VICTORIA STREET, WAIHI, RISING MAIN

\$300,000 of expenditure budgeted for the construction of the Victoria Street Rising Main has been rescheduled to 2008/09 – this is considered to be a more appropriate time to undertake the construction as this is not essential in 2005/06.

## 12. VICTORIA STREET PUMPSTATION

\$20,000 has been included for expenditure on the Waihi, Victoria Street Pumpstation upgrade to include control cabinets.

## 13. NGATEA POOL

The construction of the Ngatea Aquatic Centre has been postponed until the Hauraki/Thames Coromandel Physical Activity & Community Facility Sub Regional Study is completed. This is expected to be completed in May/June 2005.

The Ngatea Pool will be painted in 2005/06 at a cost of \$25,000.

## 14. WAIHI VISITOR CENTRE

Funding of \$22,000 is to be provided to the Waihi Visitor Centre for administrative support and office improvements.

## 15. GO WAIHI

The inclusion of \$74,690, with an extraordinary grant of \$15,600 has been included for Go Waihi. The additional grant is for the purchase of main street buntings, town entrance signage, office equipment and ancillary equipment, a marquee and the replacement of the sound system.

## 16. DISTRICT PLAN EXPENDITURE

The undertaking of the District Plan Review has been rescheduled from. In 2006/07 through to 2008/09. The process is to begin in 2005/06.

## 17. PAEROA STREETScape

\$750,000 of the \$1,000,000 provided in the LTCCP for Paeroa Streetscape in the 2004/05 financial year has been moved to the 2005/06 financial year to allow time for the development of community involvement in the project.

## 18. PAEROA INFORMATION CENTRE

The Paeroa Information Centre's opening hours are to be reduced to suit the available staffing resources. The centre will be open Monday to Friday, and only open weekends during the months of December and January, plus Easter and Labour Weekends.