



**PUBLIC**

# Agenda

Notice is hereby given of a  
**Environmental Services and Finance  
Committee Meeting**

**Tuesday 5 December 2017**

at 9.30am, to follow the Public Forum

Council Chamber  
Waimate District Council  
125 Queen Street  
Waimate

[www.waimatedc.govt.nz](http://www.waimatedc.govt.nz)

**Notice is hereby given that a meeting of the Environmental Services and Finance Committee will be held in the Council Chamber, Waimate District Council, 125 Queen Street, Waimate, on Tuesday 5 December 2017, to follow the Public Forum.**

### **Committee Membership**

Sharyn Cain	Chair
Jakki Guilford	Deputy Chair
Craig Rowley	Councillor
David Anderson	Councillor
Peter Collins	Councillor
Miriam Morton	Councillor
Tom O'Connor	Councillor
David Owen	Councillor
Sheila Paul	Councillor

Quorum – no less than five members

### **Local Authorities (Members' Interests) Act 1968**

Councillors are reminded that if they have a pecuniary interest in any item on the agenda, then they must declare this interest and refrain from discussing or voting on this item and are advised to withdraw from the meeting table.

### **Significance Consideration**

Evaluation: Council officers, in preparing these reports have had regard to Council's Significance and Engagement Policy. Council and Committee members will make the final assessment on whether the subject under consideration is to be regarded as being significant or not. Unless Council or Committee explicitly determines that the subject under consideration is to be deemed significant then the subject will be deemed as not being significant.

### **Decision Making**

The Council, in considering each matter, must be:

- i Satisfied that it has sufficient information about the practicable options and their benefits, costs and impacts, bearing in mind the significance of the decisions;
- ii Satisfied that it knows enough about and will give adequate consideration to the views and preferences of affected and interested parties bearing in mind the significance of the decisions to be made.

Stuart Duncan  
Chief Executive

## Order of Business

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## **Item 1**

## **Apologies**

Prepared by:       Stuart Duncan  
                          Chief Executive

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The Chair will call for any apologies.

### **Recommendation**

That the apologies are accepted.



## Item 2                      Conflicts of Interest

Prepared by:                      Stuart Duncan  
   Chief Executive

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As per the Local Authorities (Members' Interests) Act 1968 (as below), the Chair will enquire if there are any Conflicts of Interest to be declared on any item on the agenda, and if so, for any member to declare this interest.

### **Local Authorities (Members' Interests) Act 1968**

Councillors are reminded that if they have a pecuniary interest in any item on the agenda, then they must declare this interest and refrain from discussing or voting on this item and are advised to withdraw from the meeting table.

## **Item 3                      Identification of Major (Urgent Business) or Minor Items not on the Agenda**

Prepared by:                      Stuart Duncan  
   Chief Executive

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The Chair will call for any major (urgent business) or minor items not on the agenda to be raised according to Standing Orders, as below:

### **a            Standing Orders 3.7.5 – Major Items**

An item not on the agenda for a meeting may be dealt with at the meeting if the local authority by resolution so decides, and the presiding member explains at the meeting at a time when it is open to the public –

- i            The reason why the item was not listed on the agenda; and
- ii          The reason why discussion of the item cannot be delayed until a subsequent meeting.

### **b            Standing Orders 3.7.6 – Minor Items**

An item not on the agenda for a meeting may be dealt with at the 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
- iii        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.

## **Recommendation**

That the Environmental Services and Finance Committee resolves to consider any major (urgent business) or minor items at the end of the open section of the meeting.

## **Item 4**

## **Confirmation of Minutes: Environmental Services and Finance Committee**

Prepared by:       Stuart Duncan  
                          Chief Executive

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The unconfirmed minutes of the Environmental Services and Finance Committee meeting held on Tuesday 24 October 2017 are presented for confirmation.

### **Recommendation**

That the minutes of the Environmental Services and Finance Committee meeting held on Tuesday 24 October 2017, excluding the public excluded items, are confirmed as a true and correct record.

# **Unconfirmed Minutes of the Environmental Services and Finance Committee meeting of the Waimate District Council held at 125 Queen Street, Waimate on Tuesday 24 October 2017, at 9.33am to follow Public Forum.**

## **Present**

Chair: Cr S Cain

Mayor: C Rowley

Councillors: D Anderson, P Collins, J Guilford, M Morton, T O'Connor, D Owen, S Paul

## **In Attendance**

Chief Executive: S Duncan

Managers: M Jones, S Kelly, A Hilton, S Chapman

Committee Secretary: K Reid

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- |   |  |
|---|--|
| <b>1 Apologies</b>  | No apologies were received.  |
| <b>2 Conflicts of Interest</b>  | The Chair called for Conflicts of Interests. There were no Conflicts of Interest identified.   |
| <b>3 Identification of Major (Urgent Business) or Minor Items not on the Agenda</b> | The Chair called for Major or Minor Items not on the Agenda. There were no major (urgent business) or minor items identified.  |
| <b>4 Confirmation of Minutes – Environmental Services and Finance Committee</b>     | <p><b>Resolved:</b></p> <p>That the minutes of the Environmental Services and Finance Committee meeting held on Tuesday 12 September 2017, excluding the public excluded items, are confirmed as a true and correct record.</p> <p>Moved Cr Guilford<br/>Seconded Mayor Rowley<br/>MOTION CARRIED</p> <p><b>Amendment:</b></p> <p>Agenda Item 5: Delegations Policy 308 Amendments 'Note' amendment: 'Departmental Staff' is the category within the Delegations Policy.</p> |
| <b>5 Management Report – Finance/Support Services Group</b>                         | <p><b>Resolved:</b></p> <p>That the Corporate Services Manager's report is accepted.</p> <p>Moved Cr Guilford<br/>Seconded Cr Paul<br/>MOTION CARRIED</p>  |

**6 Management Report  
– Regulatory and  
Compliance Group**

**Resolved:**

That the Regulatory and Compliance Group Manager's report is accepted.

Moved Cr Paul  
Seconded Cr Guilford  
MOTION CARRIED

**Action Point:**

That staff bring a report to Council for a decision regarding a potential bylaw on liquor licensing fees and charges

Update to Action Point 'Easter Trading Policy': Council asked for a report to be presented to Council on a Special Consultation Procedure

**The meeting was  
adjourned at 10.30am to  
hold a Mayoral  
Presentation on the Logo  
Design Competition  
winners  
The meeting was  
reconvened at 11.05am**

**7 Waimate District  
Bylaw Review –  
Chapter 15  
Demolition,  
Construction and  
Maintenance of  
Buildings and Site  
Works**

The Environmental Services and Finance Committee discussed the upcoming review and proposed revocation of the Waimate District Bylaw Chapter 15 Demolition, Construction and Maintenance of Buildings and Site Works.

**Resolved:**

That the Waimate District Bylaw Review – Chapter 15 Demolition, Construction and Maintenance of Buildings and Site Works report is accepted; and

That the Environmental Services and Finance Committee approves the proposal:

"That existing bylaw Chapter 15: Demolition, Construction and Maintenance of Buildings and Site Works will be proposed to be revoked at such time as the consolidated bylaws are circulated for the special consultative procedure."

Moved Cr Cain  
Seconded Cr Guilford  
MOTION CARRIED

**8 Waimate District  
Bylaw Review –  
Chapter 16  
Apartment Buildings**

The Environmental Services and Finance Committee discussed the upcoming review and proposed revocation of Waimate District Bylaw Chapter 16 Apartment Buildings and Boarding-Houses.

	<b>and Boarding-Houses</b>	<p><b>Resolved:</b></p> <p>That the Waimate District Bylaw Review – Chapter 16 Apartment Buildings and Boarding-Houses report is accepted; and</p> <p>That the Environmental Services and Finance Committee approves the proposal:</p> <p>“That existing Chapter 16 Apartment Buildings and Boarding-Houses will be proposed to be revoked at such time as the consolidated bylaws are circulated for the special consultative procedure.”</p> <p>Moved Cr Anderson Seconded Cr Guilford MOTION CARRIED</p>
<b>9</b>	<b>Waimate District Bylaw Review – Chapter 19 Food Safety</b>	<p>The Environmental Services and Finance Committee discussed the proposed revocation of the Waimate District Bylaw Chapter 19 Food Safety.</p> <p><b>Resolved:</b></p> <p>That the Waimate District Bylaw Review – Chapter 19 Food Safety report is accepted; and</p> <p>That the Environmental Services and Finance Committee approves the proposal:</p> <p>“That existing Chapter 19: Food Safety will be proposed to be revoked at such time as the consolidated bylaws are circulated for the special consultative procedure.”</p> <p>Moved Cr Morton Seconded Cr Paul MOTION CARRIED</p>
<b>10</b>	<b>Consideration of Major (Urgent Business) or Minor Items not on the Agenda</b>	<p>There were no major (urgent business) or minor items identified.</p>
<b>11</b>	<b>Exclusion of the Public</b>	<p>The Environmental Services and Finance Committee considered moving into public excluded to take the below items:</p> <ul style="list-style-type: none"> <li>iv Confirmation of Minutes: Environmental Services and Finance Committee Meeting – Tuesday 12 September 2017</li> <li>v Alpine Energy Shareholders Report – August 2017</li> </ul>

General Subject of each matter to be considered	Reason for passing this resolution	Ground(s) under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution
Confirmation of Public Excluded Minutes – Environmental Services and Finance Committee	Good reason to withhold exists under Section 7	7(2)(c)(i)(ii): The withholding of the information is necessary to protect information which is subject to an obligation of confidence
Alpine Energy Shareholders Report – August 2017	Good reason to withhold exists under Section 7	7(2)(i): The withholding of the information is necessary to enable the local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

**Resolved:**

That the Environmental Services and Finance Committee resolves to exclude the public from the following parts of the meeting on the grounds contained in section 48(1) of the Local Government Official Information and Meetings Act, or section 6 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public.

Moved Cr Guilford  
Seconded Cr Paul  
MOTION CARRIED

There being no further business, the Chair declared the meeting closed at 11.18am. These minutes to be confirmed at the Environmental Services and Finance Committee meeting to be held on Tuesday 5 December 2017.

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Cr S Cain  
Chair

## Item 5

## Management Report – Corporate Services

Prepared by:           Andy Hilton  
                                Corporate Services Manager

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The Corporate Services Manager's report is submitted for the information of the Environmental Services and Finance Committee.

### **Recommendation**

That the Corporate Services Manager's report is accepted.



The financial report is not available at the time of print but will be circulated at the earliest time possible prior to the meeting.

## **Item 6**

## **Audit Engagement Letter – Consultation Document & Long Term Plan 2018-28**

Prepared by: Andy Hilton  
Corporate Services Manager

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Recommendation to be tabled from the 4 December 2017 Audit and Risk Committee meeting.

13 November 2017

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PO Box 2, Christchurch 8140

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Fax: 03 961 3059

Craig Rowley  
Mayor  
Waimate District Council  
PO Box 122  
Waimate 7960

cc Stuart Duncan, Chief Executive  
Andy Hilton, Corporate Services Manager

Dear Craig

**Audit Engagement Letter: Audit of the consultation document and Long-Term Plan for the period commencing 1 July 2018**

This audit engagement letter is sent to you on behalf of the Auditor-General who is the auditor of all "public entities", including Waimate District Council (the Council), under section 14 of the Public Audit Act 2001. The Auditor-General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, under section 32 and 33 of the Public Audit Act 2001, to carry out the audit of the Council's consultation document and Long-Term Plan (LTP).

This letter outlines:

- the terms of the audit engagement and the respective responsibilities of the governing body (the Council) and me as the appointed auditor;
- the audit scope and objectives;
- the approach taken to complete the audit;
- the areas of audit emphasis;
- the audit logistics; and
- the professional fees.

**1 Specific responsibilities of the council for preparing the consultation document and the Long-Term Plan**

Our audit will be carried out on the basis that the Council acknowledges that it has responsibility for preparing the consultation document and LTP, by applying its own assumptions, in accordance with the Local Government Act 2002 (the Act) (in particular, the requirements of Part 6 and Schedule 10), and in accordance with generally accepted accounting practice in New Zealand. We assume that elected

A BUSINESS UNIT OF THE CONTROLLER AND AUDITOR-GENERAL

members are familiar with those responsibilities and, where necessary, have obtained advice about them.

For clarity we note the following statutory responsibilities as set out in the Act:

- Section 93 of the Act requires Council to have an LTP at all times, and Part 1 of Schedule 10 governs the content of the LTP.
- Section 111 aligns the financial information with generally accepted accounting practice.
- Section 83 (with reference to section 93A) sets out the special consultative procedures that the Council is required to follow to adopt the consultation document and LTP.
- Section 93C(4) requires an auditor's report on the consultation document and section 94 requires a separate opinion on the LTP.

Please note that the audit does not relieve the Council of any of its responsibilities.

Other general terms are set out in the relevant sections of this letter and Appendix 1.

## **2 Our audit scope**

The Act requires us to provide two separate reports as follows:

- On the consultation document, a report on:
  - whether the consultation document gives effect to the purpose specified in section 93B; and
  - the quality of the information and assumptions underlying the information in the consultation document.
- On the LTP, a report on:
  - whether the LTP gives effect to the purpose in section 93(6); and
  - the quality of the information and assumptions underlying the forecast information provided in the LTP.

We expect our work to assess the quality of underlying information and assumptions to be a single, continuous process during the entire LTP preparation period.

Our focus for the first limb of each opinion will be to assess whether each document meets its statutory purpose. Given the different purposes of each document, we will assess the answers to different questions for each opinion.

Our focus for the second limb of each opinion will be to obtain evidence about the quality of the information and assumptions underlying the information contained in the consultation document and LTP. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the information and assumptions underlying the information contained in the consultation document and LTP, whether because of fraud or error.

Our audit opinions do not:

- provide a guarantee of absolute accuracy of the information in the relevant document;
- provide a guarantee that the Council has complied with all relevant legal obligations;
- express an opinion on the merits of any policy content; or
- include an opinion on whether the forecasts will be achieved.

### **3 Our approach to this audit**

#### **3.1 The content of the consultation document**

The Act emphasises the discretion of the Council to decide what is appropriate to include in the consultation document and the associated consultation process. In deciding what to include in the consultation document, the Council must have regard to its significance and engagement policy, and the importance of other matters to the district and its communities.

We will need to understand how the Council has approached the task of applying its significance and engagement policy, and how it has considered the importance of other matters in deciding what to include in the consultation document. This will help inform our assessment of whether the consultation document achieves its statutory purpose.

#### **3.2 Adopting and auditing the underlying information**

Before adopting the consultation document, section 93G of the Act requires the Council to prepare and adopt the information that:

- is relied on by the content of the consultation document;
- is necessary to enable the Auditor-General to issue an audit report under section 93C(4), and
- provides the basis for the preparation of the LTP.

The information to be prepared and adopted needs to be enough to enable the Council to prepare the consultation document.

We consider that local authorities will need to have thought comprehensively about how best to meet the requirements of the Act. Consistent with the guidance of the Society of Local Government Managers' (SOLGM), our view is that core building blocks of an LTP will be needed to support an effective consultation document. This will include, but not be limited to, draft financial and infrastructure strategies and the information that underlies them, including asset management information, assumptions, defined levels of service, funding and financial policies, and a complete set of financial forecasts.

We will work with management to understand the information proposed to be adopted and assess whether it will enable us to issue an audit report under section 93C(4).

In addition, the time frames to consider and adopt the LTP after the consultation process will be tight. From a practical perspective, it will be important that the Council is well advanced with the preparation of the full LTP when it issues the consultation document. Otherwise you may find it difficult to complete the work and adopt the full LTP before the statutory deadline. The same is true for the audit work. The more audit work that is able to be completed at the first stage of the process, the less pressure there will be on you and the audit team at the end of the process.

### **3.3 Control environment**

The Council is responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the Council), supported by written policies and procedures, designed to prepare the consultation document and LTP, and to provide reasonable quality information and assumptions underlying the information contained in these documents.

Our approach to the audit will be to identify, confirm and assess the Council's key processes and controls over the underlying information and the production of both the consultation document and the LTP. The purpose of this assessment is to enable us to plan the most effective and efficient approach to the audit work needed to provide our two audit opinions. Our assessment is not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls.

We will carry out a review of the control environment to help us understand the approach taken to develop the consultation document and LTP, develop expectations of what should be included in the consultation document and LTP, and identify areas of potential audit risk. This will involve discussions with elected representatives and selected staff throughout the Council, review of publicly available information about the Council, updating our knowledge of the Council issues developed during recent years, and a review of Council minutes since the last audit review.

Our review of your self-assessment response (see below), and key controls relating to the underlying information and development of the LTP is useful to our initial assessment of audit risk and so the nature and extent of our overall audit work.

### **3.4 Project management, reporting deadlines, and audit progress**

The development of the consultation document and LTP is a significant and complex project and a comprehensive project plan is required for a successful LTP process. It is also essential that there is commitment throughout the organisation for the project, starting with the elected representatives. The involvement of senior management and elected representatives is important in deciding what to include in the consultation document.

The LTP has complex and inter-related information needs and draws together plans, policies, decisions and information from throughout the Council and its community. We recognise that the Council will be doing its LTP preparation over an extended period. A more efficient and cost effective audit can be achieved when audit work and

feedback is provided in "real time" or on an "auditing as you go" basis as the underlying information is developed.

Consequently, we will discuss with you and your staff the Council's approach to preparing and completing the LTP. We expect that the Council is approaching its preparation on a project basis and recognise that ideally our audit work should "shadow" that project timetable. The success of this "auditing as you go" approach will depend on the Council's project management of the overall LTP process which should include time for audit work at appropriate points in the process. We have agreed key milestones in section 6 and a detailed schedule of deliverables in Appendix 3.

### **3.5 Self-assessment**

To assist our audit planning we intend to use a self-assessment process to assist with our risk assessment process. The self-assessment requires you to reflect on your most significant issues and risks, governance of the LTP project, and the systems and processes you have in place (particularly to meet the purposes in the Act for the consultation document and the LTP), asset management, performance management and reporting, and financial management.

We will shortly be forwarding the self-assessment to you. We ask for your co-operation in completing this assessment for return to us by 30 November 2017.

The self-assessment is similar to those used with our audit of previous LTPs. The information provided through the self-assessment will be confirmed with you through discussion after its completion.

## **4 Our particular areas of audit emphasis**

### **4.1 Financial strategy and infrastructure strategy**

The Act requires a local authority to prepare two key strategies as part of the LTP: the financial strategy and the infrastructure strategy. The purpose of the financial strategy is to:

- facilitate prudent financial management by the local authority by providing a guide for the local authority to consider proposals for funding and expenditure against; and
- provide a context for consultation on the local authority's proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority's services, rates, debt, and investments.

The purpose of the infrastructure strategy is to:

- identify significant infrastructure issues for the local authority during the period covered by the strategy; and
- identify the principal options for managing those issues and the implications of those options.

The Act expects close alignment between the two strategies and section 101B(5) allows for them to be combined into a single document.

Although the Act clearly sets the minimum requirements for these strategies, it does not define the only things that can be in a strategy. A good strategy should include what is needed to be a good quality strategic planning document. In the case of the infrastructure strategy the principles of ISO55000 should be considered, particularly where the Council is seeking to prepare a best practice strategy.

Our focus when reviewing both strategies is to assess whether the Council has met the purpose outlined in the Act and presented the strategies in a coherent and easily readable manner. Specifically, we will:

- confirm that the two strategies are appropriately aligned;
- understand the impact of the financial forecasts included in the infrastructure strategy on the prudence of the financial strategy; and
- assess the reasonableness of the prepared forecasts by:
  - understanding how the Council has applied the effect of its assumptions (for example, allowing for changing demographics) and levels of service on expenditure decisions, and outlined the implications of these decisions in the strategies;
  - reviewing the Council's relationship between its renewal capital expenditure and depreciation expenditure forecasts; and
  - checking that the infrastructure strategy is appropriately inflated.

The Council's financial modelling is a significant component of the underlying information that supports both the financial strategy and infrastructure strategy. We will place particular emphasis on the integrity and effectiveness of the financial modelling of all local authorities.

An additional role played by these strategies is to facilitate accountability to the community. It is critical that these strategies are presented in such a way that they are engaging and informative, and support the presentation of issues, options and implications presented in the consultation document.

## **4.2 Assumptions**

The quality of the Council's financial forecasts is significantly affected by whether the assumptions on which they are based are defined and reasonable. The Act recognises this by requiring all local authorities to clearly outline all significant forecasting assumptions and risks underlying the financial estimates in the LTP (Schedule 10, clause 17). *Prospective Financial Statements* (PBE FRS 42) also requires the disclosure of significant assumptions.

We will review the Council's list of significant forecasting assumptions and confirm that they are materially complete. We will also test the application of selected assumptions in the financial forecasts to check they have been reasonably applied. Finally, we will confirm that:



- all significant forecasting assumptions disclose the level of uncertainty associated with the assumption; and
- for all significant forecasting assumptions that involve a high level of uncertainty, the uncertainty and an estimate of the potential effects of the uncertainty on the financial forecasts are appropriately disclosed in the LTP.

We consider that the significant forecasting assumptions are crucial to the underlying information for the consultation document and will complete our review during our audit of the consultation document.

#### **4.3 Quality of asset-related forecasting information**

A significant portion of the Council's operations relates to the management of its infrastructure: the roading network and the "three-waters" of water supply, sewerage, and stormwater drainage. These activities typically make up a significant portion of operational expenditure and capital expenditure.

To prepare reasonable quality asset information, the Council needs to have a comprehensive understanding of its critical assets and the cost of adequately maintaining and renewing them. An important consideration is how well the Council understands the condition of its assets and how the assets are performing.

In reviewing the reasonableness of the Council's asset-related forecasting information, we will:

- assess the Council's asset management planning systems and processes;
- understand what changes the Council proposes to its forecast levels of service;
- understand the Council's assessment of the reliability of the asset-related information;
- consider how accurate recently prepared budgets have been; and
- assess how matters such as affordability have been incorporated into the asset-related forecasts prepared.

Depending on what we identify in completing the above, we may have to complete further detailed testing on the Council's asset-related information.

### **5 Other matters**

#### **5.1 Our independence**

It is essential that the audit team and Audit New Zealand remain both economically and attitudinally independent of the Council (including being independent of management personnel and the Council). This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with integrity, objectivity and independence.

## **5.2 Publication of the consultation document and adopted LTP on the Council's website**

The Council is responsible for the electronic presentation of the consultation document and LTP on its website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the presented data. Please ensure that your project plan allows time for us to examine the final electronic file version of the respective documents, including our audit report, before their inclusion on the website.

We need to do this to ensure consistency with the paper-based documents that have been subject to audit.

## **6 Audit logistics**

### **6.1 Audit timing**

The key dates in the audit timetable are as follows:

Self-assessment provided to the Council	20 October 2017
Self-assessment returned to audit team for consideration	15 December 2017
Audit pre-field work based on the following documents: LTP draft supporting information, budget and draft consultation document; Asset Management Plans, assumptions, Infrastructure Strategy and Financial Strategy, other LTP policies available for audit	15 – 19 January 2018
Audit fieldwork:	19 February – 9 March 2018
Proposed consultation document available	21 February 2018
Audit opinion on consultation document required	16 March 2018
Draft management report on consultation document engagement	16 March 2018
Finalised management report on consultation document engagement	4 April 2018
Proposed LTP for adoption available	11 June 2018
Final audit visit (if required)	11-15 June 2018
Audit opinion on adopted LTP required	20 June 2018
Draft management report on LTP engagement (if required)	20 June 2018
Finalised management report on LTP engagement (if required)	26 June 2018

Should we encounter any significant problems or delays during the audit, we will inform you immediately.

We have an electronic audit management system. This means that our auditors will complete most their work on their laptops.

Therefore, we would appreciate it if the following could be made available during our audit:

- A suitable workspace for computer use (in keeping with the health and safety requirements discussed in **Appendix 1**).
- Electronic copies of key documents.

As noted in section 3.4, our audit work needs to be done as you develop your underlying information and prepare your consultation document and LTP, to ensure the timely completion of our audit.

To ensure that we meet agreed deadlines, it is essential that the dates agreed are adhered to.

## **7 Professional fees**

Our audit fee, covering both the consultation document and the LTP for the period commencing 1 July 2018, is \$71,000 (excluding GST and disbursements) as outlined in Appendix 2. The fee for the 2015/25 LTP was \$67,500 (excluding GST and disbursements). Our actual costs were \$97,386.

The proposed fee is based on the following assumptions:

- Information required to conduct the audit is complete and provided in accordance with the agreed timelines, including the draft consultation document and the full draft financial strategy and draft infrastructure strategy that supports it.
- There will be an appropriate level of assistance from your staff.
- All documentation (consultation document, LTP and all other underlying documentation) provided will be subject to appropriate levels of quality review before submission for audit.
- The consultation document and LTP will include all relevant disclosures.
- We will review, at most, two drafts of each of the consultation document and LTP during our audit.
- We will also review one printer's proof copy of the consultation document and LTP and one copy of the electronic version of the consultation document and LTP (for publication on your website).
- There are no significant changes in the structure or level of operations of the Council.
- The local authority is preparing forecast financial statements for the "Council parent" only, rather than including consolidated forecast financial statements for the Council and any controlled entities in the adopted LTP.

If the scope and/or amount of work changes significantly (such as a change in direction during the development of the consultation document or between the

development of the consultation document and the LTP), we will discuss the issues with you at the time.

If information is not available for the visits as agreed, or the systems and controls the Council uses to prepare the underlying information and assumptions cannot be relied on, we will seek to recover all additional costs incurred as a result. We will endeavour to inform you as soon as possible should such a situation arise.

This fee is exclusive of any subsequent amendments the Council might make to the adopted LTP under section 93D.

We wish to interim bill as work progresses. We propose the following billing arrangements:

	\$
November 2017	20,000
February 2018	40,000
June 2018	11,000
Total	71,000

## **8 Personnel**

Our personnel involved in the management of the audit are:

Scott Tobin	Director
Anna Herlender	Manager
Ben Lawrence	Supervisor

We have endeavoured to maintain staff continuity as far as possible.

## **9 Agreement**

Please sign and return the attached copy of this letter to indicate that:

- it is in accordance with your understanding of the arrangements for this audit of the consultation document and LTP for the period commencing 1 July 2018; and
- you accept the terms of the engagement set out in this letter that apply specifically to the audit of the consultation document and LTP and supplement the existing audit engagement letter dated 6 April 2017.

If there are any matters requiring further clarification please do not hesitate to contact me.

Yours sincerely



Scott Tobin  
Director

*I acknowledge that this letter is in accordance with my understanding of the arrangements of the audit engagement. I also acknowledge the terms of the engagement that apply specifically to the audit of the consultation document and LTP, and which supplements the existing audit engagement letter dated 6 April 2017.*

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
Craig Rowley  
Mayor

## **Appendix 1: Terms of the engagement that apply specifically to the audit of the consultation document and LTP**

### **Objectives**

The objectives of the audit of the consultation document and LTP are:

- to provide independent opinions on the consultation document (under section 93C(4) of the Act) and on the LTP (under section 94(1) of the Act) about:
  - whether each document gives effect to the relevant statutory purpose; and
  - the quality of the information and assumptions underlying the information included in each document; and
- to report on matters relevant to the Council's planning systems that come to our attention.

Our audit involves performing procedures that examine, on a test basis, evidence supporting assumptions, amounts and other disclosures in the consultation document and LTP, and evaluating the overall adequacy of the presentation of information.

We also review other information associated with the consultation document and LTP to identify whether there are material inconsistencies with the audited consultation document and LTP.

### **Provision of a management report to the Council**

At a minimum, we will report to the Council at the conclusion of the engagement. The management report communicates matters which come to our attention during the engagement and that we think are relevant to the Council. For example, we will report:

- any weaknesses in the Council's systems; and
- uncorrected misstatements noted during the audit.

Please note that the Auditor-General may refer to matters that are identified in the audit of consultation documents and LTPs in a report to Parliament if it is in the public interest, in keeping with section 20 of the Public Audit Act 2001.

### **Materiality**

Consistent with the annual audit, the audit engagement for the consultation document and LTP adheres to the principles and concepts of materiality during the 10-year period of the LTP and beyond (where relevant).

Materiality is one of the main factors affecting our judgement on the areas to be tested and the nature and extent of our tests and procedures performed during the audit. In planning and performing the audit, we aim to obtain assurance that the consultation document and LTP, and

the information and assumptions underlying the information contained in these documents, do not have material misstatements caused by either fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence a reader's overall understanding of the forecast financial statements and performance information.

Consequently, if we find material misstatements that are not corrected, we will refer to them in the audit opinion. Our preference is for any material misstatement to be corrected, avoiding the need to refer to misstatements in our opinion.

### **The standards applied when conducting the audit of the consultation document and adopted LTP**

Our audit is carried out in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information* that were consistent with those requirements.

### **Responsibilities**

#### **General responsibilities**

The general responsibilities of the Council for preparing and completing the consultation document and LTP are consistent with those for the annual report, as set out in the audit engagement letter dated 7 April 2017– but noting that the consultation document and LTP include forecast information.

These responsibilities include those set out in Appendices 1 and 3 of that audit engagement letter as detailed below:

- Appendix 1: Respective specific responsibilities of the Council and the Appointed Auditor.
  - Responsibilities for compliance with laws and regulations.
  - Responsibilities to establish and maintain appropriate standards of conduct and personal integrity.

#### **Specific responsibilities**

The Council is responsible for:

- Maintaining accounting and other records that:
  - correctly record and explain the forecast transactions of the Council;
  - enable the Council to monitor the resources, activities and entities under its control;
  - enable the Council's forecast financial position to be determined with reasonable accuracy at any time; and

- o enable the Council to prepare forecast financial statements and performance information that comply with legislation.
- Providing us with:
  - o access to all information and assumptions relevant to preparing the consultation document and LTP, such as records, documentation and other matters;
  - o additional information that we may request from the Council for the purpose of the audit;
  - o unrestricted access to Council members and employees that we consider necessary; and
  - o written confirmation concerning representations made to us in connection with the audit.

### **Health and safety of audit staff**

The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015, we need to make arrangements with you to keep our audit staff safe while they are working at your premises. We expect you to provide a safe work environment for our audit staff. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.



**Appendix 2: Team mix and hours for the audit of the consultation document and LTP for the 10-year period commencing on 1 July 2018**

	Total hours
Appointed Auditor	72
Audit Manager	90
Staff not yet CA qualified	338
Totals	500

**Fee calculations**

	\$
Net fee	\$71,000
OAG overhead contribution*	NIL
<b>Total fee (including overhead contribution)</b>	<u>\$71,000</u>
GST	\$10,650
<b>Audit fee for the LTP for the period commencing 1 July 2018</b>	<b>\$81,650</b>

\* No OAG overhead is charged in relation to the audit of the LTP.

The fee for the 2015/25 LTP was \$67,500 (excluding GST and disbursements). Our actual costs were \$97,386. Our planned hours for 2015/25 were 450, actual hours were 628.

We will charge disbursements, including travel, on an actual and reasonable basis.

### Appendix 3: Audit's 2018 LTP information and documentation requirements<sup>1</sup>

Information required	Relevance to our audit	Timing considerations	Agreed deliverables	Agreed date
<b>Audit planning phase</b>				
The Council's timetable	So we can understand and assess the Council's planning processes and plan our workflows.	As soon as possible so we can populate key sign-off dates and deliverables into the audit engagement letter. We also need this information to plan our resourcing of the audit given the major impact of LTP audits on our organisation.	LTP timetable	Delivered to audit on 18 April 2017
Signed audit engagement letter	To agree expectations, fee and timeframes.	Once timing and deliverables are agreed.	Signed audit engagement letter	30 November 2017
Description of the Council's higher level planning processes (from self-assessment plus discussions)	So we can assess the robustness of the Council's overall LTP preparations processes.	Initial phase of Audit's engagement with the Council.	Response to self-assessment	15 December 2017
Description of the state of progress in updating the Council's AMPs and in particular a description of the significant issues/changes that have arisen since 2015	So we can understand the state of the Council's knowledge about its assets and the robustness of the forecasts that flow from the AMPs.	Initial phase of Audit's engagement with the Council as the AMPs drive the large and critical service components of the LTP.	Response to self-assessment	15 December 2017

<sup>1</sup> Amend as appropriate for each LTP audit.

Information required	Relevance to our audit	Timing considerations	Agreed deliverables	Agreed date
Description of the Council's processes for preparing its forecasts (including its QA process) for non-asset based activity forecasts	So we can assess the robustness of the Council's overall financial forecasting processes.	Initial phase of Audit's engagement with the Council as our audit approach is built on our assessment of the robustness of the Council's forecasting processes. If they are not sufficiently robust then there will likely be issues for our audit opinion.	Response to self-assessment	15 December 2017
Financial model	We need to understand the functionality and controls in the model which applies the key forecasting assumptions to the raw forecasts from the planning and budgeting and the AMPs.	This could be done at an early stage, potentially even before we commence our work on the consultation document (CD) phase of the audit.	Description of the financial model Instructions sent to budget managers	15 January 2018
<b>CD audit phase</b>				
Underlying assumptions	Key assumptions drive the LTP and are important to our assessment and understanding of the Council's forecasts.	Early advice on the nature (completeness) of assumptions as part of the initial phase of Audit's engagement with the Council. Support for the assumptions actually applied is required as part of our audit of the CD.	LTP draft supporting information, budget and draft consultation document; Asset Management Plans, assumptions, Infrastructure Strategy and Financial Strategy, other LTP policies	15 January 2018

Information required	Relevance to our audit	Timing considerations	Agreed deliverables	Agreed date
Financial Strategy (FS)	<p>To assess how well the FS communicates the Council's financial strategy in terms of:</p> <ul style="list-style-type: none"> <li>• <b>The financial position</b> the Council is starting in and what position it is aiming to be in at the end of the LTP period.</li> <li>• <b>The funding approach</b> and implications to achieve the position on key elements of the Council's financial strategy – particularly investments, debt and rates?</li> <li>• How the Council has <b>taken into account current and future ratepayers</b> when considering the funding of services and asset purchases.</li> </ul> <p>We also assess the financial prudence (including balanced budget) of the financial strategy.</p>	<p>As with the infrastructure strategy, we expect the FS to be available relatively early in the process as it provides the high level, long-term context for the Council's financial policies and forecasts.</p>	Draft financial strategy	15 January 2018

Information required	Relevance to our audit	Timing considerations	Agreed deliverables	Agreed date
Infrastructure Strategy (IS)	<p>To assess the IS which provides a long-term perspective on the Council's infrastructure which is:</p> <ul style="list-style-type: none"> <li>• <b>Visionary</b> – tells the story about where the Council is, where it expects to be, and how it intends to get there.</li> <li>• <b>Realistic</b> – includes assumptions and disclosures that are relevant and achievable.</li> <li>• <b>Relational</b> – creates the right debate and is credible because it connects to financial strategy and other relevant influences.</li> </ul>	<p>As with the FS, we expect the IS to be available relatively early in the process as it provides the high level, long-term context for the Council's infrastructural assets which contribute the majority of the Council's forecast expenditure and deliver core services to the community.</p>	Draft infrastructure strategy	15 January 2018
AMPs	<p>The AMPs identify the key issues that drive the Council's IS and also provide the financial forecasts for the asset based activities. They also provide the underlying information for a large portion of the Council's financial forecasts.</p> <p>Also provides the underlying information on which the 30 year forecasts in the FS are built.</p>	<p>As with the FS, we expect the updated AMPs to be available relatively early in the process. We use the information in and from the AMPs to understand the key issues facing the Council and also to assess the proposed levels of service and financial forecasts in both the IS and the LTP.</p>	Draft AMPs	15 January 2018

Information required	Relevance to our audit	Timing considerations	Agreed deliverables	Agreed date
Full financial forecasts	<p>We need these so we can:</p> <ul style="list-style-type: none"> <li>understand the overall <b>financial context</b> for the CD; and</li> <li>assess the <b>robustness of the financial forecasts</b> in the LTP.</li> </ul>	We require the financial model, populated with full financial forecasts, at least one month before sign-off on our CD audit.	Full financial forecasts	15 January 2018
Funding and Financial policies	To assess their alignment with the FS and their prudence.	As with the FS, we expect these to be available relatively early in the process as they provide the framework for the Council's financial forecasts.	Funding and Financial policies	15 January 2018
Draft performance framework	<p>We are required to form a view about whether the Council has complied with its performance reporting obligations as set out in the Local Government Act 2002.</p> <p>We assess whether the forecast performance report:</p> <ul style="list-style-type: none"> <li>constitutes an adequate performance reporting framework;</li> <li>provides an adequate basis for presenting fairly, in all material respects, the performance of the Council; and</li> </ul>	<p>We need a clear understanding of the proposed levels of service (and, in particular, significant proposed changes) in the LTP before we complete our audit of the CD. However, a complete draft performance framework is not required at this stage.</p> <p>It would be helpful, however, to at least have a reasonable understanding of the proposed structure and format of the performance framework at this stage.</p> <p>We will need to have substantially completed our work on the performance framework by the time the Council completes its consideration of submissions.</p>	Draft performance framework	15 January 2018

Information required	Relevance to our audit	Timing considerations	Agreed deliverables	Agreed date
	<ul style="list-style-type: none"> <li>complies with generally accepted accounting practice.</li> </ul> <p>For key performance measures we also assess whether the Council has adequate systems and controls in place to appropriately record and report its performance.</p>			
Significance and engagement policy	<p>We need to understand how the Council has approached the task of applying its significance and engagement policy, and how it has considered the importance of other matters in deciding what to include in the consultation document. This will help inform our assessment of whether the CD achieves its statutory purpose.</p>	<p>We expect this to be available relatively early in the process as it provides the basis for the Council determining the significant issues it wishes to consult on with its community.</p>	Significance and engagement policy	15 January 2018

Information required	Relevance to our audit	Timing considerations	Agreed deliverables	Agreed date
Draft Consultation Document (CD)	<p>Our audit opinion on the CD provides assurance to the community:</p> <ul style="list-style-type: none"> <li>that the CD gives effect to the purpose set out in section 93B; and</li> <li>on the quality of the information and assumptions underlying the information provided in the consultation document.</li> </ul>	<p>At the commencement of our fieldwork we will need a clear understanding of what the Council has identified as the key consultation issues. Where appropriate this should also cover those choices for the community to consider which the Council has identified.</p> <p>We will need a good complete draft CD at least one month before we sign off on the CD audit.</p>	Draft Consultation Document (CD)	21 February 2018
Final version of (CD)	Our audit opinion on the final version of the CD must be included in the document that goes out for consultation.	The Local Government Act 2002 does not specify that the Council needs to make a formal resolution to adopt the (audited) CD. However, the Council must approve the CD before we can issue our audit opinion.	Final version of CD	15 March 2018



Information required	Relevance to our audit	Timing considerations	Agreed deliverables	Agreed date
<b>LTP audit phase</b>				
Draft LTP (pre-consultation version)	We need to review a complete draft as soon as possible to avoid last minute issues.	While the LTP document is not a pre-requisite for us to complete our CD audit, ideally we would have cleared much of the draft LTP document at the CD audit phase.  In June there will be a compressed timeframe within which most local authorities will be finalising their LTPs after their consultation. This will put significant pressure on our staff resources. Therefore we will need to have substantially cleared all aspects of our audit work on the draft LTP document prior to the final, post-consultation, version being prepared.	Draft LTP (pre-consultation version)	19 February 2018
A schedule of all changes arising from consultation, along with a description of how and where these have impacted the LTP	So we can follow the changes arising from consultation through the final version of the LTP.	After the Council has confirmed the changes arising from consultation (if any) and management has flowed these changes through the document.  We will need at least one week (depending on the extent of changes) between receiving this schedule of changes and the final LTP and our sign off on the LTP audit. As noted above, our audit sign off needs to be before the Council formally adopts the LTP.	A schedule of all changes	11 June 2018

Information required	Relevance to our audit	Timing considerations	Agreed deliverables	Agreed date
Supporting information for changes and how they have impacted the LTP	So we can assess the reasonableness of the changes.	After the Council has confirmed its changes and management has updated the document to fully reflect the effect of these changes.	A schedule of all changes	11 June 2018
Final version of LTP	So we can issue our audit opinion for inclusion as part of the document.	Our audit opinion is issued after the Council has finalised the content of the LTP document but before the Council formally adopts the LTP.	Final version of LTP	15 June 2018

## Item 7                      Draft Dangerous Buildings Policy and Insanitary Buildings Policy

Prepared by:            Sue Kelly  
Regulatory and Compliance Group Manager

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### Purpose of Report

- 1     To review the Earthquake-prone, Dangerous and Insanitary Buildings Policy.
- 2     The three areas had been combined in a single policy, however the removal of the earthquake-prone building references from the original policy has resulted in a re-formatting of the original document. The remaining items are now being presented as separate Dangerous Buildings Policy and Insanitary Buildings Policy.

### Background

- 3     Historically all territorial authorities were required to adopt a policy on “dangerous, earthquake-prone and insanitary buildings” under section 131 of the Building Act 2004 (the Act).
- 4     This combined policy was adopted by Council in 2006 and scheduled for review five years later. During this period substantial earthquakes had occurred in the Canterbury region and there was much uncertainty as to the level of regulation which may be imposed on councils by central government. The decision was therefore made to effectively continue with the existing policy and the following statement was attached:
- 5     *“Note: Council at its meeting on the 21 February 2012 retained its current policies but instructed staff to bring the policy back for review once the Canterbury Earthquake Royal Commission has released its final recommendations.”*
- 6     The Building (Earthquake-prone Buildings) Amendment Act 2016 (the Amendment Act) was passed by Parliament and received Royal Assent on 13 May 2016.
- 7     The Amendment Act took effect on 1 July 2017 and provides a new legislative framework and legal instruments to manage earthquake-prone buildings. Part of the Amendment Act requires all reference to earthquake-prone buildings to be removed from the Council’s policy as soon as reasonably practicable after the date of 1 July 2017.
- 8     Under the Building Act 2004 Transitional provisions Schedule 1AA the special consultative procedure, in section 83 of the Local Government Act 2002, does not apply unless the amendment materially affects the policy. In this case the special consultative procedure is not considered to apply because there are no significant material changes. When the earthquake-prone references are removed, the remaining changes are administrative and re-wording only occurs to make clearer the processes and add legislation references, which support the policy and its intent.
- 9     For clarity the dangerous and insanitary policies have been separated.

## **Proposal**

- 10 That the combined policy has been reviewed and all references to earthquake-prone buildings have been removed.
- 11 That the Draft Dangerous Buildings Policy and Draft Insanitary Buildings Policy are accepted as attached.

## **Obstacles**

- 12 There are no known obstacles.

## **Assessment of Significance**

- 13 This matter is not deemed significant under the Council's Significance and Engagement Policy.

## **Budget Considerations**

There are no known budget considerations.

## **Cost-effectiveness**

- 14 Consideration has been given to cost-effectiveness.

## **Recommendation**

- 1 That the Draft Dangerous Buildings Policy and the Draft Insanitary Buildings report is accepted; and
- 2 That the Environmental Services and Finance Committee approves the draft changes to the existing policies; and
- 3 That the Environmental Services and Finance Committee approves the amended Dangerous Buildings Policy and Draft Insanitary Policy for implementation.

# WAIMATE DISTRICT COUNCIL

## Dangerous Buildings Policy



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## 1. Introduction

This policy is a result of changes to the Building (Earthquake-prone Buildings) Amendment Act 2016, taking effect from 1 July 2017, which removed earthquake prone buildings from the previously titled "Dangerous, Insanitary and Earthquake Prone Buildings Policy".

## 2. Purpose

This Policy meets the requirements of sections [131](#) and [132](#) of the [Building Act 2004](#) (the Act) for territorial authorities to adopt a policy on dangerous buildings. This is a review of existing policy under section 132 of the Act.

## 3. Scope

Council has adopted a reactive approach regarding this policy so that:

- When it comes to Council's attention that a building may be dangerous, Council's role is to undertake an assessment of the building within 5 working days to establish whether it is dangerous within the terms of the Act, and the likelihood of immediate or any danger.
- Where a building has been deemed to be dangerous, Council will work with the owner of the building to make it safe.
- It is the building owner's responsibility to undertake works to remove or reduce the danger. This includes full financial responsibility.

## 4. Definitions

These and other provisions relating to dangerous buildings are contained in the following sections of the Act.

- [Section 121](#) defines the meaning of dangerous building
- [Section 121A](#) defines the meaning of affected building
- [Section 123A](#) defines the meaning of "parts of a building"
- [Section 124](#) describes powers of territorial authorities in respect of dangerous, affected buildings
- Sections [125-130](#) describe procedures to be applied in the exercise of those powers
- [Section 131](#) provides that a territorial authority must adopt a policy on dangerous buildings

- [Section 132](#) describes procedures in relation to the adoption and review of Council's policy on dangerous buildings
- [Section 132A](#) provides that the policy must take into account affected buildings
- For the purposes of this policy: **Heritage building** is defined as "A building which is registered under the [Heritage New Zealand Pouhere Taonga Act 2014](#)."

## 5. General

- 1 When a building is brought to Council's attention, it will be inspected, assessed and addressed according to this policy and the relevant procedures.
- 2 Council will determine whether it is in fact a dangerous building. In so doing, Council may request advice from Fire and Emergency New Zealand.
- 3 Council will be proactive in addressing identified dangerous buildings.
- 4 Where a building is deemed dangerous, immediate action will be taken to contact the owner/s and work towards remediation.
- 5 Where Council is satisfied a building is dangerous it will also assess the level or risk to public health and/or safety that is presented.
- 6 Options for immediate action include:
  - Prohibiting any person from occupying or using the building;
  - If necessary, erecting barriers and warning signs, or requiring barriers to be erected, plus securing the building to prevent entry until such time as remedial action can be taken;
  - Undertaking remedial action where there is immediate danger under [section 129](#) of the Act.
- 7 Council will hold the owner of any dangerous building liable for the cost of any remedial action undertaken to reduce or eliminate the danger posed by that building to its occupants or to the general public. (The work may include the demolition of the building and clearance of the site at the owner's cost.)
- 8 Heritage buildings will be assessed in the same way as other dangerous buildings and discussions held with the owners and the Historic Places Trust to identify a mutually acceptable way forward. In the event the discussions with these two parties do not yield a mutually acceptable approach and proposal, notice will be served requiring improvement or demolition within a time stated in the notice.



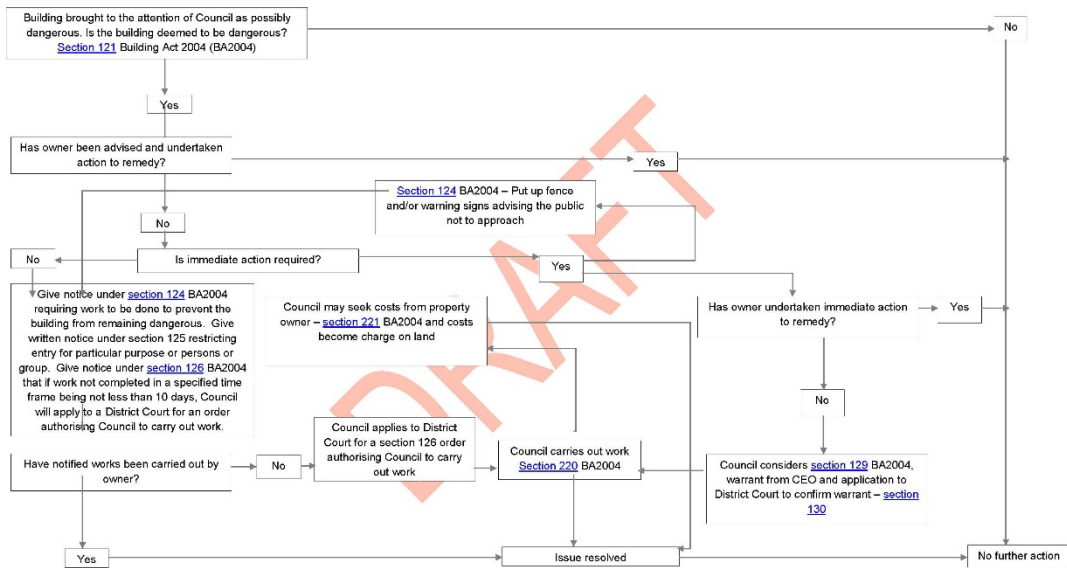
## **6. Recording Dangerous Buildings**

Whenever Council has information on a building that it is satisfied is dangerous, the information will be included when a Land Information Memorandum (LIM) is issued by the Waimate District Council. The LIM will note any action taken under section 124 and the status of any requirement by the Council for improvements to the building, or the results of any improvements carried out, as applicable.

## **7. Taking Action on Dangerous Buildings**

When taking action on a potentially dangerous building, Council will follow its "Procedure for Remediation of Dangerous Buildings".

## 8. Procedure for Remediation of Dangerous Buildings

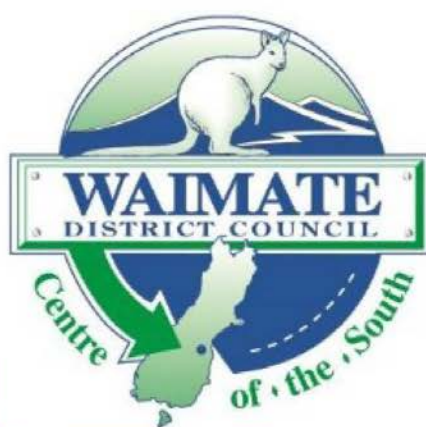


## 9. Publication Details

All inquiries or suggestions regarding this document should be referred to:	Regulatory & Compliance Group Manager
Revision:	
Revision Dates:	
Effective Date:	Adoption
Minimum Review by:	5 years
Document Owner – Release Signature:	
Chief Executive – Release Signature:	
Policy can only be amended by:	
Policy filed at:	
Policy Writer:	

# WAIMATE DISTRICT COUNCIL

## Insanitary Buildings Policy



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## 1. Introduction

This policy is a result of changes to the Building (Earthquake-prone Buildings) Amendment Act 2016, taking effect from 1 July 2017, which removed earthquake prone buildings from the previously titled "Dangerous, Insanitary and Earthquake Prone Buildings Policy".

## 2. Purpose

This Policy meets the requirements of sections [131](#) and [132](#) of the [Building Act 2004](#) (the Act) for territorial authorities to adopt a policy on insanitary buildings. This is a review of existing policy under section 132 of the Act.

## 3. Scope

Council has adopted a reactive approach regarding this policy so that:

- When it comes to Council's attention that a building may be insanitary, Council's role is to undertake an assessment of the building within 5 working days to establish whether it is insanitary within the terms of the Act, and the likelihood of immediate or any danger.
- Where a building has been deemed to be insanitary, Council will work with the owner of the building to make it safe.
- It is the building owner's responsibility to undertake works to remove or reduce the danger. This includes full financial responsibility.

## 4. Definitions

These and other provisions relating to insanitary buildings are contained in the following sections of the Act.

- [Section 123](#) defines the meaning of insanitary building
- [Section 123A](#) defines the meaning of "parts of building"
- [Section 124](#) describes powers of territorial authorities in respect of insanitary building
- Sections [125-130](#) describe procedures to be applied in the exercise of those powers
- [Section 131](#) provides that a territorial authority must adopt a policy on insanitary buildings

- [Section 132](#) describes procedures in relation to the adoption and review of Council's policy on insanitary buildings
- For the purposes of this policy: **Heritage building** is defined as "A building which is registered under the [Heritage New Zealand Pouhere Taonga Act 2014](#)."

## 5. General

- 1 When a building is brought to Council's attention, it will be inspected, assessed and addressed according to this policy and the relevant procedures.
- 2 A building will be deemed to be insanitary by Council when the circumstances of [sections 123 or 123A](#) apply, and in particular when the building:
  - has no potable water supply;
  - is occupied and has insufficient or defective provisions against moisture penetration through exterior joinery and exterior claddings or roof claddings;
  - has inadequate sanitary facilities for its intended use;
  - is in a state of disrepair due to, but not limited to, lack of maintenance, neglect, fire damage, flood damage, earthquake damage or other form of damage.  
**Note:** the building does not need to be occupied to fall into this category but consideration is to be taken of neighbouring properties.
- 3 In determining what is an insanitary building Council staff may consult with other agencies and other Council staff to determine if any or all of the above defects exist.
- 4 When a building is deemed to be insanitary, immediate action will be taken to contact the owner/s and work towards remediation.
- 5 In addressing insanitary buildings, Council will discuss with the property owner options to minimise harm to other people/property and if necessary require work to be done to reduce or remove the danger or prevent the building from remaining insanitary.
- 6 Council will hold the owner of any insanitary building liable for the cost of any work required to be undertaken to eliminate the risk posed by the building to its occupants or to the general public because it is in an insanitary condition.
- 7 Heritage buildings will be assessed in the same way as other insanitary buildings and discussions held with the owners and the Historic Places Trust to identify a mutually acceptable way forward. In the event the discussions with these two parties do not yield a mutually acceptable approach and proposal, notice will be served requiring improvement or demolition within a time stated in the notice.

## **6. Recording Insanitary Buildings**

Whenever Council has information on a building that it is satisfied is insanitary, the information will be included when a Land Information Memorandum (LIM) is issued by the Waimate District Council. The LIM will note any action taken under section 124 and the status of any requirement by the Council for improvements to the building, or the results of any improvements carried out, as applicable.

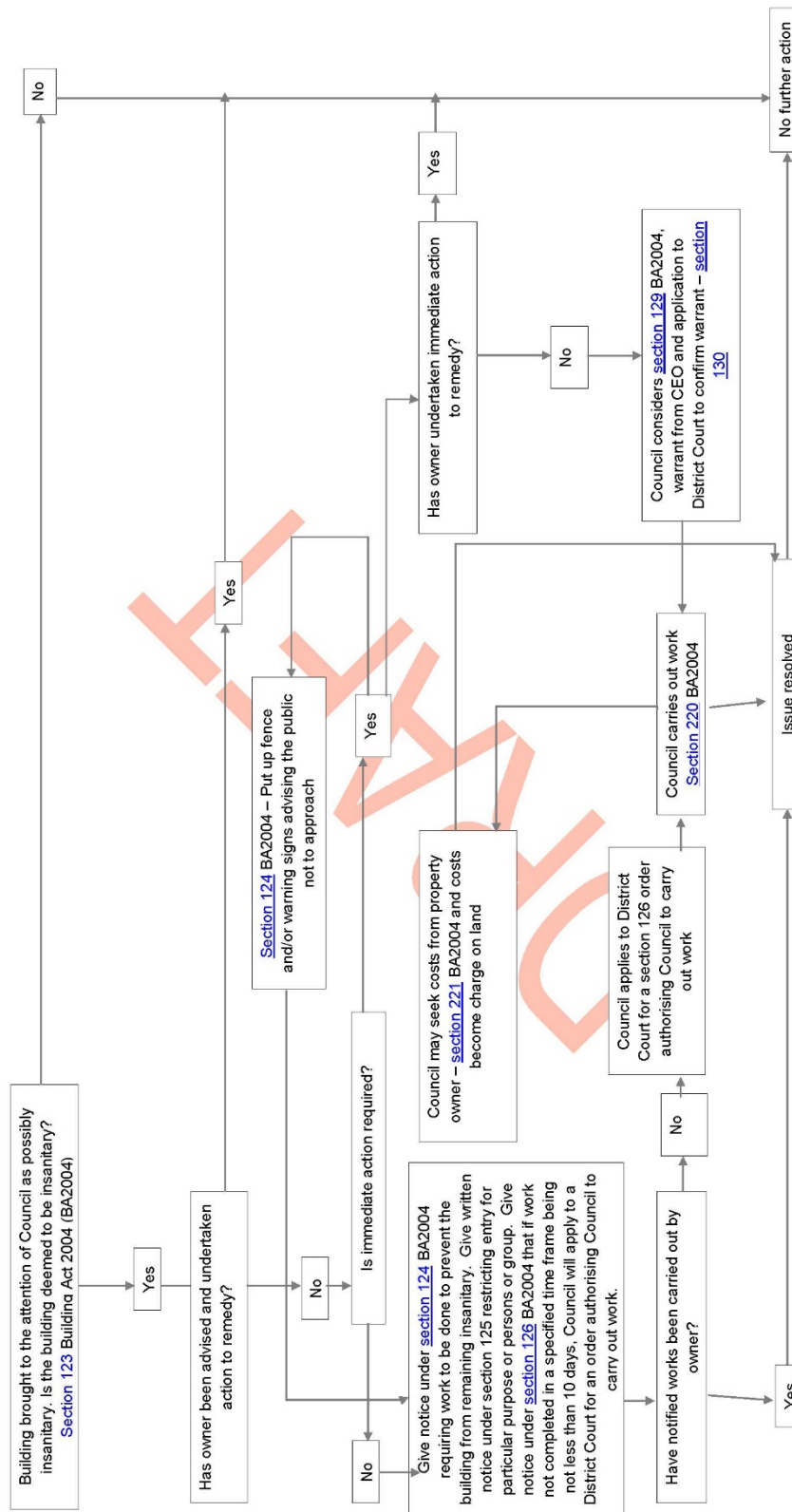
## **7. Taking Action on Insanitary Buildings**

When taking action on a potentially insanitary building, Council will follow its "Procedure for Remediation of Insanitary Buildings".

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## 8. Procedure for Remediation of Insanitary Buildings



## 9. Publication Details

All inquiries or suggestions regarding this document should be referred to:	Regulatory & Compliance Group Manager
Revision:	
Revision Dates:	
Effective Date:	Adoption
Minimum Review by:	5 years
Document Owner – Release Signature:	
Chief Executive – Release Signature:	
Policy can only be amended by:	
Policy filed at:	
Policy Writer:	

## WAIMATE DISTRICT COUNCIL

### ~~EARTHQUAKE-PRONE, DANGEROUS AND INSANITARY BUILDINGS POLICY~~

Commented [SK1]: Title change

#### 1 Introduction and background

~~Section 121 of the Building Act 2004 requires territorial authorities (TAs) to adopt a policy on earthquake-prone, dangerous and insanitary buildings.~~

~~The Policy was formally adopted by Council at its meeting on the 21 February 2012. See note below.~~

Commented [SK2]: Update re Amendment Act 2016

#### 2 Policy Summary

~~Council has noted that provisions of the Building Act 2004 in regard to earthquake-prone, dangerous and insanitary buildings reflect the Government's broader concern for public safety and, in particular the need to minimise harm to people and property from buildings that are deemed to be dangerous, insanitary and earthquake-prone.~~

~~This policy reflects the Council's determination to reduce risk in a way that is acceptable in social and economic terms to the community.~~

~~Council has adopted a reactive approach regarding this policy so that:~~

- ~~• Assessments of dangerous or insanitary buildings will be triggered if they come to Council's attention (through complaints or otherwise). The assessment will indicate what, if any, further action is required.~~
- ~~• Assessments and improvements to the structural performance of buildings that are or could be earthquake-prone, will be triggered by an application for change of use under the Building Act. The Council may also make assessments of buildings that could be earthquake-prone upon receipt of an application for building alteration, extension of life or subdivision or when a complaint is received. If an assessment is done it will indicate what, if any, further action is required.~~

Commented [SK3]: Section updated to remove EPB references and replaced with statement at "Scope"

#### 3 Dangerous and Insanitary Buildings

~~The definition of dangerous and insanitary buildings is set out in the Building Act 2004.~~

~~Section 121 Meaning of dangerous building~~

~~(1) A building is dangerous for the purposes of this Act if,~~

- ~~(a) in the ordinary course of events (excluding the occurrence of an earthquake), the building is likely to cause—
  - ~~(i) injury or death (whether by collapse or otherwise) to any persons in it or to persons on other property; or~~
  - ~~(ii) damage to other property; or~~~~
- ~~(b) in the event of fire, injury or death to any persons in the building or to persons on other property is likely because of fire hazard or the occupancy of the building.~~

Commented [SK4]: Replaced with references to all definitions of policy

~~\*Note: Council at its meeting on the 21 February 2012 retained its current policies but instructed staff to bring the policy back for review once the Canterbury Earthquake Royal Commission has released its final recommendations.~~

~~Section 123. Meaning of insanitary building~~

~~A building is insanitary for the purposes of this Act if the building—~~

- ~~(a) is offensive or likely to be injurious to health because—  
(i) of how it is situated or constructed; or  
(ii) it is in a state of disrepair; or~~
- ~~(b) has insufficient or defective provisions against moisture penetration so as to cause dampness in the building or in any adjoining building; or~~
- ~~(c) does not have a supply of potable water that is adequate for its intended use; or~~
- ~~(d) does not have sanitary facilities that are adequate for its intended use.~~

**3.1 Identifying Assessing, and Prioritising Dangerous and Insanitary Buildings**

If a building comes to Council's attention (through a complaint from the public or an external agency, advice from Council staff, or otherwise), it will:

- assess whether a building is 'dangerous' in accordance with section 121 or 'insanitary' in accordance with section 123 of the Building Act within 5 working days of receiving a bona fide complaint or information
- follow this with seeking advice from members of the New Zealand Fire Service, where necessary.

Where the Council is satisfied a building is dangerous or insanitary it will also assess the level of risk to public health or safety that is presented.

The Council will give priority to buildings that have been determined to present such a high level of risk as to warrant immediate action to remove the risk.

Options for immediate action include:

- Prohibiting any person from occupying or using the building;
- If necessary, erecting barriers and warning signs, plus securing the building to prevent entry until such time as remedial action can be taken;
- Undertaking remedial action where there is immediate danger under s129 of the Building Act.

Note that, in the case of insanitary buildings, the Council reserves the right to use its powers available under s34 of the Health Act 1956. Where the Council undertakes remedial action under either s129 of the Building Act or s34 of the Health Act, all costs will be recoverable from the building owner(s) as provided for in the relevant legislation.

In addition to remedial action, the Building Act 2004 also empowers the Council to prosecute building owners and the exercise of this power may also be considered by the Council.

**Commented [SK5]:** Replaced with re-worded General section 1-5 but retaining this information

**3.2 Recording Dangerous and Insanitary Buildings**

Whenever Council has information on a building that it is satisfied is dangerous or insanitary, the information will be included when a Land Information Memorandum (LIM) is issued by the Waimate District Council. The LIM will note any action taken under section 124 and the status of any requirement by the Council for improvements to the building, or the results of any improvements carried out, as applicable.

### 3.3 Taking Action on Dangerous and Insanitary Buildings

Council will discuss with the property owner options to minimise harm to other people / property. If necessary Council will act in accordance with sections 124, 125, 126 and 129 of the Building Act if safety precautions have to be taken, which may include issuing notices under section 124(1)(c) requiring work to be done to reduce or remove the danger or to prevent the building from remaining insanitary.

Commented [SK6]: Replaced with "Procedure for Remediation"

### 4 Earthquake-prone Buildings

The definition of an earthquake-prone building is set out in section 122 of the Building Act 2004 and in the regulations that define moderate earthquake<sup>1</sup>.

#### Section 122 Meaning of earthquake-prone building

(1) A building is earthquake-prone for the purposes of this Act if, having regard to its condition and to the ground on which it is built, and because of its construction, the building—

(a) will have its ultimate capacity exceeded in a moderate earthquake (as defined in the regulations); and

(b) would be likely to collapse causing—

(i) injury or death to persons in the building or to persons on any other property, or

(ii) damage to any other property.

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(2) Subsection (1) does not apply to a building that is used wholly or mainly for residential purposes unless the building—

(a) comprises 2 or more storeys; and

(b) contains 3 or more household units.

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Residential buildings in the Waimate District Council includes buildings used for boarding houses and home stay accommodation where the building has fewer than six occupants.

#### 4.1 Seismicity

Council does not have specific information on earthquake shaking intensities (Modified Mercalli) for several return periods. Such a study would cost about \$10,000 concentrating on the effect of earthquakes from the Alpine Fault and local faults.

The Canterbury Regional Council has produced a report which contains general information such as fault lines throughout the Waimate District (there are no faultlines running directly through Waimate itself), but not specific hazard information for Waimate.

The Canterbury Regional Council completed an earthquake hazard analysis for Waimate and Makikihi.

Scientists predict that there is a 66% chance that there will be a magnitude 8 quake on the Alpine Fault over the next 60 years. This rupture would have a major and possibly devastating impact on the lives of people in the South Island and especially Canterbury and the West Coast.

<sup>1</sup> The government has in regulations defined a moderate earthquake as "in relation to a building, an earthquake that would generate shaking at the site of the building that is of the same duration as, but that is one third as strong as, the earthquake shaking determined by normal measure of acceleration, velocity and displacement) that would be used to design a new building at that site."

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#### 4.2 Strengthening requirements



When a building is to be upgraded after having been assessed as being earthquake prone, the standard required for upgrading is determined by the NZ Building Code.

For practical purposes, Council will define EPBs as those that, when subject to moderate earthquake shaking, do not meet the criteria for ultimate limit state as defined in the loadings and materials Standards for new buildings. (Effectively, a building is earthquake prone if it is below 33% of the structural strength requirements of the current building code standard for a new building.)

Waimate District Council will use the New Zealand Society of Earthquake Engineers (NZSEE) recommendations as its preferred basis for defining technical requirements and criteria. These recommendations are designed to be used in conjunction with AS/NZS 1170 Loadings Standard, NZS 3101 Concrete Structures Standard, NZS 3404 Steel Structures Standard and other materials Standards.

#### 4.3 Identifying and Assessing EPBs

Where a building consent application or certificate of acceptance application is received for building alteration, extension of life or subdivision, or bona fide information is received of a building that could be earthquake prone, Council may require the owner to have an appropriately qualified structural engineer undertake an initial evaluation and/or a detailed assessment of the building's performance as part of the application process. The owner shall provide a copy of their report to Council, which shall be retained on the relevant property file. A detailed assessment would be required when an initial evaluation indicates the building is likely to be earthquake prone.

This requirement does not apply to buildings that have been structurally strengthened or have previously been subject to an initial evaluation or detailed assessment.

If an application for the change of use of a building is made then the Council is required, in accordance with section 116 of the Building Act 2004, to be satisfied, on reasonable grounds, that the building, in its new use, will comply as nearly as is reasonably practicable with every provision of the building code that relates to the structural performance of the building (among other things). This means that, irrespective of whether a building is earthquake prone, any change of use of the building requires it to be upgraded to as near as is practicable to 100% of compliance with the building code.

#### 4.4 Taking action on earthquake-prone buildings

If a change of use application is made the Council must require that the building be upgraded so that the building, in its new use, will comply as nearly as is reasonably practicable with every provision of the building code, if the building includes household units, or, in other cases, every provision of the building code relating to means of escape from fire, protection of other property, sanitary facilities, structural performance, fire rating performance, and access and facilities for people with disabilities (if this is a requirement under section 118).

The Council, on receipt of a building consent application or certificate of acceptance application under the Building Act (for building alteration, extension of life, or subdivision), or if a bona fide complaint is made, or other information received by the Council in respect of a potentially earthquake-prone building, may:

- Require an initial evaluation from the owner at their expense, to be undertaken by an appropriately qualified structural engineer;
- Require a detailed assessment from the owner at their expense if an initial evaluation indicates the building is likely to be earthquake prone. The detailed assessment is to be undertaken by an appropriately qualified structural engineer;
- Discuss with property owner options for action to minimise harm to other people/property including strengthening or removal.

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• If necessary, act in accordance with sections 124, 125, 126, and 129 of the Building Act if safety precautions have to be taken due to the information provided in the detailed assessment;

• Serve a formal notice under s 124 on the owner to strengthen or demolish the building within a time stated in the notice (in the event that discussions do not yield a mutually acceptable approach and proposal). If the owner objects to the notice being issued then the owner may apply to the Department of Building and Housing for a determination under s 177 of the Building Act 2004.

The circumstances in which the Council may take the above action on receipt of a building consent application or a complaint are:

- where the building in question is constructed of unreinforced concrete masonry;
  - where the building work to be done that has been done relates to the structural integrity of the building;
  - when the building has an importance level of 3, 4 or 5 under table 3.2 of AS/NZS 4470.0:2002 (see Schedule A); and
  - in any other situation where the Council sees fit.
- (Also note that some buildings are excluded from this policy as detailed in Schedule B.)

#### 4.5 Recording EPB Status and Access to Information

Council has decided that, given the size of the district, it will not keep a specific earthquake-prone buildings register, but for any building that is or may be earthquake-prone (following a building consent or certificate of acceptance application, or bona fide complaint being made), then information will be available on the relevant property file and will be included in any LIM for the property.

When a LIM is issued by Council it will indicate:

- If an initial evaluation has been completed and has found that a building may be earthquake-prone;
- If a detailed assessment has been done resulting in the Council being satisfied the building is earthquake-prone; and
- If a notice under section 124 has been issued and the date by which strengthening or demolition is required (if known).

#### 4.6 Priorities

The required timeframe within which an owner will be required to strengthen or demolish a building that has been identified as earthquake-prone (other than a change of use building, which must be strengthened immediately) is dependant on the building's current design status. The following table provides a guide to the timelines that the Council will apply for remedial work on identified earthquake-prone buildings:

Design code status	Upgrade time frame
33%+ of current design code	No action required
26—32% of current design code	26 years
20—24% of current design code	20 years
<20% of current design code	16 years

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Commented [SK7]: This section removed as per Amendment Act 2016

## 5 Heritage Buildings

Council believes it is important that its heritage buildings have a good chance of surviving a major earthquake. However, Council does not wish to see the intrinsic heritage values of these buildings adversely affected by structural improvement measures.

Heritage buildings will be assessed in the same way as other potentially earthquake-prone, dangerous and insanitary buildings and discussions held with owners and the Historic Places Trust to identify a mutually acceptable way forward.

In the event that discussions with the owners and the Historic Places Trust do not yield a mutually acceptable approach and proposal, notice will be served requiring improvement or demolition within a time stated in the notice.

Commented [SK8]: Addressed and updated P4 point 7 and EPB references removed



Schedule A

TABLE 3.2  
IMPORTANCE LEVELS FOR BUILDING TYPES-NEW ZEALAND STRUCTURES

Importance Level	Comment	Examples
1	Structures presenting a low degree of hazard to life and other property	Structures with a total floor area of <30m <sup>2</sup> Farm buildings, isolated structures, towers in rural situations Fences, masts, walls, in-ground swimming pools
2	Normal structures and structures not in other importance levels	Buildings not included in Importance Levels 1, 3 or 4 Single family dwellings Car parking buildings
3	Structures that as a whole may contain people in crowds or contents of high value to the community or pose risks to people in crowds	Buildings and facilities as follows: (a) Where more than 300 people can congregate in one area (b) Day care facilities with a capacity greater than 150 (c) Primary school or secondary school facilities with a capacity greater than 250 (d) Colleges or adult education facilities with a capacity greater than 500 (e) Health care facilities with a capacity of 50 or more resident patients but not having surgery or emergency treatment facilities (f) Airport terminals, principal railway stations with a capacity greater than 250 (g) Correctional institutions (h) Multi-occupancy residential, commercial (including shops), industrial, office and retailing buildings designed to accommodate more than 5000 people and with a gross area greater than 10 000 m <sup>2</sup> (i) Public assembly buildings, theatres and cinemas of greater than 1000 m <sup>2</sup> Emergency medical and other emergency facilities not designated as post disaster Power generating facilities, water treatment and waste treatment facilities and other public utilities not designated as post-disaster Buildings and facilities not designated as post-disaster containing hazardous materials capable of causing hazardous conditions that do not extend beyond the property boundaries
4	Structures with special post-disaster functions	Buildings and facilities designated as essential facilities Buildings and facilities with special post-disaster function Medical emergency or surgical facilities Emergency service facilities such as fire, police stations and emergency vehicle garages Utilities or emergency supplies or installations required as backup for buildings and facilities of Importance Level 4 Designated emergency shelters, designated emergency centres and ancillary facilities Building and facilities containing hazardous materials capable of causing hazardous conditions that extend beyond the property boundaries
5	Special structures (outside the scope of this Standard-acceptable probability of failure to be determined by special Study)	Structures that have special functions or whose failure poses catastrophic risk to a large area (e.g. 100 km <sup>2</sup> ) or a large number of people (e.g. 100 000) Major dams, extreme hazard facilities

#### **Schedule B – Exclusions**

Having regard to section 122 of the Building Act 2004, buildings listed in this schedule are excluded from the evaluation and assessment requirements of section 4.3 and 4.4 of this policy as Council deems it unlikely they would fall within the definition of being earthquake prone as defined in the Building (Specified Systems, Change of Use and Earthquake-Prone Buildings) Regulations 2005 and/or the predominant use of the building is such that is unlikely to cause –

- (i) injury or death to persons in the building or to persons on any other property; or
- (ii) damage to any other property

1. Single story farm buildings constructed since 1976 with a building consent or building permit.
2. Single story farm implement buildings or single story garages constructed with timber or steel framing.
3. Those buildings for which the applicant can provide certification from an appropriately qualified structural engineer that earthquake strengthening has already been completed to meet the safe limit as defined in section 4.1
4. Buildings that hold a code compliance certificate for earthquake strengthening so as to meet the safe limit as defined in section 4.1

The exclusions provided in this schedule will not apply if Council believes a building may be earthquake prone. Where Council believes a building, including any listed in this schedule, may be earthquake-prone, the process in section 4.4 shall be observed.

## **Item 8                      Consideration of Major (Urgent Business) or Minor Items not on the Agenda**

Prepared by:            Stuart Duncan  
                                 Chief Executive

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The Environmental Services and Finance Committee is to consider any major (urgent business) or minor items identified earlier in the meeting.

## Item 9 Exclusion of the Public

Prepared by: Stuart Duncan  
Chief Executive

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For the Environmental Services and Finance Committee to exclude the public in order to take the following public excluded agenda items:

- i Confirmation of Public Excluded Minutes: Environmental Services and Finance Committee meeting – Tuesday 24 October 2017
- ii Alpine Energy Report for Shareholders – October 2017

General Subject of each matter to be considered	Reason for passing this resolution	Ground(s) under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution
Confirmation of Public Excluded Minutes – Environmental Services and Finance Committee	Good reason to withhold exists under Section 7	7(2)(c)(i)(ii) The withholding of the information is necessary to protect information which is subject to an obligation of confidence
Alpine Energy Report for Shareholders – October 2017	Good reason to withhold exists under Section 7	7(2)(b)(ii) 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

### Recommendation

That the Environmental Services and Finance Committee resolves to exclude the public from the following parts of the meeting on the grounds contained in section 48(1) of the Local Government Official Information and Meetings Act, or section 6 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public.

## Item 10                      Citizenship Ceremony

Prepared by:                      Craig Rowley  
   Mayor

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The Chair will close the meeting to conduct the Citizenship Ceremony.

Date	New Citizen Name	Nationality
<b>5 December 2017</b>	Laney Jane Margaret STANISTREET	British
<b>5 December 2017</b>	Ionut Dragos APAFI	Romanian

Students from the Waimate High School's Kapa Haka group have been invited to sing the National Anthem, and then the new Citizens and their guests will be invited to join Council for morning tea.