

Notice is hereby given that an extraordinary meeting of the Gore District Council will be held in the Council Chambers, 29 Bowler Avenue, Gore, on Tuesday 7 June 2016, following the Committee meetings.



**Stephen Parry
Chief Executive**

1 June 2016

Agenda

1. Civic Assurance: Directors Fees.
2. Remits for LGNZ Annual Conference.

Pages 1 – 10

Pages 11 - 21

1. CIVIC ASSURANCE: DIRECTORS FEES

(Memo from Chief Executive – 27.05.16)

As a shareholder of Civic Assurance the Council has been invited to either attend or submit a proxy form for voting at the forthcoming annual general meeting to be held on 17 June 2016. It is routine for the Council to submit a proxy form and approve the recommendations contained within the meeting notice.

- ✎ Please find enclosed a notice of meeting which inter alia, sets out an explanation for a proposed 15% increase in director's fees.

Despite the rationale provided, Civic Assurance has been through some tough times and currently is unable to write new insurance business. That coupled with the prevailing economic climate, gives me a degree of discomfort about endorsing the suggested increase. Therefore a formal Council resolution on this matter would be appreciated.

RECOMMENDATION

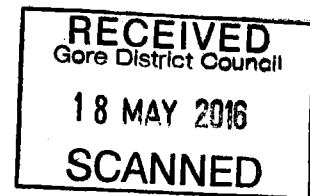
THAT the Council register its vote against the recommended increase in directors fees for Civic Assurance Directors.



Civic Assurance

PROTECTING COMMUNITY ASSETS

2



NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the New Zealand Local Government Insurance Corporation Limited (trading as Civic Assurance) will be held in the Company's Boardroom, Level 3, Civic Assurance House, 116 Lambton Quay, Wellington on Friday 17th June 2015 commencing at 11:30 am for the purpose of transacting the following business:

ORDINARY BUSINESS

1. **Apologies**
To receive apologies.
2. **Minutes of 2015 Annual General Meeting**
To approve Minutes of the AGM held 19th June 2015.
3. **Annual Report and Financial Statements**
To receive and consider the Annual Report which includes financial statements for the year ended 31 December 2015 and the report of the auditor thereon.
4. **Directorate**
To approve the appointment of two Directors in accordance with the Constitution.

Messrs Mark Butcher and Tony Marryatt retire from office by rotation in accordance with the Constitution of the Company. Both Directors have offered themselves for re-election.

As there are two vacancies and two people standing there is no requirement for an election. Therefore Messrs Mark A Butcher and Tony J Marryatt will be duly elected as Directors from the close of the AGM.

5. **Directors Remuneration**
To determine the remuneration of Directors.
The Directors recommend to members for approval a total amount of \$177,893 pa effective from 1 July 2016. (See the explanatory note on the reverse of the proxy form).
6. **Appointment and Remuneration of Auditor**
To record the appointment of the Auditor-General as auditor (pursuant to Section 196 of the Companies Act 1993 and Section 15 of the Public Audit Act 2001) to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the remuneration for the auditor for the year.
Note: The Auditor-General has appointed Mr Dave Shadwell, of Deloitte, to undertake the audit.
7. **To transact any other business** that may be properly brought before the meeting.

PROXIES/APPOINTED REPRESENTATIVES

A Shareholder Member entitled to attend and vote but unable to do so may appoint a proxy for this meeting. Alternatively, Shareholder Members may appoint a representative to exercise its right at the meeting, pursuant to Clause 14.3 of the Constitution of the Company. A completed proxy form/notice in writing of appointment of a representative signed by the Shareholder Member must be lodged at the registered office of the Company by 11.30am one business day before the start of the meeting ie 16th June 2016.

By Order of the Board
RJ Gyles
General Manager - Finance
13 May 2016

New Zealand Local Government Insurance Corporation Ltd

Civic Assurance,
116 Lambton Quay,
PO Box 5521, Wellington 6140,
<http://www.civicassurance.co.nz>
Tel: (04) 978 1250 Fax: (04) 978 1260

**New Zealand Local Government Insurance Corporation Limited
Proxy Form**

The _____
(Council Name)

of _____ being a Member of the New Zealand Local Government Insurance Corporation Limited hereby appoints

_____ of _____ or, failing him/her

_____ of _____ as its proxy to vote for it and on its

behalf at the Annual General Meeting of the Company to be held on 17th June 2016 and at any adjournment thereof (Refer to the notes on the reverse of this page).

Unless otherwise directed as below, the proxy will vote or abstain from voting as he or she thinks fit.

Should the Shareholder Member wish to instruct its Proxy or representative how to vote the following should be completed:

Agenda
Item

In Favour (✓)	Against (✓)
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1. Receive apologies.

2. Approve the Minutes of the AGM held 19 June 2015

3. To receive the Annual Report

To receive the Annual Report which includes the financial statements for the year ended 31 December 2015 and the report of the auditor thereon.

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4. Directorate

To approve the appointment of Messrs MA Butcher and AJ Marryatt.

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5. To set Directors Fees

To determine the remuneration of Directors at \$177,893 pa effective from 1 July 2016. (See explanatory note overleaf).

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6. Appointment and Remuneration of Auditor

To record the appointment of the Auditor-General as auditor (pursuant to Section 196 of the Companies Act 1993 and Section 15 of the Public Audit Act 2001) to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the remuneration for the auditor for the year.

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EXECUTED this _____ day of _____ 2016.

Signature of Shareholder(s)

Position(s) Held

**Please return to: General Manager Finance, Civic Assurance, PO Box 5521, Wellington 6140, or
Fax (04) 978 1260 or email to CivicAdminEmail@civicassurance.co.nz
to be received prior to 11.30am 16 June 2016.**

EXPLANATORY NOTE FOR ITEM 5 – DIRECTORS' REMUNERATION

Following a year where there was no increase to the Board's fees (and none was sought), the Directors engaged Martin Jenkins & Associates Ltd to advise on an appropriate level of remuneration for the Directors of the Company. This report recommends that the fees that currently apply to the Directors, the Chairman and the Chair of the Risk and Audit Committee are increased by 15%, which would take Directors' fees in total to \$177,893. The report goes on to say that:

"The fees that currently apply to the Directors of Civic Assurance are below the median and below the lower quartile for all organisations, as outlined in the 2015 Institute of Directors' Survey. This suggests that an increase is appropriate to move the Directors' fees closer to the lower quartile. A 15% increase in the Civic Assurance Directors' fees would be suitable as it is consistent with the increase in the median directors' fees across all organisations between 2013 and 2015."

The Board's recommendation to shareholders is to adopt the recommendation from the Martin Jenkins & Associates Ltd report as proposed. The report is attached. However, Appendix 2 which contains intellectual property that belongs to the Institute of Directors has been deleted.

ATTENDANCE AT MEETINGS OF THE COMPANY

The Constitution provides for members to be represented at meetings of the Company only by proxies or appointed representatives.

Clause 14.3 (as amended in May 2004) provides

"A shareholder may exercise the right to vote by being present by a representative or by proxy.

The representative or proxy for a shareholder is entitled to attend and be heard and vote at a meeting of shareholders as if the representative or proxy were a shareholder.

A proxy must be appointed in writing signed by the shareholder and the notice must state whether the appointment is for a particular meeting or a specified term not exceeding twelve months.

No proxy is effective in relation to a meeting unless a copy of the notice of appointment is produced to the registered office of the company not later than twenty-four hours before the start of the meeting. [Note: as the AGM is being held on a Monday the notice is required one business day before the meeting.]

A shareholder may appoint a representative to attend a meeting of shareholders on its behalf in the same manner as that in which it could appoint a proxy".

Accordingly, proxies/notification of appointed representatives must be in my hands by 12 noon 16 June 2016.

It would be appreciated if shareholders, when considering who to appoint as their representative/proxy holder, would contact Roger Gyles thereby facilitating a quorum for the AGM.

Roger Gyles
General Manager – Finance
Phone: (04) 978 1255
Email: roger.gyles@civicassurance.co.nz
Fax: (04) 978 1260

5 May 2016

Mr Tim Sole
Chief Executive
Civic Assurance
PO Box 5521
Wellington 6145

tim.sole@civicasurance.co.nz

Dear Tim

Advice on Directors' fees for Civic Assurance May 2016

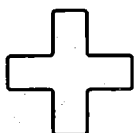
This letter summarises our recommendation and analysis relating to whether there should be any change to the Civic Assurance Directors' Fees.

Our recommendation

We recommend that the fees that currently apply to the Directors, the Chairman and the Chair of the Audit and Risk Committee are increased by 15%. Details are outlined in the table below:

Table 1: Proposed Changes to Civic Assurance Directors' fees

Role	Current	Proposed	% Change	Notes
Director	\$20,625	\$23,719	15%	<p>The change is proposed to move Directors' fees towards the lower quartile for all organisations, taking into account the slightly lower rates that typically apply to Council public companies.</p> <p>From the 2015 Institute of Directors' Survey:</p> <p><i>'Non-Executive Director</i></p> <ul style="list-style-type: none"> - <i>Median for all organisations is \$41,610, lower quartile is \$25,000</i> - <i>Median for Council public companies is 35,500, lower quartile is \$23,656'</i> <p>A 15% change is consistent with the change that has occurred to the median directors' fee for all organisations between the 2013 and 2015 Institute of Directors' survey.</p>
Chairman	\$41,250	\$47,438	15%	<p>The change is proposed to align fees with the central government policy and our 2014 advice that provides for Chairman's fees to be twice the Director fee.</p>
Audit Committee Chair	\$30,938	\$35,579	15%	<p>The change is proposed to provide for the Chair of the Audit and Risk Committee to receive 1.5 times the proposed Director's fee and is consistent with our 2014 advice.</p>
Total Pool	\$154,688	\$177,893	15%	<p>Both the current and proposed figures assume a Board of 6 that includes 1 Chairman and 1 Audit Committee Chair.</p>



Wellington T +64 4 499 6130
Level 1, City Chambers, Cnr Johnston and Featherston Streets, Wellington 6011, PO Box 5256, Wellington 6145, New Zealand

Auckland T +64 9 915 1360
Level 11, The Telco Building, 16 Kingston Street, Auckland 1010, PO Box 7551, Wellesley Street, Auckland 1141, New Zealand

info@martinjenkins.co.nz martinjenkins.co.nz

Background

Civic Assurance is the trading name of the New Zealand Local Government Insurance Corporation Ltd. The company was incorporated in 1960 and is a registered New Zealand limited company under the Companies Act. Under section 6(4)(f) of the Local Government Act 2002, the Company and its subsidiaries are listed as not being council-controlled organisations. It is owned by local government councils and TrustPower and supplies local government with a range of services including insurance and administration services for New Zealand Local Authority Protection Programme Disaster Fund (LAPP), Riskpool and Local Government Superannuation Trustee Limited (LGST).

Civic Assurance operates with a provisional insurance license from the Reserve Bank of New Zealand (RBNZ) under the Insurance (Prudential Supervision) Act 2010 and it is expected that a full insurance license will be issued to Civic before the end of 2016. Civic will not be able to issue new insurance policies until a full license is obtained.

As at 1 May 2015, Civic Assurance has a financial strength rating of B+ (Good) from A.M. Best. Civic Assurance's net assets are currently valued at \$18 million, increased from the \$13 million outlined in the 2014 Annual Report. The Company provides its insurance products and other financial services principally for New Zealand local government. Civic Assurance currently operates with 10 staff.

The Company's constitution allows for up to six directors of which at least two are to be appointed from outside the local authority sector. There can be up to 10 meetings per year.

The Civic Assurance Board is currently comprised of six Directors including one Chair¹. There is no Deputy Chair. All the Board members are also members of the Audit and Risk Committee. A consultant is currently the Chair of the Audit and Risk Committee though it is anticipated that one of the six Directors (not the Board Chairman) will be appointed as that Chair effective from 1 July 2016.

The Directors are considering whether or not they should recommend to shareholders a change in Directors' fees effective from 1 July 2016. They have sought our advice in time for consideration at their next Directors' meeting on 13 May.

We are aware that remuneration for Civic Assurance Directors has been considered twice since 2010.

- In 2013 a recommendation to increase the fees by up to 50% in total was narrowly rejected by shareholders at the 2013 AGM. This recommendation was informed by a March 2013 review by McLaren Associates that was based on a market survey and took into account past practice for the fees to be set at the lower quartile.
- In May 2014, a recommendation to increase Directors' fees by 20% was accepted by the shareholders. This recommendation was based on our May 2014 advice that looked at a selection of comparable organisations and the 2013 Institute of Directors' Survey.

¹ We note that some of the Board members are also directors of the Riskpool and LGST subsidiaries. Our advice does not cover whether there should be changes to the Director's fees of these subsidiary organisations.



Our methodology

Our methodology for considering whether there should be any further change to Directors' fees, is similar to that used in our 2014 analysis. In particular:

- We have looked at a selection of comparable organisations and publicly available information on Directors' fees. These are outlined in Appendix 1.
- We have obtained the latest publication of the 2015 Institute of Directors' Survey which includes information about 1,976 Directorships, covering 674 Members and 1,326 Organisations. A summary of the relevant information is outlined in Appendix 2.

Analysis

Comparing Civic Assurance fees to those identified in the 2015 Institute of Directors' Survey and a selection of central and local government boards, we note the following.

In relation to the existing \$20,625 Director fee:

- It is well below the median of \$41,610 for all organisations and below the lower quartile of \$25,000;
- It is below the median for Council public bodies of \$35,500 and below the lower quartile of \$22,334;
- It is well below the median of \$47,835 for financial and insurance services and below the lower quartile of \$30,000;
- It is below the director fees that currently apply to comparable organisations that include seven central government organisations, and a selection of council controlled entities (outlined in Appendix 1);
- The figures in the 2015 Institute of Directors' Survey reflect a 15% increase in the median director fee for all organisations from that outlined in the 2013 survey.

In relation to the existing \$41,250 Chairman fee:

- It is below the median of \$52,500 for all organisations but above the lower quartile of \$32,000;
- It is below the median for Council public bodies of \$55,125, but above the lower quartile of \$33,000;
- It is below the median of \$53,500 for financial and insurance services and above the lower quartile of \$38,000;
- It is below the fee that currently applies to the comparable companies that include seven central government organisations, and a selection of council controlled entities (outlined in Appendix 1);
- The central government convention to pay chairs twice the rate of directors, has not altered.

In relation to the existing \$30,938 fee to the Director who is the Chair of the Audit and Risk Committee, we note the following:

- The 2015 Institute of Directors' Survey does not include details of the fees for the chairs of other audit and risk committees. However it does contain information on deputy chairs. The existing fee



for the Audit and Risk Committee Chair is below the median of \$45,000 but above the lower quartile of \$26,641;

- The central and local government approaches for fees for chairs of audit and risk committees are varied. As outlined in our 2014 advice, they are generally open to allow for the particular circumstances to be addressed. However some organisations have policies to pay deputies, or other committee chairs between 1.15 and 1.25 the rate of the directors;
- In 2014, it was agreed that the Chair of the Audit and Risk Committee should be paid at a rate of 1.5 times that of a Director. While the duties and obligations that apply to Civic Assurance are likely to alter in the next year as it moves from having a provisional insurance licence to a full insurance licence, we have not been made aware of any change to the business risks and financial management that would warrant a different multiple to be applied to the fees of the Chair and the Audit and Risk Committee.

Conclusion

- The fees that currently apply to the Directors of Civic Assurance are below the median and below the lower quartile for all organisations, as outlined in the 2015 Institute of Directors' Survey. This suggests that an increase is appropriate to move the Directors' fees closer to the lower quartile.
- A 15% increase in the Civic Assurance Directors' fees would be suitable as it is consistent with the increase in the median directors' fees across all organisations between 2013 and 2015.
- The fees for chairs of central government organisations are typically twice that of a director. Therefore an increase in the Civic Assurance Chair's fees are also appropriate, to ensure the Civic Assurance approach remains generally aligned with that of other council and central government organisations.
- It was previously agreed that the fees for the Chair of the Audit and Risk Committee should be paid at 1.5 times that of a director. As the business risks are expected to remain the same, there is no reason to suggest that that multiplier should alter. Therefore an increase in the fees for the Chair of the Audit and Risk Committee is also warranted to reflect the proposed increase in Directors' fees.
- The proposed changes to fees are outlined in table at the start of this advice.

We hope that this advice is helpful as you consider whether to recommend to Shareholders whether the Civic Assurance Directors' fees should be altered. If you require any further advice or clarification please do not hesitate to contact me.

Yours sincerely



Nick Davis
Director



APPENDIX 1

Directors fees from a selection of comparable organisations

Organisation	Director 2015	Chair 2015	Deputy or Committee Chair 2015
Central Government			
Accident Compensation Corporation	49,000	98,000	61,250
Earthquake Commission	36,000	72,000	45,000
Government Superannuation Fund Authority	23,200	46,400	29,000
Guardians of New Zealand Superannuation	27,000	54,000	34,000
New Zealand Post Ltd	48,000	96,000	63,500
Public Trust	28,000	56,000	35,000
Quotable Value Ltd	23,000	27,000	24,000
Central Local Government			
New Zealand Local Government Funding Agency Ltd	44,200	78,000	
Christchurch International Airport Ltd	44,000	83,510	
Dunedin International Airport Ltd	20,000	30,000	
Local Government			
Auckland Council Investments Ltd (ACIL)	35,525	71,050	44,406
Auckland Council Property Ltd (ACPL)	23,500 - 71,050	71,050	
Auckland Tourism, Events & Economic Development Ltd (ATEED)	41,000	81,000	51,000
Auckland Transport (AT)	53,300	106,600	66,625
Auckland Waterfront Development Agency (Waterfront Auckland)	41,000	83,000	



Organisation	Director 2015	Chair 2015	Deputy or Committee Chair 2015
Watercare Services Ltd	53,000	106,000	67,000
Christchurch City Holdings Ltd	37,275	67,075	
City Care Ltd	22,311 - 43,464	76,497	
Enable Services Ltd	23,000	27,000	24,000
Lyttelton Port Company Ltd	46,500	84,025	
Orion New Zealand Ltd	52,000	74,000	
Red Bus Ltd	36,000	48,000	



2. REMITS FOR LGNZ ANNUAL CONFERENCE

(Memo from Chief Executive – 27.05.16)

- ✉ Enclosed please find two remits prepared by Hastings District Council on Community Policing and funding of the preservation of earthquake prone public heritage buildings. These remits are being submitted to the LGNZ Annual Conference in Dunedin on 25 July.

Hastings District Council is seeking support from the Gore District Council for its two remits. His Worship the Mayor will provide further commentary at the meeting on the merits of these two remits.

RECOMMENDATION

THAT the Council support both remits proposed by Hastings District Council on Community Policing and the funding of Preservation of Earthquake Prone Public Heritage Buildings, to be submitted at the 2016 Local Government New Zealand Annual Conference.

DRAFT COUNCIL/COMMITTEE REPORT

1.0 SUMMARY

- 1.1 The purpose of this report is to enable Council to consider supporting two remits for submission to the Local Government New Zealand (LGNZ) Annual General Meeting.
- 1.2 This issue arises as a result of an approach from Hastings District Council seeking support for two remits they have prepared for submission to the LGNZ Annual General Meeting 2016. The remits pertain to: 1. Increased resourcing for Community Policing, and 2. the establishment of Government Funding to assist with the preservation of publicly owned heritage buildings that are earthquake prone.
- 1.3 The Council is required to give effect to the purpose of local government as prescribed by Section 10 of the Local Government Act 2002. That purpose is to meet the current and future needs of communities for good quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses. Good quality means infrastructure, services and performance that are efficient and effective and appropriate to present and anticipated future circumstances.
- 1.4 The objectives of this decision relevant to the purpose of Local Government is advocating for funding and resources for public services that meet the needs of the community, and gaining support for the preservation of heritage buildings in a manner that is affordable for communities.
- 1.5 This report concludes by recommending that the remits for Community Policing and funding for earthquake heritage preservation for public buildings as attached to this report be supported for submission to the LGNZ Annual General Meeting 2016.

2.0 CURRENT SITUATION

- 2.1 There are two remits proposed:

Community Policing

- 2.2 Increasing levels of community concern, along with information received about Police restructuring in various areas of New Zealand, indicates that the 'day to day' presence of Police in communities throughout New Zealand is shrinking. As well as raising the level of community concerns about community safety, this set of circumstances is placing increasing pressure on Local Authorities to supplement Police services with ratepayer funded security and safety initiatives.
- 2.3 Ready access to Police is viewed by communities as a vital contributor to community safety. Community confidence in timely Police response appears to be falling. It is the Government's role to ensure that Police can respond to community needs and expectations.
- 2.4 The remit Council is asked for support calls for LGNZ to advocate to Government for adequate resourcing for Police to ensure community needs can be met, or to fund some of the costs that are falling on councils as a result of insufficient Police resourcing. While overall Police budgets may be

gradually increasing over time, this does not appear to be having a positive impact on the resourcing of frontline Policing, particularly in provincial New Zealand. There is acute resourcing pressure on District and Area Commanders to make decisions that provide less than optimal outcomes for communities in terms of access to Police services.

- 2.5 This appears to be an issue causing concern for elected members and communities in many councils around the country.

Funding Support for publicly owned heritage buildings that are Earthquake prone

- 2.6 The impact of the earthquake prone building regulatory framework is a major issue for local communities across New Zealand and both councils and LGNZ have been involved in the Select Committee legislative process on this matter.
- 2.7 The focus of this remit is on how this regulatory framework now impacts on the decisions facing local communities in respect of public heritage buildings which are assessed as earthquake prone. Costs of preservation can be high, and resource constrained councils may make judgements that mean decisions are made not to preserve buildings or that other important infrastructure investment is crowded out by decision to fund heritage preservation.
- 2.8 The matter of heritage listed buildings and their protection is a matter of national importance. In many cases these buildings are iconic and represent significant elements of New Zealand's built and cultural heritage. Their importance crosses territorial authority boundaries as part of the wider New Zealand public good. By their very nature these buildings are expensive to preserve and run the risk of being lost if costs of preservation become too high to be borne locally.
- 2.9 While the responsibility of communities to invest in heritage preservation is recognised, the remit is asking for some funding to be made available to lessen the burden on ratepayers.
- 2.10 Hastings District Council sees this as a sector wide issue and are recommending that a coordinated advocacy approach is taken by LGNZ on behalf of the sector.

3.0 OPTIONS

- 3.1 There are two basic options available to the Council/the Committee:
- 3.2 **Option 1** – Endorse the proposed (or as amended) remits for submission.
- 3.3 **Option 2** – not endorse the remits.
- 3.4 Option 1 would help enable the remits to be considered at the LGNZ conference to establish how much support they have across the country. This option is recommended. Council would not be bound to support them at the conference, although Hastings District Council would certainly like and appreciate Council's support.
- 3.5 Option 2 would mean that an issue that may be of importance to a number of councils may not get to be debated at conference.

4.0 SIGNIFICANCE AND ENGAGEMENT

- 4.1 A decision to support the remits would not trigger Council's Policy on Significance and Engagement and does not require any special consultation.
- 4.2 It is likely however that there would be considerable public support for action on both of these issues: support for adequate Policing services and support for steps to help lower the costs to ratepayers of preserving public heritage buildings.

5.0 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)

- 5.1 The adoption of **Option 1** will help enable the remits to be submitted for consideration at the LGNZ Annual Meeting.
- 5.2 From experience of previous remits it is apparent that in endeavouring to obtain support for the proposals it may become necessary to make some minor amendments to attain support of five councils. To enable this an additional recommendation allowing the Chief Executive in consultation with the Mayor to make changes to remit wording is made.
- 5.3 Not endorsing the remits (or requesting substantial modification) will place at jeopardy the ability for Hastings District Council to submit them for consideration within LGNZ timeframes.

6.0 PREFERRED OPTION/S AND REASONS

- 6.1 Based on the reasons set out in this report; **Option 1** – Endorse the proposed (or as amended) remits for submission is the preferred option.

7.0 RECOMMENDATIONS AND REASONS

- A) That the report be received.**
- B) That the remits on Community Policing and Funding for Earthquake Heritage Preservation for Public Buildings be supported for submission to the LGNZ 2016 Annual General Meeting.**
- C) That Authority to make changes to the submission to ensure support for the remit be delegated to the Chief Executive in consultation with the Mayor.**

With the reasons for this decision being that the objective of the decision will contribute to meeting the current and future needs of communities for good quality local infrastructure and local public services in a way that is most cost-effective for households and business by:

- i) preventing harm and helping to create a safe and healthy environment for people,**

LGNZ REMIT – Community Policing

Background Information and Research

A remit to the Local Government New Zealand Annual General Meeting is proposed as follows:

“That LGNZ advocate to Government for it to provide increased resourcing to the Police to ensure adequate police staffing and coverage can be provided to New Zealand communities, and that Police commanders are not forced compromise community policing services due to budget constraints.”

Nature of Issue

Increasing levels of community concern along with information received about Police restructuring in various areas of New Zealand, indicates that the ‘day to day’ presence of Police in communities throughout New Zealand is shrinking. As well as raising the level of community concerns about community safety, this set of circumstances is placing increasing pressure on Local Authorities to supplement Police services with ratepayer funded security and safety initiatives.

Ready access to Police is viewed by communities as a vital contributor to community safety. Community confidence in timely Police response appears to be falling. It is the Government’s role to ensure that Police can respond to community needs and expectations.

Alongside this, initiatives (such as security guards, patrols, community patrols and CCTV) being delivered by Local Authorities, are being undertaken to address gaps in Police servicing within communities. These services impose high costs on Local Authorities that are ultimately met by ratepayers. It is submitted that those costs would be unnecessary or reduced if Police resources were increased to appropriately address community needs. Despite resources being spent by Local Government on these additional safety services there continues to be increased pressure from the community for more money to be spent in this area. Local Authorities consider that Policing service levels should be increased in order to obviate the need for some of these services, or that costs associated with these services should be met by Central Government as they form part of what should be considered core functions of the Police.

Background

The Policing Act 2008 came into force in October 2008. This Act states the functions and provides for the governance and administration of the New Zealand Police. Changes in the Act saw a move away from traditional community policing with a bigger focus on prevention. In 2011 Police launched the Prevention First and Turning the Tide strategies. Since then communities have seen a reduction in police visibility and closures (or reductions in resourcing) of police stations. A concurrent reduction in non-sworn staff due to budget pressures has led to an increase of unmanned police stations making access to Police in communities more difficult. While overall Police budgets may be gradually increasing over time, this does not appear to be having a positive impact on the resourcing of frontline Policing, particularly in provincial New Zealand. There is acute resourcing pressure on District and Area Commanders to make decisions that provide less than optimal outcomes for communities in terms of access to Police services.

New or confirming existing policy

This remit does not directly relate to existing policy work that has been undertaken by LGNZ and the sector however the principles associated with this policy are consistent with LGNZ's Strategic Policy 5 – *Setting an agenda of regulatory reform and development of more effective policy-setting in areas impacting local government* (LGNZ, Policy Statement Creating Vibrant Communities and Economic Growth across all of New Zealand).

How the issue relates to objectives in the current work programme

LGNZ has prioritised as part of its strategic policy work, developing a proactive agenda of regulatory reform concerning legislation affecting local government which imposes high and unnecessary costs on local authorities. In particular, LGNZ see the need for a stronger understanding of the practical, community, financial and economic impacts of legislative and regulatory change before that change is considered. While this policy priority is focussed on reducing the regulatory and legislative burden on local government the policy principles also apply to this matter.

Many Councils throughout New Zealand have identified the need for increased numbers of Police in their respective areas to address community need. In order to meet the needs of their local communities many Local Councils have felt compelled to spend ratepayer's money to supplement Police services with security and safety initiatives.

This matter would benefit from sector wide analysis as to the needs and expectations of communities and the quantum of the fiscal commitment facing local authorities across New Zealand and the impact on affordability within communities and in particular ratepayers.

What work or action on the issue has been done on it, and the outcome

Since 2011 Councils have been under increasing pressures from their communities to increase security and perceptions of safety. This has led to ratepayers having to fund security measures such as security guards and patrols, community safety "ambassadors", community patrols and CCTV.

Any existing relevant legislation, policy or practice

The Policing Act 2008 – states the functions and provides for the governance and administration of the New Zealand Police.

The Local Government Act 2002 section 10 sets out the purpose of local government as follows:

- (1) The purpose of local government is –
 - (a) To enable democratic local decision-making and action by, and on behalf of, communities; and
 - (b) To meet the current and future needs of communities for good quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- (2) In this Act, good quality, in relation to local infrastructure, local public services, and performance of regulatory functions, means infrastructure, services and performance that are
 - (a) efficient; and
 - (b) effective; and

(c) appropriate to present and anticipated future circumstances.

Local Authorities are permitted to provide security and safety initiatives under the Local Government Act as it can be classed as a *public service*. Given that these matters are the primary role of the NZ Police this matter would benefit from analysis relating to whether and to what extent it is most efficient and effective for Local Authorities to be delivering these types of services given the primary role of the New Zealand Police.

Outcome of any prior discussion from zone/sector meetings or five councils

This remit is the result of discussions across Councils about current policing resourcing and levels of services effecting communities across New Zealand. The Councils have identified a number of concerns that include; but are not limited to the following:

- Cost to rate payer
- Poor responses to 111 calls due to the distance of Police resources
- Lack of Police presence and visibility in some communities
- Closed Police stations or reduced hours or personnel in some areas
- Reduced Police numbers in some areas
- Capped funding for the last 5 years

Evidence of support from zone/sector meeting or five councils

There is support for this remit from 18 Councils throughout New Zealand who have all responded to an email request to give their views. The following Councils have formally supported the remit (with letters attached):

Suggested course of action envisaged

Provided that this remit is adopted by members of LGNZ the following steps are suggested:

- That the Chair of LGNZ write a letter to the Minister of Police outlining this remit and the concerns of LGNZ members.
- That the letter request that the Minister of Police meet with a delegation of LGNZ members to discuss this remit and what the Minister of Police proposes to address concerns outlined.
- That LGNZ staff coordinate and undertake with members an analysis of levels and forms of Police resourcing in communities versus community needs and expectations.

LGNZ REMIT – Funding for preservation of earthquake prone public heritage buildings

Background Information and Research

A remit to the Local Government New Zealand Annual General Meeting is proposed as follows:-

“That LGNZ advocate to the government to set up a fund to provide assistance to local Councils to preserve earthquake prone public heritage buildings”

Nature of the issue

The impact of the earthquake prone building regulatory framework is a major issue for local communities across New Zealand and both Councils and LGNZ have been involved in the Select Committee legislative process on this matter.

The focus of this remit is on how this regulatory framework now impacts on the decisions facing local communities in respect of public heritage buildings which are assessed as earthquake prone. Councils around New Zealand will have already considered via their 2015-2025 Long Term Plans, or will need to consider in the near future, the future of earthquake prone public buildings within their Infrastructure and Financial strategies required by the Local Government Act 2002.

In many cases judgements have been made and financial provision made within long term plans to address the needs of public building stock in local communities – funded by those communities either directly by rates, or loan funded serviced by rates. However, costs are high, and judgements may mean decisions are made not to preserve buildings or that other important infrastructure investment is crowded out.

The matter of heritage listed buildings and their protection is however a matter which has elevated importance at a national level. In many cases these buildings are iconic and represent significant elements of New Zealand's built and cultural heritage. Their importance crosses territorial authority boundaries as part of the wider New Zealand public good. By their very nature these buildings are expensive to preserve and run the risk of being lost if costs of preservation become too high to be borne locally.

This is a sector wide issue and it is recommended that a coordinated advocacy approach is taken by LGNZ on behalf of the sector.

Background

The government has understandably focused to date on revising the earthquake prone building provisions of the Building Act 2004 in response to the findings of the Royal Commission Enquiry into the Christchurch earthquake.

A consequence of the building standards is that local authorities are having to undertake assessments on their own buildings and make judgements in terms of compliance with the law. A number of high profile heritage buildings and the cost of preservation have surfaced

across New Zealand. The most recent case study being that of the Hawke's Bay Opera House and the associated Municipal Buildings, with both buildings having a listed heritage status of Category One under the Heritage New Zealand register. Preliminary estimates to strengthen both buildings to 70-75% of NBS are in the order of \$17 - \$19 million.

In addition to heritage buildings local authorities are faced with addressing their other building stock. By way of example in the case of Hastings District Council, 11 buildings have been identified as being potentially earthquake prone (less than 33% of NBS). A further 21 buildings have been assessed as a potential earthquake risk (34% - 67% NBS). As such 32 buildings are programmed to be strengthened with the last building scheduled to be upgraded in 2028 at a total cost of \$2.8 million.

An added barrier to local authorities facing fiscal decisions on heritage buildings is the fact that funders who may have been relied on for some support for community building projects (i.e. Lottery Grants Board) have a specific policy position that excludes funding support for capital investment on earthquake strengthening.

New or confirming existing policy

This is an extension of existing policy work that has been undertaken by LGNZ and the sector.

Whilst the current focus has been on the earthquake prone regulations themselves and their successful implementation, consideration also needs to be given to the consequences of new legislation on the preservation of public heritage buildings.

How the issue relates to objectives in the current work programme.

The National Council has prioritised as part of its strategic policy work, developing a proactive agenda of regulatory reform concerning legislation affecting local government which imposes high and unnecessary costs on local communities.

Earthquake Prone Building legislation has been identified as a key regulatory change that is impacting on local government and local communities.

This matter would benefit from sector wide analysis as to the quantum of the fiscal commitment facing local authorities across New Zealand and the impact on affordability within communities. That analysis would be useful at two levels; the ratepayer commitment to strengthen earthquake prone public buildings, and the impact of earthquake prone status in heritage listed buildings – the primary focus of this remit.

What work or action on the issue has been done on it, and the outcome

At this point, there has been no assurance from the Government that concrete solutions are being considered around the affordability of preserving earthquake prone public heritage buildings and the fiscal impact on local communities. Some informal approaches have been made to relevant ministers to create awareness of the issue within the sector.

The focus of the government to date has been on revising the earthquake prone building provisions of the Building Act 2004 in response to the findings of the Royal Commission Enquiry into the Christchurch earthquake.

Any existing relevant legislation, policy or practice

The primary legislation is the Building Act 2004 and the Building (Earthquake-prone Buildings) Amendment Bill. Other associated legislation includes the Local Government Act 2002.