

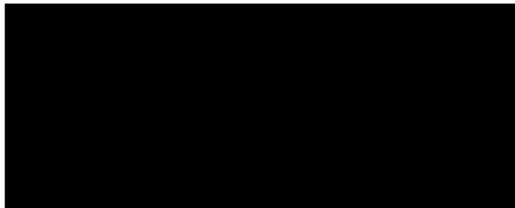


Ref: [REDACTED]

Civic House, 110 Trafalgar Street
PO Box 645, Nelson 7040, New Zealand

3 February 2022

P (03) 546 0200
E LGOIMA@ncc.govt.nz
nelson.govt.nz



Dear [REDACTED]

OFFICIAL INFORMATION REQUEST FOR NELSON MARINA s17A GOVERNANCE REVIEW

I refer to your official information request dated 30th December 2021 for:

1. A copy of the Terms of Reference issued to Infracure (Tim Munro) for the Marina Governance Sec 17A Review recently completed.
2. A copy of any correspondence (including emails) sent from any NCC officer to Mr Munro in relation to his review or drafts of his review.
3. A copy of the "Marina Management Options Review" report by Rob Greenaway July 2019.
4. A copy of any presentations made or notes taken at the "Outcomes" workshop held on 11 August 2021.

The information you requested is enclosed.

Some material has been redacted on the basis that legal professional privilege applies (s.7(2) (g) LGOIMA), or it is out of scope of the request, as indicated in the attachment. In order to provide you with further context in terms of the information you have requested, please note that most meetings between NCC and Tim Munro were done via Zoom.

Further to the above, a second LGOIMA request was received on the 19th of January 2022 – [REDACTED] – relating to the following information request:

1. What was the process that was followed in appointing Mr Munro to perform his work? Infracure Limited was recommended to NCC due to Mr Munro's experience in local government and in particular its history with doing Local Government Section 17a reviews. Infracure Limited was appointed by direct appointment to undertake the Nelson Marina S17A Governance review.

Internal Document ID: [REDACTED]

2. Was there a competitive RfP process?

No.

3. Was Mr Munro known to council or any decision makers prior to his appointment?

Mr Munro was known to Mr Andrew White, Group Manager Parks and Facilities, who had been witness to his work for Gisborne City Council in his previous position.

5. A copy of any presentations made or notes taken at the "Outcomes" workshop held on 11 August 2021.

You have the right to seek an investigation and review by the Ombudsman of this response under s.14 LGOIMA. Information about how to make a complaint is available at www.ombudsman.parliament.nz or Freephone 0800 802 602.

If you wish to discuss this decision with us, please feel free to contact Nigel Skeggs, Manager Nelson Marina.

Yours sincerely



Nigel Skeggs
Manager Nelson Marina

Enclosed:

1. A copy of the Terms of Reference issued to Infracure (Tim Munro) for the Marina Governance Sec 17a Review recently completed.
2. A copy of any correspondence (including emails) sent from any NCC officer to Mr Munro in relation to his review or drafts of the review.
3. A copy of the "Marina Management Options Review" report by Rob Greenaway July 2019.
4. A copy of any presentations made or notes taken at the "Outcomes" workshop held on 11 August 2021.



INFRACURE

INFRASTRUCTURE SUPPLY TEAMS THAT WORK

Nelson City Council

Offer of Service – Nelson Marina Section 17a Review

For: Group Manager Community Services – Andrew White

Author: Tim Munro
Date: 28 May 2021

Contact Details:
P: 09 412 7703
M: 0274 961 676
E: tim.munro@infracure.co.nz

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Overview

Nelson Marina is owned and managed by Nelson City Council. In December 2020 Council announced it was terminating the management contract with Nelmac and bringing the management of the Marina in house.

In its announcement Council advised:

The decision has been made to enable a new, long-term strategic plan for the Marina, and streamline the work of the many Council staff involved with this amenity.

There are currently 598 berths at the Marina. Services offered include a hardstand, washdown facilities, refuelling, swing moorings, and a public boat ramp.

Handover of the day-to-day management of the Marina will occur gradually over the next few months and will be completed by the middle of 2021, ensuring continuity during the busy Summer months.

Council is now accepting applications for a new Marina Manager position. This is a full-time management role, and the successful applicant will be part of the Community Services team.

Their first responsibility will be to manage the transfer of the Marina management back to Nelson City Council and decide the future structure of the team responsible for day to day operations.

Decisions regarding the Marina will be made through the Strategic Development and Property Subcommittee chaired by Councillor Gaile Noonan before reporting to Council.

The new manager will also develop a new management model for the Marina, which will:

- *Effectively meet the needs of marina users*
- *Be financially sustainable*
- *Align with Council safety systems and be delivered in accordance with the Health & Safety at Work Act*
- *Be environmentally sustainable and aligned with the Nelson Resource Management Plan and the Resource Management Act*

Nigel Skeggs has since been appointed to the role of Marina Manager. Council wishes to undertake a section 17a review to identify a sustainable governance structure for the Marina to support future commercial and recreational development and operations.

Section 17a Review

The scope of the review is described as follows:

A service delivery review is a process of determining whether the existing means for delivering a service remains the most efficient, effective and appropriate means for delivering that service. The legislation requires that a service delivery review should periodically assess “the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good quality local infrastructure, local public services, and performance of regulatory functions”.

Section 17A requires consideration of the following options:

- a) *funding, governance and delivery by your local authority*
- b) *responsibility for funding and governance is undertaken by your local authority and delivery is undertaken by another local authority*
- c) *responsibility for funding and governance is undertaken by your local authority and delivery is undertaken by a CCO, wholly owned by your local authority*
- d) *responsibility for funding and governance is undertaken by your local authority and delivery is undertaken by a CCO, where your local authority is a part owner (the other owner or owners might be a local authority or other organisation)*
- e) *responsibility for funding and governance is undertaken by your local authority and delivery is undertaken by some other person or agency (such as a private or community sector agency)*
- f) *responsibility for funding and governance is delegated to a joint committee or other shared governance arrangement, and delivery is undertaken by some other person or agency*
- g) *any other reasonably practicable option for funding, governance and delivery (section 17A does not limit the options to those above)*

It's intended that this review will focus on governance and once a preferred option has been identified the review will assess whether the current operating arrangements should be changed.

Infracure

Infracure specialises in service reviews for maintenance and renewal services and longer term capital programmes. Our philosophy is:

- To be inclusive – all stakeholders have a valid point of view to consider
- To align to Councils' objectives – develop a common understanding of value for money, understand the 'big picture' and consider the local economy and broader outcomes

We believe we have the experience to offer Council a review that goes beyond the minimum requirements of the Act and explore options that will enhance development and service delivery to the community whilst meeting longer term affordability and level of service objectives.

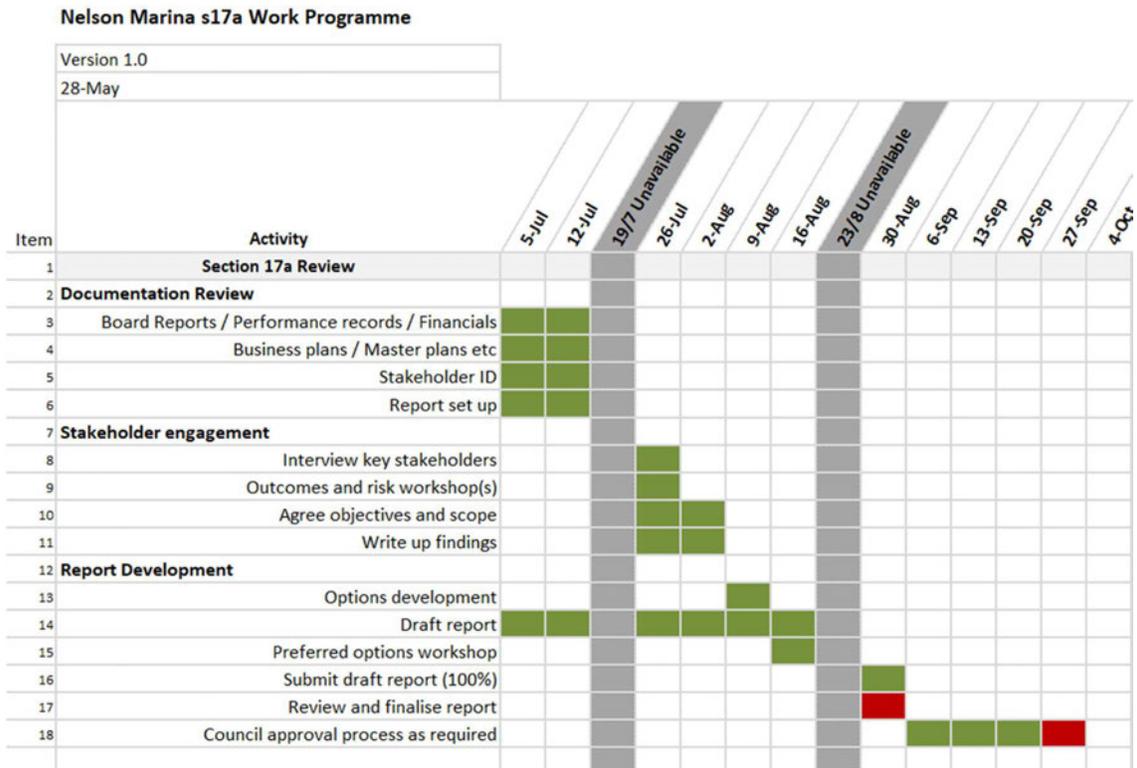
Proposed approach

We propose an iterative and collaborative approach with stakeholders. The suggested work programme would be delivered in stages as shown in the table below.

We are able to commence the work from 5 July 2021 in three tranches of activity as follows:

- 1) Documentation review – read-in to the Marina's recent history and performance including :
 - a. Board or management reports
 - b. Financials and business plans (current and proposed drafts if any)

- c. Current governance structure
 - d. Stakeholders (and agree which stakeholders to interview plus which to participate in outcomes workshop(s))
- 2) Stakeholder engagement – getting stakeholder views on what works, what needs to change and what success looks like in the medium to long term. This is done through:
- a. One on one or small group interviews with key stakeholders
 - b. Outcomes workshop with management. It may also be advisable to workshop Councillors or others who may not attend a management workshop
- 3) Options and report development
- a. Options development which likely to be a range of Council controlled entities (SABU, CCO, CCTO) plus commercial options such as operating lease or sale
 - b. Preferred option workshop – using the outcomes developed from the workshops as weighted criteria to assess the shortlisted options and identify the recommended approach and supporting logic
 - c. Report writing, review and approvals process



Form of Contract

Infracure is comfortable with Nelson’s standard short form agreement

Resources

Tim Munro will manage the project, undertake all stakeholder engagement, and draft options and the reports. His CV is attached.

Fees

The estimate for the proposed programme above is:

- Section 17 a Review - \$16,500 plus GST and disbursements

Fees are:

- Full days on site: \$1,650.00 per day
- Drafting and project management \$225.00 per hour
- Disbursements (travel and accommodation) Cost.

All rates are subject to GST and will be held firm for Council until the end of the work programme in 2021.

Infracure will invoice actual time and disbursements monthly.

Appendix: Tim Munro CV

Tim Munro MSCM FCILT MCIPS Managing Consultant, Infracure Ltd

Tim established Infracure in 2009 to support clients wanting to develop internal and external supply chain relationships that build value through increased integration. He works with clients across a range of supply side activities in diverse industries including:



- Local Government – Section 17a reviews and infrastructure procurement and supply chain management
- Central government – Gateway project and programme reviews
- Construction – supply chain management
- Defence - logistics
- Health - logistics
- Education (as lecturer)

He is an experienced Gateway Review Team Leader for Treasury, and Fellow and past President of the Chartered Institute of Logistics and Transport in New Zealand.

Tim completed his master's in supply chain management (with Distinction) at Massey University in 2017, and his paper '*Construction supply chain integration: understanding its applicability in infrastructure asset maintenance and renewal programmes*' has been published in the International Journal of Construction Supply Chain management.

Tim was awarded Fellowship to CILT NZ in 2002 and Membership to CIPS in 2019. Tim was also awarded the CILT NZ Norman Spencer Memorial Medal for lifetime achievement for 2019.

His career includes:

- ✚ Self-employed independent consultant (2009 – current)
 - ✚ Treasury Gateway Reviewer and Review Team Leader (2010 – current)
 - ✚ GHD as Global Service Line Leader, Procurement (2006-09);
 - ✚ Auckland City Council as Group Manager, Procurement (2002-06);
 - ✚ President of Chartered Institute of Logistics and Transport (2002);
 - ✚ Chairman Logistics Management Association (1996-2002);
 - ✚ Freightways as General Manager of their contract logistics division (1992 -2001);
 - ✚ General Manager Business Development for Linfox in New Zealand (1989 – 1991).
 - ✚ General Management, Commercial Management and Business Development roles for shipping companies and shipping agencies (1979 – 1990)
-

Nigel Skeggs

From: Andrew White
Sent: Friday, 14 May 2021 8:34 am
To: Tim Munro
Subject: RE: S17A Reviews

Awesome Tim. I'll give you a call later today.

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Friday, 14 May 2021 8:29 am
To: Andrew White <andrew.white@ncc.govt.nz>
Cc: Rosie Bartlett <rosie.bartlett@ncc.govt.nz>; Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Subject: RE: S17A Reviews

CAUTION: External email.

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Hi Andrew, good to hear from you and hope the move to sunny Nelson has gone well for you and yours.

I'm around most of the day if you want to catch up. My number's below.

Kind regards
Tim

e: tim.munro@infracure.co.nz
m:0274961676

From: Andrew White <andrew.white@ncc.govt.nz>
Sent: Friday, 14 May 2021 8:24 am
To: Tim Munro <tim.munro@infracure.co.nz>
Cc: Rosie Bartlett <rosie.bartlett@ncc.govt.nz>; Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Subject: S17A Reviews

Kia ora Tim,

I hope you are well.

I have lost your mobile number but I would like to catch up when you have some time to discuss the possibility of you doing some S17A LGA work for us. Noting you may have already been contacted about one or more of the items below.

- Nelson Marina governance
- Campgrounds management and governance
- Parks and cemeteries maintenance contract

Nga mihi,
Andrew

Andrew White
Group Manager Community Services
Nelson City Council / Te Kaunihera o Whakatō
03 545 8729 / 022 011 7031

www.nelson.govt.nz

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Nigel Skeggs

From: Andrew White
Sent: Monday, 5 July 2021 12:16 pm
To: Tim Munro; Nigel Skeggs
Cc: Catherine Close
Subject: RE: Nelson Marina Background Info

I don't think the CE will need to input too much. High level options consideration and recommendations at draft completion stage I reckon. SLT will need to provide executive sign-off I expect.

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Monday, 5 July 2021 9:19 am
To: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Cc: Andrew White <andrew.white@ncc.govt.nz>; Catherine Close <catherine.close@ncc.govt.nz>
Subject: RE: Nelson Marina Background Info

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I've made some comments against proposed list of interviewees below but happy to take your advice. Overall looks good and we should go ahead with booking diaries.

Andrew - you will have a view on time with the CE across all the reviews - see note below

Cheers
Tim

e: tim.munro@infracure.co.nz
m: 0274 961 676

From: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Sent: Sunday, 4 July 2021 12:03 pm
To: Tim Munro <tim.munro@infracure.co.nz>
Cc: Andrew White <andrew.white@ncc.govt.nz>
Subject: Nelson Marina Background Info

Good Morning Tim

I have put background info into a folder with the link attached. This is a NCC shared drive so please let me know if it does not work and I will try another way:

https://nelsoncity-my.sharepoint.com/:f/g/personal/nigel_skeggs_ncc_govt_nz/EvypoTeioslDm9mxHxqsoQ0BVwB1UfgemR6r6YCge5-QSog?e=Fggtkr

In terms of the main stakeholders to meet, my suggestions are as follows:

Councillors - In particular Gaile Noonan who is the chair of the Strategic Properties Sub-Committee[Tim **MJ**] Let's start with Gaile and assess further Elected Member participation after that and after interviews with you, Andrew and CE.

CEO of NCC[Tim **MJ**] Check in to see if I cover Parks and campgrounds as well as the Marina. OK from my perspective but we'll need good 1.5hrs for all three

Andrew White - Group Manager Community Services - NCC

Andrew Petheram - Parks and Facilities NCC- used to manage the marina and has great historical knowledge[Tim **MJ**] is it worth doing Andrew and Emily together?

Emily Fairhall - Parks and Facilities NCC-was contract manager when under Nelmac management

Nigel Skeggs - Manager Nelson Marina

Nelson Marina Staff- as required.[T/m **MJ**] Apart from a Team Leader/Ops Manager type I suggest we cover them on a workshop in 2nd visit

Nelson Marina Advisory Group[Tim **MJ**] Aim for 1 or 2 reps only if possible - not the whole group

Nelson Marina Berth Holders Association[Tim **MJ**] As above - 1 or 2 reps only at this stage

Individual Berth Holders - a selection of? (they are however represented through the two associations *above.*)[Tim **MJ**] Let's park this until I've spoken to the associations

Anything else Tim, please let me know.

Nga mihi

Nigel Skeggs
Manager Nelson Marina
Kaiwhakahaere Ahu Moana

Nelson City Council | Te Kaunihara o Whakatō

P 03 546 0275 | M 022 011 6477

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Nigel Skeggs

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Monday, 26 July 2021 4:44 pm
To: Nigel Skeggs; Rosie Bartlett; Tanya Robinson
Cc: Andrew White; Catherine Close
Subject: s17a reviews - where we're at and next steps
Attachments: 20-08 Maturity Index Master.docx

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Hi all, thank you for your support and time last week, and thank you Catherine for a great itinerary and logistics.

The purpose of this email is to capture a headline view of where we're at and what I think are next steps for each of the reviews. Hopefully putting a summary into a single email works for everyone.

Catherine - can you please check availability for August 11/12th for a visit. See 'Next visit' notes below.

Out of scope of request

3) Marina:

- a. New team in place and masterplan progressing well
- b. Governance options coming down to SABU, CCTO or Trust which a refinement of options from 2019 which didn't properly consider a SABU
- c. Next steps are:
 - i. Develop and agree options pros and cons
 - ii. Develop and agree outcomes of what successful governance looks like-how will we know it's working
 - iii. Assess options against outcomes and recommended approach
 - iv. Draft report
- d. Next visit- workshop options (building on 2019 report) and outcomes. Half day should do it

Out of scope of request

Out of scope of request

Please review and let me know if you're happy with the recommended way ahead or if you have some suggested changes.

Kind regards
Tim

e: tim.munro@infracure.co.nz
m: 0274 961 676

Nigel Skeggs

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Thursday, 1 July 2021 9:13 am
To: Tanya Robinson; Nigel Skeggs; Rosie Bartlett
Cc: Catherine Close; Andrew White
Subject: RE: Nelson Marina s17 Review.

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Great - and thanks in advance for your help Catherine. For dates, lets plan on 4 days from Tues 20 to Fri 23 July but let me know if Mon-Thu is better for you. I will come down the night before to allow for full days.

So, first thing will be a list of people to interview from each of you:

- staff teams - usually team leader level or above
- key users or customers - not often involved but sometimes representative groups should be heard
- contractors/lessees - team leaders or above
- NCC executive team as appropriate - finance is often useful in addition to GM in charge of service. Given the breadth of these reviews the CE may want to share.
- Councillors - rare to interview them individually and we usually cover them in a single workshop
- Others - anyone who is involved in governance such as independent advisors, or advisors who may have been involved in recent strategy planning or similar

Staff interviews are one on one and are non-attributable in the report so that they can be frank and fearless. Other interviews can be small groups or individuals.

Here is a typical introduction to include in any emails/meeting requests to interviewees. Feel free to adjust to suit your audience:

"Council is undertaking a Section 17a (s17a) review of NNN service delivery. This is a requirement under the local government act, but more importantly, it allows us to think about how efficient and effective our current approach is and where there might be opportunities to improve delivery and outcomes. Tim Munro from Infracure is leading the review for us. He will be interviewing several people involved with our NNN to help better understand what works well and where improvements could be made. This is an opportunity for you to voice all your good ideas and any concerns in a confidential setting as any comments made in the interviews will be non-attributable. There will also be an opportunity to participate in an outcomes workshop with the team at a later date."

If any aren't available during interview week we can pick them up via Teams/Zoom at a later date.

Allow an hour for each interview- I normally get them through in 45 minutes to give 15 minutes between each. I can fit in with your working hours and a break for an hour in the middle of the day is good.

Hopefully that's enough of a steer but give me a call if there are any queries.

Thanks
Tim

e: tim.munro@infracure.co.nz
m:0274961 676

From: Tanya Robinson <tanya.robinson@ncc.govt.nz>
Sent: Wednesday, 30 June 2021 4:47 pm
To: Tim Munro <tim.munro@infracure.co.nz>; Nigel Skeggs <nigel.skeggs@ncc.govt.nz>; Catherine Close <catherine.close@ncc.govt.nz>
Cc: Rosie Bartlett <rosie.bartlett@ncc.govt.nz>
Subject: RE: Nelson Marina s17 Review.

Kia ora Tim

As that may include a number of stakeholders, elected officials and staff, Catherine Close will be the best person to coordinate with. I've cc'd her in and that will help streamline between the three programs as well.

Locating documents etc will be a mix of Rosie/Nigel/Tanya and Catherine will likely know most of them as well.

Nga mihi
Tanya

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Wednesday, 30 June 2021 3:00 pm
To: Tanya Robinson <tanya.robinson@ncc.govt.nz>; Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Cc: Rosie Bartlett <rosie.bartlett@ncc.govt.nz>
Subject: RE: Nelson Marina s17 Review.

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Thanks Tanya.

While I think of it – is there a someone who can coordinate logistics (diaries, rooms etc) for us all?

Thanks
Tim

e: tim.munro@infracure.co.nz
m: 0274 961 676

From: Tanya Robinson <tanya.robinson@ncc.govt.nz>
Sent: Wednesday, 30 June 2021 2:04 pm
To: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>; Tim Munro <tim.munro@infracure.co.nz>
Cc: Rosie Bartlett <rosie.bartlett@ncc.govt.nz>
Subject: RE: Nelson Marina s17 Review.

Yes, that week works well for me also.

Nga mihi
Tanya

From: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Sent: Wednesday, 30 June 2021 10:35 am
To: Tim Munro <tim.munro@infracure.co.nz>
Cc: Rosie Bartlett <rosie.bartlett@ncc.govt.nz>; Tanya Robinson <tanya.robinson@ncc.govt.nz>
Subject: RE: Nelson Marina s17 Review.

Thank you Tim

19th to 23rd July works for me thank you.

Ngā mihi

Nigel Skeggs
Manager Nelson Marina
Kaiwhakahaere Ahu Moana

Nelson City Council | Te Kaunihera o Whakatū
P 03 546 0275 | M 022 011 6477
nelson.govt.nz

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Wednesday, 30 June 2021 10:02 am
To: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Cc: Rosie Bartlett <rosie.bartlett@ncc.govt.nz>; Tanya Robinson <tanya.robinson@ncc.govt.nz>
Subject: RE: Nelson Marina s17 Review.

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Hi Nigel, I caught up with Andrew, Rosie and Tanya yesterday to talk about s 17as for parks and campgrounds. While the 3 reviews won't align perfectly it'll be useful to try and do as much as possible with each during visits to Nelson.

How would it work for you during week of 19-23 July? I'd look to get stakeholder interviews completed during that visit plus run through operations and any queries I have out of the documentation read through.

Rosie and Tanya in copy – I know we've not run through an offer and programme yet (I'm doing those atm) but would the week 19-23 July work for you as well. Interviews with key people will be the main activity.

Thanks
Tim

e: tim.munro@infracure.co.nz
m: 0274 961 676

From: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Sent: Tuesday, 1 June 2021 11:44 am
To: Tim Munro <tim.munro@infracure.co.nz>
Subject: RE: Nelson Marina s17 Review.

Thanks Tim

Will work on compiling the info and will be in touch should I require any guidance.

As to the PO. Can I please hold on this as this project is budgeted for the 2021/22 year. I will be able to issue a PO on the 1st of July. Is this OK with you?

Ngā mihi

Nigel Skeggs
Manager Nelson Marina
Kaiwhakahaere Ahu Moana

Nelson City Council | Te Kaunihera o Whakatū
P 03 546 0275 | M 022 011 6477
nelson.govt.nz

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Monday, 31 May 2021 9:40 am
To: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Subject: RE: Nelson Marina s17 Review.

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Hi Nigel, thanks for the confirmation and looking forward to working with you on this.

Main thing for now is to start assembling relevant documents into a shared drive (I can provide one if NCC don't do this yet), plus a list of likely stakeholders to involve in the review. Let me know once you've got them together.

Only other thing is admin – a PO number.

Thanks
Kind regards
Tim

e: tim.munro@infracure.co.nz
m: 0274 961 676

From: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Sent: Monday, 31 May 2021 8:52 am
To: Tim Munro <tim.munro@infracure.co.nz>
Cc: Andrew White <andrew.white@ncc.govt.nz>
Subject: Nelson Marina s17 Review.

Good Morning Tim

Thank you for your time on Zoom and for the proposal sent through.

We are happy with said proposal and would like to move forward with your services as per your offer of service.

Once you have some time, please advise the next steps from here.

Ngā mihi

Nigel Skeggs
Manager Nelson Marina

Kaiwhakahaere Ahu Moana

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Nigel Skeggs

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Monday, 5 July 2021 9:19 am
To: Nigel Skeggs
Cc: Andrew White; Catherine Close
Subject: RE: Nelson Marina Background Info

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Thanks Nigel and the link works.

I've made some comments against proposed list of interviewees below but happy to take your advice. Overall looks good and we should go ahead with booking diaries.

Andrew – you will have a view on time with the CE across all the reviews – see note below

Cheers

Tim

e: tim.munro@infracure.co.nz
m: 0274 961 676

From: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Sent: Sunday, 4 July 2021 12:03 pm
To: Tim Munro <tim.munro@infracure.co.nz>
Cc: Andrew White <andrew.white@ncc.govt.nz>
Subject: Nelson Marina Background Info

Good Morning Tim

I have put background info into a folder with the link attached. This is a NCC shared drive so please let me know if it does not work and I will try another way:

https://nelsoncity-my.sharepoint.com/:f:/g/personal/nigel_skeggs_ncc_govt_nz/EvypoTeiosIDm9mxHxqsoQ0BVwB1UfgemR6r6YCge5QSog?e=Fggtkr

In terms of the main stakeholders to meet, my suggestions are as follows:

Councillors – In particular Gaile Noonan who is the chair of the Strategic Properties Sub-Committee[**Tim M**] Let's start with Gaile and assess further Elected Member participation after that and after interviews with you, Andrew and CE.

CEO of NCC[**Tim M**] Check in to see if I cover Parks and campgrounds as well as the Marina. OK from my perspective but we'll need good 1.5hrs for all three

Andrew White – Group Manager Community Services – NCC

Andrew Petheram – Parks and Facilities NCC – used to manage the marina and has great historical knowledge[**Tim M**] is it worth doing Andrew and Emily together?

Emily Fairhall – Parks and Facilities NCC – was contract manager when under Nelmac management

Nigel Skeggs – Manager Nelson Marina

Nelson Marina Staff – as required.[Tim M] Apart from a Team Leader/Ops Manager type I suggest we cover them on a workshop in 2nd visit

Nelson Marina Advisory Group[Tim M] Aim for 1 or 2 reps only if possible – not the whole group

Nelson Marina Berth Holders Association[Tim M] As above – 1 or 2 reps only at this stage

Individual Berth Holders – a selection of? (they are however represented through the two associations above.)[Tim M] Let's park this until I've spoken to the associations

Anything else Tim, please let me know.

Ngā mihi

Nigel Skeggs
Manager Nelson Marina
Kaiwhakahaere Ahu Moana

Nelson City Council | Te Kaunihera o Whakatū

P 03 546 0275 | M 022 011 6477

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Nigel Skeggs

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Tuesday, 20 July 2021 4:41 pm
To: Nigel Skeggs
Subject: Tax

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Hi Nigel, picked this up from a PWC report to SOLGM

Income Tax and income from CCOs – a brief recap! • Local authorities are taxable on income (other than rates) from:

- CCO's that are companies;
- CCTO's (i.e. entities that are not companies but operate a trading undertaking for the purpose of making a profit;
- CCO's (that aren't companies) that control either a CCO that is a company or a CCTO;
- Port and energy companies (that are controlled)
- Port related commercial undertakings.
- Remember joint committees and committees of local authorities are exempt

Also – do you have a PO number for me please.

Thanks

Tim

e: tim.munro@infracure.co.nz
m: 0274 961 676

Nigel Skeggs

From: Andrew White
Sent: Monday, 26 July 2021 4:52 pm
To: Tim Munro; Nigel Skeggs; Rosie Bartlett; Tanya Robinson
Cc: Catherine Close
Subject: RE: s17a reviews - where we're at and next steps

Just two comments from me

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Monday, 26 July 2021 4:44 pm
To: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>; Rosie Bartlett <rosie.bartlett@ncc.govt.nz>; Tanya Robinson <tanya.robinson@ncc.govt.nz>
Cc: Andrew White <andrew.white@ncc.govt.nz>; Catherine Close <catherine.close@ncc.govt.nz>
Subject: s17a reviews - where we're at and next steps

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Hi all, thank you for your support and time last week, and thank you Catherine for a great itinerary and logistics.

The purpose of this email is to capture a headline view of where we're at and what I think are next steps for each of the reviews. Hopefully putting a summary into a single email works for everyone.

Catherine – can you please check availability for August 11/12th for a visit. See 'Next visit' notes below.

Out of scope of request

3) Marina:

- a. New team in place and masterplan progressing well masterplan is being developed – not prepared yet
- b. Governance options coming down to SABU, CCTO or Trust which a refinement of options from 2019 which didn't properly consider a SABU
- c. Next steps are:
 - i. Develop and agree options pros and cons
 - ii. Develop and agree outcomes of what successful governance looks like – how will we know it's working
 - iii. Assess options against outcomes and recommended approach
 - iv. Draft report
- d. Next visit – workshop options (building on 2019 report) and outcomes. Half day should do it

Out of scope of request

Please review and let me know if you're happy with the recommended way ahead or if you have some suggested changes.

Kind regards
Tim

e: tim.munro@infracure.co.nz
m: 0274 961 676

Nigel Skeggs

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Monday, 26 July 2021 1:13 pm
To: Margie French
Cc: Nigel Skeggs; Prabath Jayawardana
Subject: RE: Nelson City Council - Section 17A review - Marina, Campgrounds and Open Spaces

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Hi Margie, thanks again for your help last week.

I just wanted to check in to see if NCC has any existing examples/experience of financial reporting for a stand alone business unit (SABU). I'm looking to establish whether Council has the financial reporting capability to manage a ring fenced P&L for the Marina and include reports such as Return on Revenue, Return on Investment and Return on assets or net assets.

Thanks
Tim

e: tim.munro@infracure.co.nz
m: 0274 961 676

From: Margie French <margie.french@ncc.govt.nz>
Sent: Friday, 23 July 2021 6:52 am
To: Tim Munro <tim.munro@infracure.co.nz>
Cc: Prabath Jayawardana <prabath.jayawardana@ncc.govt.nz>
Subject: Nelson City Council - Section 17A review - Marina, Campgrounds and Open Spaces

Hi Tim,

Nice to meet you yesterday.

Please find attach a spreadsheet that contains:

- High level P & L for the Marina and each of the camp grounds for the last 3 years, and 10 years of the LTP
- Copy of the NCC cost code structure
- Download of Nelmac creditor ledger, including general ledgers, from July 2018 – June 2021

What I did not explain yesterday is how to determine the type of spend from the GL structure. The first 4 digits give you the cost centre, the second 4 give you the type of spend. The structure is as follows:

Where the 5th digit is

- 2 – Base Expenditure
- 3 – Unprogrammed
- 4 – Programmed
- 7 – Capital

Please let me know if there is any additional information that I can provide.

Kind regards;
Margie

Margie French
Financial Accountant
Kaikaute Ahumoni

Nelson City Council | Te Kaunihera o Whakatū
P 03 546 0200
nelson.govt.nz

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Nigel Skeggs

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Monday, 16 August 2021 4:13 pm
To: Nigel Skeggs
Subject: Draft report
Attachments: 21-08 Marina Governance s17a Review - Draft v1.0.docx

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Hi Nigel, attached is first cut of the report for your review.

- 1) Is there anything factually wrong?
- 2) The findings are what they are but is there anything that could be re-worded to be more helpful?
- 3) Is there anything I haven't covered you thought I might cover?

Once you and I are happy with the draft then we'll bring Andrew into the loop and work it through the process from there.

Thanks
Tim

e: tim.munro@infracure.co.nz
m: 0274 961 676

Nigel Skeggs

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Tuesday, 17 August 2021 4:28 pm
To: Nigel Skeggs
Subject: RE: Draft report

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Thanks Nigel and I'll try and turn this around this week as I'm booked up for next 2 weeks.

Agree with what you've pointed out and I also thought last night I'd like to pitch that you have a role on the proposed Board and not just reporting to it – are you OK with that? My logic is that with your experience you'd be one of the first people they would look to appoint to a Board if they had to go looking. I also think that in practical terms it gives you more assurance over medium to long term direction.

Rgds
Tim

e: tim.munro@infracure.co.nz
m: 0274 961 676

From: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Sent: Tuesday, 17 August 2021 1:57 pm
To: Tim Munro <tim.munro@infracure.co.nz>
Subject: RE: Draft report

Good Afternoon Tim

Looks good to me thank you. Have a couple of comments as follows:

1. I think there should be a reference to the fact that being a SABU is a stepping stone to becoming a CCO/CCTO in the future should that be the desire. Ie We don't have to choose one over the other right now.
2. Perhaps more of a reference to company tax. Lets say we borrow \$40m over the next 10 years and want to both fund this amount and pay back the principle over 20 years. Simplified maths is that we need to make a \$2m profit each year (or staged over the period). Should we be a CCO/CCTO this would require a profit of \$3m per year to cover company tax. This alone would be a major decision driver.

Hope the above makes sense.

Thanks again Tim and standing by to assist where you need me.

Kind Regards

Nigel

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Monday, 16 August 2021 4:13 pm
To: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Subject: Draft report

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- 1) Is there anything factually wrong?
- 2) The findings are what they are but Is there anything that could be re-worded to be more helpful?
- 3) Is there anything I haven't covered you thought I might cover?

Once you and I are happy with the draft then we'll bring Andrew into the loop and work it through the process from there.

Thanks
Tim

e: jim.munro@infracure.co.nz

m: 0274 961 676

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Nigel Skeggs

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Wednesday, 25 August 2021 6:38 pm
To: Nigel Skeggs
Subject: Re: 21-08 Marina Governance s17a Review - Draft v1.0

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Thanks Nigel, I'm hoping to get some time next week on this. Hopefully you guys get out of L4 at the weekend.

Rgds
Tim

p: 0274 961 676
e: tim.munro@infracure.co.nz

From: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Sent: Wednesday, August 25, 2021 9:30:06 AM
To: Tim Munro <tim.munro@infracure.co.nz>
Subject: FW: 21-08 Marina Governance s17a Review - Draft v1.0

Hi Tim

Comments from Andrew below and in attached document.

Thanks

Nigel

From: Andrew White <andrew.white@ncc.govt.nz>
Sent: Wednesday, 25 August 2021 8:58 am
To: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Subject: 21-08 Marina Governance s17a Review - Draft v1.0

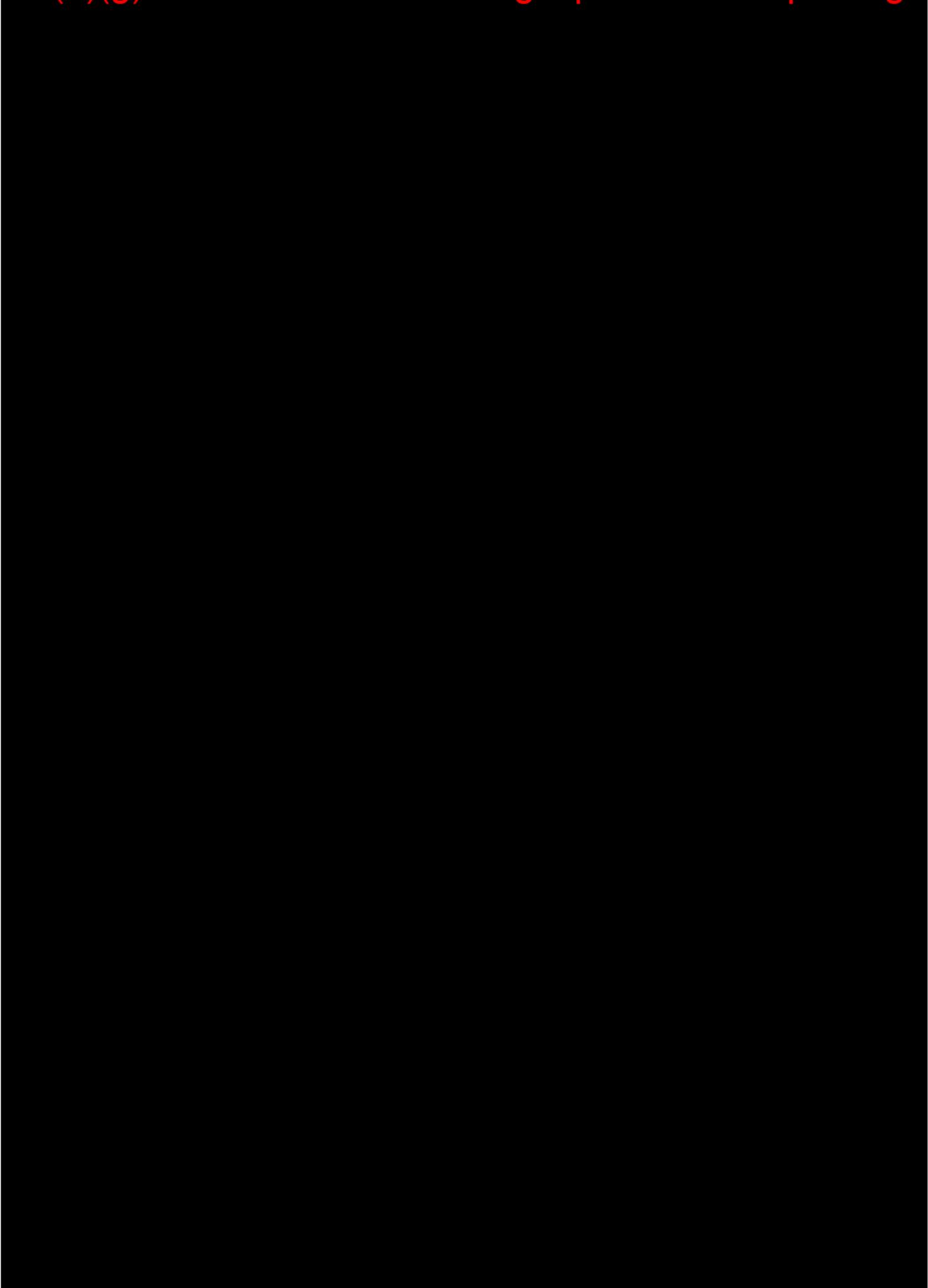
Hi Nigel, I've been through and made some comments. I'd like to see it again before it goes on the agenda for SLT.

My main conclusions are:

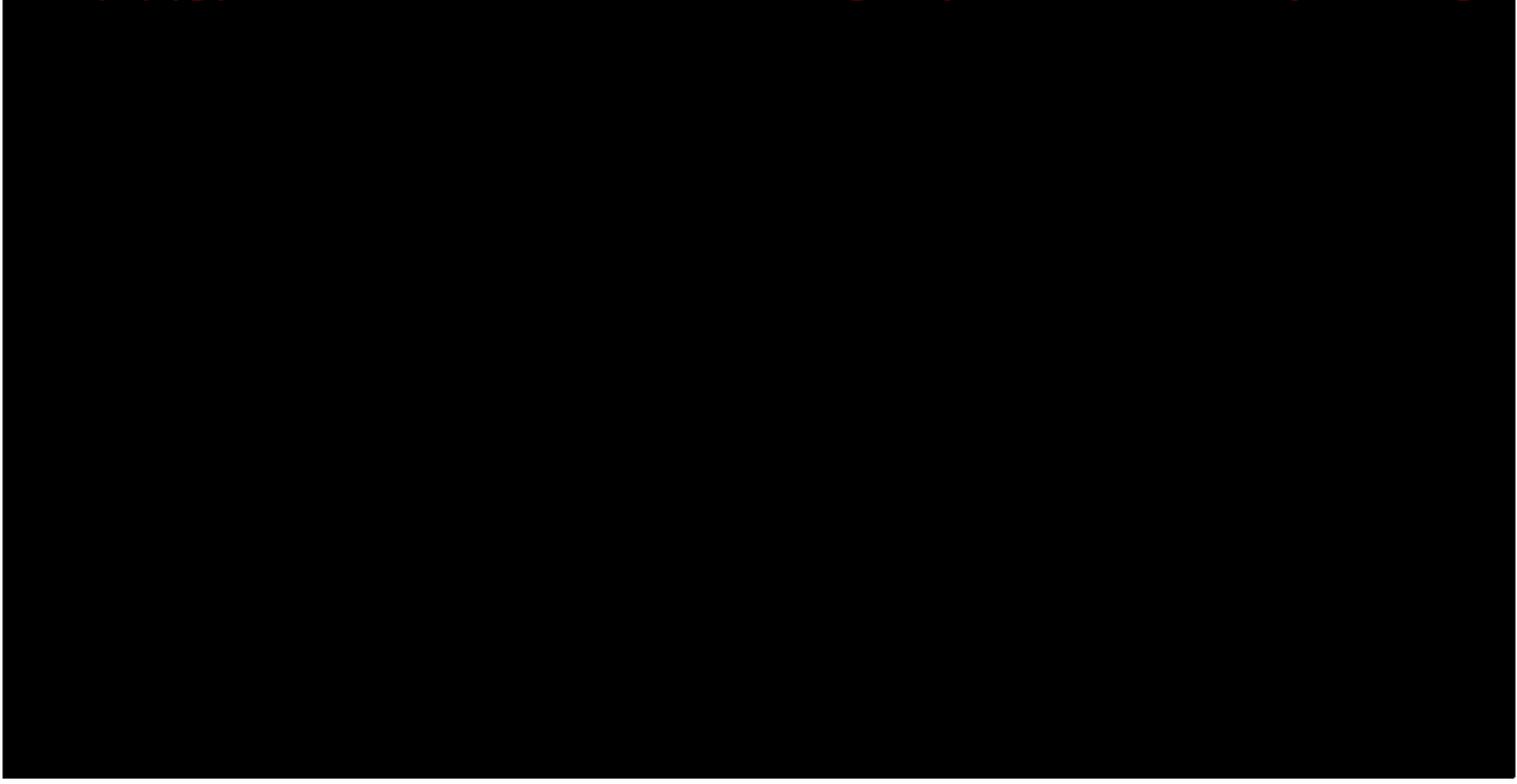
- Editing needs a good tidy up before the final draft
- Key points and critiques need more depth
- The negatives of the preferred option need to be more carefully assessed - e.g. overheads
- The report feels long winded and repetitive - it might not need to be as long as it is

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s.7(2)(g) LGOIMA - maintain legal professional privilege



s.7(2)(g) LGOIMA - maintain legal professional privilege



Nigel Skeggs

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Wednesday, 15 September 2021 2:40 pm
To: Nigel Skeggs
Subject: RE: Nelson Marina Governance

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Hi Nigel, anytime tomorrow after 9am and before 2pm Ok for me

Rgds
Tim

e: tim.munro@infracure.co.nz
m: 0274 961 676

From: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Sent: Wednesday, 15 September 2021 1:49 pm
To: Tim Munro <tim.munro@infracure.co.nz>
Subject: Nelson Marina Governance

Good Afternoon Tim

Due to changes in timings of meetings and agenda priorities due to Covid, pressure is now on to get the Marina Governance recommendation before Council ASAP. I have asked to have the paper ready for review by Andrew and then SLT by COB Monday. Are you available for a catch up this afternoon or tomorrow morning to finalise this please?

Ngā mihi

Nigel Skeggs
Manager Nelson Marina
Kaiwhakahaere Ahu Moana

manager@nelsonmarina.co.nz

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Nigel Skeggs

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Thursday, 7 October 2021 2:42 pm
To: Nigel Skeggs
Subject: Revised draft
Attachments: 21-10-07 Marina Governance s17a Review - Draft v4.0.docx

CAUTION: External email.

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Hi Nigel, revised draft attached. I think I've picked up the threads and the recommendation should flow from the report but please give it a careful read and let me know anything that is now out of place.

Rgds
Tim

e: tim.munro@infracure.co.nz
m: 0274 961 676

From: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Sent: Thursday, 7 October 2021 9:07 am
To: Tim Munro <tim.munro@infracure.co.nz>
Cc: Andrew White <andrew.white@ncc.govt.nz>
Subject: CONFIDENTIAL - Nelson Marina Governance Review

Good Morning Tim

Has been a very busy week trying to pull everything together on the Nelson Marina governance review due to very short deadlines.

At present we are looking towards a Management CCO rather than your preferred option of a SABU as our legal team have concerns around a less formal governance structure. We have received legal advice from Simpson and Grierson which is confidential to Council please and is attached to this email.

I know that you are very busy but as time is of the essence here, could you please have a read and let me know what you think.

Thank you

Ngā mihi

Nigel Skeggs
Manager Nelson Marina
Kaiwhakahaere Ahu Moana

manager@nelsonmarina.co.nz

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Nigel Skeggs

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Thursday, 7 October 2021 3:52 pm
To: Nigel Skeggs
Subject: RE: Revised draft
Attachments: 21-10-07 Marina Governance s17a Review -vFinal.docx; 21-10-07 Marina Governance s17a Review -vFinal.pdf

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Here you go and hopefully all goes well through approvals

Cheers
Tim

e: tim.munro@infracure.co.nz
m: 0274 961 676

From: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>
Sent: Thursday, 7 October 2021 3:33 pm
To: Tim Munro <tim.munro@infracure.co.nz>
Subject: RE: Revised draft

Hi Tim

All looking good thank you and working on my revised report now. One issue to fix please is on page 8. The Current Governance Model should be a straight line hierarchy with 'Community and Recreation Committee' and 'GM Corporate Services' removed please.

Once done would you be able to finalise the report and send back through.

Thank you

Ngā mihi

Nigel Skeggs
Manager Nelson Marina
Kaiwhakahaere Ahu Moana

manager@nelsonmarina.co.nz

Nelson Marina | Te Ahu Moana o Whakatū

Nelson City Council | Te Kaunihera o Whakatū
P 03 546 7768 | M 022 011 6477
nelson.govt.nz

From: Tim Munro <tim.munro@infracure.co.nz>
Sent: Thursday, 7 October 2021 2:42 pm

To: Nigel Skeggs <nigel.skeggs@ncc.govt.nz>

Subject: Revised draft

CAUTION: External email.

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Hi Nigel, revised draft attached. I think I've picked up the threads and the recommendation should flow from the report but please give it a careful read and let me know anything that is now out of place.

Rgds

Tim

e: tim.munro@infracure.co.nz

m: 0274 961 676

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Review of management options for Nelson Marina

Three options considered:

- Status quo – Council owned and operated via external contract
- Council Controlled Organisation (CCO)
- Incorporated society

Assume marina only at this stage – not marine sports facility.

Summary

	Contract	CCO	Society
Asset ownership	Council	Council transfers all assets to CCO or CCO leases from Council. Council as 100% shareholder owns all new assets acquired by CCO (such as marina management software)	Society leases marina from council. Society could own new travel lift or marina management software for example. Society could purchase certain assets from council. Wind up would require return of all assets to council
Council's ability to change management system	Can either quit contract (at a cost) or wait until contract term ends	Council 100% shareholder and can return entity to council at any time (e.g., QLDC)	Society winds up if it does not comply with its rules or by membership vote and returns assets to council as per rules
Financial controls	Within council	By board in accord with constitution (debt levels etc)	By committee in accord with rules (debt levels etc)
Marina manger employed by and answerable to:	Contractor	CCO board	Society committee
Marina staff succession and retention of institutional knowledge	Likely 100% loss of staff institutional knowledge at end of contract. Relies on internal council institutional knowledge bank – which can also be lost. Some reliance on marina advisory group	Normal gradual process of staff turnover. Board provides institutional knowledge bank (society of perpetual succession)	Normal gradual process of staff turnover. Committee provides institutional knowledge bank (society of perpetual succession)

DRAFT

Marina management intellectual property owned by:	Contractor, and council for items specified in contract, but council has no access to contractor if contract changes	CCO and shareholder (council)	Society members – but rules would require property returned to council if society winds up
Ability to respond to Council expectations and long-term plans	Day-to-day management via contract – anything additional a variation. Council directs capital works but only according to annual plan (slow)	50% of voting rights held by Council. Immediate response to issues possible (no annual plan process)	Committee must act in accordance with society rules. Likely to reflect council’s broad community benefit expectations if set in rules. Committee likely to have council members (but not majority voting rights). Immediate response to issues possible (no annual plan process)
Ability to respond to marina users’ changing demands and day-to-day issues	Rapid if within contract scope. Slow otherwise – via contract variation and annual plan process	Fast – immediate direction from Board to manager and vice versa	Fast – immediate direction from committee to manager and vice versa
No cost to ratepayers?	Yes – but process relatively opaque	Yes – clear financial separation	Yes – clear financial separation
LTP and annual plan targets met?	Yes – should be	Plans not directly relevant, but council has influence via 50% voting rights and according to constitution.	Plans not directly relevant Only where required by society rules.
AMP / minimum asset maintenance requirements	Via contract and Council audit	Via constitution. Marina no longer in council AMP	Via rules. Marina no longer in council AMP
Achieve Marina Strategy	Strategy owned and directed by council	Not directly relevant, but board should develop own strategy according to constitution. Council influence via 50% voting rights	Not directly relevant, but committee should develop own strategy according to rules. Council influence limited via committee membership and originally drafted rules

DRAFT

Financial risk	Fully held by council	Fully held by CCO (insulates council from some risk), but council 100% shareholder. CCO operates according to constitution. Annual external audit of accounts	Fully held by society. Council has supported local incorporated societies in past, but marina has relatively reliable income. Society operates according to rules. Annual external audit of accounts
Biosecurity risk	Must comply with national and regional rules	Must comply with national and regional rules	Must comply with national and regional rules
Risk consent compliance	Must comply – audit of council by council	Must comply – audit at arm’s length	Must comply – audit at arm’s length
Tax on income	None paid	Probably required (specialist advice required)	Probably required (specialist advice required)

DRAFT

Why not a charitable trust?

From NZ Companies Office:¹

	Incorporated society	Charitable trust Form CT1	Charitable trust Form CT2
Suited to...	Not for profit organisations where members have a common interest (eg sport, hobby and community interest)	Not for profit organisations with a charitable purpose (e.g. education, religion, relief of poverty and other purposes that benefit the community)	Not for profit organisations with a charitable purpose (e.g. education, religion, relief of poverty and other purposes that benefit the community)
Charitable purpose	Can have a charitable purpose	Must have a charitable purpose	Must have a charitable purpose
Decision making	By members at general meetings and by the committee in accordance with the rules	By the trustees in accordance with the trust deed	By members at general meetings and by the committee in accordance with the rules
Members	Who can be a member is determined by the rules	No members – the trustees run the trust to benefit the beneficiaries	Who can be a member is determined by the rules
Accountability	Committee accountable to the members	Trustees are accountable to the beneficiaries and must comply with the trust deed and the Trustee Act 1956	Committee board accountable to the members
Liability	Limited liability - unless members run the society for their own profit (pecuniary gain)	Trustees not liable unless they fail to comply with requirements of trust deed or the Trustee Act 1956	Committee board not liable unless they fail to comply with requirements of the rules
Profits	Must be used to run the society to achieve its purpose. Profits cannot be distributed to members	Must be used to run the charitable trust to achieve its purpose	Must be used to run the charitable trust to achieve its purpose
Winding up	According to the rules – surplus assets can be distributed amongst members	According to the trust deed – surplus assets must be distributed to other charitable organisations	According to the trust deed – surplus assets must be distributed to other charitable organisations

DRAFT

¹ <http://www.societies.govt.nz/cms/customer-support/faqs/what-are-the-differences-between-incorporated-societies-and-charitable-trusts>

What is a council-controlled organisation?

From: Office of the Auditor-General, 2015. *Governance and accountability of council controlled organisations*

The Local Government Act defines council organisations, council-controlled organisations (CCOs), and council-controlled trading organisations (CCTOs):

- A council organisation is the broadest category. It is an entity in which a local authority has any ownership interest whatsoever.
- A CCO is an entity in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the members of the governing body. A CCO can be a company, trust, partnership, incorporated society, joint venture, or other similar profit-sharing arrangement.
- A CCO that operates a trading undertaking for the purpose of making a profit is referred to as a CCTO. Not-for-profit entities are CCOs.
- The definition of CCO excludes port companies, energy companies, electricity lines businesses and their parent trusts, and several other named entities.

The benefits a CCO may bring

- improved commercial focus – that is, operating a company with a professional board of directors with the objective of achieving greater operating efficiency;
- ring-fencing financial risk, by using an incorporated structure to insulate a local authority from financial liability for an activity or venture involving other parties (such as a joint venture);
- empowering local communities – that is, creating a trust with a set budget funded by a local authority but managed by members of the community for a specific purpose such as maintaining a community centre; and
- tax-effectiveness – local authorities can derive tax credits from commercial subsidiaries that pay dividends.
- independence – separation from political direction;
- streamlining bureaucracy, enabling nimbleness and agility – CCOs have less “process” to follow in making decisions than local authorities;
- economies of scale, where shared services CCOs combine several local authorities’ similar activities;
- the ability to recruit and retain high-quality board members and staff who might not be available to be members or employees of a local authority; and
- access to a wider range of funding sources – a trust or similar entity with community representatives can get donations and contributions for significant community projects and may be eligible for funding that local authorities are not.

Possible disadvantages of CCOs

- the local authority’s lack of direct accountability to the community for the services the CCO delivers;
- tensions between the objectives of pursuing profit and delivering community outcomes;
- additional ongoing costs – the costs incurred by the local authority in monitoring the performance of the CCO, and the CCO’s own costs, can increase overall service delivery costs; and
- reduced ability to manage risk – arm’s-length delivery can make managing risks to the reputation of the local authority more difficult.

DRAFT

Model for an incorporated society: Tauranga Marina Society (Sulphur Point Marina)

Trust rules and accounts follow.

DRAFT



10042452110

212466

orporated

Societies Act 1908

9/7/82

RULES

-of-

THE TAURANGA MARINA SOCIETY INCORPORATED

NAME

1 THE name of the Society shall be "The Tauranga Marina Society Incorporated".

INTERPRETATION

2. IN these Rules:-

- (a) The "Society" means The Tauranga Marina Society.
- (b) The "Management Committee" means the Management Committee of the Society constituted in accordance with the provisions hereinafter contained.
- (c) "Berth Holder" means any person firm, company, syndicate or partnership which is the licensed holder of a berth within the Tauranga Marina at Sulphur Point.
- (d) "Harbour Board" means the Bay of Plenty Harbour Board
- (e) "Secretary" shall mean such person as is appointed by the Management Committee to be secretary and in the absence of any such appointment shall be the manager appointed by these rules.
- (f) "Tauranga Marina" has the same meaning as ascribed to those words in the Bay of Plenty Harbour Board (Sulphur Point vesting and empowering) Act 1981

Words importing the singular number shall include the plural and the masculine gender and feminine and vice versa and words importing persons shall include companies.

These are the Rules marked "A" which are referred to in the annexed Declaration of JOHN DOUGLAS PATTERSON declared at Tauranga on the 5th day of July 1982 before me -

R. Penche

A Solicitor of the High Court of New Zealand

COMMERCIAL AFFAIRS OFFICE
- 9 JUL 1982
WELLINGTON

OBJECTS

3. THE objects for which the Society is established are:-

- (a) To foster promote and protect the interests of Berth Holders.
- (b) To encourage promote and organise co-operation mutual support and joint representation in all matters affecting or concerning the common interests of Berth Holders and to act as a co-ordinating body to represent the Berth Holders.
- (c) To promote the efficient operation, maintenance and management of the Tauranga Marina.
- (d) To establish promote or assist in establishing or promoting and to subscribe to or become a member of or affiliate to or otherwise co-operate with any society or organisation having objects altogether or in part similar to those of the Society.
- (e) To employ staff and to pay such sums by way of salary retainer or honorarium to any officer of the Society as may be thought fit.
- (f) To purchase take on lease or licence in exchange hire or otherwise acquire hold mortgage and dispose of any real and personal property and any rights or privileges which may appear necessary or expedient for the purposes of attaining the objects of the Society or any of them or promoting the interests of the Society or its members.
- (g) To do all such other acts and things as may be incidental to or conducive to the attainment of any of the above objects.
- (h) Nothing in these rules shall be construed as giving the Society greater authority over the Tauranga Marina than is induced in any agreement between the Society and the Harbour Board.

MEMBERSHIP

4. THE persons eligible for membership of the Society shall be Berth Holders. *See Doc 5 for modified Rule 4* Every applicant for membership shall sign an application in such form as may from time to time be prescribed by the Management Committee and shall lodge the same with the Secretary. The management committee shall not decline an application from a Berth Holder who otherwise under these rules would be eligible for membership.

Rule 4A added as per Doc 4

✓

CESSATION OF MEMBERSHIP

5. ANY member may resign from membership by giving to the Secretary one (1) month's notice in writing to that effect.

6. If a member ceases to be a Berth Holder he shall automatically cease to be a member.

7. THE termination of the membership of any member shall not release him from any liability incurred with the Society up to the date that he ceases to be a member.

8. THE Management Committee may re-admit to membership any person whose membership has terminated but who later acquires qualification to become a member.

9. ANY member whose payments under his marina licence from the Board or any part thereof remains unpaid on the day prior to any Annual General Meeting shall thereupon cease to be entitled to any of the rights or privileges of membership including voting rights until such payments are fully paid.

10. THE balance date for the society shall be 30th September in each year.

GENERAL MEETINGS

11. GENERAL meetings of the Society shall be convened and held at such place and at such times as are determined by the Management Committee. At least one general meeting which shall be the Annual General Meeting shall be held not later than the 31st December in each year and not earlier than one month after the date on which annual fee accounts have been posted. The following shall be the order of business at the Annual General Meeting:-

(a) Reading and confirmation of the Minutes of the previous Annual General Meeting.

- (b) Consideration of the Annual Report and Financial Statement.
- (c) Special business if any, notice of which has been given in the notice convening the meeting.
- (d) Appointment of auditor.
- (e) General business.

12. THE Secretary shall convene a special general meeting upon the requisition of 10% of the then members of the Society stating the reason therefor. If the Secretary does not proceed to convene a meeting within fourteen (14) days of the date of the requisition any of the members who shall have given the requisition may themselves call the meeting. At any special general meeting convened under this Rule no business shall be transacted other than that specified in the requisition.

13. ALL members shall be given at least fourteen (14) clear days notice in writing of any general meeting. The notice calling the Annual General Meeting shall be accompanied by a copy of the Annual Report and Financial Statement and the notice relating to any other general meeting shall indicate the nature of any special business to be considered thereat.

14. NO business shall be transacted at any general meeting unless a quorum of members is present when the meeting proceeds to business. Twenty members of the Society present in person or by proxy shall constitute a quorum. If within thirty (30) minutes after the time fixed for the commencement of a meeting a quorum is not present the meeting if convened under Rule 12 of these Rules be dissolved. In any other case the meeting shall be adjourned to a time and place to be fixed by the Chairman of the meeting.

15. EVERY member being a firm, syndicate, partnership or company shall appoint a person to attend as the representative of and vote for such member at any general meeting of the Society. Every such member may also appoint a similar person as an alternative representative who may attend and vote at such meetings on behalf of the member in the absence of the first representative. Notice of every such appointment shall be given in writing to the Secretary.

A member may from time to time revoke the appointment of any

representative and appoint another representative in his place and shall notify the Secretary in writing of any such alteration.

16. ANY member who is not a firm or body corporate and who is unable to attend a general meeting may appoint a person approved by the Management Committee as his proxy to attend and vote on his behalf. If neither of the representatives of a member which is a firm or company is able to attend a general meeting such member or either one of its representatives may appoint a principal or employee of the firm or officer or employee of the company or any other person approved by the Management Committee as its proxy to attend and vote on its behalf.

17. EVERY appointment of a proxy shall be in writing and shall be produced to the Secretary at or before the commencement of the meeting.

18. (a) AT all general meetings the Chairman or in his absence the Vice-Chairman or failing him then any other person elected by those present at the meeting shall take the chair.

(b) EVERY member present in person or by proxy shall be entitled on any question to one (1) vote.

(c) IN the case of an equality of votes the Chairman shall have a casting vote in addition to any vote he may be entitled to exercise as a member or on behalf of any member he represents.

(d) THE mode of voting on all questions shall be as determined by the Chairman or if the meeting so determines by secret ballot.

(e) IF there is any dispute with regard to any voting then such dispute shall be determined by the Chairman.

(f) ON any vote a poll may be demanded by any member present in person or by proxy before or on the declaration of the result of the voting by the Chairman.

POSTAL BALLOT

19. THAT notwithstanding anything herein contained any matter which is required to be or which can be done by a resolution of the Society passed at a general meeting (including the matters to be dealt with at the Annual General Meeting) may be done without a

meeting or any previous notice required by a postal ballot of members carried out in such manner as the Management Committee may from time to time determine. A resolution shall be deemed to have been passed on postal ballot if a majority of the votes received by the Society shall be in favour thereof or in the event that these Rules require a greater number of votes to be cast at any general meeting in favour of the resolution if the appropriate number of the votes received on the postal ballot shall be in favour thereof.

ELECTION OF MANAGEMENT COMMITTEE

20. THE Management Committee of the Society shall consist of ten (10) members six of whom shall be Berth Holders and three of whom shall be persons nominated from time to time by The Harbour Board and the tenth shall be the Chairman of the Board at the time. The Harbour Board's Chairman and nominees shall automatically be committee members without any form of election and shall have full power of any of the committee members on the Management Committee. The Harbour Board shall on request provide the secretary with the names and addresses of its nominees and these nominees shall remain members of the Management Committee until The Harbour Board advises the secretary of any changes.

The six members who are Berth Holders shall be elected in accordance with the following rules.

21. THE first Berth Holder members of the Committee shall be JOHN DONALD, COLIN SMITH, BILL MITCHINSON, DAVID PEET, MERV HALSEY and LAURIE LAWLESS who shall hold office until 31st July 1983.

22. PRIOR to 1st June in each year at least three Berth Holder Management Committee members shall announce their retirement from the Committee as from 31st July next but shall be eligible for re-election. If there is any question as to which members shall retire the following shall apply:

- (a) The longest serving committee members shall retire first.
- (b) If there is doubt as to who are the longest serving members the retiring members shall be selected by ballot.

The first such ballot shall be held in 1983.

23. THE secretary shall notify members of a date prior to 30th June in each year by which nominations for the Management Committee must be

received. Nominations must be proposed and seconded by a member and delivered to such address as the secretary shall state.

24. AFTER the closing date for nominations if the nominations do not exceed the vacancies the nominees shall be declared elected as committee members from 1st August next.

25. IF the nominations exceed the vacancies the secretary shall within 14 days of receipt of nominations provide each member with a notice of the nominees and requesting the members to vote for such of the nominees as they wish by deletion of the names from the notice of those they do not desire on the Committee.

Members shall be required to return their voting notice to the secretary at a date specified in the notice not being less than 14 days from the date of despatch of such notice by the secretary. The members receiving the most votes shall become committee members. In the event that there is a tie between nominees as to who should be elected to the committee such tie shall be decided by lot.

26. NO persons shall be eligible to hold office in the Society unless he is a member of the Society or in the case where the Berth Holder is a body corporate firm or syndicate is nominated in writing by that body corporate firm or syndicate to hold office on its behalf.

27. COMMERCIAL Berth Holders as defined in the Marina Berth Licence Agreements between Berth Holders and The Harbour Board shall not be eligible as Management Committee Members but will have full voting rights at Annual General Meetings.

28. A member of the Management Committee who is not a nominee of The Harbour Board shall be deemed to have retired from office on the happening of any of the following events namely:-

- (a) If he or the firm or company he represents ceases to be a member of the Society.
- (b) If he becomes of unsound mind or otherwise incapable of acting.
- (c) If he resigns his office by notice in writing to the Secretary.
- (d) If he is absent from three (3) consecutive meetings of the Management Committee without leave of absence and the Management Committee resolves that his office be vacated.

29. THE Management Committee shall as soon as possible after the election appoint from among their number a Chairman and Vice-Chairman of the Society. The Chairman shall be selected from those members of the Management Committee who are Berth Holders. No person shall be eligible to hold office as Chairman for a period of more than three (3) consecutive years.

30. THE Management Committee shall have power to appoint any person eligible to hold office to any office that shall fall vacant as a result of the death or retirement of any officer who is a Berth Holder holding the same or if on any postal ballot carried out pursuant to these rules there are less nominations than vacancies. The person so appointed shall hold office until the next succeeding election. The Bay of Plenty Harbour Board shall have similar power to appoint persons in respect of its nominees in similar circumstances.

31. THE Management Committee shall from time to time appoint a person to be secretary of the Society.

32. IN the event that any member of the Management Committee shall be unable to attend any Management Committee meeting he may by notice in writing to the Secretary appoint an alternate to attend on his behalf and vote thereat PROVIDED ALWAYS that this right may only be exercised on two (2) occasions in any one year.

MANAGER

33. THE Management Committee shall from time to time appoint a Manager of the Society on such conditions as to remuneration and otherwise as the Management Committee shall determine and subject to Harbour Board approval.

34. IT shall be the duty of the Manager of the Society:

- (a) To keep minutes of all general meetings and meetings of the Management Committee and a record of all resolutions passed by postal ballot.
- (b) To keep a register of members containing such particulars as are required by law. The register of members shall be made available for inspection by any member of the Society on reasonable notice.

- (c) To keep an account of all moneys received or expended by the Society and to have prepared an annual Financial Statement for submission to the Annual General Meeting in each year.
- (d) To carry out such further duties as may from time to time be directed by the Management Committee.

POWERS OF MANAGEMENT COMMITTEE

35. THE Management Committee shall exercise all the powers and perform all the duties for which the Society is established and shall have power to do all such things as may be conducive to the attainment of the objects of the Society or any of them.

36. THE Management Committee shall meet at such times and places as it may from time to time determine or as the Chairman or in his absence the Vice-Chairman may appoint being not less than once per month. A meeting shall be called on the requisition of any two (2) members of the Management Committee who may in default themselves call such a meeting. The Chairman or in his absence the Vice-Chairman or any other Management Committee member elected by those present at the meeting shall be the Chairman of all meetings of the Management Committee. At all meetings of the Management Committee five (5) members of the Committee shall constitute a quorum one of whom must be a nominee of The Harbour Board. Each member of the Management Committee shall have one (1) vote. In the event of an equality of votes the Chairman shall have a casting vote as well as a deliberative vote.

37. THE members of the Management Committee shall be given not less than seven (7) clear days notice of meeting unless this requirement is waived on the ground of emergency by the unanimous decision of the members present at the meeting. Any decision made at such a meeting must be confirmed at the next properly called meeting of the committee.

38. A resolution in writing signed by all the members of the Management Committee for the time being shall be as valid and effectual as if it had been passed at a duly constituted meeting of the Management Committee.

39. THE Management Committee shall have power to make and amend such by-laws or regulations not inconsistent with these Rules for the conduct of the business of the Society as it shall deem expedient and may delegate any of its powers to a sub-committee and may at any time withdraw or revoke any such delegation.

40. THE members of the Management Committee and any other officer servant or agent of the Society may be defended and indemnified from and against any prosecution action or other legal proceeding brought against or incurred by them in the proper and reasonable discharge of their duties and all damages costs and expenses which may be incidental to or result from such prosecution action or other proceeding by and at the cost of the Society and the funds and property of the Society shall be applied for such purpose at the discretion of the Management Committee whose decision shall be final.

41. THESE Rules shall only be altered as follows:-

(a) At a general meeting where:

(i) Notice of the proposed alteration has been given to members at least 14 days prior to such meeting.

(ii) The motion is passed by two thirds of those entitled to vote at such meeting.

(iii) There is a quorum present in person or by proxy of 60% of the members.

(b) The Harbour Board has approved such alteration.

DISSOLUTION

42. IN the event of the Society being dissolved or otherwise wound up any surplus funds shall be applied for the benefit of the Marina or if it does not exist to such non profit organisation that encourages marine pursuits as the Management Committee shall decide.

See Clause 42 see Doc 4

COMMON SEAL

43. THE Management Committee shall have power to adopt a Common Seal of the Society and at any time to destroy the same and substitute another therefor. The Secretary shall have the custody of the Common Seal.

44. WHENEVER the Common Seal of the Society is required to be affixed to any deed or other document the Seal shall be affixed pursuant to a resolution of the Management Committee and in the presence of two (2) members of the Management Committee who shall both sign the document to which the Seal is so affixed.

INVESTMENT OF FUNDS

45. THE Management Committee may from time to time invest the whole or any part of the funds of the Society which shall not be required for the immediate business of the Society in trustee investments authorised by law in New Zealand in such manner and on such terms as the Management Committee shall think fit.

BANK ACCOUNT

46. ALL moneys and other uninvested funds belonging to the Society shall be lodged to the credit of the Society in an account at such Bank as the Management Committee shall from time to time determine. The account may be operated on the signatures of such officers and or employees as the Management Committee shall from time to time determine.

BORROWING POWERS

47. THE Society shall have power to borrow or arrange money from time to time by the issue of debentures bonds mortgages or any other securities founded or based on all or any of the assets or property of the Society or without any such security and upon such terms as to priority or otherwise as shall seem fit to the Management Committee which shall be entitled to exercise such power and to borrow and to raise money on behalf of the Society.

REGISTERED OFFICE

48. THE registered office of the Society shall be at The Tauranga Marina, Sulphur Point.

Tauranga Marina Society Inc
Financial Statements
For the Year Ended 30 June 2018

Tauranga Marina Society Inc

Financial Statements

For the Year Ended 30 June 2018

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Tauranga Marina Society Inc

Directory

As at 30 June 2018

Date of Incorporation

2 August 1982

IRD Number

23-218-003

Officers/Committee Members

Chairperson - E Tait

- T Lugg
- L Porter
- G Barrington
- R Findlay
- W Mitchinson
- G Prescott (Manager)

Auditors

Staples Rodway Audit Limited
Tauranga

Accountants

Hunter Business Assist
Athenree

Bankers

Westpac Banking Corporation

Solicitors

Harris Tate
Tauranga

Tauranga Marina Society Inc

Statement of Financial Performance

For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
REVENUE			
Annual Fees		283,385	275,480
Berth Rent		291,053	268,240
Berth Rent - Liveaboards		20,388	25,127
Security Recovery		2,888	2,888
Electricity Recoveries		34,006	35,950
Sundry Income		7,295	11,486
Berth Sales Administration Fees		7,926	4,724
Fuel Jetty Rental		13,000	12,166
Sale of Berth Extensions		36,779	15,030
Sale of Berths		24,968	18,553
Sale of Transformers		3,667	20,522
Haulout Operating Surplus	15	163,390	121,496
TOTAL SALES		888,745	811,662
INVESTMENT INCOME			
Dividends Received		1,228	2,648
Interest Received		105,326	135,374
Less Provision for Marina Maintenance	11	(66,101)	(93,005)
TOTAL INVESTMENT INCOME		40,453	45,017
TOTAL INCOME		929,198	856,679
Less Expenses			
Operating Expenses	14	376,715	393,436
Maintenance Expenses		16,438	12,204
Provision for Marina Maintenance	11	135,000	135,000
Provision for Hardstand Maintenance	12	60,000	60,000
Total Expenses		588,153	600,640
NET SURPLUS BEFORE DEPRECIATION		341,045	256,039
Less Depreciation			
Depreciation as per Schedule	7	38,641	42,524
Depreciation - Loss on Sale		-	7
Depreciation Recovered		(7,120)	(1,776)
Net Depreciation Adjustment		31,521	40,755
NET SURPLUS BEFORE TAX		309,524	215,284
Less Income Tax Expense	6	44,063	56,276
NET SURPLUS AFTER TAX		265,461	159,008



Note: This Statement must be read in conjunction with the Notes to the Financial Statements, and the accompanying Auditors Report.

Tauranga Marina Society Inc
Statement of Movements in Equity
For the Year Ended 30 June 2018

	2018 \$	2017 \$
EQUITY AT 1 July 2017	1,761,213	1,602,205
SURPLUS & REVALUATIONS		
Net Surplus after Tax	265,461	159,008
Total Recognised Revenues & Expenses	<u>265,461</u>	<u>159,008</u>
EQUITY AT 30 June 2018	<u><u>2,026,674</u></u>	<u><u>1,761,213</u></u>



Note: This Statement must be read in conjunction with the Notes to the Financial Statements, and the accompanying Auditors Report.

Tauranga Marina Society Inc

Statement of Financial Position

As at 30 June 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Westpac Bank - Main Account	5	54,953	67,099
Westpac Bank - Berth Sales Account		11,677	7,731
Westpac Bank - Savings Account		967,742	558,664
Petty Cash		150	150
Westpac Bank - Berth Deposits Account		3,173	3,171
GST Refund Due		28,620	19,144
Taxation	6	886	2,189
Accounts Receivable	16	114,451	104,697
Payments in Advance	16	7,304	6,840
Stock on Hand - Transformers		3,900	3,750
Berths on Hand	18	823,387	455,292
Total Current Assets		2,016,243	1,228,727
NON-CURRENT ASSETS			
Property, Plant & Equipment	7	1,190,134	1,105,378
Roodberg Trailer Deposit	19	186,938	-
Investments			
Bank and Local Body Investments (per schedule)		1,392,459	2,283,022
Total Non-Current Assets		2,769,531	3,388,400
TOTAL ASSETS		4,785,774	4,617,127
CURRENT LIABILITIES			
Accounts Payable	17	264,449	220,276
Accrued Holiday Pay		14,090	15,937
Berth Deposits	9	37,950	39,450
Provision for Hardstand Maintenance	11	4,316	-
Provision for Marina Maintenance	12	2,438,295	2,580,251
TOTAL LIABILITIES		2,759,100	2,855,914
NET ASSETS		2,026,674	1,761,213
Represented by;			
MEMBERS FUNDS			
Retained Earnings		2,026,674	1,761,213
TOTAL SURPLUS IN MEMBERS FUNDS		2,026,674	1,761,213

For and on behalf of the Society


 Deputy Chairperson

Dated this 28th day of August 2018


 Marina Manager

Dated this 28th day of August 2018



Note: This Statement must be read in conjunction with the Notes to the Financial Statements, and the accompanying Auditors Report.

Tauranga Marina Society Inc

Schedule of Investments

For the Year Ended 30 June 2018

	2018 \$	2017 \$
Bank and Local Body Investments		
Auckland Council 6.52% (Sep 2017)	-	101,661
Rabobank 6.25% (May 2018)	-	181,387
BNZ 6.1% (Dec 2018)	300,483	300,497
ANZ 4.4% (Sep 2017)	-	355,184
Auckland Council 4.34% (Dec 2018)	250,428	250,600
ASB 4.39% (Dec 2017)	-	250,419
Westpac 5.24% (Sep 2018)	304,788	305,713
Westpac 5.42% (Jul 2019)	411,280	412,052
ASB 4.245% (May 2021)	125,480	125,509
	<u>1,392,459</u>	<u>2,283,022</u>
Total Investments	<u>1,392,459</u>	<u>2,283,022</u>

Investments primarily represent funds held for the Marina Maintenance provision. Matured investments are reinvested to maintain the maintenance provision. Investments maturing in the coming year are classified as non-current as they are reinvested as soon as possible and are not available for general use outside of the terms of the maintenance provision. Investments matured during the year are automatically reinvested or held in a savings account until acceptable investment and interest rate are found.



Note: This Statement must be read in conjunction with the Notes to the Financial Statements, and the accompanying Auditors Report.

Tauranga Marina Society Inc

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Statement of Accounting Policies

The Tauranga Marina Society Inc is incorporated under the Incorporated Societies Act 1908. The Society was formed to manage the Marina for the Tauranga Harbour Board and subsequently the Tauranga City Council. This includes management of berthing and haulout operations and associated facilities.

Basis of Preparation

These financial statements have been prepared in accordance with the Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by Chartered Accountants Australia and New Zealand and have been prepared for:

- the Entity's owners
- the Inland Revenue Department
- Internal Management purposes

Measurement Base

The financial statements of Tauranga Marina Society Inc have been prepared on a historical cost basis, except as noted otherwise below.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those used in the previous year.

Specific Accounting Policies

In the preparation of these financial statements, the specific accounting policies are as follows:



Tauranga Marina Society Inc

Notes to the Financial Statements

For the Year Ended 30 June 2018

(a) **Property, Plant & Equipment**

Depreciation is provided for at schedule rates allowable for taxation purposes with the exception of the following:

(a) Haulout Area Leasehold Improvements:

Haulout area fencing, slot drains, launching ramp, haulout shed, work berth and the cost of sealing and marking the haulout area, are being amortised for up to a 20 year period being the maximum term of a deed of lease dated 20 August 1993 but commencing 1 November 1992 between Tauranga City Council and the Society for lease of the haulout area.

(b) Trailer Boat Park Area Leasehold Improvements:

The cost of the trailer boat park extension of \$62,328 is being amortised over a twenty-six year period being the remaining term of a deed of lease dated 11 December 1986 but commencing 1 October 1986 for a term of thirty years between the Tauranga City Council and the Society for the lease of the trailer boat park area.

(c) Fuel Jetty:

The cost of the fuel jetty is being amortised over the balance of the thirty year licence agreement dated 25 March 1993, but effective from 1 August 1992 with Tauranga City Council: ie 28.33 years.

The use of taxation rates is considered to approximate the allocation of cost over the estimated useful lives of depreciable assets.

The following rates have been applied:

- Buildings 3%-15% DV, 0-5.26% SL
- Plant & Equipment 9%-60% DV
- Motor Vehicles 13%-25% DV
- Leasehold Improvements 4%-25 DV, 0%-10% SL

All property, plant & equipment is stated at cost less accumulated depreciation.

Depreciation has been calculated in accordance with rates permitted under the Income Tax Act 2007.

(b) **Impairment of Non-Financial Assets**

At each balance date, non-financial assets are classified into four categories: assets measured at fair value; assets currently available that the Society intends to use to the end of their useful life; assets intended to be sold prior to the end of their useful life; and assets damaged or idle at balance date.

Assets measured at fair value or assets the Society intends to use to the end of their useful life are not reviewed for impairment at balance date.

Assets intended to be sold prior to the end of their useful life or assets damaged or idle at balance date are reviewed to determine if any indicators of impairment exist. If indicators exist the asset is tested for impairment to ensure that the carrying amount of the asset is recoverable.

If the recoverable amount of an asset is determined to be less than its carrying amount then the resulting difference is recognised as an impairment loss for that period.

(c) **Goods & Services Tax**

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST.



Tauranga Marina Society Inc

Notes to the Financial Statements

For the Year Ended 30 June 2018

- (d) **Taxation**
Income tax is accounted for using the taxes payable method. The income tax expense charged to the Statement of Financial Performance is the estimated tax payable in the current year, adjusted for any differences between the estimated and actual tax payable in prior years.
- (e) **Inventories**
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.
- (f) **Investments**
Bank and local body investments are valued using the yield to maturity calculation and income on these investments is calculated on the same basis. Interest earned on fixed deposits and local body stock with compounding interest is accounted for on the accruals basis.
- (g) **Financial Instruments - Financial Assets**
At initial recognition, the Society determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any associated transaction costs.
- Amortised Cost**
Includes assets where the Society intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.
- Cost**
Equity instruments are classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired.
- Fair Value**
Financial assets not held at amortised cost or cost are held at fair value and include financial derivatives such as forward contracts and interest rate swaps. Assets are subsequently measured at fair value only when the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in an active market. Where no active market price is available, the instrument shall be measured at the fair value for a prior year less any accumulated impairment loss.
- Gains and losses are recognised in profit or loss for movements in the fair value of the assets and when the assets are derecognised.
- (h) **Receivables**
Receivables are stated at their estimated realisable value.
Bad debts are written off in the year in which they are identified.
- (i) **Provisions**
Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.



Tauranga Marina Society Inc

Notes to the Financial Statements

For the Year Ended 30 June 2018

(j) **Revenue Recognition**

Sales of goods and services are recognised when they have been provided and accepted by the customer. Annual fees and member subscriptions are recognised when they have been invoiced.

2 **Audit**

These financial statements have been audited.

3 **Contingent Liabilities**

At balance date there are no known, quantifiable contingent liabilities. Tauranga Marina Society Inc has not granted any securities in respect of liabilities payable by any other party.

4 **Related Parties**

During the period there have been material transactions between Tauranga Marina Society Inc and related parties as follows:

Management Committee

There are a number of members of the management committee being E Tait, T Lugg, L Porter, G Barrington, R Findlay, W Mitchinson and management employee G Prescott who are members of the Society and pay annual fees at standard rates. Various members also trade with the Society at normal commercial rates, however some discounts may apply.

G Prescott

Management employee G Prescott is shareholder and director of Performance Yachts Marketing Ltd trading as Southern Ocean. Transactions with the Society include cradle hire, shed rental etc and purchases of items for transformers and maintenance, in the normal course of business.

5 **Securities And Guarantees**

There was no overdraft as at balance date nor was any facility arranged.

6 **Taxation**

	2018	2017
	\$	\$
Operating surplus before taxation	309,524	215,284
Prima facie income tax thereon at 28% after adjustments	44,063	56,276
Income Tax Expense on Net Surplus	44,063	56,276
The Taxation Charge is Represented by :		
Current Year Tax	44,063	56,276
Less :		
RWT Paid	35,158	42,287
Tax Paid	9,791	16,178
Total Tax to Pay/(to be Refunded)	(886)	(2,189)



Tauranga Marina Society Inc

Notes to the Financial Statements

For the Year Ended 30 June 2018

7 Property, Plant & Equipment	2018 \$	2017 \$
Haulout Equipment		
At Cost	836,822	824,354
Less accumulated depreciation	582,724	550,448
Total	254,098	273,906
Buildings		
At Cost	767,630	767,630
Less accumulated depreciation	410,350	399,248
Total	357,280	368,382
Motor Vehicles		
At Cost	84,033	65,106
Less accumulated depreciation	22,182	22,736
Total	61,851	42,370
Leasehold Improvements		
At Cost	1,283,650	1,142,139
Less accumulated depreciation	837,949	815,476
Total	445,701	326,663
Office Equipment		
At Cost	24,852	23,492
Less accumulated depreciation	17,206	17,187
Total	7,646	6,305
Plant & Equipment		
At Cost	264,173	256,291
Less accumulated depreciation	200,615	168,539
Total	63,558	87,752
Total Property, Plant & Equipment	1,190,134	1,105,378

	2018 \$	2017 \$
Current Depreciation		
Marina:		
Buildings	4,709	4,977
Motor Vehicles	6,565	7,794
Leasehold Improvements	9,725	10,102
Office Equipment	2,673	2,397
Plant & Equipment	14,969	17,254
	38,641	42,524
Haulout:		
Buildings	11,102	11,522
Haulout Equipment	28,532	32,249
Leasehold Improvements	22,474	14,507
Office Equipment	19	23
Plant & Equipment	3,744	3,074
	65,871	61,375
Total Depreciation for year	104,512	103,899



Tauranga Marina Society Inc

Notes to the Financial Statements

For the Year Ended 30 June 2018

8 Lease Agreements

Lease payments under operating leases are charged as expenses in the periods in which they are incurred.

Lease of haulout area (1.518 hectares being part Lot 2 DPS.45312)

On 2 August 1993 the society entered into a deed of lease with the Tauranga City Council to lease an area of 1.518 hectares for the haulout area. The lease had a commencement date of 1 November 1992 with a renewal date of 1 November 2002 and a termination date of 30 October 2012. A rent review took place on 1 November 2011. The rental applying from 1 November 2011 is \$36,000. The lease has not yet been renewed in respect of the 30 October 2012 termination date.

Lease of Trailer Boat Park Area (3365 square metres being part Lot 2 DPS.34961)

On 11 December 1986 the Society entered into a deed of lease with the Tauranga City Council to lease an area of 3365 square metres for the trailer boat park area. The lease had a commencement date of 1 October 1986 and is for a term of thirty- three years. The rental is \$12,500 per annum plus GST from 1 October 2011 and is subject to annual review. No review has taken place at 30 June 2018 (Last Year - 30 June 2017).

9 Berth Deposits

Berth deposits represent deposits paid of \$150 each by prospective berth holders who have placed their names on a waiting list to secure a berth in the Marina when they become available. These deposits are refundable if a deposit holder withdraws from the waiting list or are credited when a licence to occupy is purchased.

As at 30 June 2018, 253 deposits amounting to \$37,950 were held (2017 \$39,450 representing 263 deposits).

10 Land Ownership

The assets of the Society are on parcels of land owned by the Tauranga City Council.



Tauranga Marina Society Inc

Notes to the Financial Statements

For the Year Ended 30 June 2018

11 Marina Maintenance

The Society has a responsibility to maintain the Marina Structure from a Maintenance Fund equivalent to a total of the average of three year's annual fees (on a rolling three year basis). Current income is set aside to the maintenance provision for the estimated future commitment. Tax paid interest earned on funds set aside for the provision and placed on fixed deposit or invested in local body and government stock is also transferred to the maintenance provision on an annual basis. The Society is obliged to keep the maintenance provision under its agreement with the Tauranga City Council dated 1 December 2017 and to only use the monies for the purposes set out in Schedule 3 until the end of the projected term of the Marina management agreement, being 31 August 2050, which is the expiry date of the Resource Consent.

This provision consists of the following:

	2018	2017
	\$	\$
Opening Balance	2,580,251	2,504,337
Annual Provision	135,000	135,000
Net Interest Earned	66,101	93,005
	<u>2,781,352</u>	<u>2,732,342</u>
Less scheduled maintenance expenses incurred:		
Wages, Materials and Subcontractors	168,555	109,085
Piles	23,926	2,793
Rock Wall Refurbishment	150,576	
Marina Valuation	-	40,213
	<u>343,057</u>	<u>152,091</u>
Closing Balance	<u>2,438,295</u>	<u>2,580,251</u>

12 Hardstand Maintenance

During the financial year ended 30 June 2017, the Committee agreed that a provision for maintenance for the Hardstand area should be made in order to fund current and future maintenance. Accordingly the sum of \$60,000 per annum was set aside for this purpose. In the current year the amount provided has been for repairs and upgrade to the Hardstand area.

This provision consists of the following:

	2018	2017
	\$	\$
Opening Balance	-	-
Annual Provision	60,000	60,000
	<u>60,000</u>	<u>60,000</u>
Less maintenance expenses incurred:		
Materials and Subcontractors	55,684	60,000
Closing Balance	<u>4,316</u>	<u>-</u>



Tauranga Marina Society Inc

Notes to the Financial Statements

For the Year Ended 30 June 2018

13 Lease Rental Payments Due

	<u>Not later than 1 Yr</u>	<u>Later than 1 Yr and not later than 2 Yrs</u>	<u>Later than 2 Yrs and not later than 5 Yrs</u>	<u>Total Future Minimum Payments</u>
Trailer Boat Park Area	15,500	3,120	0	18,620
	<u>15,500</u>	<u>3,120</u>	<u>0</u>	<u>18,620</u>

	2018	2017
	\$	\$
Total lease payments made	48,499	48,499

14 Operating Expenses

Included within operating expenses are the following:

	2018	2017
	\$	\$
Audit Fees	8,000	7,400
Bad Debts	1,869	2,615
Entertainment	3,497	3,155
Honorariums	16,350	11,600

15 Haulout Operating

Income	642,222	558,706
Less expenditure including depreciation (Note 7)	<u>347,899</u>	<u>320,825</u>
	294,323	237,881
Less Travel Lift Expenses	<u>130,933</u>	<u>116,385</u>
Surplus (Deficit)	<u>163,390</u>	<u>121,496</u>

Included within haulout expenditure are the following:

Lease of Hardstand Area	36,000	36,000
Lease of Trailer Park Area	12,499	12,499

16 Trade and Other Receivables

	2018	2017
	\$	\$
Accounts Receivable	114,451	104,697
Payments in Advance	<u>7,304</u>	<u>6,840</u>
	<u>121,755</u>	<u>111,537</u>

17 Accrued Holiday Pay

	2018	2017
	\$	\$
Accrued Holiday Pay	<u>14,090</u>	<u>15,937</u>
	<u>14,090</u>	<u>15,937</u>

The accrued holiday pay liability is current.

18 Berths on Hand

At balance date the Society held licences for 22 berths, purchased from exiting licence holders at a cost of \$823,387 and not yet transferred to new licence holders (2017 13 berths at a cost of \$455,292).



Tauranga Marina Society Inc

Notes to the Financial Statements

For the Year Ended 30 June 2018

19 **Commitments & Contingencies**

A final payment of \$62,313 is due for the purchase of the Roodberg trailer on completion, along with a Wheel Loader trailer to tow the Roodberg trailer \$30,000, upgrade of the slipway \$100,000 and Ablutions block upgrade \$30,000. (2017 A further \$55,000 committed for re-ashpalting of the hardstand area).

20 **Subsequent Events**

None. (2017 A new agreement being drawn up with Tauranga City Council to formalise the arrangement between Tauranga City Council and the Society. The term is for 35 years and provides details around the Society's maintenance obligations, maintenance fund and reporting requirements).



INDEPENDENT AUDITOR'S REPORT

To the Members of Tauranga Marina Society Incorporated

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tauranga Marina Society Incorporated ('the Society') on pages 2 to 14, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 30 June 2018, and its financial performance for the year then ended in accordance with Special Purpose Financial Reporting Framework for For-Profit Entities issued by Chartered Accountants Australia and New Zealand ('SPFR for FPEs').

Our report is made solely to the Members of Tauranga Marina Society Incorporated. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Tauranga Marina Society Incorporated and the Members of Tauranga Marina Society Incorporated, for our audit work, for this report or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Tauranga Marina Society Incorporated.

Responsibilities of Those Charged with Governance for the Financial Statements

Those Charged with Governance are responsible on behalf of the Society for the preparation and fair presentation of the financial statements in accordance with SPFR for FPEs, and for such internal control as Those Charged with Governance determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Those Charged with Governance are responsible on behalf of the Society for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Those Charged with Governance either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

Staples Rodway Audit Ltd

STAPLES RODWAY AUDIT LIMITED

Tauranga, New Zealand

28 August 2018

WORKSHOP NOTES

What works well	What needs to change	What success looks like	Optioning considerations
It works as a Marina	Pricing and cost management - base on value	Run as a commercial operation	Funding - independent, manage perception of 'ratepayers funding lifestyle'
Location - close to city	Revenue increased	Support services on site	Standalone operation - managing delivery to an agreed masterplan
Location - well protected	Increased LOS (linked to revenues / value proposition for users)	Marina precinct protected for marina use - spatial plan	Planning / positioning for growth from \$2-3m to \$10-15m
Location - services and shopping etc nearby	Shared vision - assets, people, culture - Marina as a shared place and destination	Recreation amenity value - marina is a destination	Consider SOI / Charter
Good social environment - culture	Governance - autonomy to deliver works programme based on signed off masterplan, speed to action	Hitting occupancy targets	CCx subject to tax
People help out	Stronger rules and enforcement	Facilities meeting demand - boat size type	CCx time to establish including public consultation
Vacant land opportunities	Site operations control/controls. (Parking, Ramp, Security, waste etc)	Optimal berth configuration	Establishment phase to build sufficient infrastructure to support changes in fees
Good value (too good?)	Sort fuelling on site	Self funding - including cost of CAPEX	Commitment to the masterplan - 3 year rolling funded programme
New management team	Clarity of accountability for marina - roads, parking, marina, fuelling, ramp etc	Return to shareholders	A whole of precinct approach - avoid/prevent land disaggregation
Master planning underway	Improved environmental standards, bio security	Increase in visitors - seen as destination/first port	Potential to leverage NCC capital projects team
Marine Advisory group in place	Marina configuration and draft depth - future proof to changing boat profile	Proud of facility, functional plus looks good / landscaping etc	Return to shareholder
Council listening - intend to invest and fix	Site safety, mixed use, kids sea sports etc	Environmentally sound / green flag	
Users and Council connected	Stronger policy re liveaboards including moorings at boulder bank	Easy to get the right staff - employer of choice in industry	
Adequate LOS / 'self service'	Establish as first port of call	AMP - A grade rating	
Funding budgeted and headroom for more investment	Destination for Nelson	Good sales/operations data informing sensible decisions	
	Commercially run and viable operation	Sustainable management and operations model	
	Good accounts	No more deferred maintenance	
	Stronger and faster executive decision making (for activity and budget already approved)	Operations team 'own' the marina	
	Perceptions about cross subsidies - rates payers and berth holders	Marina has required powers to enforce parking, ramp usage and berthing, live abords and others using Marina facilities	
	# people already invested in CCTO as the solution	Marina contributing to jobs and service industry growth	
		Marina enhances Council reputation as an effective asset owner and manager	
		NRDA ' Making the most of what we have'	
		Marina amenity value seen and understood	

Note: interview grabs in italics

Themes	The Marina should be an efficient and profitable business	The Marina is undergoing a step change that will secure its value for future generations	The Marina offers amenity and recreation value opportunities for everyone in Nelson	Council as shareholder should get a return on it's investment
Outcomes - how will we know that governance is working?	The Marina Board has created and maintained policies, strategic direction and effective decision making to support the Marina's management team	The Marina Board is providing effective governance for the establishment of a Council approved Masterplan and subsequent delivery of the change programme	The Marina Board has created and maintained effective working relationships with Council's Community and Recreation Committee and Strategic Development and Property subcommittee	The Marina Board has increased Council's confidence to sustain a long term investment plan for development at the Marina
	We are maintaining a sustainable mix of users and customers	We have created and agreed a Masterplan for the Marina precinct	Council has increased it's investment in play and recreation amenities in the Marina precinct	Our stakeholders have maintained funding to deliver the Masterplan
	We have increased profitability for all Marina services	We have created and are implementing a change programme to deliver the Masterplan benefits	Wider community patronage of public amenities at the Marina is increasing	The Marina has increased returns to shareholders
	We have increased the range and quality of profitable services at the Marina		We have increased the range of recreation and play amenities at the Marina	

Data sort and themes

Marina as a business	Funding and shareholder value	Location and Marina as destination	Managing change for a sustainable future
<i>It works as a Marina</i>	Funding - independent, manage perception of 'ratepayers funding lifestyle'	<i>Location - close to city</i>	Planning / positioning for growth from \$2-3m to \$10-15m
Pricing and cost management - base on value	Standalone operation - managing delivery to an agreed masterplan	<i>Location - well protected</i>	Facilities meeting demand - boat size type
Run as a commercial operation	CCx subject to tax	<i>Location - services and shopping etc nearby</i>	CCx time to establish including public consultation
Revenue increased	Self funding - including cost of CAPEX	Marina precinct protected for marina use - spatial plan	Vacant land opportunities
Support services on site	Return to shareholders	Shared vision - assets, people, culture - Marina as a shared place and destination	Site operations control/controls. (Parking, Ramp, Security, waste etc)
Increased LOS (linked to revenues / value proposition for users)	<i>Return to shareholder</i>	Recreation amenity value - marina is a destination	Optimal berth configuration
Consider SOI / Charter	<i>Council listening - intend to invest and fix</i>	A whole of precinct approach - avoid/prevent land disaggregation	Establishment phase to build sufficient infrastructure to support changes in fees
Good social environment - culture	<i>Funding budgeted and headroom for more investment</i>	Increase in visitors - seen as destination/first port	<i>Sort fuelling on site</i>
<i>Governance - autonomy to deliver works programme based on signed off masterplan, speed to action</i>	<i>Perceptions about cross subsidies - rates payers and berth holders</i>	Proud of facility, functional plus looks good / landscaping etc	Commitment to the masterplan - 3 year rolling funded programme
Hitting occupancy targets	<i>Marina enhances Council reputation as an effective asset owner and manager</i>	Site safety, mixed use, kids sea sports etc	Clarity of accountability for marina - roads, parking, marina, fuelling, ramp etc
People help out		Establish as first port of call	<i>Master planning underway</i>
Stronger rules and enforcement		Destination for Nelson	Improved environmental standards, bio security
Good value (too good?)		<i>Marina contributing to jobs and service industry growth</i>	<i>Potential to leverage NCC capital projects team</i>
New management team		<i>NRDA 'Making the most of what we have'</i>	Marina configuration and draft depth - future proof to changing boat profile
<i>Marine Advisory group in place</i>		<i>Marina amenity value seen and understood</i>	Environmentally sound / green flag
Users and Council connected		AMP - A grade rating	Stronger policy re liveaboards including moorings at boulder bank
Adequate LOS / 'self service'			Easy to get the right staff - employer of choice in industry
<i>Operations team 'own' the marina</i>			Good sales/operations data informing sensible decisions
<i>Quick and effective decision making</i>			Sustainable management and operations model

Key

What works well	<i>What works well</i>
What needs to change	<i>What needs to change</i>
What does success look like	<i>What does success look like</i>
Risks, issues and other considerations	<i>Risks, issues and other considerations</i>

Interview grabs in italics
Higher priority in red

people already invested in CCTO as the solution
Decision making needs to be faster