

Date: Wednesday 29 July 2015
Time: 1.35pm
Meeting Room: Room 1, Level 26
Venue: 135 Albert Street
Auckland

Audit and Risk Committee

OPEN MINUTE ITEM ATTACHMENTS

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Submission to Audit and Risk Committee

By Greg Presland, Member of the Waitakere Ranges Local Board

July 29, 2015

Te Henga Quarry Aftercare Fund and treatment of reserve fund

1. I note the Committee is considering the Te Henga Quarry aftercare fund as part of agenda item 13.
2. The agenda item says:
 - A review is underway into the scope of the rehabilitation works to be carried out (by Perry Resources) on the quarry. As part of this review an assessment is to be made as to whether the works meet the expectations of the community and other relevant stakeholders.*
 - Discussions are ongoing with all interested parties, including the local board. It is anticipated that once agreement is reached on the accounting treatment of the WQAF, council will be in a position to conclude.*
3. The Waitakere Ranges Local Board is concerned that funding it believes should be available for the remediation of the Te Henga quarry may not actually be available.
4. The background is that the Te Henga Quarry has operated in the foothills for a number of years. The quarry dates back to the Waitakere City days. The creation of the quarry caused a considerable amount of local concern and as part of the original agreement quarrying was only allowed on the basis that the area would be remediated. A special fund was set up where a portion of the royalties was paid so that the remedial work could occur.

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5. A description of the fund is contained in Waitakere City's ten year plan produced in 2009. It states:

"The Waitakere Quarry Aftercare Fund (WQAF) has been established to finance the reinstatement of the quarry back to native forest and regenerating bush:

- *The WQAF goal is **currently set at \$2 million** at the conclusion of quarry operations in 2017*
- *A sum of \$115,000.00 is allocated to this fund annually to achieve this target amount*
- *The opening balance of the fund at the beginning of 2008 was \$905,000*
- *This rate of annual contribution **will result in a fund value of \$2,055,000** in the 2016/2017 financial year."*

6. There was a variation to the contract at the end of 2009 where the amount of royalties paid by Perrys for the rock it took from the quarry was reduced from \$271,000 per annum to \$156,000 per annum in consideration of which they were to carry out revegetation of the site. But there should still be a fairly significant fund set aside ready to be used to remediate the area. And the reduction in the amount paid annually by Perrys (\$115,000) **was the same amount as it previously paid towards the remediation fund**. Perry's royalties was reduced by the amount that it had paid into the fund. This clearly suggests that its obligation was not to provide the full amount of remediation required but to provide the remediation that could be afforded by the total amount that its royalties were reduced by.
7. Over the past couple of decades the quarry has produced a large amount of roading material (basalt) but its economic life has come to an end. The Local Board was asked to consider agreeing to nearby reserve land being

used for quarrying to allow the life of the quarry to be extended. We refused.

8. Members of the board are concerned however that the locally targeted remedial fund appears to have disappeared and has been absorbed in Super City's coffers into Auckland Council's regional coffers and used for other purposes.~~disappeared and has been absorbed in Super City's coffers.~~
9. There is a very clear local expectation that remediation up to the value of \$2 million will occur on the site.
10. The local board believes that a top up of Perry's work may be required and we believe the Governing Body should acknowledge this.
11. Further budget will no doubt be required for operational purposes after the work has been completed.
12. Finally the board would like to see the site moving to be managed by the regional parks team along line of decisions made by the board last term when contiguous local parks with ecological value were transferred through resolution to regional parks management.