

Westland District Council



Annual Report Summary 2013/14

Westland District Council

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Westland District Council

About This Report

This report summarises Council's financial and service delivery performance for the year ended 30 June 2014. It is intended to provide an overview of how we delivered against planned activities and budgets.

The whole story is contained in the full Annual Report 2013/14, which was adopted and authorised for issue by Council on 29 January 2015. This is available from:

- Council's website: www.westland.govt.nz
- Council headquarters: 36 Weld Street, Hokitika

Mayor and Chief Executive's Report

In October 2013 a new Mayor and Council were elected to lead the Westland district for the next three years. The message that we got from you was that you wanted change. You wanted more transparency, more accountability, and you wanted us to focus on "Getting Real" and getting our house in order.

With that in mind, we are proud to deliver this Annual Report to you this year.

The previous Council put in place an Annual Plan for 2013-14 that started this district on the path to financial sustainability. At this point we would like to thank Maureen Pugh and her team for the contribution they made to the district in their triennium.

This Annual Report tells you that Council is reporting a net surplus of \$1.1 million. After deducting \$2.7 million of grant income received in respect of the West Coast Wilderness Trail and Coastal Erosion Protection, the underlying result is a deficit of \$1.6 million, which is favourable against the Annual Plan [\$2.17 million].

In late 2013 the new Council identified the "Big 3" that we wanted to focus on in the early part of the term. These were: monthly financial reporting, initiating a review of the Council Controlled Organisations (CCOs), and undertaking a rating review. Significant progress has been made on all three projects, and you have provided us with regular feedback that we are on the right track.



Mike Havill (Mayor) and Tanya Winter (Chief Executive)

In November 2013 the Greymouth to Hokitika sections of the West Coast Wilderness Trail were officially opened at a celebration in Kumara. This \$8million project has been a significant undertaking for this Council, in partnership with Grey District Council, Department of Conservation, landowners, and community volunteers. The economic benefits of the trail are already evident with new businesses emerging to provide support to both locals and visitors using the trail.

The same month we gathered in Franz Josef, and along with a representative from Te Runanga o Ngati Waewae, we opened the new water treatment plant to ensure the security of the supply of treated water to our most popular tourist town.

Westland District Council

For many other areas of Council it was business as usual. Staff have gone the extra mile to provide excellent customer service to all who come in contact with us, and this will be a continual focus as we make the transition from the current front counter in the Council building to the new Customer Service Centre in the i-SITE building next year.

One of the ways Council has sought to be more transparent is to hold our monthly meetings around the district. This has provided you with an opportunity to meet us and present any issues that may be facing your community. Thank you to all those who have provided Council with constructive feedback either at these meetings or by other means.

In previous Annual Reports we have acknowledged the challenges we face with a large geographic area and a small population base and we have told you that we need to be smarter and more innovating. This past year has seen several regional initiatives gain traction or come to fruition through the West Coast Mayor's and Chair's Forum. The adoption of a Regional Economic Development Strategy, a review of Regional Tourism Spend, joint approaches to the NZ Transport Agency and central government ministers, and attendance at important local government forums are some of the projects this Forum has worked on. A plan for a new regional model for Civil Defence was developed throughout the year and came to fruition on 1 July 2014.

We can't operate in isolated bliss. We need to work collaboratively, and stand strong together as one region on the really important issues. We also need to support each other across the district, and this is the theme of the Rating Review process that we embarked on in 2013-14, which will be concluded next year.



Mike Havill

MAYOR

16 February 2015



Tanya Winter

CHIEF EXECUTIVE

16 February 2015

Reporting Guidelines and the Long-Term Plan 2012/22 (LTP)

The Local Government Act 2002 (the LGA) requires all local authorities to develop a Long Term Plan for their districts. These plans identify the direction and services chosen by the community and the role of Council in delivering these services. The Plan also details the cost of Council's activities over the next 10 years.

Council adopted its current Long Term Plan in June 2012. This Annual Report 2013/14 is the second year of 10 years included in the Long Term Plan 2012/22 (LTP).

Council prepares an Annual Report to communicate to the community how we did financially and whether we delivered the services we had agreed with the community in the Long Term Plan. Comparing our actual performance with that planned in the Long Term Plan 2012/22 is how we show this.

For service delivery this remains a legitimate comparison and departures are explained in the statements of service performance. However, as described in the Annual Report 2012/13, the LTP contained a number of budgeting errors that rendered it an inappropriate benchmark for comparing financial performance.

As part of Council's 2014/15 annual plan process, Council spent considerable time revising the budget to rectify these errors. The budget reported in pages 19-22 is the annual plan 2014/15 budget.

This report is prepared in observance of new Local Government (Financial Reporting and Prudence) Regulations 2014 along with the Local Government Act 2002 Amendment Bill (No 3), which bring additional disclosure requirements.

In certain circumstances, particularly with financial prudence benchmarks and funding impact statements for groups of activities, the regulations require comparisons against LTP. These cases aside, comparisons are made against the budgets contained in the 'Getting Real' Annual Plan 2013/14.

So What Did We Do?

A few of the highlights from the people and teams who made it happen:

"Hokitika Museum's major highlight for 2013/14 was the permanent installation of the special exhibition



[originally] produced for visitors during the Rugby World Cup in 2011"

Julia Bradshaw
Director, Hokitika Museum



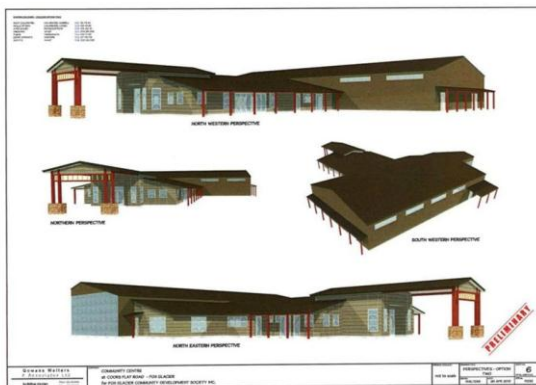
"The library highlight of the year is [collaborating on] the reciprocal borrowing agreement between Westland and Grey District Libraries that started on 1 July 2014..... "

Sarah Thompson
District Librarian, Hokitika Library



"A highlight in the Parks and Reserves activity was the rehabilitation of playing surface at Cass Square....."

John Bainbridge
Field Inspections Officer



"One of my highlights has been supporting the Fox Glacier Community Development Society in seeing their new community centre facility plans take shape....."

Derek Blight
Community Development Advisor

We continued to develop core infrastructure as we strive to deliver high quality reliable services:



The Bealey St. Water mains Upgrade

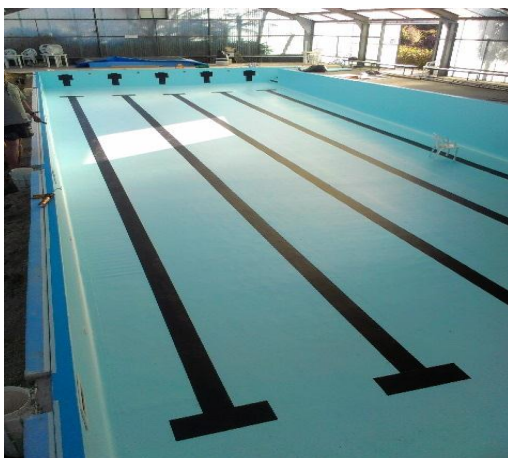


The Fitzherbert St. Wastewater Pumping Main Upgrade



Surface Milling, Old Christchurch Road

...and public facilities to be proud of....



.....a new liner installed at Ross Swimming Pool.



The toilets at the Hokitika beachfront got a makeover

....whilst keeping us all safe and managing the risks:



"A highlight from 2013/14 for Emergency Management was the commencement of amalgamation of Emergency Management functions of the three district councils with the West Coast Regional Council...."

John Bainbridge
Field Inspections Officer



"The Westland Building Consent Authority (BCA) successfully retained its accreditation for 2013/14....."

Eddie Newman
District Building Inspector

"A highlight was the successful transition to the new licensing regime under the Sale and Supply of Alcohol Act 2012....."

Jim Ebenhoh
Group Manager:
Planning, Community & Environment



Summary of Service Delivery Compared to Performance Targets

This section illustrates Council's performance in delivering services, measured against selected non-financial targets.

Council believes that there are three fundamental aspects to determining good service:

- Feedback from customers
- Meeting / exceeding industry standards
- Responsiveness*

* Responsiveness measures are assessed with reference to incidents reported on Council's service request system. These are captured when customers contact the council helpdesk to request assistance, and retrospectively when staff or contractors have responded to emergencies and later report the details to customer service.

Due to financial constraints Council was unable to undertake a comprehensive customer survey. This will be included in the proposed projects for the Long Term Plan 2015/25.

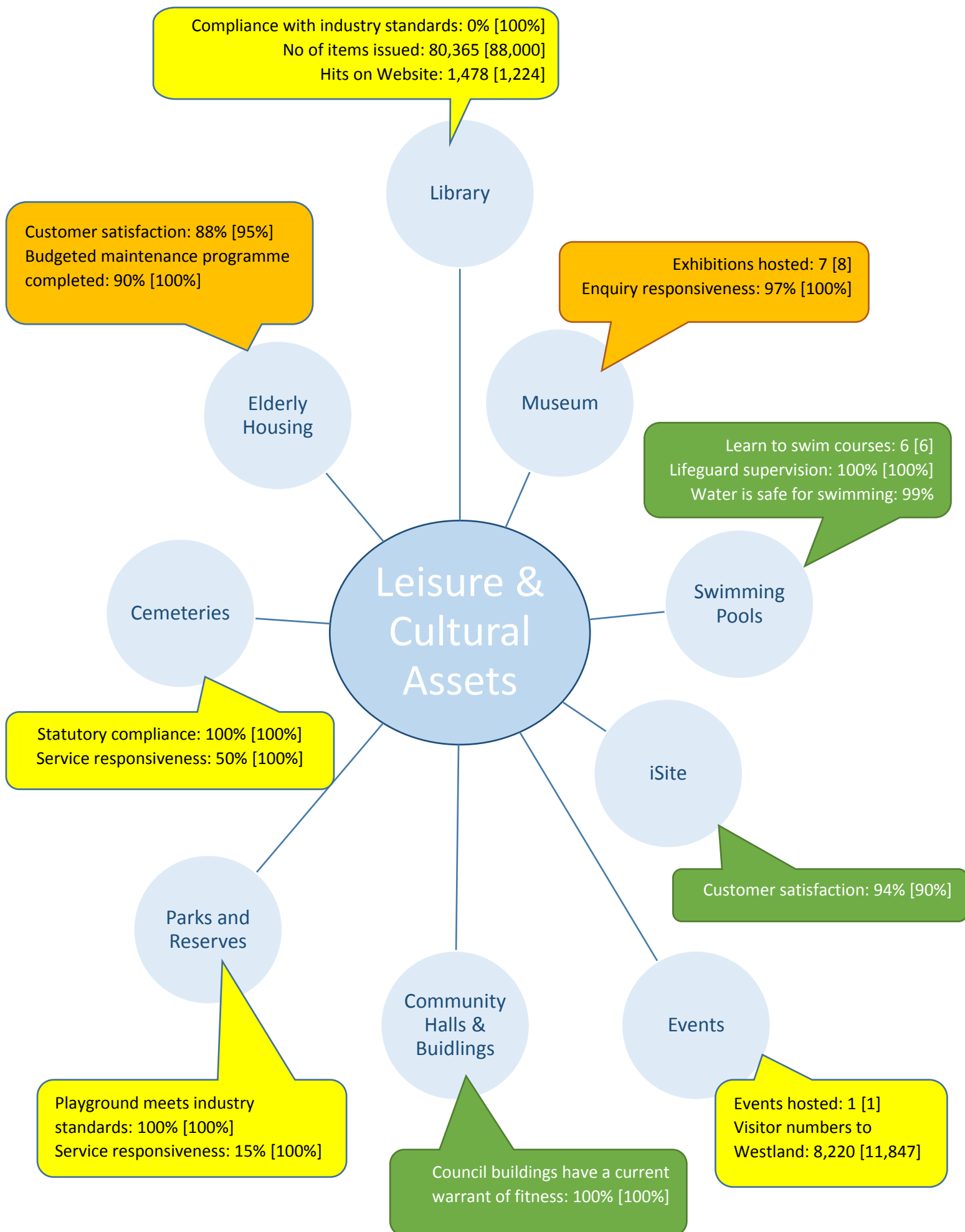
Nonetheless, Council regularly invites feedback from the community and consults publicly on significant matters. Several of Council's departments have daily contact with customers and some conduct their own tailored surveys or use industry specific benchmarks.

The data gathered is combined with the statistics and measurements captured in Council's systems to give a balanced scorecard of where we are meeting our objectives, and areas for improvement.

The following summarised performance results are presented in the same Groups of Activities as prescribed by the Long Term Plan 2012/22. Results are shown against targets in brackets.

The entire range of measures is reported in the full Annual Report 2013/14.

The measures reported here represent the key measures for each activity.





Transportation

- Compliance with resource consent conditions: 100% [100%]
- Budgeted maintenance programme completed: 100% [90%]
- Road surface condition meets national average: 99% [98%]
- Road smoothness condition meets national average: 94% [86%]

Water Supply

- Disruption responsiveness within 4 hours of reporting : 71% [90%]
- Consumer safety: No reported illnesses [No reported illnesses]
- Water quality: As per the LTP (page 147), 50% of schemes have 'unsatisfactory' Ministry of Health (MOH) assessments. There are projects in place to improve quality.

Waste Water

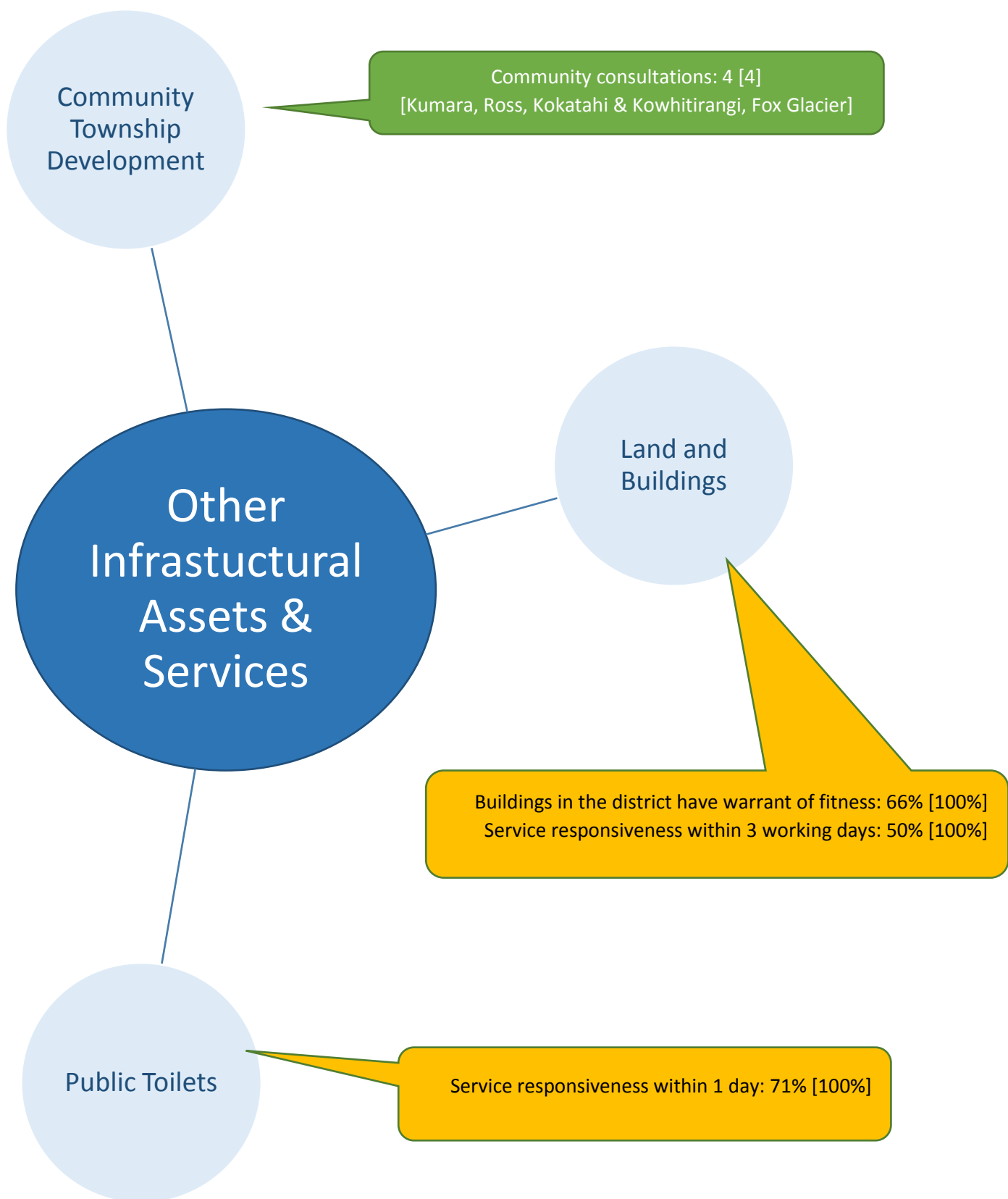
- Odour Complaints received: 0 [0]
- Compliance with resource conditions: 2 abatement notices were received (Hokitika and Franz Joseph) for odour issues and discharge onto the river bed. 2 infringement fines (Fox Glacier and Haast) for breach of sampling conditions. Work is in progress to reduce breaches as per Annual Plan

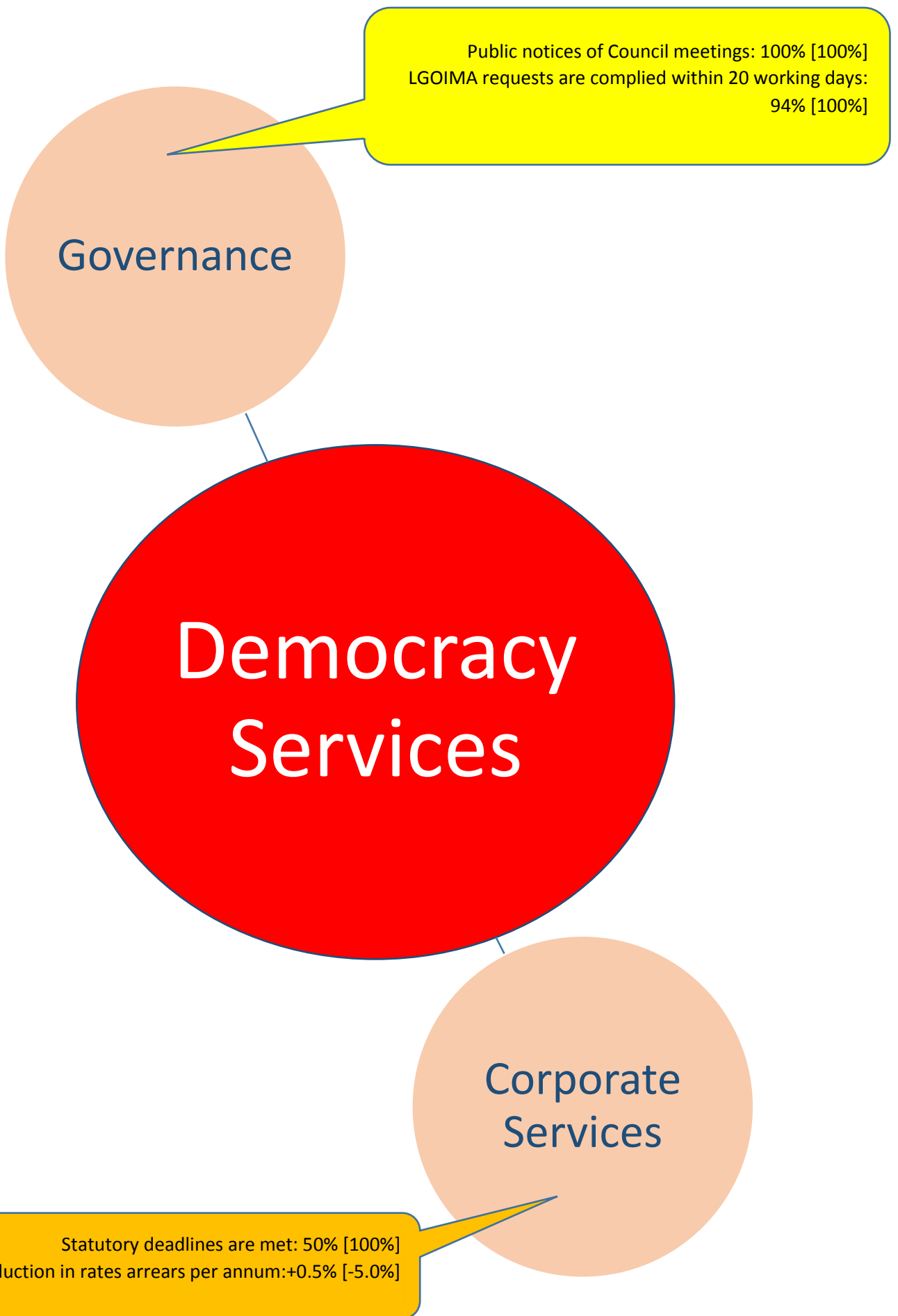
Storm Water

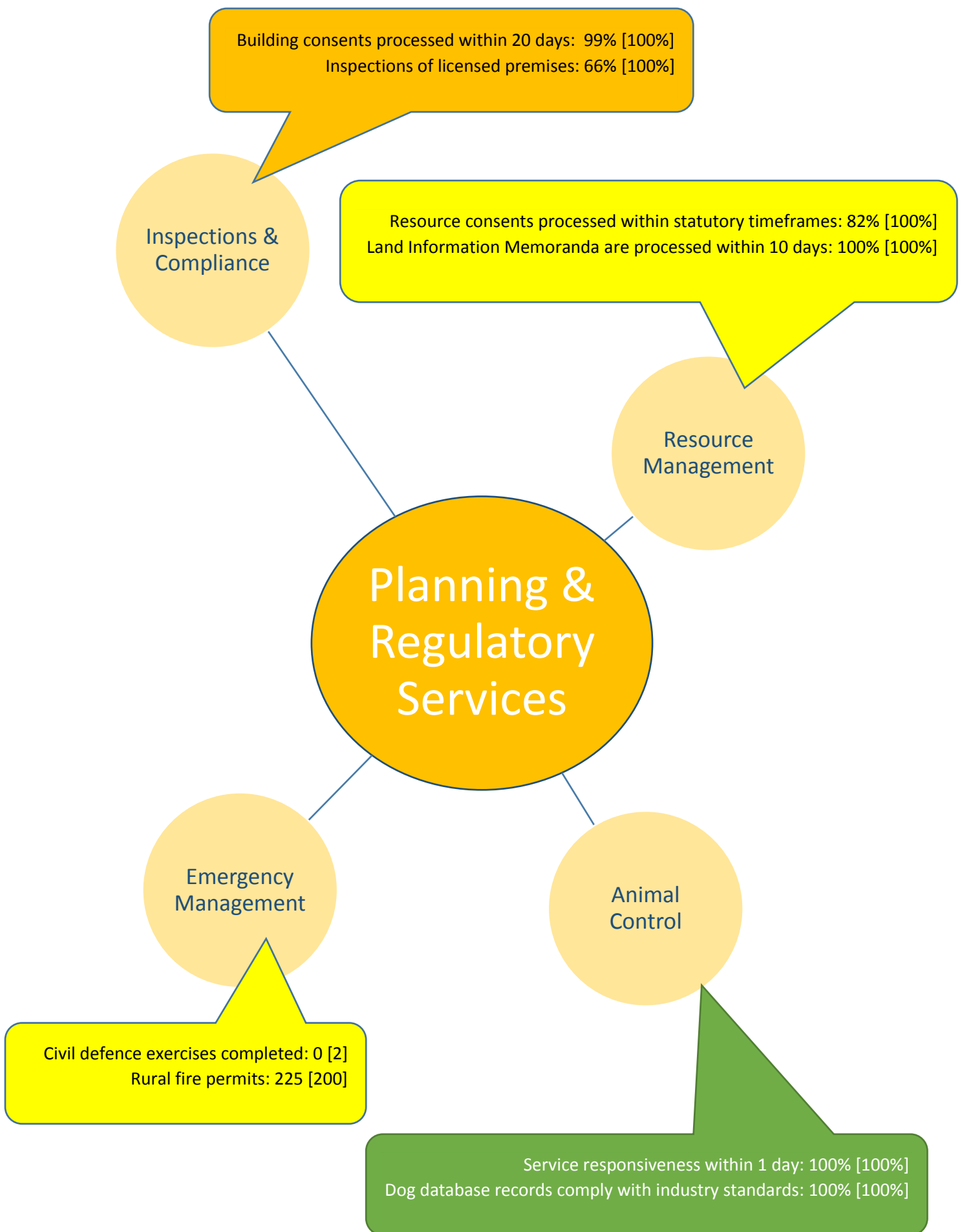
- Floods events: 0 [<5]
- Investigation responsiveness within 24 hours and remedial plan prepared within 48 hours: 100% [100%]

Solid Waste

- Recycling: 32.25% [30.7%] of total waste
- Public education sessions: 0 [9]
- Compliance with resource conditions: 100% [100%]
- Responsiveness within 28 days : 93% [100%]







And what did it cost?

Financial Performance Summary

This section provides an overview of the financial results for the year ended 30 June 2014. It contains information extracted directly from the financial statements contained in the full audited Annual Report 2013/14. For a complete understanding of Council's financial performance, financial position and cash flows; readers are encouraged to refer to the full report. The Group figures represent the consolidated financial statements for Council and its Council Controlled Organisations, Westland Nature Trust and Westland Holdings Ltd. Figures are presented in New Zealand Dollars and rounded to the nearest thousand.

The financial statements have been prepared in accordance with NZ Generally Accepted Accounting Practice and NZ Equivalents to International Financial Reporting Standards as applicable. This summary report has been prepared in accordance with FRS43 – Summary Financial Statements. It was authorised for issue by the Mayor and Chief Executive on 16 February 2015.

The financial statements are presented in NZ dollars and all values are rounded to the nearest thousand dollars (\$000).

The audited financial statements comply with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014 but were not adopted until 29 January 2015, after the statutory deadline of 31 October 2014.

Headlines

COUNCIL RECORDS SURPLUS OF \$1.1M

Council's financial performance was bolstered by the receipt of \$2.7 million of grant income in excess of budget for capital projects. This should be eliminated to properly assess operating performance means a deficit of \$1.6m. A deficit was inevitable because we currently only partially fund depreciation, but on a like for like comparison, this is nearly \$0.6m favourable against budget.

DEBT REDUCED BY \$0.7M

Although this is partly due to some capital projects being deferred, operational debt that was required in May 2013 was fully repaid along with planned capital repayments on infrastructure borrowings for water supply and waste water assets.

CASH INFLOW & EQUITY INCREASES

The surplus generated a cash inflow and growth in reserves. This means that Council is in a much healthier position to invest in assets that will provide sustainable services and community amenities. Depreciation exceeded capital expenditure this year, and this cannot continue indefinitely without compromising service levels.

Financial Statements

The primary financial statements are shown below. The full Annual Report 2013/14 contains comprehensive financial statements supported by detailed notes and explanations.

Statement of Comprehensive Income

	Council			Group	
	Actual	Budget	Actual	Actual	Actual
	2014	2014	2013	2014	2013
	\$000	\$000	\$000	\$000	\$000
Income					
Rates, excluding targeted water supply rates	8,023	7,952	6,826	8,023	6,826
Fees, charges, and targeted rates for water supply	3,252	3,388	2,259	3,252	2,259
Subsidies and grants	5,376	2,682	4,477	5,376	4,477
Finance income	165	50	194	156	203
Other revenue	2,636	1,838	4,219	10,301	9,779
Gains/(Losses) - Non Financial Instruments	192	0	342	192	342
- Financial Instruments	10	0	(5)	85	88
Total income	19,654	15,910	18,312	27,385	23,974
Expenditure					
Personnel costs	2,937	3,150	3,042	8,443	7,959
Depreciation and amortisation expense	5,336	5,044	5,083	6,781	6,387
Finance costs	824	781	737	1,070	907
Other expenses	9,445	9,108	10,500	10,054	9,429
Total operating expenditure	18,542	18,082	19,362	26,348	24,682
Surplus/(deficit) before tax	1,112	(2,172)	(1,050)	1,037	(708)
Income tax expense/(benefit)	5	0	(20)	174	164
Surplus/(deficit) after tax	1,107	(2,172)	(1,030)	863	(872)
Other comprehensive income					
Financial assets at fair value through other comprehensive income	0	0	0	0	0
Gain/(loss) on revaluation of assets	0	1,887	0	831	0
Impairment of Property, Plant & Equipment	0	0	0	0	0
Total other comprehensive income	0	1,887	0	831	0
Total comprehensive income	1,107	(285)	(1,030)	1,694	(872)

Statement of Changes in Equity

	Council			Group	
	Actual	Budget	Actual	Actual	Actual
	2014	2014	2013	2014	2013
	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2013	372,205	374,626	373,235	374,288	375,160
Restatement of year ended 30 June 2013	(13)	0	0	19	0
Total comprehensive income	1,107	(285)	(1,030)	1,694	(872)
Balance at 30 June 2014	373,299	374,341	372,205	376,001	374,288

Statement of Financial Position

	Council			Group	
	Actual	Budget	Actual	Actual	Actual
	2014	2014	2013	2014	2013
	\$000	\$000	\$000	\$000	\$000
Assets					
Current assets					
Cash and cash equivalents	2,806	1,703	1,660	3,224	2,074
Debtors and other receivables	2,453	2,248	2,817	2,865	3,302
Other financial assets	1,320	982	1,354	1,320	1,354
Inventory	0	30	0	412	422
Work in progress	0	0	0	121	158
Total current assets	6,579	4,963	5,831	7,942	7,310
Non-current assets					
Property, plant and equipment	375,688	379,732	372,994	389,364	385,330
Intangible assets	46	65	59	46	62
Derivative financial instruments	160	0	111	160	111
Council Controlled Organisations	8,695	8,695	8,695	0	0
Other Financial Assets	59	2	187	59	63
Investment property	0	0	0	0	317
Term inventory	0	0	0	885	1,076
Work in progress	1,271	1,000	4,425	1,271	4,425
Total non-current assets	385,919	389,494	386,471	391,785	391,384
Total assets	392,498	394,457	392,302	399,727	398,694
Liabilities					
Current liabilities					
Creditors and other payables	2,062	2,463	2,065	2,431	2,554
Derivative financial instruments	0	0	0	0	0
Borrowings	0	0	15,498	1,553	17,104
Employee entitlements	236	210	273	814	796
Provisions	90	67	90	90	90
Tax payable	3	0	0	107	95
Other current liabilities	193	175	150	223	209
Total current liabilities	2,585	2,915	18,076	5,219	20,848
Non-current liabilities					
Derivative financial instruments	135	0	318	135	318
Borrowings	14,760	16,125	0	16,248	1,257
Employee entitlements	52	60	117	183	241
Provisions	1,576	400	1,498	1,576	1,498
Deferred Tax	90	616	88	364	244
Total non-current liabilities	16,613	17,201	2,021	18,506	3,558
Total liabilities	19,198	20,116	20,097	23,725	24,406
Net assets	373,299	374,341	372,205	376,001	374,288
Equity					
Retained earnings	153,592	153,107	152,911	155,463	155,048
Restricted reserves	3,240	2,462	2,783	3,240	2,783
Revaluation reserves	216,467	218,772	216,511	217,298	216,457
Net assets	373,299	374,341	372,205	376,001	374,288

Statement of Cash Flows

	Council			Group	
	Actual	Budget	Actual	Actual	Actual
	2014	2014	2013	2014	2013
	\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities					
<i>Cash provided from</i>					
Rates	8,021	8,147	6,514	7,894	6,514
Targeted water rates and fees and charges	3,252	4,434	2,259	3,252	2,259
Interest received	165	497	194	172	203
Dividends received	390	50	677	225	0
Receipts from other revenue	7,721	2,782	10,065	15,657	15,214
<i>Cash paid to</i>					
Payments to suppliers and employees	(12,341)	(12,513)	(13,650)	(18,298)	(14,930)
Interest paid	(724)	(731)	(737)	(970)	(743)
Income tax paid	0	0	0	(107)	(164)
Net cash flow from operating activities	6,484	2,666	5,322	7,825	8,353
Cash flows from investing activities					
<i>Cash provided from</i>					
Receipts from sale of property, plant and equipment	140	0	512	645	852
Receipts from sale of investments	0	923	529	225	340
<i>Cash paid to</i>					
Purchase of property, plant and equipment	(4,742)	(3,845)	(6,296)	(6,770)	(10,470)
Net cash flow from investing activities	(4,602)	(2,922)	(5,255)	(5,900)	(9,278)
Cash flows from financing activities					
<i>Cash provided from</i>					
Loans raised	0	1,365	510	560	2,279
<i>Cash paid to</i>					
Loan repayments	(738)	(738)	(490)	(1,336)	(1,033)
Net cash flow from financing activities	(738)	627	20	(776)	1,246
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	1,145	371	87	1,150	321
Cash and cash equivalent 01 Jul 2013	1,661	1,332	1,574	2,074	1,753
Cash and cash equivalent 30 Jun 2014	2,806	1,703	1,661	3,224	2,074

Income and Expenditure by Group of Activities

	Council		
	Actual	Budget	Actual
	2014	2014	2013
	\$000	\$000	\$000
Income			
Leisure and cultural assets	2,939	801	1,301
Community services	80	43	243
Planning and regulatory services	854	785	919
Transportation	3,239	2,589	4,754
Water supply	1,354	1,150	2,267
Wastewater	62	31	805
Stormwater	87	0	1
Solid waste management	743	848	1,633
Other infrastructural assets and services	11	6	205
Democracy services and administration	1,433	710	1,249
<i>Income from activities</i>	10,802	6,964	13,378
<i>Rates</i>	8,852	8,962	5,017
<i>Total income</i>	19,654	15,926	18,395
Expenditure			
Leisure and cultural assets	2,665	2,636	3,279
Community services	648	386	302
Planning and regulatory services	1,427	1,431	1,352
Transportation	5,329	4,865	4,792
Water supply	2,431	2,445	2,202
Wastewater	814	881	733
Stormwater	582	594	531
Solid waste management	1,969	2,314	3,106
Other infrastructural assets and services	601	769	1,019
Democracy services and administration	2,078	1,777	2,128
<i>Total operating expenditure</i>	18,542	18,097	19,445
Operating Surplus/(deficit)	1,112	(2,172)	(1,050)

Independent Auditor's Report

To the readers of Westland District Council and group's summary annual report for the year ended 30 June 2014

The summary annual report was derived from the annual report of the Westland District Council (the District Council) and group for the year ended 30 June 2014. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report:

- the summary statement of financial position as at 30 June 2014;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (made up of "the year in review" and "how we performed") of the District Council and group.

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 29 January 2015.

Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with FRS-43 (PBE): *Summary Financial Statements*.

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether

the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with FRS-43 (PBE): *Summary Financial Statements*. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with FRS 43 (PBE): *Summary Financial Statements*.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council or any of its subsidiaries.



Bede Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
16 February 2015