



AGENDA

RĀRANGI TAKE

NOTICE OF AN ORDINARY MEETING OF

FINANCE, AUDIT AND RISK COMMITTEE

to be held on Thursday 27 June 2019 commencing at 9.00 am
in the Council Chambers, 36 Weld Street, Hokitika

Chairperson: Cr Martin (Deputy)

Members: His Worship the Mayor

Cr Carruthers

Cr Havill ONZM

Cr Olson

Kw Tumahai (or Representative)

Kw Rasmussen

Cr Lash (Deputy)

Cr Eatwell

Cr Neale

Cr Routhan

Kw Rochford (or Representative)



Council Vision:

We work with the people of Westland to grow and protect our communities, our economy and our unique natural environment.

Purpose:

The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002. That purpose is:

- (a) To enable democratic local decision-making and action, by and on behalf of, communities; and
- (b) To meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

1. KARAKIA TĪMATANGA OPENING KARAKIA

Kia hora te marino
Kia whakapapa pounamu te moana
Hei hurahai mā tātou
I te rangi nei
Aroha atu, aroha mai
Tātou i a tātou katoa
Hui e! Tāiki e!

May peace be widespread
May the sea be like greenstone
A pathway for us all this day
Give love receive love
Let us show respect for each other
Bind us all together!

2. NGĀ WHAKAPAAHA APOLOGIES

(includes leave of absence notification)

3. WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a member thinks they may have a conflict of interest, they can seek advice from the Chief Executive or the Group Manager: Corporate Services (preferably before the meeting). It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

4. NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE URGENT ITEMS NOT ON THE AGENDA

Section 46A of the Local Government Official Information and Meetings Act 1987 states:

- (7) An item that is not on the agenda for a meeting may be dealt with at the meeting if –
- (a) the local authority by resolution so decides, and
 - (b) the presiding member explains at the meeting at a time when it is open to the public, –
 - (i) the reason why the item is not on the agenda; and
 - (ii) the reason why the discussion of the item cannot be delayed until a subsequent meeting.
- (7A) Where an item is not on the agenda for a meeting, –
- (a) that item may be discussed at the meeting if –
 - (i) that item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
 - (b) No resolution, decision, or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.

5. NGĀ MENETI O TE HUI KOMITI MINUTES OF COMMITTEE MEETING

Minutes were circulated separately.

6. PŪRONGO KAIMAHI STAFF REPORTS

(Pages 5 - 22)

7. WORKPLAN

(Page 23)

8. KA MATATAPU TE WHAKATAUNGA I TE TŪMATANUI RESOLUTION TO GO INTO PUBLIC EXCLUDED

(to consider and adopt confidential items)

Resolutions to exclude the public: Section 48, Local Government Official Information and Meetings Act 1987.

Council is required to move that the public be excluded from the following parts of the proceedings of this meeting, namely:

The general subject of the matters to be considered while the public are excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of the resolution are as follows:

Item No.	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
1.	Confidential Minutes – 23 May 2019	Good reasons to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason or withholding exists. Section 48(1)(a)

This resolution is made in reliance on sections 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interests or interests protected by section 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public area as follows:

Item No.	Interest
1	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (Schedule 7(2)(i))

**DATE OF NEXT MEETING – 25 JULY 2019
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA**

Report



DATE: 27 June 2019

TO: Finance, Audit and Risk Committee

FROM: Accountant

FINANCIAL PERFORMANCE: MAY 2019

1 SUMMARY

- 1.1 The purpose of this report is to provide an indication of Council's financial performance for eleven months to 31 May 2019.
- 1.2 This issue arises from a requirement for sound financial governance and stewardship with regards to the financial performance and sustainability of a local authority.
- 1.3 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by Council as part of the Long Term Plan 2018-28.
- 1.4 This report concludes by recommending that the Finance, Audit and Risk Committee receive the financial performance report to 31 May 2019, attached as **Appendix 1**.

2 BACKGROUND

- 2.1 The committee receives monthly financial reporting so that it has current knowledge of its financial performance and position against targets and objectives adopted in the Long Term Plan 2018-28.

3 CURRENT SITUATION

- 3.1 The committee now receives a monthly financial summary report in a consistent format.
- 3.2 The Financial Performance Report to 31 May 2019 is attached as **Appendix 1** and contains the following elements:
 - 3.2.1 Segmental graphs for net cost of services, operating revenue and expenditure with the addition of the actual amounts.
 - 3.2.2 Update on Rates Debtors.
 - 3.2.3 Whole of Council Cost of Service Statement.
 - 3.2.4 Variance analysis
 - 3.2.5 Unbudgeted expenditure
 - 3.2.6 Debt report including budgeted debt, forecast debt and actual debt.
 - 3.2.7 Capital Expenditure 2018-19
 - 3.2.8 Carryover Schedule 2018-19
 - 3.2.9 Balance Sheet

4 OPTIONS

- 4.1 The committee can decide to receive or not receive the report.

5 SIGNIFICANCE AND CONSULTATION

- 5.1 This report is for information only and, while feedback is invited from Council in order for staff to continuously improve the quality of information provided, no assessment of significance or consultation and no options analysis is required.

6 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)

- 6.1 The report is for information only, the report is to inform the Committee on the monthly financial position, therefore financial implications are discussed within the body of the report itself.

7 RECOMMENDATION

- A) **THAT** the Finance, Audit and Risk Committee receive the Financial Performance Report to 31 May 2019

John Kagagi
Accountant

Appendix 1: Financial Performance May 2019

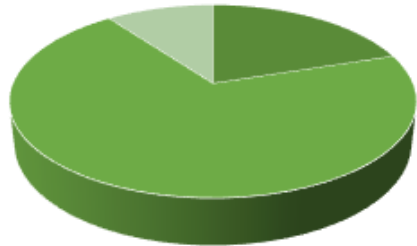
Appendix 1



Financial Performance May 2019

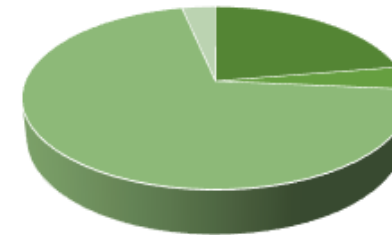
Graphs: Operating Revenue and Expenditure

**Operating revenue
Actual year to May**



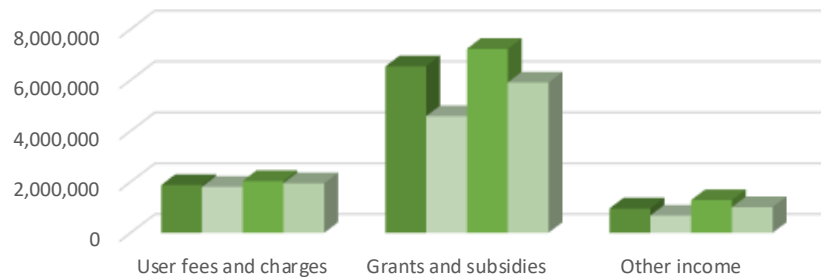
■ User fees and charges ■ Grants and subsidies ■ Other income

**Operating expenditure
Actual year to May**



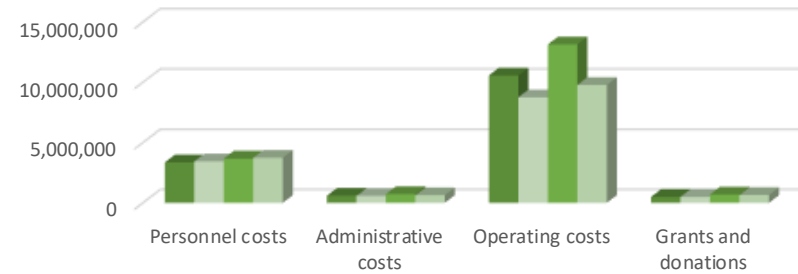
■ Personnel costs ■ Administrative costs ■ Operating costs ■ Grants and donations

Operating revenue



■ YTD Actual ■ YTD Budget ■ FY Forecast ■ FY Budget

Operating expenditure



■ YTD Actual ■ YTD Budget ■ FY Forecast ■ FY Budget

	User Fees & Charges	Grants & Subsidies	Other Income
Actual YTD	1,876,734	6,543,219	956,385
Budget YTD	1,809,951	4,581,793	676,036
Variance	66,783	1,961,426	280,349
FY Forecast	2,033,586	7,228,688	1,288,481
FY Budget	1,945,649	5,904,264	1,009,013

	Personnel	Administration	Operating	Grants & Donations
Actual YTD	3,374,687	605,697	10,577,782	504,230
Budget YTD	3,452,512	582,662	8,763,953	500,751
Variance	(77,825)	23,035	1,813,829	3,479
FY Forecast	3,682,013	730,866	13,152,952	694,686
FY Budget	3,749,231	638,465	9,786,009	656,620

Rates Debtors as at 31 May 2019

Rates Debtors at 30 April 2019		3,276,937
Rates instalment		
Less payments received	-2,354,466	
Paid in advance change	63,329	
Previous years write off's	-30,568	
Write off's	-6,933	
Penalties	-12,884	
Discounts	-143	
Court costs awarded		-2,341,664
Total Rates Debtors at 31 May 2019		935,272
Arrears included above at 31 May 2019	935,272	
Arrears at 31 May 2018	1,044,731	
Increase/(decrease) in arrears		(109,459)

Debt Management May 2019

FY Year	May-19	May-18	Apr-19
Pre 2015	59,287	148,146	107,412
2015-16	18,016	54,015	37,822
2016-17	24,492	117,925	48,429
2017-18	66,375	724,645	97,140
Current	767,103		2,986,134
Total	935,272	1,044,731	3,276,937

Cost of Service Statement

WESTLAND DISTRICT COUNCIL	Year to May			Full Year 2018-2019	
	Actual	Budget	Variance	FY Forecast	Budget
Operating revenue					
Rates (includes targeted rates and metered water)	14,791,468	14,804,006	(12,538)	15,570,793	15,591,906
User fees and charges	1,876,734	1,809,951	66,783	2,033,586	1,945,649
Grants and Subsidies	6,543,219	4,581,793	1,961,426	7,228,688	5,904,264
Other income	956,385	676,036	280,349	1,288,481	1,009,013
Overhead recoveries	6,216,673	6,577,586	(360,913)	6,814,635	7,175,548
Total revenue (A)	30,384,479	28,449,372	1,935,107	32,936,182	31,626,380
Operating expenditure					
Personnel costs	3,374,687	3,452,512	(77,825)	3,682,013	3,749,231
Administrative costs	605,697	582,662	23,035	730,866	638,465
Operating costs	10,577,782	8,763,953	1,813,829	13,152,952	9,786,009
Grants and donations	504,230	500,751	3,479	694,686	656,620
Overheads	6,208,483	6,525,267	(316,784)	6,801,350	7,118,134
Total operating expenditure (B)	21,270,880	19,825,145	1,445,734	25,061,867	21,948,459
Net operating cost of services - surplus/(deficit) (A - B)	9,113,599	8,624,226	489,373	7,874,315	9,677,921
Other expenditure					
Interest and finance costs	611,752	693,614	(81,862)	674,808	756,670
Depreciation	5,670,879	5,434,747	236,132	6,257,724	5,928,815
(Gain)/loss on investments	-	-	-	-	-
(Gain)Loss on swaps	329,821	179,459	150,362	346,135	195,773
(Gain)Loss on disposals	(148,200)	-	(148,200)	(148,200)	-
Total other expenditure (C)	6,464,252	6,307,820	156,432	7,130,468	6,881,258
Total expenditure (D = B + C)	27,735,131	26,132,965	1,602,166	32,192,334	28,829,717
Net cost of services - surplus/(deficit) (A - D)	2,649,348	2,316,407	332,941	743,847	2,796,663

Variance Analysis

Operating Revenue	
Rates revenue	Overall currently a positive variance, some negative variances to budget within remissions and discounts, and positive variances with penalties and metered water. However, metered water is expected to meet budget as expected reduction in usage due to the significantly less visitors specifically within the Franz Josef and Fox areas.
User fees and charges	Building Control compliance and inspection fees are below budget by \$66K. Refuse site fees above budget by due to correction of the posting period. Vehicle operations are above budget by \$40K because of additional vehicles and more travel. Animal control, while under budget by \$28K, is higher by \$28K on last year's fees & charges.
Grants and Subsidies	We have received \$962K of grant funding for WCWT grant, \$946K of this was budgeted in the previous financial year. There is \$546K for responsible camping, this grant was unbudgeted and is offset by operational and capital expenditure. We will not be able to claim the remaining grant as we did not proceed with several of the projects. NZTA Grant is \$100K below budget, \$450k funding was received for the Whitcombe Valley Project.
Other Income	\$300K received from MFE & DOC towards emergency flood event expenditure. Interest Revenue below budget \$16K, loan funded capital expenditure has been funded by cash flow reducing interest income and loan interest expenditure.
Operating Expenditure	
Personnel costs	Lower personnel costs due to unfilled vacancies, offset by increased expenditure on recruitment, contractors and consultants costs.
Administrative costs	Software Licencing is over budget by \$82K, this is mostly due to the unbudgeted IBIS financial reporting system, this is offset by lower computer operating costs through savings of \$41K due to some savings. There has been a reduction in photocopying and printing costs across all departments of \$27K due to a drive to reduce printing.
Operating costs	Transport maintenance costs are over budget by \$711k due to storm damage repairs. March flood event unbudgeted costs are \$439K. Solid waste is \$249K above budget due to flood repairs, carbon credit disposal and cost fluctuations. Waste water is \$203k over budget mainly due to increased maintenance costs in Haast and Hokitika. There are also \$148K to date of unbudgeted responsible camping operational expenditures covered by grant. Parks and Reserves are \$67K over budget due to increased maintenance costs.
Grants and Donations	Grants are mostly on budget with some slight variations with phasing, \$8.5K was spent on the Chinese delegation and \$1.3K on the War memorial for Westland Soldiers in France as approved unbudgeted expenditure.
Other Expenditure	
Depreciation	Depreciation is above budget. Budgeted depreciation was lowered by the auditor through the LTP process. Depreciation is forecasted to be above budget at the end of the financial year.
(Gain)/Loss on Swaps	Swap values are based on market factors and are difficult to predict. Any gain or loss on swaps would not materialise unless swaps were cashed in before maturity.
(Gain)/Loss on Disposal	This is the unbudgeted sale of reserve land at the variance between the sale and book value. The variance is significant as reserves are not valued at market rate because they are not easily saleable. The sale price is transferred to reserves for specific use within the community with which it was from

Unbudgeted Expenditure

Council Approved

Dated Approved	Description	Amount Approved \$	Amount Spent \$	Status
Aug-18	Purchase of Land for Wastewater treatment plant	285,000	285,000	Purchase completed
Aug-18	Funding of War memorial in France	1,300	1,300	\$100 per soldier
Aug-18	Policy on Mining Conservation Land	20,000		

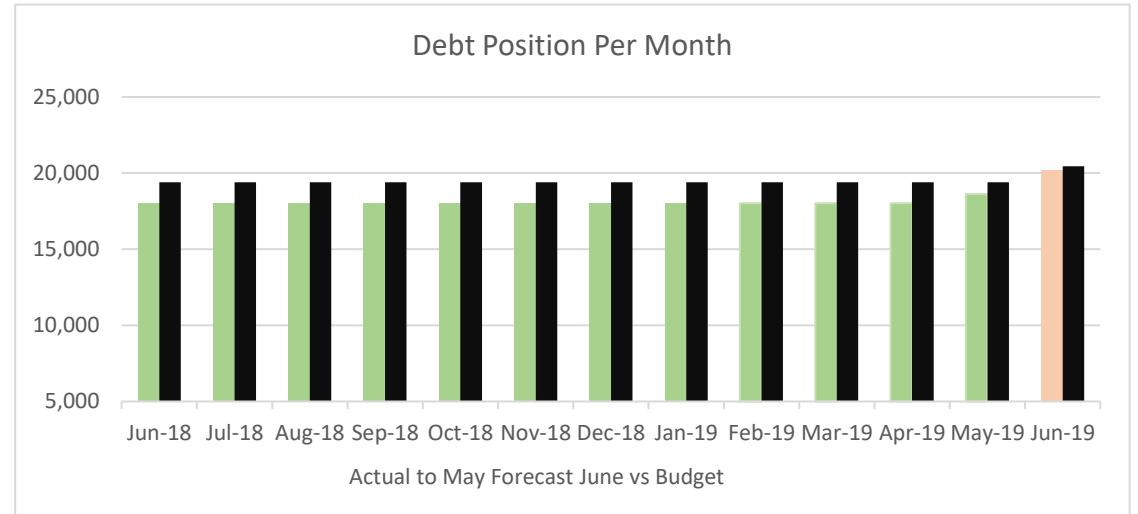
Management Approved

	IBIS Financial Reporting Software	50,000	78,000	IBIS Implementation in progress, there will be payments coming through the implementation period.
	Employment of Mayor's PA	21,120	34,755	Started Employment 10th September. Budget for 20 hours a week has been increased to 40 hours, forecast for the year is expected be 39.3k.
	Hokitika Tourist Amenities Block (TIFF)	58,750		Amount approved is Council's contribution. Amount Spent includes TIFF funded expenditure.
	Kumara Visitor Experience (TIFF)	61,350	21,370	Amount approved is Council's contribution. Amount Spent includes TIFF funded expenditure.
	Haast Toilets (TIFF)	222,880	393,982	Amount approved is Council's contribution. Amount Spent includes TIFF funded expenditure.
	Whataroa Toilets (TIFF)	100,250	2,092	Amount approved is Council's contribution. Amount Spent includes TIFF funded expenditure.
	Ross Toilets (TIFF)	106,750	2,092	Amount approved is Council's contribution. Amount Spent includes TIFF funded expenditure.
	ELMO - HR Software	10,455	10,455	50/50 Split with WCRC
	HR and Health & Safety Contractors	123,600	103,590	Total is Council's contribution only
21/03/2019	Huanggang Sister City Project	10,000	8,454	China delegation- partnership visit
	Carbon Credits	76,500	76,500	Purchase completed
	March Flood Event-Generator Project		2,322	Component purchase
Total		1,147,955	1,019,912	

May Debt Position

Forecast Debt Position per Long Term Plan for the 2018-19 Financial Year

Forecast as at	Jul-18	May-19
Opening Balance	18,018	18,018
Loan funded capex forecast	3,998	3,920
Forecast repayments 2018-19	(1,571)	(1,753)
Forecast balance June 2019	20,446	20,185



	Debt Position per month												
	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Budget	19,402	19,402	19,402	19,402	19,402	19,402	19,402	19,402	19,402	19,402	19,402	19,402	20,446
Forecast at 1 July 2018	18,018	18,018	18,018	18,018	18,018	18,018	19,401	19,401	19,401	19,401	19,401	19,401	20,446
Actual + Forecast	18,018	18,018	18,018	18,018	18,018	18,018	18,018	18,018	18,018	18,018	18,018	18,618	20,185
Waste Management loan	2,207	2,207	2,207	2,207	2,207	2,207	2,207	2,207	2,207	2,207	2,207	2,127	2,672
Water Supply loan	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,271	2,534
Wastewater loan	1,485	1,485	1,485	1,485	1,485	1,485	1,485	1,485	1,485	1,485	1,485	2,293	2,304
Structured Infrastructure loan for Council assets	7,845	7,845	7,845	7,845	7,845	7,845	7,845	7,845	7,845	7,845	7,845	7,845	7,845
Stormwater loan	702	702	702	702	702	702	702	702	702	702	702	758	1,065
Transportation	685	685	685	685	685	685	685	685	685	685	685	665	718
Vehicle loan	44	44	44	44	44	44	44	44	44	44	44	36	34
Cass Square	109	109	109	109	109	109	109	109	109	109	109	104	123
Conveniences	165	165	165	165	165	165	165	165	165	165	165	399	659
Other	60	60	60	60	60	60	60	60	60	60	60	122	486
Hokitika Water supply upgrade	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	1,998	1,744

Capital Projects

Capital Projects 2019-20						Legend - Key				
	31/05/2019								Project Delayed - Will not be completed by 30th June 2019	
									Project on-Track - Will be completed by 30th June 2019	
									Project Complete - 100% Progress	
Project / Activity	YTD E	2018-19 Budget	Forecast	Budget Track	Progress / Track	Progress Comments				
LEADERSHIP										
Information Management - DMS	29,114	50,000	50,000			This is a project that spans 2 years, therefore will not be expected to be completed by the end of this financial year. Planning is taking place therefore costs will materialise throughout the year.				
IT Equipment renewals - Annual Network	5,591	32,000	15,000			This should be below budget due to the new servers however there is still some work to be done between the floors				
IT Equipment renewals - Upgrades to workstations	23,151	12,000	32,000			Increased the forecast for workstation upgrades but reduced the network upgrades forecast correspondingly				
IT Equipment renewals - Webcam replacement		2,500	2,500			Quote received, evaluating options, will be purchased before EOY				
IT Equipment renewals - Disaster recovery servers		40,000	0			Delayed this year, due to obtaining suitable offsite location				
Council HQ - Refurbishment		100,000	100,000			stage of project to be completed this year				
IT Equipment renewals - Civil Defence Laptop		5,000	5,000							
Civil Defence - Civil defence Kits	5,663	4,800	5,663			Ongoing				
IT Equipment renewals - Councillors Tablets	1,618	-	1,618			Completed				
	65,137	246,300	210,163							
LIBRARY										
Library - Electrical upgrade	28,672	29,300	29,000			Almost complete. Smaller IT purchases outstanding, likely to be slightly under budget.				
Library - Audio/Visual Resource	3,347	4,324	4,324							
Library - Books	33,768	45,403	45,403							
Library - Large Print Books	5,734	6,486	6,486							
	71,521	85,513	85,213							
WATER SUPPLY										
Kumara - Mains upgrade programme		15,000	15,000			site visit with contractor 17/05, only investigative work to be completed this financial year & costs obtained for progressing work				
Kumara - Treatment Components upgrade programme	2,135	2,778	0			to be looked at after plant is fully operational				
Kumara - Disinfection upgrades programme		2,222	0			provision for chlorination in place, only needed if legislation changes, carry over				
Kumara - Telemetry	5,279	3,333	5,279			in progress				
Arahura - Treatment Components upgrade programme	2,135	2,778	0			To be completed with new plant, carry over				
Arahura - Disinfection upgrades programme		2,222	0			provision for chlorination in place, only needed if legislation changes, carry over				
Arahura - Telemetry		3,333	0			To be completed with new plant, carry over				
Arahura - Water treatment plant	16,431	365,000	265,000			Water testing completed successfully, option studies in progress and presented to land owners, remainder of budget will be carried over to next year to complete project				
Hokitika - Mains upgrade programme	3,208	300,000	300,000			Hampden Street physical works started 10/06, Contract awarded to Westroads, expected to complete works end July 2019				
Hokitika - Pumps Upgrade Brickfield	9,419	25,000	25,000			Pumps arrived and installation planned				
Hokitika - Water meter replacements	1,698	90,000	50,000			Contractor has scoped work & pricing of instruments received; options now to be reviewed				
Hokitika - Generator	41,203	45,000	45,000			Completed				
Hokitika - Treatment Components upgrade programme	2,135	2,778	0			Components identified but not yet priced				
Hokitika - Disinfection upgrades programme		2,222	0			Provision for chlorination in place, only needed if legislation changes, carry over.				
Hokitika - Telemetry		3,333	3,333			In progress				
Ross - Mains upgrade programme		120,000	70,000			On hold until work on Ross Water Mains is completed & we know what budget is remaining, investigative work under way				
Ross - Building Repairs and Stabilisation	6,622	15,000	15,000			Physical work completed				
Ross - Water Source	237	20,000	20,000			DoC to approve work methodology before it can start				
Ross - Treatment Components upgrade programme	2,135	2,778	0			Components required identified but not yet costed				
Ross - Disinfection upgrades programme		2,222	0			Provision for chlorination in place, only needed if legislation changes, carry over.				
Ross - Telemetry	380	3,333	3,333			in progress				
Hari Hari - Mains upgrade programme	2,133	15,000	15,000			Currently being investigated, awaiting costing from contractor				
Hari Hari - Treatment Components upgrade programme	2,135	2,778	0			Components purchased				
Hari Hari - Disinfection upgrades programme		2,222	0			Provision for chlorination in place, only needed if legislation changes, carry over.				
Hari Hari - Telemetry		3,333	3,333			in progress				
Whataroa - Treatment Components upgrade programme	3,760	2,778	0			to be looked at after new plant is fully operational				
Whataroa - Disinfection upgrades programme		2,222	0			Provision for chlorination in place, only needed if legislation changes, carry over.				
Whataroa - Telemetry	3,855	3,333	3,855			in progress				
Franz Josef - Mains upgrade programme	317	90,000	0			carried forward to next financial year				
Franz Josef - Raw Water Source	115,323	220,000	220,000			Work nearly complete, DOC to approve land reinstatement achieved				
Franz Josef - Blower Electrics & SCADA	39,016	32,000	39,016			Completed				
Franz Josef - Treatment Components upgrade programme	7,082	2,778	7,082			Components purchased				
Franz Josef - Disinfection upgrades programme		2,222	0			Provision for chlorination in place, only needed if legislation changes, carry over.				
Franz Josef - Telemetry	380	3,333	3,333			in progress				
Fox Glacier - Plant upgrade	7,058	400,000	100,000			Tenders received & evaluation in progress, tender award only end June, majority of work to be carried over until next year				
Fox Glacier - Mains upgrade programme		80,000	80,000			site visit with potential contractor 16/05, requirements clearly defined but DOC to agree on work methodology				
Fox Glacier - Treatment Components upgrade programme		2,778	0			To be completed with new plant, carry over				
Fox Glacier - Disinfection upgrades programme		2,222	0			Provision for chlorination in place, only needed if legislation changes, carry over.				
Fox Glacier - Telemetry		3,333	0			To be completed with new plant, carry over				
Haast - Treatment Components upgrade programme	2,135	2,778	0			Components purchased				
Haast - Disinfection upgrades programme		2,222	0			Provision for chlorination in place, only needed if legislation changes, carry over.				
Haast - Genset project (March Flood Event)	2,322									
Haast Reservoir-Connect water tank pipes	8,420									
Haast - Telemetry	380	3,333	3,333			In progress				
	287,331	1,907,000	1,291,898							

WASTEWATER						
Hokitika - WWTP upgrade		275,000	275,000			Plant components arrived and working well, ponds are recovering, design being finalised for further work, some carry-over to next financial year
Hokitika - Mains upgrade programme		60,000	60,000			Work in in progress, contractor site visit 16/05 and work expected to start 20/06/2019
Hokitika - Pump upgrade		20,000	20,000			on West Drive, should be completed this year
Hokitika - Pump upgrade (Kaniere)		130,000	130,000			Should be completed this year
Hokitika - Kaniere Road catchment	10,566	50,000	50,000			In progress
Hokitika - WW Network Growth		2,500	2,500			
Franz Josef - WWTP upgrade	1,856,997	2,250,000	1,000,000			in progress, delays due to weather but all else is going well, approx. 50% completed overall
Franz Josef - WW Network Growth		2,500	2,500			
Fox Glacier - Mains upgrade programme		32,000	32,000			Network investigation underway
Fox Glacier - WWTP upgrade		100,000	100,000			Aerators and intakes on order
Fox Glacier - WW Network Growth		2,500	2,500			
Haast - WW Network Growth		2,500	2,500			
	1,867,563	2,927,000	1,677,000			
STORMWATER						
Hokitika - Mobile generator	23,810	30,000	30,000			Completed
Hokitika - Mains upgrade programme	44,378	25,000	35,000			Completed
Hokitika - Pump upgrade (Tancred)	8,145	200,000	0			Consultant working on final design, carry over until next year
Hokitika - Pump upgrade (Sewell)	91,093	100,000	100,000			Pump purchased and installed
Hokitika - Pump upgrade (Rolleston)		20,000	0			to be carried forward to next year, delays in input data
Hokitika - Pump upgrade (Hoffman)		50,000	0			to be carried forward to next year, delays in input data
Hokitika - Extension Weld St		130,000	0			to be carried forward to next year, delays in input data
Hokitika - Realignment Beach St		20,000	20,000			Waiting on construction works
Hokitika - Extension Jollie St	43,241	240,000	240,000			Consultant scoping project, cctv undertaken to finalise design
Hokitika - Mains upgrade new developments	5,550	10,000	10,000			May be a carryover, investigations not complete
	216,217	825,000	435,000			
SWIMMING POOLS						
Swimming Pool Ross - EQ strengthening		10,000	10,000			
Hokitika Swimming Pool ventilation System	20,000	-	20,000			Project moved forward from year 2 of the LTP
	20,000	10,000	10,000			
COMMUNITY SERVICES DEVELOPMENT						
Footpath upgrades - Kokatahi		27,000	27,000			Surfacing of footpaths included in resealing contracts
Footpath upgrades - Kumara	12,000	10,000	12,000			Costs split between current year and carry over project, finished.
Footpath upgrades - Fox Glacier		3,000	3,000			Surfacing of footpaths included in resealing contracts
Footpath upgrades - Kaniere		1,000	1,000			Surfacing of footpaths included in resealing contracts
Footpath upgrades - Ross		3,000	3,000			Surfacing of footpaths included in resealing contracts
Footpath upgrades - Franz Josef		20,000	20,000			Surfacing of footpaths included in resealing contracts
Footpath upgrades - Whataroa		1,000	1,000			Surfacing of footpaths included in resealing contracts
Footpath upgrades - Hari Hari		1,500	1,500			Surfacing of footpaths included in resealing contracts
Footpath upgrades - Haast		1,500	1,500			Surfacing of footpaths included in resealing contracts
	12,000	68,000	70,000			
RESPONSIBLE CAMPING						
Toilets, Motor Vehicles, Refuse & Recycling Bins and Signage	142,104	-	142,000			Installation well underway, three sights operational. Expenditure to be fully subsidised by MBIE
	142,104	0	142,000			
NEW TOILET & ASSOCIATED FACILITIES						
Franz Josef Toilets	58,631		58,631			Completed
Whataroa Toilets	2,092		100,250			Currently being Designed
Ross Toilets	2,092		106,750			Currently being Designed
Kumara Visitor Experience	21,370		61,350			Currently being Designed
Okarito Toilets	9,893		9,893			Completed
Fox Toilets	57,344		57,344			Completed
	151,421	0	394,217			
ANIMAL CONTROL						
Motor vehicles	33,594		33,594			Animal control vehicle, completed.
Animal accommodation	2,895		5,790.00			
	36,489	0	39,384			
ELDERLY HOUSING						
Revell St roofing project	22,840	20,000	0			Glazing & insulation project rescheduled for the next financial year
	22,840	20,000	0			
WCWT						
West Coast Wilderness Trail - Enhancement	256,105		256,105			Cost has been recovered from MBIE
West Coast Wilderness Trail - Enhancement		70,000	70,000			
	256,105	0	256,105			
SOLID WASTE						
Haast - Preparation for new cell		10,000	10,000			
Butlers - Site Shed		15,000	15,000			Completed, costs yet to come in.
Carbon credits	76,500		76,500			Completed
	76,500	25,000	101,500			
LAND & BUILDINGS						
Buildings - Greypower windows		8,000	8,000			project with Destination Westland
Carnegie Building Upgrade	32,686		32,686			
	32,686	8,000	8,000			
I SITE & MUSEUM						
Museum - Photo booth		2,400	0			To be carried forward into next financial year
i-Site - Booking Computers		7,500	7,500			
i-Site - Interactive mapping		11,780	11,780			Not sure if able to proceed due to no longer having the in-house qualifications.
i-Site - Self service computers		4,900	4,900			
i-Site - Website development	10,000	10,000	10,000			
i-Site - Replacements of equipment		3,000	0			any replacements to be under IT renewals
	10,000	39,580	34,180			

PARKS & RESERVES						
Reserves - Waterfront development	1,941	50,000	50,000			
Reserves - Cass Square - Demolish Grandstand		15,000	15,000			
Reserves - Cass Square - Building improvements Pavilion		20,000	20,000			
Reserves - Cass Square - Rubber matting		20,000	20,000			Completed, costs paid in previous financial year
Reserves - Haast		10,000	10,000			community project, carry over
	1,941	115,000	115,000			
TRANSPORTATION						
Unsealed Road Metalling (3030)	352,158	286,500	352,158			Work completed
Sealed Road Resurfacing (3031)	784,690	850,000	850,000			Awarded to Fulton Hogan, Work well under way to be invoiced
Maintenance - Drainage Renewals (3032)	9,114	159,000	159,000			Ongoing Programme. Within Maintenance contract
Structures Component Replace (3033)	229,232	212,500	229,232			Ongoing Programme. Currently Sharing large costs for William Stewart with GDC
Traffic Services Renewals (3034)	81,549	127,500	127,500			Ongoing programme, pavement Marking yet to come out of this.
Sealed Road Pavement Rehabilitation	43,274	80,000	80,000			Awarded to Fulton Hogan as part of Reseal contract
Sealed Road Resurfacing (3070)	245,523	159,000	245,523			Ongoing Programme. Within Maintenance contract
Maintenance - Drainage Renewals		27,000	27,000			Awarded to Fulton Hogan, Work has started yet to be invoiced
Structures Component Replace (3072)	62	53,000	53,000			
Traffic services renewals	9,512	11,000	11,000			Ongoing Programme. Within Maintenance contract
Sealed Road Pavement Rehabilitation		150,000	150,000			Ongoing Programme. Within Maintenance contract
Low Cost Low Risk - Local	14,625	545,000	545,000			2 Projects this year, Cauldron Creek & Fox Creek. Likely to be lower cost options than originally scoped
Low Cost Low Risk - SPR		35,000	35,000			Project Yet to be fully scoped.
	1,769,738	2,695,500	2,864,413			
Total	5,039,593	8,971,893	7,734,073			

Carryover Schedule to 2018-19

Activity	Detail	Funded by	Requested Amount \$	Actual \$	Forecast \$	Notes
Township Development	Upgrade footpaths and driveways over next three years	Depreciation	5,000	5,000	5,000	Repairs and maintenance footpaths, Kumara. Planned early 2019
Township Development	Repairs and Maintenance to Hokitika Statues	Depreciation	5,000	5,000	5,000	Statue upgrades of lighting etc. commenced -Budget required for this. 2018 - 19.
Water Supply	Kumara - Water treatment plant - seismic valves	Depreciation	30,000	0	30,000	To be carried over to next year (2019-20)
Water Supply	Whataroa - Water treatment plant	Depreciation	154,633	376,197	315,000	Overspend, almost completed, will finish this year (2018-19)
Water Supply	Whataroa - Seismic valves	Depreciation	20,000		20,000	To be carried over to next year (2019-20)
Wastewater	Hokitika - Mains upgrade	Depreciation	126,856	84,444	126,856	One project completed (Z-line)- others underway - completions march 2019.
Wastewater	Haast - Mains upgrade	Depreciation	20,000	0	20,000	
Wastewater	Haast - De-sludge oxidation ponds	Depreciation	150,000	0	150,000	Planned for March / April 2019
Township Development	New footpaths - Franz	Depreciation	25,000	0	25,000	Cron Street - planned 2019
Township Development	Footpath upgrades - Hokitika	Depreciation	27,000	37,758	37,758	Completed
Township Development	Footpath upgrades - Kumara	Depreciation	5,000		5,000	Repairs and maintenance footpaths, Kumara. Planned early 2019
Township Development	Footpath upgrades - Franz	Depreciation	15,000	0	15,000	Business area development, Cron Street upgrade. DOC/Ngai Tahu. April 2019
Parks & Reserves	Reserves - Cass Square - Repairs to Statues	Depreciation	5,000	0	5,000	Lighting & upgrades of Cass Squ. statues & bases. - mid- 2019
IT Equipment Renewals	IT Equipment Renewals	Depreciation	86,848	86,848	86,848	Server upgrade. Project completed
Water Supply	Hokitika - Mains Upgrades	Depreciation	81,507	17,867	81,507	To be completed this year (2018-2019)
Water Supply	Ross - Water Treatment Plant - Seismic Valves	Depreciation	30,000	0	30,000	To be carried over to next year (2019-20)
Water Supply	Whataroa - Pump Upgrades	Depreciation	35,000	0	35,000	planned with Plant upgrade
Water Supply	Fox Glacier - Seismic Valves	Depreciation	30,000	2,934	30,000	To be carried over to next year (2019-20)
Cemeteries	Cemetery - Hokitika Upgrade & Expansion	Depreciation	10,000	3,366	10,000	Forward works planned.
Township Development	Township Maintenance - Kumara Rubbish Bins	Depreciation	3,000	0	3,000	To be completed this year (2018-2019)
Township Development	Township Maintenance - Hokitika Rubbish Bins	Depreciation	7,000	0	7,000	To be completed this year (2018-2019)
Township Development	Township Maintenance - Fox Rubbish Bins	Depreciation	3,000	0	3,000	To be completed this year (2018-2019)
Township Development	Township Maintenance - Haast Rubbish Bins	Depreciation	2,000	0	2,000	To be completed this year (2018-2019)
Reserves	Reserves - Cass Square - Repairs To Statues	Depreciation	5,000	0	5,000	See previous notes. - works planned.
Reserves	Reserves - Lazar Park Upgrade	Depreciation	45,000	22,569	45,000	Funds needs retaining for community project

Township Development	Footpath Upgrades	Depreciation	45,000	0	45,000	Works now scoped - ready to proceed.
Buildings	Council HQ Refurbishment	Loan Funding	104,767	83,182	104,767	Works underway need to retain funds.
Township Development	Bruce Bay Toilets	Loan Funding	23,024	47,800	23,024	
Township Development	Haast Township- New Toilet Facilities, Dump Station, Shelter, Bus Depot & Carpark	Loan Funding	262,880	393,982	262,880	Works now progressing
Township Development	Sunset Point - New Toilets, Shelter & Carparks	Loan Funding	500,000	0	500,000	Works now progressing - design being finalised.
Solid Waste	Franz Josef Landfill	Loan Funding	25,000	0	25,000	Expected to occur in March 2019
Solid Waste	Intermediate Capping for Butlers	Loan Funding	50,000	45,555	50,000	Completed
Solid Waste	Landfill- Haast - Digout new Cell	Loan Funding	3,740	0	3,740	
Solid Waste	Haast intermediate cap current cell	Loan Funding	10,000	0	10,000	Development scoping underway with new team / Mgr.
Water Supply	Kumara - Water treatment plant	Loan Funding	346,004	321,614	346,004	Completed
Wastewater	Franz Josef - New WWTP	Loan Funding	60,836	60,836	60,836	Project in tendering / design process
Transportation	Hokitika Gorge & Whitcombe Valley Road - Upgrade Of Existing Toilet Facilities, Carparks, Road Widening, Seal & Extension.	Loan Funding	68,056	956,639	68,056	Work now nearing completion - weather dependent
Water Supply	Hokitika - River Water Intake Upgrade	Loan Funding	27,020	259,024	259,024	Completed
Water Supply	Fox Glacier - Water Treatment Plant Upgrade	Loan Funding	50,000	13,835	50,000	Planned for new year
Wastewater	Hokitika - WWTP Upgrade	Loan Funding	298,333	193,513	298,333	Items on order - works underway
Wastewater	Fox Glacier - WWTP upgrade	Loan Funding	100,000	7,487	100,000	Items again on order - need to retain funds
Township Development	Franz Josef Urban Revitalisation Plan	Reserves	100,000	0	100,000	Awaiting further study / work with community, regional council and central government on a "master plan" for the township before this streetscape / revitalisation work takes place.
Reserves	Reserves - Marks Road Reserve	Reserves	10,000	0	10,000	Works planned in this financial year. Prior to June 2019
Reserves	Reserves - Hokitika Waterfront Development	Recreation Contributions	72,045	72,045	72,045	Works planned in this financial year. Prior to June 2019
Reserves	Reserves - Hokitika Heritage Trail signs	Reserves	3,500	0	3,500	Works planned in this financial year. Prior to June 2019
Total			3,087,048	3,097,495	3,490,177	

Statement of Financial Position as at 31 May 2019

Balance Sheet as at 31 May 2019	Actual May-19 \$'000	Council Budget as at 30th June 2019 \$'000	Actual as at 30th June 2018 \$'000
Assets			
Current assets			
Cash and cash equivalents	4,256	5,570	2,021
Debtors and other receivables	2,148	2,354	5,277
Other financial assets	27	-	310
Inventory	-	-	-
Work in progress	-	-	-
Total current assets	6,431	7,923	7,609
Non-current assets			
Property, plant and equipment	425,928	459,716	429,889
Intangible assets	62	81	143
Derivative financial instruments	-	-	5
Council Controlled Organisations	8,695	8,695	8,695
Other Financial Assets	525	401	302
Investment property	-	-	-
Term inventory	-	-	-
Assets under construction	8,881	-	2,698
Total non-current assets	444,092	468,893	441,732
Total assets	450,523	476,816	449,340
Liabilities			
Current liabilities			
Creditors and other payables	784	2,087	2,604
Derivative financial instruments	-	-	1
Borrowings	-	1,701	3,000
Employee entitlements	204	182	358
Provisions	-	-	-
Tax payable	3	3	3
Other current liabilities	315	377	461
Total current liabilities	1,306	4,351	6,428
Non-current liabilities			
Derivative financial instruments	871	500	545
Borrowings	18,618	18,745	15,018
Employee entitlements	35	20	35
Provisions	2,179	2,089	2,179
Deferred Tax	32	28	32
Total non-current liabilities	21,736	21,382	17,810
Total liabilities	23,042	25,733	24,238
Net assets	427,480	451,084	425,104
Equity			
Retained earnings	148,459	151,581	148,031
Restricted reserves	9,570	7,347	7,622
Revaluation reserves	269,387	292,091	269,387
Other comprehensive revenue and expense reserve	64	64	64
Net assets	427,480	451,084	425,104

Report



DATE: 27 June 2019

TO: Finance, Audit and Risk Committee

FROM: Group Manager: Corporate Services

CHANGE IN ACCOUNTING POLICY FOR REVALUATION OF LANDFILLS

1 SUMMARY

- 1.1 The purpose of this report is to request the Committee to form an opinion on the change in Accounting Policy for revaluation of landfills to the cost model and provide Council with that recommendation.
- 1.2 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in May 2018, which will be set out in the next Long Term Plan 2018-28.
- 1.3 This report concludes by recommending that the Committee recommend to Council the approval of a change in Accounting Policy to recognise landfill assets at the cost model.

2 BACKGROUND

- 2.1 Council use the revaluation model for accounting for Property, Plant and Equipment under Public Benefit Entity International Public Sector Accounting Standards 17 (PBE IPSAS 17).
- 2.2 This standard details how assets should be measured and recorded subsequently after recognition.
- 2.3 Council did not revalue landfills due to the complexity of doing so until ANA Group carried out revaluations in 2016, where ANA were instructed to revalue the landfills as part of other infrastructure revaluations.
- 2.4 Subsequently, this has caused complex calculations at year end to account for the revaluations of these landfills.

3 CURRENT SITUATION

- 3.1 Over the last two years, the landfill provision has been a particularly difficult and time consuming adjustment during the year end process.
- 3.2 The complexities have not just affected staff but also caused confusion with Audit NZ resulting in the previous financial year requiring a Prior Year adjustment.
- 3.3 Audit have stated that it is unusual for Councils to revalue the landfills and that it is an unnecessary requirement for WDC to undertake, and have recommended that we change our accounting policy to not revalue landfill assets and account for landfills under the cost model.
- 3.4 Finance staff agree with this approach and request that the Committee under the terms of reference, recommend to Council to adopt the change in policy.
- 3.5 Although the accounting for revalued landfills is complex, the actual impact of not revaluing these assets is minimal on the balance sheet.

4 OPTIONS (WITH ANALYSIS)

- 4.1 Option 1; that the Committee recommend to Council to adopt a change in Accounting Policy to recognise landfill assets under the cost model. Revaluing landfill assets creates a high level of accounting complexity that is not necessary for very little benefit.

5 SIGNIFICANCE AND CONSULTATION

- 5.1 This report is administrative and deemed to be of low significance. No consultation is required.

6 RECOMMENDATION

- A) **THAT** the Committee recommends to Council to adopt a change in Accounting Policy to recognise Landfill assets under the cost model.

Lesley Crichton
Group Manager: Corporate Services

FINANCE, AUDIT AND RISK COMMITTEE ROLLING WORK PLAN

Item	June-19	July-19	Aug-19	Sept-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	April-20	May-20
External Audit				Note - Final Audit Annual Report 2018/19 begins (Over month end) Interim Audit Management Report 2018/19 – review action to be taken by management	Cont, Final Audit Annual Report 2018/19				Audit Management Report 2018/19			Interim Audit 2019/20 Confirmed Audit NZ Update on Management actions on Audit NZ recommendations Audit management report 2018/19
Financial Reporting			Verbal update on year end		Quarterly Report to September 2019 Review Audited Annual Report 2018/19 – for recommendation of adoption to Council			Quarterly Report to December 2019			Quarterly Report to March 2020	
Insurance						Valuation Information Renewal						
Risk Management Framework		Review Risk Register	Health & Safety Report		Review Risk Register	Health & Safety Report		Review Risk Register	Health & Safety Report		Review Risk Register	Health & Safety Report
Internal Control Framework			Update – Fraud Control Progress			Update – Fraud Control Progress			Update – Fraud Control Progress			Quarterly Protected Disclosure report from PwC. (Confidential)