

WESTLAND DISTRICT COUNCIL



ANNUAL REPORT 2017 / 2018

Westland District's Profile

*District Office
Postal Address
Communications*

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Phone: (03) 756 9010
Fax: (03) 756 9045
Email: council@westlanddc.govt.nz
Website: www.westland.govt.nz

*Date of Constitution of District
Population – Census Night (2013)
Resident in District*

1 November 1989
11,136
8,307

Total Area

1,186,272 ha

Rateable Area

127,933 ha

No. of Rateable Assessments

6678

No. of Non-rateable Assessments

742

Rateable Capital Value as at 30 June 2017

\$2,432,936,200

Non-rateable Capital Value as at 30 June 2017

\$593,396,500

Rateable Land Value as at 30 June 2017

\$1,913,585,000

Non-rateable Land Value as at 30 June 2017

\$540,571,600

Date of Last Valuation (by Quotable Valuation Limited)

1 September 2017

Date of Next Valuation (by Quotable Valuation Limited)

1 September 2020

Auditor

Audit New Zealand, on behalf of the Auditor-General

Bankers

Westpac Bank

Insurance Brokers

Aon New Zealand

Cover photo –Christmas Tree credit Tony Maitland



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INTRODUCTION

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Reporting Guidelines

Council Vision

Statement of Compliance

Elected Members and Council Committees

Executive Team

Māori Contribution to Decision-making

Mayor and Chief Executive's Report

Financial Statistics

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Annual Report Disclosure Statement

Financial Prudence

Reporting Guidelines

The Local Government Act 2002 (the LGA) requires all local authorities to develop a Long Term Plan (LTP) 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 a Long Term Plan on 30 June 2015, so this Annual Report is based on the provisions and planning framework of the Long Term Plan 2015-2025.

We prepare an Annual Report to communicate to the community how we performed 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 2015-2025 is how we show this. For service delivery this remains a legitimate comparison and any departures are explained in the statements of service performance.

This report is prepared in observance of new Local Government (Financial Reporting and Prudence) Regulations 2014 along with the Local Government Act 2002 Amendment Act provisions, 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.

Council Vision

Westland District Council will facilitate the development of communities within its district through delivery of sound infrastructure, policy and regulation. This will be achieved by:

- Involving the community and stakeholders
- Delivering core services that meet community expectations and demonstrate value and quality.
- Proudly promoting, protecting and leveraging our historic, environmental, cultural and natural resource base to enhance lifestyle and opportunity for future generations.



Statement of Compliance

Westland District Council hereby confirms that all statutory requirements contained in the Local Government Act 2002, in relation to the Annual Report 2017/18 have been complied with except the adoption of the Annual Report.

Council adopted this Annual Report on 22 November 2018, therefore did not meet the statutory deadline for adoption.

A handwritten signature in blue ink, appearing to read 'B Smith', on a light blue background.

Bruce Smith
MAYOR

A handwritten signature in blue ink, appearing to read 'Simon Bastion', on a light blue background.

Simon Bastion
CHIEF EXECUTIVE

Elected Members 2017/18



Back row (L-R): Cr Graeme Olson, Cr Desmond Routhan, Cr Durham Havill, Cr Gray Eatwell

Front row (L-R): Cr David Carruthers, Deputy Mayor Helen Lash, Mayor Bruce Smith, Deputy Mayor Latham Martin, Cr Jane Neale

Photo Credit: Katrina Thornley Photography

Mayor

Mayor Bruce Smith mayor.smith@westlanddc.govt.nz

Hokitika Ward

Cr Desmond Routhan cr.routhan@westlanddc.govt.nz

Cr David Carruthers cr.carruthers@westlanddc.govt.nz

Deputy Mayor Latham Martin cr.martin@westlanddc.govt.nz

Northern Ward

Cr Graeme Olson cr.olson@westlanddc.govt.nz

Cr Jane Neale cr.neale@westlanddc.govt.nz

Cr Durham Havill cr.havill@westlanddc.govt.nz

Southern Ward

Deputy Mayor Helen Lash cr.lash@westlanddc.govt.nz

Cr Gray Eatwell cr.eatwell@westlanddc.govt.nz

Council Committees and appointments

| | |
|--|--|
| Finance, Audit and Risk Committee | Deputy Mayor Latham Martin (Chair), His Worship the Mayor, all other elected members |
| Dog Control Hearing Committee | Cr Carruthers (Chair). Cr Olson (Deputy Chair), His Worship the Mayor |
| Tenders Sub-Committee | His Worship the Mayor (Chair), Deputy Mayor Martin, Cr Olson, Cr Carruthers |
| Hokitika CBD Masterplan Working Group | His Worship the Mayor, Deputy Mayor Martin, Cr Neale |
| West Coast Civil Defence Emergency Management Joint Standing Committee | His Worship the Mayor (Westland's representative), Chief Executive Simon Bastion |

Elected Member Liaison Roles with Community Associations

| | |
|---|---|
| Enterprise Hokitika | Deputy Mayor Martin, Cr Eatwell |
| Fox Glacier Community Association | Deputy Mayor Lash to have a liaison role with the Fox Glacier Community Association |
| Franz Inc. | Cr Eatwell to have a liaison role with Franz Inc |
| Franz Josef/ Waiau Community Forum | Deputy Mayor Lash to have a liaison role with Franz Josef/ Waiau Community Forum |
| Glacier Country Tourism Group | Cr Eatwell to have a liaison role with the Glacier Country Tourism Group |
| Haast Promotions Group | Deputy Mayor Lash to have a liaison role with the Haast Promotions Group |
| Harihari Community Association | Cr Eatwell to have a liaison role with the Harihari Community Association |
| Heritage Hokitika | Cr Carruthers to have a liaison role with Heritage Hokitika |
| Heritage West Coast | Cr Carruthers to have a liaison role with Heritage West Coast |
| Kokatahi/Kowhitirangi Community Association | Cr Olson to have liaison role with the Kokatahi/ Kowhitirangi Community Association |
| Kumara Residents Association | Cr Havill to have a liaison role with the Kumara Residents Association |

| | |
|--------------------------------|--|
| Ōkārito Community Association | Deputy Mayor Lash to have a liaison role with the Ōkārito Community Association |
| Ross Community Society | Cr Olson and Cr Neale to have liaison role with the Ross Community Society |
| Safe Community Coalition | Cr Neale to have a liaison role with the Safe Community Coalition |
| Whataroa Community Association | Deputy Mayor Lash and Cr Eatwell to have a liaison role with the Whataroa Community Association. |

Other Appointments

| | |
|--|---|
| Creative Communities Local Assessment Committee | Deputy Mayor Lash, Deputy Mayor Martin, Sally Richardson, Sue Asplin, Michelle Bunt, Reilly Burden, Ian Boswell |
| Development West Coast – Appointment Panel | His Worship The Mayor |
| District Licencing Committee Appointment Of Deputy Chair | Cr Olson |
| Hokitika Joint Seawall Committee | Cr Carruthers, Cr Routhan, Cr Neale, Cr Eatwell |
| Hokitika Reserves & Environs Group | Rob Daniel (Chair), Derek Blight (Secretary), Russell Gugich, Sue Asplin, Barry Pearson, Bruce And Barbara Erickson, Helen Love, Ian Gilbertson, Sue Tuffnell |
| Accredited Resource Management Hearing Advisors | Deputy Mayor Martin, Deputy Mayor Lash, Cr Neale |
| Sport NZ Rural Travel Fund – Allocation Committee | Cr Neale, Pavel Bares |
| Trustpower Community Awards – Judging Panel | His Worship The Mayor, Deputy Mayor Martin, Cr Eatwell |
| West Coast Civil Defence Emergency Management Group | His Worship The Mayor, Chief Executive Simon Bastion |
| West Coast Regional Transport Committee | Cr Havill |

Council Controlled Organisations (CCOs)

| | |
|---------------------------|--|
| Westland Holdings Limited | Albert Brantley (Chair), Joanne Conroy, Chris Gourley, Chris Rae |
| Destination Westland | Deputy Mayor Martin, Ian Hustwick (Chair), Pauline Cox, Richard Benton |
| Westroads Limited | Peter Cuff (Chair), Durham Havill, Ross Pickworth, Bryce Thomson |

Other Council Organisations

| | |
|---|-----------------------------|
| Westland Wilderness Trust (This is a Council Organisation and is the governance body for the West Coast Wilderness Trail. As required in the constitution two Council representatives are required). | Deputy Mayor Lash, Cr Neale |
| Tourism West Coast | Cr Eatwell |

Executive Team



Back: Jim Ebenhoh, David Inwood
Front: Diane Maitland, Simon Bastion, Lesley Crichton
Photo Credit: Katrina Thornley Photography

Simon Bastion

Chief Executive

Telephone: 03 756 9010

Email: ce@westlanddc.govt.nz

As Chief Executive, Simon has the overall responsibility to ensure that Westland District Council:

- Receives good policy advice
- Delivers all services to the desired standard
- Complies with the law

Simon also oversees economic development, advocacy, mining, sport and recreation and tourism strategy portfolios in conjunction with Westland District Councillors.

Lesley Crichton

Group Manager: Corporate Services

Telephone: 03 756 9081

Email: lesley.crichton@westlanddc.govt.nz

Lesley's primary responsibility is to provide effective financial management within the policies adopted by Council and to develop Council's financial strategy. Lesley's team deliver the Annual Report, Annual Plan and Long Term Plan. Lesley's team also provides Business Analysis and information management services including IT.

Jim Ebenhoh

Group Manager: Planning, Community & Environment

Telephone: 03 756 9035

Email: jim.ebenhoh@westlanddc.govt.nz

Jim is responsible for the Council department that deals with resource and building consents, liquor licensing, environmental health, animal control and other registration and licensing. Jim is also responsible for the District Library, Museum, Events and Community Development and maintaining the District Plan.

David Inwood

Group Manager: District Assets

Telephone: 03 756 9034

Email: david.inwood@westlanddc.govt.nz

David's primary responsibility is to oversee the operation, maintenance and improvement of Council's infrastructural assets. These include roading, water and wastewater services, recreational assets, cemeteries, land and buildings, rural fire and solid waste disposal. David is also responsible for the development of Asset Management / Activity Management Plans and long-term infrastructure strategies.

Diane Maitland

Executive Assistant

Telephone: 03 756 9038

Email: diane.maitland@westlanddc.govt.nz

Diane provides the Chief Executive, Mayor and Councillors with a comprehensive and efficient administrative and secretarial service. Diane facilitates and maintains a professional link between the Mayor, Councillors, Chief Executive and Executive Team.

Māori Contribution to Decision-making

Section 81 of the Local Government Act 2002 sets out the obligations for Council under clause 35, schedule 10 LGA, to both consult Māori and encourage Māori involvement in the Council's decision making processes. Section 35 of the Act requires Council to report on the activities that have been undertaken in the year to establish and maintain processes to enable Māori to contribute.

The Long Term Plan 2015-2025 includes a statement of commitment to consultation and engagement with Maori, particularly mana whenua.

The statement expresses the desire of Council and Poutini Ngāi Tahu (Te Rūnanga o Ngai Tahu, Te Rūnanga o Makaawhio and Te Rūnanga o Ngāti Waewae) to maintain good communication and working relationships. In particular all parties wish to evolve our relationships to ensure that contribution to decision making continues to occur.

As an example of a current method of providing an opportunity for Poutini Ngāi Tahu to contribute to the decision-making processes of Council, a quarterly meeting is held with representatives of Te Rūnanga o Makaawhio to discuss strategic matters largely in relation to the Resource Management Act 1991. This arrangement has proven to be a successful way of engaging on other topics such as the Annual Plan, and planning for major infrastructure projects.

Council also has other committees and working parties in place which include Makaawhio and Ngāti Waewae representatives and the minutes from the meetings are forwarded to the Runanga. This includes the Safer Community Council (which has changed into the 'Safer Community Coalition'), the Westland Wilderness Trust and the Franz Josef / Waiau working group.

Mayor and Chief Executive's Report 2017/18



From left to right: Bruce Smith, Simon Bastion
Photo Credit: Katrina Thornley Photography

Kia Ora Kotou

Westland District Council's focus over the last year has been to improve the District's infrastructure and value to rate payers. By creating a solid foundation in road maintenance, three waters, and parks and reserves we will be well placed to build on this in future years.

We have worked with Central Government to utilize funding opportunities as they become available and we have made a number of applications for projects under the Tourism Infrastructure Fund and Provisional Growth Fund. The quality of the applications has been exceptional and we have successfully received \$725 thousand dollars in the 2017/18 financial year from these funds, with further applications awaiting decision in the next financial year. Using these funds, we have been able to continue the rebuild of Sunset Point, and improve facilities at the Hokitika Gorge, Okarito, and Franz Josef, among others.

Our thanks go to both the previous government and the current government for recognising the impact that large tourist numbers have on a small ratepayer base and more importantly acting quickly to give councils the tools and the capital needed to upgrade our infrastructure.

Between May and June 2018 Council consulted on and developed a Westland Economic Development Strategy, which is providing the catalyst for future projects – it is exciting to see that we have a number of opportunities to grow our regional economy with the support of Central Government.

The West Coast Wilderness Trail has now been included as a Major Great Ride, part of Nga Haerenga, The New Zealand Cycle Trail, and is highly rated by trail users. The fact that it is a grade 2 in terms of accessibility means we are seeing the majority of riders over 50 years old. We have plans to enhance the experience further

dependant on further funding. There have been very positive results for our economy with a number of new businesses arising due to the popularity of the trail.

In-house the focus has been to improve value for money for rate-payers, by reducing consultant spending and focussing on core council functions. This is being achieved with new recruitment and bringing services back under Council control.

Westland community resilience was demonstrated at the beginning of 2018 during ex-cyclones Fehi and Gita, which caused serious storm damage to the West Coast. Our communities rallied to help not only local residents but also tourists visiting our region. Council staff were able to get into the community and assist with disaster relief, while also maintaining essential Council services. The storms highlighted areas where we need to improve our preparedness and we have a clear roadmap for this going forwards.

Finally, we were thrilled to work with community partners to bring a colourful and enjoyable Christmas Lights display to Hokitika. It was truly outstanding and created a tremendous amount of goodwill for the festive season. Particular thanks to the Hokitika Lions Club who donated the town Christmas Tree.

Nā māua noa, nā

A handwritten signature in blue ink, appearing to read 'B Smith', written in a cursive style.

Bruce Smith
MAYOR 2017/18

A handwritten signature in blue ink, appearing to read 'Simon Bastion', written in a cursive style.

Simon Bastion
CHIEF EXECUTIVE

Financial Statistics

| | 2017/18 | 2016/17 | 2015/16 | 2014/15 | 2013/14 |
|--|---------|---------|---------|---------|---------|
| Proportion of general rates to total revenue | 29% | 33% | 29% | 36% | 31% |
| Average general rates per rateable property | \$1,019 | \$1,073 | \$1,010 | \$981 | \$913 |
| Public debt (as a percentage of property, plant & equipment) | 4% | 4% | 4% | 4% | 4% |
| Public debt (per rateable property) | \$2,698 | \$2,514 | \$2,650 | \$2,519 | \$2,232 |

Financial Performance Summary

| | 2017/18 \$000 | 2016/17 \$000 | 2015/16 \$000 | 2014/15 \$000 | 2013/14 \$000 |
|-----------------------|------------------|------------------|------------------|------------------|------------------|
| Rates – general | 6,808 | 7,166 | 6,711 | 6,373 | 6,034 |
| Net surplus/(deficit) | 238 | (1,325) | 764 | (1,935) | 1,107 |
| Working capital | 1,181 | 3,993 | 4,004 | 4,189 | 3,994 |
| Public debt | 18,018 | 16,790 | 17,600 | 16,660 | 14,760 |
| Total assets | 449,340 | 447,632 | 449,597 | 418,884 | 392,498 |

Annual Report Disclosure Statement

The following information is the annual report disclosure statement for year ended 30 June 2018.

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks, to enable the assessment of whether we are prudently managing our revenues, expenses, assets, liabilities, and general financial activity.

We are required to include this statement in this annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). You can refer to these regulations on the Council website.

Financial Prudence

Rates affordability

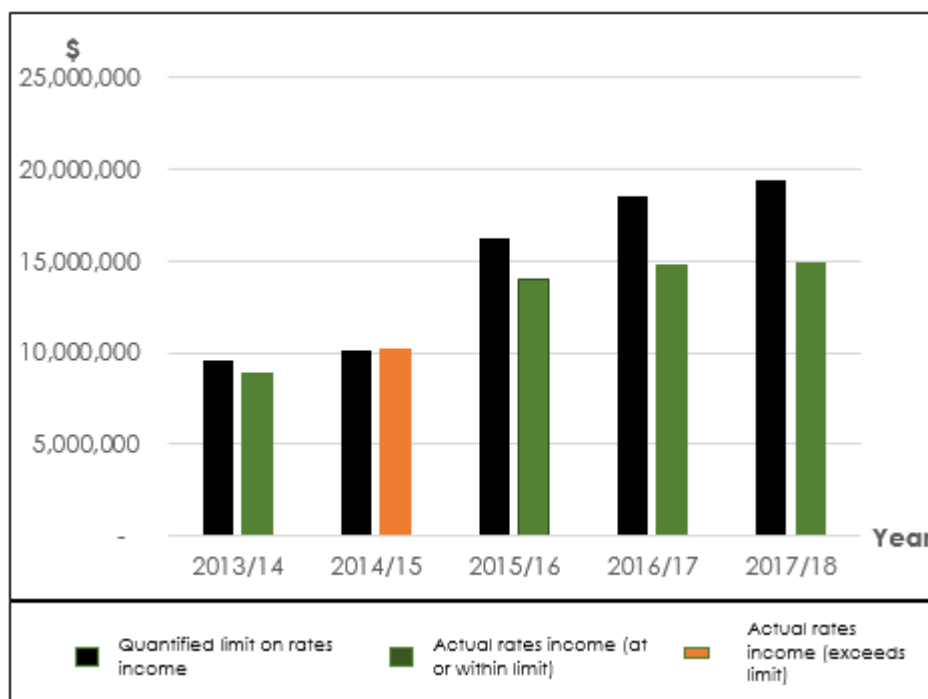
Council meets the rates affordability benchmark if -

- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

In the current Long Term Plan for 2015-2025, the overall limit for rates revenue is aggregate of the maximum Council has prescribed for each of its activities (as per the Revenue and Financing Policy).

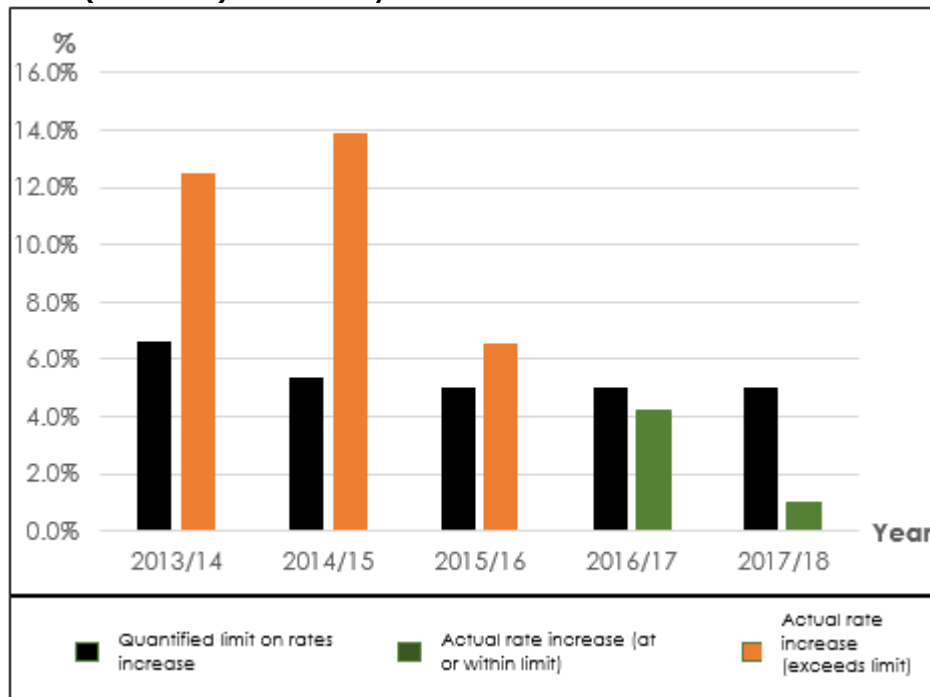
Council has met this measure in the 2017/18 financial year: rates do not exceed the rates affordability benchmark.

Rates (income) affordability



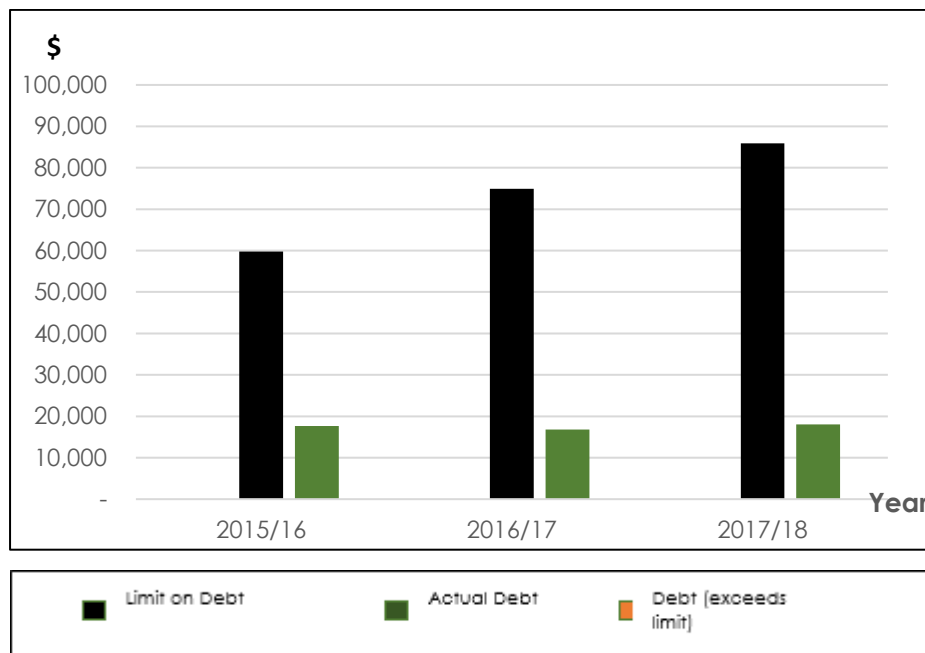
The following graph compares Council's actual rates increases with the quantified limit on rates increases included in the financial strategy in the Long Term Plan. The quantified limit is 5%; it was forecast that this limit in the three years from 2015/2016 to 2017/18 would be exceeded as a result of increased depreciation costs following additional capital expenditure, the reversal of deferred debt repayment, and the return to full recovery of depreciation costs. However, the quantified limit has not been exceeded from the 2015/16 year to the 2017/18 year and this measure has been met.

Rates (increases) affordability

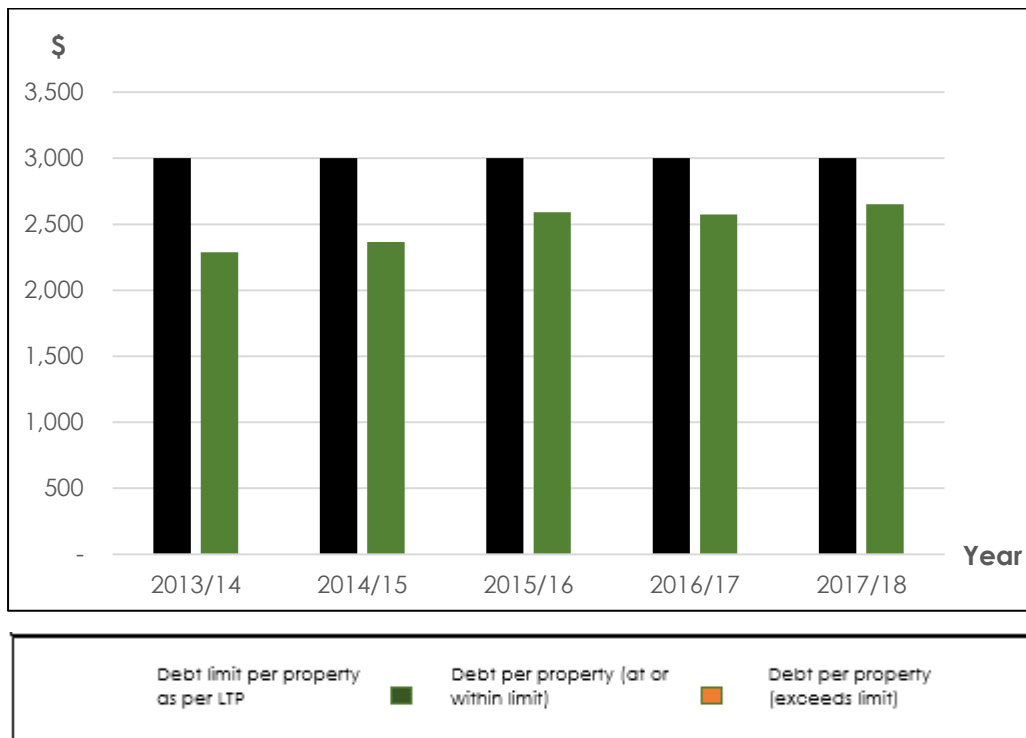


Debt affordability benchmark

Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. Council's limit for debt is linked to debt serviceability and is therefore set so that finance costs will not exceed 10% of revenue. Council meets this benchmark.

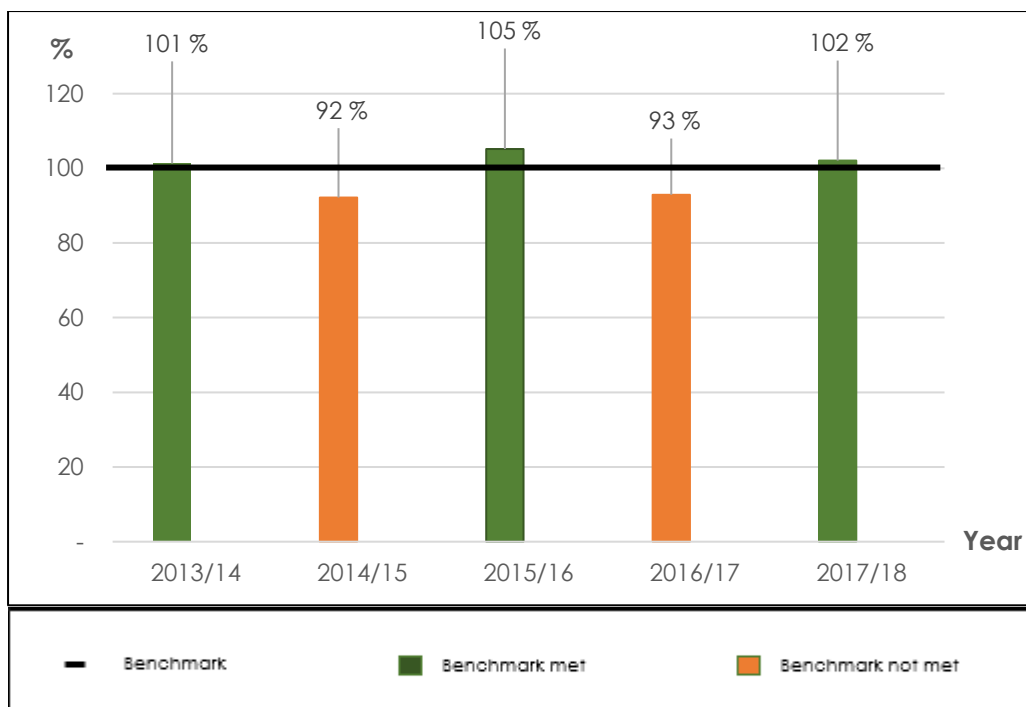


The following graph shows the limits included in the LTP 2012-2022 (which completes the 5-year reporting requirement). The quantified limit is that average debt will not exceed \$3,000 per rateable property. The actual average debt was \$2,698 therefore this measure has been met.



Balanced budget benchmark

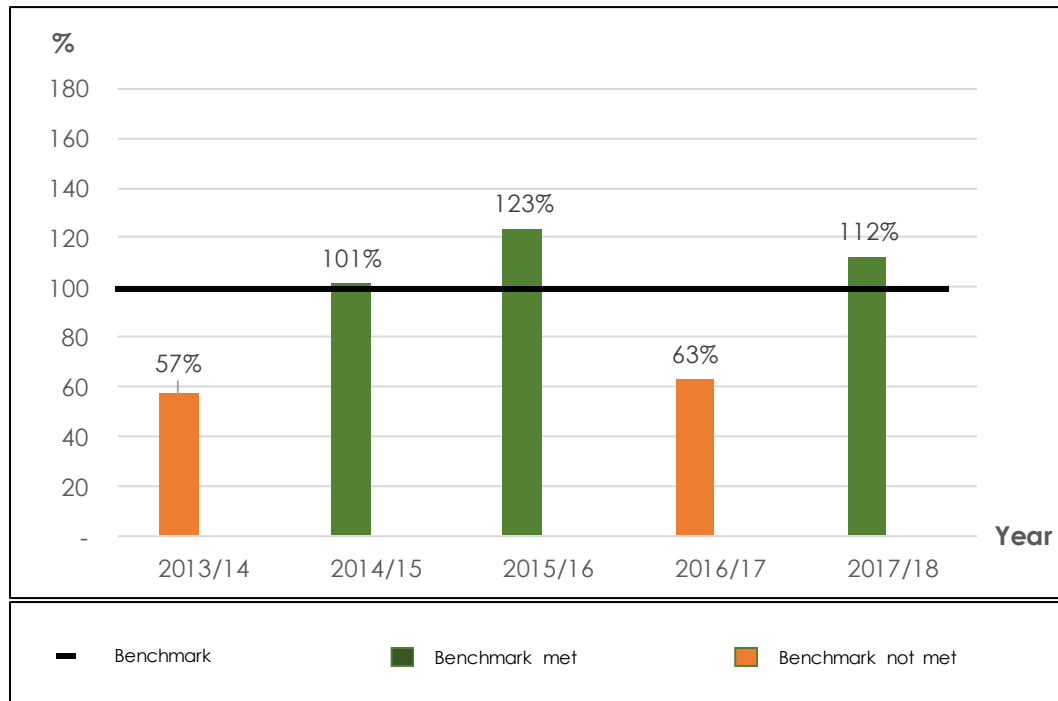
The following graph displays Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). Council meets this benchmark if its revenue equals or is greater than its operating expenses. This benchmark has been met in the 2017/18 financial year.



Essential services benchmark

The following graph displays Council's capital expenditure on network services as a proportion of depreciation on network services. We meet this benchmark if our capital expenditure on network services equals or is greater than depreciation on network service. This benchmark has been met in the 2017/18 financial year.

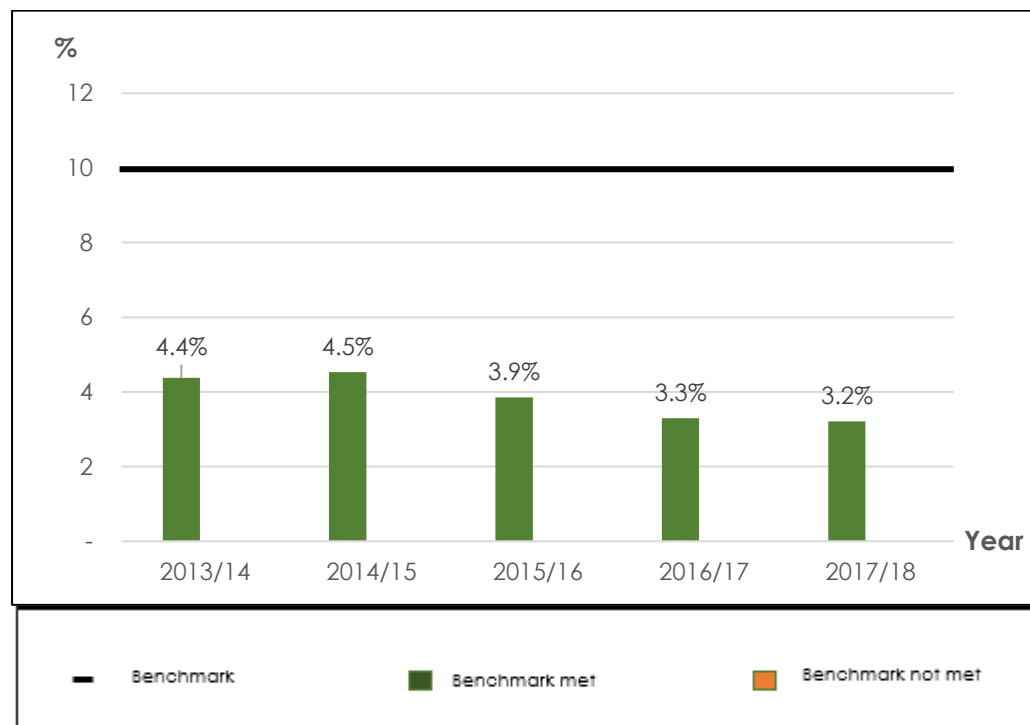
Capital expenditure / Depreciation (%)



Debt servicing benchmark

The following graph displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Westland District's population will grow more slowly than the national population growth rate, we meet the debt servicing benchmark if our borrowing costs are equal to or are less than 10% of our revenue. This benchmark has been met in the 2017/18 financial year.

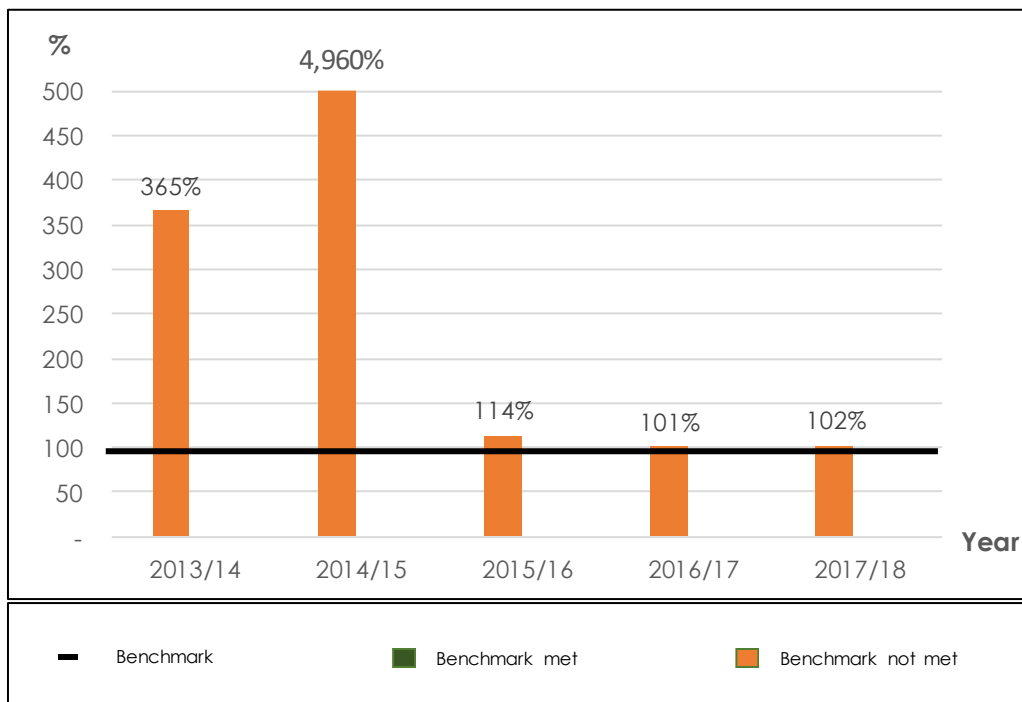
Borrowing costs/Revenue (%)



Debt control benchmark

The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). We meet the debt control benchmark if our actual net debt equals or is less than our planned net debt. This benchmark has not been met in the 2017/18 financial year.

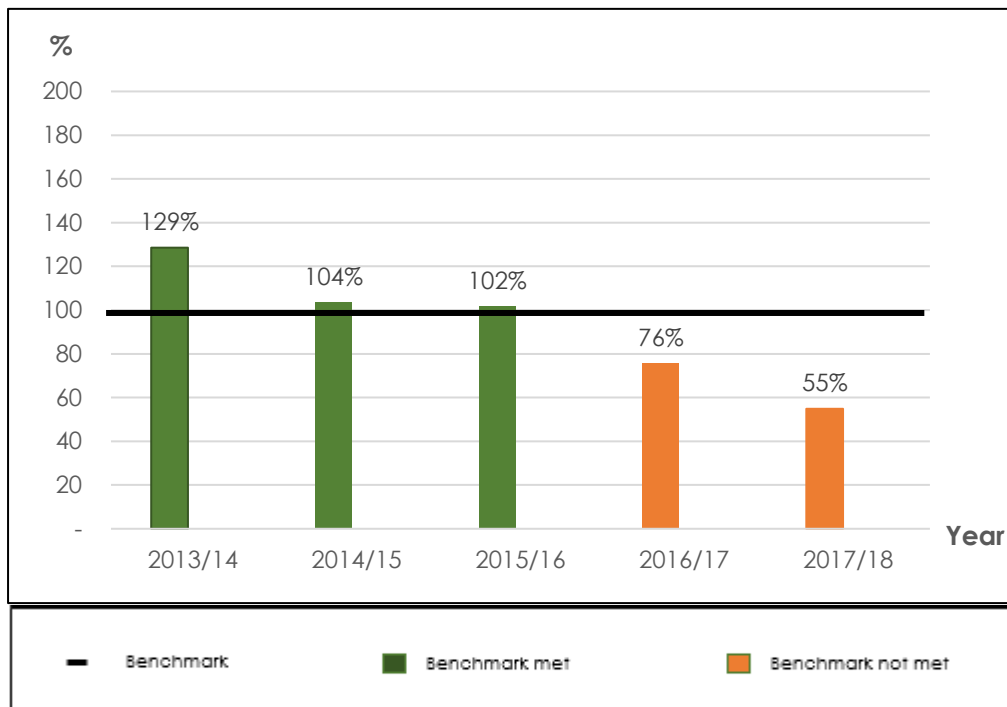
Actual / Budgeted net debt (%)



Operations control benchmark

This graph displays Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. We meet the operations control benchmark if our actual net cash flow from operations equals or is greater than our planned net cash flow from operations. This benchmark has not been met in the 2017/18 financial year.

Actual / Budget net cash flow from operations (%)



New public toilet facilities



New public toilet facilities have been built at Franz Joseph, Fox Glacier and Kapitea. Assistance with funding the toilets came from the Regional Midsized Tourism Facilities Grant Fund (MFF).

Hokitika Library celebrates Matariki



As part of Matariki celebrations during June, the Library hosted a community morning tea and organised a collection for the Hokitika Foodbank. Matariki is traditionally a time to come together with friends, whanau and communities, to share food and enjoy good company. The library will continue this as an annual event.

FINANCIAL STATEMENTS

This section contains the following information:

Statement of Comprehensive Revenue & Expense

Statement of Changes in Equity

Statement of Financial Position

Statement of Cash Flows

Whole of Council Funding Impact Statement

Notes to the Financial Statements

Reserve Funds

Statement of Comprehensive Revenue & Expense

For the year ended 30 June 2018

| | Note | Actual 2018 \$000 | Council Budget 2018 \$000 | Actual 2017 \$000 | Group Actual 2018 \$000 | Group Actual 2017 \$000 |
|--|-------|-------------------------|------------------------------------|-------------------------|----------------------------------|----------------------------------|
| Revenue | | | | | | |
| Rates | 3 | 14,934 | 15,215 | 14,781 | 14,934 | 14,781 |
| Fees and Charges | 3 | 1,758 | 2,090 | 1,853 | 1,758 | 1,853 |
| Subsidies and grants | 3 | 4,615 | 4,621 | 3,258 | 4,615 | 3,258 |
| Interest revenue | 5 | 82 | 100 | 96 | 83 | 96 |
| Other revenue | 3 | 1,701 | 1,600 | 1,531 | 22,191 | 16,065 |
| Total revenue | | 23,090 | 23,625 | 21,519 | 43,581 | 36,053 |
| Expenses | | | | | | |
| Personnel costs | 4 | 3,628 | 4,023 | 3,823 | 14,209 | 12,349 |
| Depreciation and amortisation expense | 13&14 | 5,919 | 5,808 | 5,800 | 7,909 | 7,583 |
| Finance costs | 5 | 805 | 778 | 709 | 1,174 | 1,082 |
| Other expenses | 6 | 12,496 | 10,482 | 12,514 | 18,069 | 15,605 |
| Total expenses | | 22,848 | 21,090 | 22,846 | 41,361 | 36,619 |
| Surplus/(deficit) before tax | | 242 | 2,535 | (1,327) | 2,220 | (566) |
| Income tax expense/(benefit) | 7 | 4 | 0 | (2) | 575 | 217 |
| Surplus/(deficit) after tax | | 238 | 2,535 | (1,325) | 1,645 | (783) |
| Other comprehensive revenue and expense | | | | | | |
| Financial assets at fair value through other comprehensive revenue and expense | 13 | 0 | 0 | 0 | 0 | 0 |
| Gain/(loss) on revaluation of assets | 13 | (341) | 16,977 | 0 | (1,172) | 0 |
| Gain/(loss) on Disposal of revalued asset | 13 | 0 | 0 | 0 | 0 | |
| Movement in Landfill Provision | 16 | (31) | 0 | (37) | (31) | (37) |
| Total other comprehensive revenue and expense | | (372) | 16,977 | (37) | (1,203) | (37) |
| Total comprehensive revenue and expense | | (134) | 19,511 | (1,362) | 442 | (820) |

The accompanying notes form part of the financial statements.

Statement of Changes in Equity

For the year ended 30 June 2018

| | Actual 2018 \$000 | Council Budget 2018 \$000 | Actual 2017 \$000 | Group Actual 2018 \$000 | Group Actual 2017 \$000 |
|--------------------------------|-------------------------|------------------------------------|-------------------------|----------------------------------|----------------------------------|
| Balance at 1 July 2017 | 425,920 | 425,746 | 427,282 | 429,734 | 430,554 |
| Assets disestablished | (1,006) | 0 | 0 | (1,006) | 0 |
| Restatement adjustment | 323 | 0 | 0 | 323 | 0 |
| Total comprehensive income | (134) | 19,511 | (1,362) | 442 | (820) |
| Balance at 30 June 2018 | 425,104 | 445,258 | 425,920 | 429,493 | 429,734 |

The accompanying notes form part of the financial statements.

Statement of Financial Position

As at 30 June 2018

| | Note | Actual 2018 \$000 | Council Budget 2018 \$000 | Actual 2017 \$000 | Group Actual 2018 \$000 | Group Actual 2017 \$000 |
|---|------|-------------------------|------------------------------------|-------------------------|----------------------------------|----------------------------------|
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 8 | 2,021 | 6,763 | 2,733 | 2,256 | 3,065 |
| Debtors and other receivables | 9 | 5,277 | 2,666 | 2,964 | 8,207 | 5,343 |
| Other financial assets | 12 | 310 | 323 | 769 | 310 | 769 |
| Inventory | 10 | 0 | 0 | 0 | 548 | 582 |
| Work in progress | 13 | 0 | 0 | 0 | 496 | 217 |
| Total current assets | | 7,609 | 9,753 | 6,466 | 11,818 | 9,976 |
| Non-current assets | | | | | | |
| Property, plant and equipment | 13 | 429,889 | 452,668 | 431,001 | 446,885 | 446,873 |
| Intangible assets | 14 | 143 | 71 | 81 | 294 | 232 |
| Derivative financial instruments | 11 | 5 | 0 | 0 | 5 | 0 |
| Council Controlled Organisations | 12 | 8,695 | 8,695 | 8,695 | 0 | 0 |
| Other Financial Assets | 12 | 302 | 77 | 78 | 302 | 78 |
| Investment property | 13A | 0 | 0 | 0 | 1,382 | 968 |
| Term inventory | 10 | 0 | 0 | 0 | 351 | 350 |
| Assets under construction | 13 | 2,698 | 1,000 | 1,309 | 2,698 | 1,309 |
| Total non-current assets | | 441,732 | 462,511 | 441,164 | 451,917 | 449,810 |
| Total assets | | 449,340 | 472,264 | 447,632 | 463,735 | 459,786 |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Creditors and other payables | 15 | 2,604 | 2,423 | 1,793 | 4,117 | 3,389 |
| Derivative financial instruments | 11 | 1 | 0 | 1 | 1 | 1 |
| Borrowings | 18 | 3,000 | 6,343 | 0 | 4,488 | 1,198 |
| Employee entitlements | 17 | 358 | 296 | 345 | 1,214 | 1,121 |
| Provisions | 16 | 0 | 0 | 0 | 0 | 0 |
| Tax payable | 7 | 3 | 3 | 3 | 498 | 19 |
| Other current liabilities | 18 | 461 | 193 | 376 | 504 | 419 |
| Total current liabilities | | 6,428 | 9,258 | 2,518 | 10,823 | 6,146 |
| Non-current liabilities | | | | | | |
| Derivative financial instruments | 11 | 545 | 384 | 508 | 545 | 508 |
| Borrowings | 18 | 15,018 | 16,304 | 16,790 | 20,365 | 21,146 |
| Employee entitlements | 17 | 35 | 29 | 20 | 121 | 113 |
| Provisions | 16 | 2,179 | 1,000 | 1,849 | 2,179 | 1,849 |
| Deferred Tax | 7 | 32 | 30 | 28 | 208 | 292 |
| Total non-current liabilities | | 17,810 | 17,748 | 19,194 | 23,419 | 23,907 |
| Total liabilities | | 24,238 | 27,006 | 21,712 | 34,242 | 30,053 |
| Net assets | | 425,104 | 445,258 | 425,920 | 429,493 | 429,734 |
| Equity | | | | | | |
| Retained earnings | 19 | 148,031 | 151,687 | 150,742 | 152,420 | 153,725 |
| Restricted reserves | 19 | 7,622 | 8,777 | 5,606 | 7,622 | 5,606 |
| Revaluation reserves | 19 | 269,387 | 284,794 | 269,508 | 269,387 | 270,339 |
| Other comprehensive revenue and expense reserve | 19 | 64 | 0 | 64 | 64 | 64 |
| Net assets | | 425,104 | 445,258 | 425,920 | 429,493 | 429,734 |

The accompanying notes form part of the financial statements.

Statement of Cash Flows

For the year ended 30 June 2018

| | Note | Actual 2018 \$000 | Council Budget 2018 \$000 | Actual 2017 \$000 | Group Actual 2018 \$000 | Actual 2017 \$000 |
|--|----------|-------------------------|------------------------------------|-------------------------|----------------------------------|-------------------------|
| Cash flows from operating activities | | | | | | |
| <i>Cash provided from</i> | | | | | | |
| Rates | | 14,461 | 15,205 | 15,322 | 14,379 | 15,219 |
| Fees and Charges | | 1,758 | 2,409 | 1,853 | 1,758 | 1,853 |
| Interest received | | 81 | 100 | 96 | 82 | 96 |
| Dividends received | | 120 | 523 | 0 | 0 | 0 |
| Subsidies and grants | | 2,822 | 4,626 | 3,259 | 2,822 | 3,259 |
| Receipts from other revenue | | 1,571 | 3,900 | 1,707 | 20,486 | 15,933 |
| <i>Cash paid to</i> | | | | | | |
| Payments to suppliers and employees | | (15,631) | (17,762) | (16,442) | (30,952) | (27,367) |
| Interest paid | | (668) | (778) | (709) | (1,037) | (1,082) |
| Income tax paid | | 0 | 0 | 0 | (114) | (53) |
| Net cash flow from operating activities | | 4,513 | 8,224 | 5,087 | 7,423 | 7,859 |
| Cash flows from investing activities | | | | | | |
| <i>Cash provided from</i> | | | | | | |
| Receipts from sale of property, plant and equipment | | 43 | 0 | 0 | 232 | 471 |
| Movement in Westpac bonds | | 459 | 450 | 191 | 459 | 191 |
| <i>Cash paid to</i> | | | | | | |
| Purchase of intangible assets | | (101) | 0 | (21) | (101) | (21) |
| Purchase of property, plant and equipment | | (6,629) | (7,371) | (3,590) | (10,858) | (5,436) |
| Acquisition of Investments | | (229) | 0 | 0 | (476) | 0 |
| Net cash flow from investing activities | | (6,457) | (6,921) | (3,420) | (10,744) | (4,795) |
| Cash flows from financing activities | | | | | | |
| <i>Cash provided from</i> | | | | | | |
| Loans raised | | 3,020 | 4,552 | 990 | 4,859 | 1,090 |
| Capital Works Loan repayments | | 4 | | | 4 | |
| <i>Cash paid to</i> | | | | | | |
| Loan repayments | | (1,792) | (1,792) | (1,800) | (2,351) | (3,458) |
| Net cash flow from financing activities | | 1,232 | 2,760 | (809) | 2,512 | (2,368) |
| Net (decrease)/increase in cash, cash equivalents, and bank overdrafts | | (712) | 4,063 | 857 | (808) | 696 |
| Cash and cash equivalent 01 Jul 2017 | | 2,733 | 2,700 | 1,875 | 3,065 | 2,369 |
| Cash and cash equivalent 30 Jun 2018 | 8 | 2,021 | 6,763 | 2,733 | 2,256 | 3,065 |

The accompanying notes form part of the financial statements.

Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities

For the year ended 30 June 2018

| | Council | | Group | |
|---|---------------|---------------|---------------|---------------|
| | 2018 \$000 | 2017 \$000 | 2018 \$000 | 2017 \$000 |
| Surplus/(deficit) after tax | 238 | (1,325) | 1,645 | (783) |
| Add/(Less) non-cash items | | | | |
| Depreciation and amortisation | 5,919 | 5,800 | 7,909 | 7,583 |
| Increase/(decrease) in provision for doubtful debts | 13 | 53 | 16 | 45 |
| Increase/(decrease) in employee entitlements | 53 | (9) | 46 | (85) |
| Increase/(decrease) in deferred tax | 4 | (2) | (23) | 63 |
| (Gain)/loss on fair value of investment property | 0 | 0 | (97) | (15) |
| (Gain)/loss in interest rate swap | 32 | (262) | 32 | (262) |
| | 6,022 | 5,580 | 7,884 | 7,329 |
| Add/(less) items classified as investing or financing activities | | | | |
| (Gains)/losses on sale of assets | 481 | 30 | 418 | (152) |
| (Gain)/loss on fair value of investment property | 0 | 0 | 0 | 0 |
| Capital creditors | (749) | 115 | (723) | (8) |
| <i>Total current portion</i> | (268) | 145 | (305) | (160) |
| Add/(less) movements in working capital | | | | |
| Debtors and other receivables | (2,214) | 746 | (2,957) | (7,433) |
| Inventories | 0 | 0 | (244) | 31 |
| Creditors and other payables | 811 | (92) | 916 | 8,802 |
| Deferred income | 0 | 0 | (1) | (1) |
| Current and non-current provisions | (54) | 101 | (54) | 101 |
| Employee entitlements | (24) | (66) | 57 | (126) |
| Tax refund due | 0 | 0 | 11 | (11) |
| Taxation provision | 0 | 0 | 468 | 112 |
| | (1,482) | 689 | (1,804) | 1,474 |
| Net cash inflow/(outflow) from operating activities | 4,513 | 5,087 | 7,423 | 7,859 |

The accompanying notes form part of the financial statements.

Whole of Council Funding Impact Statement

For the year ended 30 June 2018

| | Actual 2017/18 \$000 | Annual plan 2017/18 \$000 | Actual 2016/17 \$000 | Annual plan 2016/17 \$000 |
|--|----------------------------|------------------------------------|----------------------------|------------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, rates penalties | 6,733 | 7,006 | 7,039 | 6,282 |
| Targeted rates | 8,201 | 8,199 | 7,742 | 8,439 |
| Subsidies and grants for operating purposes | 1,267 | 2,235 | 1,167 | 1,720 |
| Fees and charges | 2,594 | 2,409 | 2,867 | 1,910 |
| Interest and dividends from investments | 646 | 622 | 602 | 599 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 203 | 4,673 | 167 | 4,213 |
| Total operating funding (A) | 19,645 | 25,145 | 19,585 | 23,163 |
| Application of operating funding | | | | |
| Payments to staff and suppliers | 15,561 | 18,685 | 16,301 | 18,230 |
| Finance costs | 1,030 | 778 | 709 | 670 |
| Total applications of operating funding (B) | 16,591 | 19,463 | 17,010 | 18,900 |
| Surplus/(deficit) of operating funding (A-B) | 3,054 | 5,682 | 2,575 | 4,263 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 3,351 | 2,391 | 2,023 | 2,217 |
| Development and financial contributions | 0 | 94 | 0 | 0 |
| Increase/(decrease) in debt | 1,228 | 2,760 | (810) | 1,613 |
| Gross proceeds from sale of assets | 49 | 0 | 16 | 0 |
| Total sources of capital funding (C) | 4,628 | 5,245 | 1,229 | 3,830 |
| Application of capital funding | | | | |
| Capital expenditure: | | | | |
| - To meet additional demand | 1,713 | 60 | 15 | 70 |
| - To improve the level of service | 2,604 | 589 | 226 | 915 |
| - To replace existing assets | 3,180 | 6,721 | 3,264 | 5,855 |
| Increase/(decrease) in reserves | 421 | 3,557 | 490 | 1,255 |
| Increase/(decrease) in investments | (236) | 0 | (192) | 0 |
| Total applications of capital funding (D) | 7,682 | 10,927 | 3,803 | 8,094 |
| Surplus/(deficit) of capital funding (C-D) | (3,054) | (5,682) | (2,574) | (4,263) |
| Funding balance ((A-B)+(C-D)) | (0) | 0 | 0 | 0 |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Westland District Council (Council) is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The group consists of the ultimate parent, Westland District Council, and its subsidiaries, Westland Wilderness Trust, Westland Holdings Limited (100% owned), and the 100% owned subsidiaries of Westland Holdings Limited: Westroads Limited, Destination Westland Limited.

The primary objective of Council is to contribute to the purpose of local government in the Westland District by:

Enabling democratic local decision-making and action by, and on behalf of, communities; and meeting 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.

By providing goods or services for the community rather than making a financial return, Council has designated itself as a public benefit entity (PBE) for Financial Reporting purposes.

The financial statements of the Council and group are for the year ended 30 June 2018.

Breach of statutory deadline

Section 98(3) of the Local Government Act 2002 requires the Council to complete and adopt the annual report by within four months of the end of the financial year to which it relates. This was not achieved with the annual report adopted on 22 November 2018.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of Compliance

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence Regulations 2014) (LG(FRP)R) which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). The Financial Statements have been prepared in accordance with Tier 1 PBE Standards.

These financial statements comply with PBE Standards.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000), other than the remuneration and the severance payment disclosures in Note 4, and the related party transaction disclosures in Note 20, which are rounded to the nearest dollar.

The functional currency of the Council is New Zealand dollars.

ACCOUNTING STANDARDS ISSUED FOR PUBLIC BENEFIT ENTITIES

The Council is subject to Tier 1 reporting requirements of the Accounting Standard for Public Benefit Entities.

The financial statements are compliant with the new International Public Sector Accounting Standards (IPSAS).

STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT EARLY ADOPTED

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council and group are:

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group has not yet assessed the effects of the new standard.

Separate financial statements

In January 2017, the XRB issued PBE IPSAS 34, Separate financial statements. This prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. PBE IPSAS 34 is effective for annual periods beginning on or after 1 January 2019, with early application permitted.

Consolidated financial statements

In January 2017, the XRB issued PBE IPSAS 35, Consolidated financial statements. This establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. PBE IPSAS 35 is effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Council plans to apply these standards in preparing its 30 June 2020 financial statements. The Council and group has not yet assessed the effects of these new standards.

SIGNIFICANT ACCOUNTING POLICIES –

Are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

Basis of consolidation:

The Group (Westland District Council and Westland Holdings Ltd) consolidated accounts are prepared by combining like items of assets, liabilities, equity, revenue and expenses on a line-by-line basis. All significant intra-group balances, transactions, revenue and expenses are eliminated on consolidation.

SUBSIDIARIES

Subsidiaries are those entities in which Council has control. Westland Holdings Ltd is Council's direct reporting subsidiary. As of 29 June 2018, this company controls two Council Controlled Organisations which are reporting entities under the Companies Act 1993. Westland District Property Limited and Hokitika Airport Limited amalgamated to form one company renamed Destination Westland. Therefore, as at 30 June 2018 the Group consists of Destination Westland Ltd and Westroads Ltd. Investments in subsidiaries are recorded at cost. Transactions with subsidiaries are at arm's length and under normal trading terms. Recharges are invoiced at cost.

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the Statement of Financial Position. The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by Council in its 2017/18 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council for the preparation of the financial statements.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing the financial forecasts and statements the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Estimating the landfill aftercare provision – see Note 16.
- Estimating the fair value of land, buildings, and infrastructural assets – see Note 13.
- Estimating the retirement and long service leave obligation – see Note 17.

NOTE 2: SUMMARY REVENUE AND EXPENDITURE FOR GROUP OF ACTIVITIES

Accounting policy

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

- Direct costs are charged directly to significant activities.
- Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.
- Direct costs are those costs directly attributable to a significant activity.
- Indirect costs are those costs which cannot be identified in an economically feasible manner with a specific significant activity.

The costs of internal services not directly charged to activities are allocated as overheads using appropriate cost drivers such as staff numbers, items processed, and/or based on level of support provided to each activity.

There have been no changes to the cost allocation methodology during the year.

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities (refer to Note 3). In order to fairly reflect the total external operations for the Council in the statement of comprehensive revenue and expense, these transactions are eliminated as shown above.

| | Actual 2018 \$000 | Budget 2018 \$000 | Actual 2017 \$000 |
|---------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Revenue | | | |
| Leisure and cultural assets | 2,231 | 1,979 | 1,216 |
| Community services | 1,027 | 992 | 864 |
| Planning and regulatory services | 1,144 | 1,408 | 1,083 |
| Transportation | 3,774 | 4,114 | 3,170 |
| Water supply | 4,087 | 4,064 | 4,334 |
| Wastewater | 988 | 1,105 | 977 |
| Stormwater | 552 | 552 | 431 |
| Solid waste management | 1,566 | 1,513 | 1,550 |
| Democracy services and administration | 8,881 | 8,306 | 7,690 |
| <i>Total activity revenue</i> | <i>24,250</i> | <i>24,033</i> | <i>21,315</i> |
| <i>Less internal revenue</i> | <i>(7,735)</i> | <i>(7,177)</i> | <i>(6,832)</i> |
| <i>General Rates</i> | <i>6,575</i> | <i>6,768</i> | <i>7,038</i> |
| <i>Total revenue</i> | <i>23,090</i> | <i>23,625</i> | <i>21,521</i> |
| Expenditure | | | |
| Leisure and cultural assets | 3,716 | 3,212 | 3,646 |
| Community services | 1,384 | 1,232 | 1,440 |
| Planning and regulatory services | 2,562 | 2,552 | 2,266 |
| Transportation | 6,060 | 5,787 | 5,801 |
| Water supply | 3,382 | 3,066 | 3,208 |
| Wastewater | 959 | 1,124 | 1,383 |
| Stormwater | 538 | 553 | 709 |
| Solid waste management | 2,284 | 2,217 | 2,251 |
| Democracy services and administration | 9,697 | 8,523 | 8,960 |
| <i>Total activity expenditure</i> | <i>30,583</i> | <i>28,267</i> | <i>29,663</i> |
| <i>Less internal expense</i> | <i>(7,735)</i> | <i>(7,177)</i> | <i>(6,817)</i> |
| <i>Total expenditure</i> | <i>22,848</i> | <i>21,090</i> | <i>22,846</i> |
| Operating Surplus/(deficit) | 242 | 2,535 | (1,325) |

NOTE 3: REVENUE

Accounting policy

Revenue is measured at the fair value of consideration received.

(i) Rates revenue

Rates, including water-by-meter rates, are set annually by a resolution of Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable. Rates arising from late payment penalties are recognised as revenue when rates become overdue. Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis. Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

| | Council | | Group | |
|---|---------------|---------------|---------------|---------------|
| | 2018 \$000 | 2017 \$000 | 2018 \$000 | 2017 \$000 |
| General rates | 6,808 | 6,774 | 6,808 | 6,774 |
| <i>Targeted rates attributable to activities:</i> | | | | |
| Metered water supply | 3,087 | 3,246 | 3,087 | 3,246 |
| Other water rates | 918 | 1,044 | 918 | 1,044 |
| Rates penalties | 141 | 177 | 141 | 177 |
| Community rates | 1,940 | 1,582 | 1,940 | 1,582 |
| Enterprise Hokitika | 39 | 38 | 39 | 38 |
| Glacier country promotions | 68 | 68 | 68 | 68 |
| Kokatahi rural fire | 0 | 16 | 0 | 16 |
| Sewerage | 923 | 866 | 923 | 866 |
| Tourism Rate | 511 | 392 | 511 | 392 |
| Waste management | 733 | 705 | 733 | 705 |
| Total rates | 15,167 | 14,908 | 15,167 | 14,908 |

Rates remissions

| | Council | | Group | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| | 2018 \$000 | 2017 \$000 | 2018 \$000 | 2017 \$000 |
| Total gross rates. | 15,167 | 14,908 | 15,167 | 14,908 |
| Rates remissions: | | | | |
| - Community and sports organisations | 17 | 14 | 17 | 14 |
| - Unoccupied Maori land | 50 | 23 | 50 | 23 |
| - Other remissions | 139 | 65 | 139 | 65 |
| - Discounts | 26 | 26 | 26 | 26 |
| Total remissions | 233 | 128 | 233 | 128 |
| Rates(net of remissions) | 14,934 | 14,781 | 14,935 | 14,781 |

The total amount of rates charged on Council-owned properties that have not been eliminated from revenue and expenditure is \$211,375 (2017: \$201,249). For the Group, rates of \$308,336 (2017: \$310,134) have not been eliminated.

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission.

In the 2016/2017 annual report the tourism rate was included with the general rates figures, this has been corrected in the above table.

Council did not comply with the Local Government (Rating) Act 2002

The Council adopted its annual plan for the 2017/18 financial year on 27 April 2017. The annual plan included the funding impact statement which identified the rates that the Council would set, included the amounts payable for each rate by ratepayers, and the total amount of revenue the Council forecast that it would collect from each type of rate.

The Council then set the rates identified in the funding impact statement, by the adoption of the rates resolution on 22 June 2017. The rates resolution identified the rates that the Council would set, included the amounts payable for each rate by ratepayers, and the total revenue the Council forecast that it would collect from each type of rate. This total rates revenue was the revenue the Council required to fund its activities.

The amounts payable for each individual rate by ratepayers was calculated incorrectly due to the incorrect number of rateable units being used to calculate that rate in both the funding impact statement and the rates resolution.

The Council issued rates assessment notices and rates invoices to ratepayers using different amounts payable for each rate than the amounts included in the rates resolution and funding impact statement. The total revenue collected from the rates assessed and invoiced on this basis was the same as the total of revenue the Council forecast that it would collect in the funding impact statement and rates resolution.

Had the Council assessed and invoiced rates on the basis set out in the rates resolution and funding impact statement it would have collected \$140,000 less than the projected total rates revenue in those documents.

This has meant that the Council has charged ratepayers for rates at higher or lower amounts than was set out in the rates resolution and funding impact statement, and therefore has not complied with the Local Government (Rating) Act 2002.

(ii) Other revenue

| | Council | | Group | |
|--|---------------|---------------|---------------|---------------|
| | 2018 \$000 | 2017 \$000 | 2018 \$000 | 2017 \$000 |
| Traffic and parking infringements | 17 | 28 | 17 | 28 |
| Regulatory revenue | 96 | 147 | 96 | 147 |
| Petrol tax | 169 | 116 | 169 | 116 |
| Donations | 2 | 10 | 2 | 10 |
| Dividend income | 120 | 0 | 0 | 0 |
| Subvention receipts | 250 | 240 | 0 | 0 |
| Gain on held for trading interest rate swaps | 195 | 266 | 195 | 266 |
| Property, plant & equipment: gains on disposal | 49 | 0 | 139 | 238 |
| Other | 802 | 722 | 21,573 | 15,258 |
| Total other revenue | 1,701 | 1,531 | 22,191 | 16,065 |

Provision of commercially based services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided. The stage of completion is assessed by reference to surveys of work performed.

Sales of goods

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns or allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Infringement fees and fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The revenue recognised is determined based on the probability of collecting fines.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects it will need to return or pass the asset to another party.

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met e.g. as the funds are spent for the nominated purpose.

Revenue from investments

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate. Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

(iii) Grants and Subsidies

| | Council | | Group | |
|-----------------------------------|----------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$000 | \$000 | \$000 | \$000 |
| NZ Transport roading subsidies | 3,763 | 3,160 | 3,763 | 3,160 |
| Other grants | 65 | 26 | 65 | 26 |
| Events grants | 62 | 3 | 62 | 3 |
| West Coast Wilderness Trail | 0 | 69 | 0 | 69 |
| Tourism Infrastructure Grant | 725 | 0 | 725 | 0 |
| Total subsidies and grants | 4,615 | 3,258 | 4,615 | 3,258 |

Council receives government grants from New Zealand Transport Agency, which subsidises part of Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. Council also from time to time receives grants from other parties that are recognised on the same basis.

There are no unfulfilled conditions or contingencies attached to the subsidies and grants recognised (2017 nil). NZTA grants: The Council receives grants from the New Zealand Transport Agency (NZTA), which reimburses part of the council's costs of maintaining Westland District Council's roading infrastructure

(iv) Fees and charges

| | Council | | Group | |
|--------------------------------|--------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$000 | \$000 | \$000 | \$000 |
| Landfill Charges | 828 | 824 | 828 | 824 |
| Building and Resource consents | 139 | 217 | 139 | 217 |
| Regulatory Fees | 497 | 510 | 497 | 510 |
| Admission fees | 128 | 151 | 128 | 151 |
| Other fees and charges | 166 | 152 | 166 | 152 |
| Total fees and charges | 1,758 | 1,853 | 1,758 | 1,853 |

Building and resource consent revenue:

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Entrance fees:

Entrance fees are fees charged to users of the Council's local facilities and events, primarily the Hokitika Museum and Wildfoods Festival. Revenue from entrance fees is recognised upon entry to such facilities, or when the event is held.

Landfill fees:

Fees for disposing of waste at the Council's landfill are received and recognised as waste is disposed by users.

(v) Operating leases as a lessor

Investment property is leased under operating leases. The following aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

| | Council | | Group | |
|---|----------|----------|------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$000 | \$000 | \$000 | \$000 |
| Not later than one year | 0 | 0 | 123 | 92 |
| Later than one year and not later than five years | 0 | 0 | 219 | 216 |
| Later than five years | 0 | 0 | 117 | 127 |
| Total non-cancellable operating leases | 0 | 0 | 459 | 435 |

No contingent rents have been recognised during the period.

NOTE 4: PERSONNEL COSTS

Accounting policy

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Defined benefit schemes

Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the board of trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/ deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

| | Council | | Group | |
|---|---------------|---------------|---------------|---------------|
| | 2018 \$000 | 2017 \$000 | 2018 \$000 | 2017 \$000 |
| Salaries and wages | 3,466 | 3,763 | 13,598 | 12,012 |
| Employer contributions to superannuation and benefits | 109 | 126 | 485 | 411 |
| Increase/(decrease) in employee entitlements | 53 | (66) | 126 | (74) |
| Total personnel costs | 3,628 | 3,823 | 14,209 | 12,349 |

Employer contributions to superannuation and benefits includes KiwiSaver and the Defined Benefit Plan.

Chief Executive

| | 2018 | 2017 |
|---|----------------|----------------|
| Salary | 220,003 | 353,185 |
| Superannuation contribution | 4,911 | 8,445 |
| Total Chief Executive's remuneration | 224,914 | 361,630 |

| | | Salary | Superannuation |
|------------------|--|----------------|----------------|
| Reeves, Robin | 01/07/2017 - 03/11/2017 (.5 FTE 28/08/2017 - 03/11/2017) | 56,308 | - |
| Crichton, Lesley | 28/08/2017 - 03/11/2017 (.5 FTE 28/08/2017 - 03/11/2017) | 16,580 | 497 |
| Bastion, Simon | 06/11/2017 - 30/06/2018 | 147,115 | 4,413 |
| | | 220,003 | 4,911 |

Elected representatives received the following remuneration:

| | | 2018 | 2017 |
|--|-------------------------|----------------|----------------|
| B. Smith | Mayor | 73,326 | 50,586 |
| L. Martin | Councillor/Deputy Mayor | 27,324 | 23,192 |
| H. Lash | Deputy Mayor | 24,499 | 18,129 |
| G. Eatwell | Councillor | 19,873 | 13,464 |
| D. Carruthers | Councillor | 25,523 | 13,464 |
| D. Havill | Councillor | 19,873 | 13,464 |
| J. Neale | Councillor | 19,873 | 13,464 |
| G. Olson | Councillor | 19,873 | 13,464 |
| D. Routhan | Councillor | 19,873 | 13,464 |
| M. Havill | Mayor | 0 | 21,514 |
| P. Cox | Deputy Mayor | 0 | 6,760 |
| M. Dawson | Executive Committee | 0 | 6,760 |
| G. Hope | Councillor | 0 | 5,102 |
| J. H. Butzbach | Councillor | 0 | 5,102 |
| M. D. Montagu | Councillor | 0 | 5,102 |
| K. A. van Beek | Councillor | 0 | 5,102 |
| A. Thompson | Councillor | 0 | 5,102 |
| Total elected representatives' remuneration | | 250,037 | 233,234 |

Councillor Carruthers and Councillor Routhan resigned as Directors of Westland Holdings Limited on 28th June 2018 and each received Directors fees of \$8,000 (2017: \$4,000).

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent is taken as the number of Councillors.

Council Employees Salary Bands

| Levels | 2018 | 2017 |
|--|-----------|-----------|
| Annual remuneration by band for employees as at 30 June: | | |
| < \$60,000 | 21 | 25 |
| \$60,000 - \$79,999 | 16 | 13 |
| \$80,000 - \$99,999 | 9 | 6 |
| \$100,000 - \$259,999 | 0 | 6 |
| \$100,000 - \$159,999 | 6 | 0 |
| \$220,000 - \$239,999 | 1 | 0 |
| Total employees | 53 | 50 |

Employee Staffing Levels

| | 2018 | 2017 |
|---------------------------|--------------|--------------|
| Number of Full-time Staff | 37.00 | 31.00 |
| Number of Part-time FTE's | 6.03 | 9.69 |
| Total FTE's | 43.03 | 40.69 |

Total remuneration includes any non-financial benefits provided to employees.

A full-time employee is determined on the basis of a 40-hour working week.

Severance Payments

| | 2018 | 2017 |
|--|----------|----------------|
| Chief Executive | 0 | 85,007 |
| Other employees, total of 2 payments | 0 | 145,405 |
| (The value of each of the severance payments was 104,405 and 41,000) | | |
| Total severance payments | 0 | 230,412 |

NOTE 5: FINANCE COSTS

Accounting policy

Borrowing costs are recognised as an expense in the period in which they are incurred.

| | Council | | Group | |
|--|--------------|--------------|----------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$000 | \$000 | \$000 | \$000 |
| Finance revenue | | | | |
| <i>Interest revenue:</i> | | | | |
| - Call and current account | 34 | 31 | 35 | 31 |
| - Term deposits | 24 | 1 | 24 | 1 |
| - Related party loans | 0 | 0 | 0 | 0 |
| - Other interest | 11 | 12 | 11 | 12 |
| - Local authority and government bonds | 0 | 0 | 0 | 0 |
| - Other bonds | 13 | 52 | 13 | 52 |
| <i>Total finance revenue</i> | <i>82</i> | <i>96</i> | <i>83</i> | <i>96</i> |
| Finance costs | | | | |
| <i>Interest expense:</i> | | | | |
| - interest on secured loans | 482 | 512 | 851 | 885 |
| - interest on other | 66 | 0 | 66 | 0 |
| <i>Interest derivatives (presented net):</i> | | | | |
| - held for trading interest rate swaps | 257 | 197 | 257 | 197 |
| <i>Total finance costs</i> | <i>805</i> | <i>709</i> | <i>1,174</i> | <i>1,082</i> |
| Net finance costs | (723) | (614) | (1,091) | (986) |

NOTE 6: OTHER EXPENSES

| | Council | | Group | |
|---|---------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$000 | \$000 | \$000 | \$000 |
| Fees to auditors | 138 | 136 | 229 | 226 |
| Fees to auditors for audit of LTP | 115 | 0 | 115 | 0 |
| Fees to auditors for audit of Debenture Trust Deed | 5 | 0 | 5 | 0 |
| Donations and grants | 382 | 527 | 394 | 531 |
| Contractors | 1,428 | 1,538 | 1,428 | 1,538 |
| Insurance premiums | 222 | 234 | 222 | 234 |
| Consultants and legal fees | 594 | 977 | 594 | 977 |
| Impairment of receivables (note 9) | (11) | 53 | (8) | 54 |
| Minimum lease payments under operating leases | 42 | 42 | 42 | 401 |
| Fair value gains/(losses) on valuation of investment property | 0 | 0 | 97 | 0 |
| Property, plant & equipment: loss on disposal | 428 | 30 | 454 | 71 |
| Loss on held for trading interest rate swaps | 228 | 0 | 228 | 0 |
| Other operating expenses | 8,925 | 8,977 | 14,269 | 11,573 |
| Total other expenses | 12,496 | 12,514 | 18,069 | 15,605 |

Material variances are explained in Note 24.

Accounting policy

Grant expenditure

The Council's grants awarded have no substantive conditions attached.

Discretionary grants are those grants where the Council has no obligation to award on the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Operating leases as lessee

| | Council | | Group | |
|---|---------------|---------------|---------------|---------------|
| | 2018 \$000 | 2017 \$000 | 2018 \$000 | 2017 \$000 |
| Not later than one year | 82 | 129 | 217 | 231 |
| Later than one year and not later than five years | 1 | 82 | 102 | 208 |
| Later than five years | 0 | 0 | 29 | 20 |
| Total non-cancellable operating leases | 83 | 211 | 348 | 459 |

Leases generally have a non-cancellable term of 1 – 36 months, with rents set by reference to current market rates for items of equivalent age and condition. The Council does have the option to purchase the asset at the end of the lease term. There are no restrictions placed on the Council by any of the leasing arrangements.

NOTE 7: INCOME TAX

Accounting policy

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax. Current tax is the amount of revenue tax payable based on the taxable profit for the current year, plus any adjustments to revenue tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date. Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities. Current tax and deferred tax is recognised against the surplus or deficit,

except when it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

| | Council | | Group | |
|---|----------|------------|-----------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$000 | \$000 | \$000 | \$000 |
| Component of tax expense | | | | |
| Current tax | 0 | 0 | 107 | (125) |
| Adjustments to current tax in prior years | 0 | 0 | 0 | 0 |
| Deferred tax | 4 | (2) | (23) | 63 |
| Tax expense | 4 | (2) | 84 | (63) |
| Relationship between tax expense and accounting profit | | | | |
| Surplus/(deficit) before tax | 242 | (1,327) | 2,220 | (566) |
| Tax at 28% | 68 | (371) | 621 | (158) |
| Permanent differences | (134) | 302 | (538) | 95 |
| Plus/(less) tax effect of: | | | | |
| Non-taxable income | 0 | 0 | 0 | 0 |
| Deferred tax adjustment | 0 | 0 | 0 | 0 |
| Group loss offset | 70 | 67 | 0 | 0 |
| Asset intercompany elimination | 0 | 0 | 0 | 0 |
| Prior year adjustment | 0 | 0 | 0 | 0 |
| Tax expense | 4 | (2) | 83 | (63) |

| | Property, plant, and equipment | Other Provisions | Tax Losses | Total |
|--|--------------------------------|------------------|------------|--------------|
| | \$000 | \$000 | \$000 | \$000 |
| Deferred tax assets/(liabilities) | | | | |
| Council | | | | |
| Balance as at 1 July 2016 | (37) | 0 | 7 | (30) |
| Charged to surplus or deficit | (3) | 0 | 5 | 2 |
| Balance as at 30 June 2017 | (40) | 0 | 12 | (28) |
| Charged to surplus or deficit | (3) | 0 | (1) | (4) |
| Balance as at 30 June 2018 | (43) | 0 | 11 | (32) |
| Group | | | | |
| Balance as at 1 July 2016 | (475) | 213 | 33 | (229) |
| Charged to surplus or deficit | 11 | (58) | (16) | (63) |
| Balance as at 30 June 2017 | (464) | 155 | 17 | (292) |
| Charged to surplus or deficit | 88 | (24) | 20 | 84 |
| Balance as at 30 June 2018 | (376) | 131 | 37 | (208) |

Council has a tax loss of \$79,742 for the 2018 income year. After incorporating tax losses brought forward of \$44,539, 'grossed-up' imputation credits of \$166,667 and subvention income of \$250,000, Council has tax losses of \$40,947 available to carry forward into the 2018 income year.

The Council Group has a deferred tax liability of \$208,000 for the year ended 30 June 2018; this consists of WHL's deferred tax liability of \$176,000 and Council's (as parent) deferred tax liability of \$32,000. The movement in Council's group deferred tax amounts to a \$84,000 decrease in the liability.

NOTE 8: CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

| | Council | | Group | |
|--|--------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$000 | \$000 | \$000 | \$000 |
| Cash at bank and on hand | 1,476 | 2,133 | 1,711 | 2,465 |
| Term deposits with maturities of less than 3 months at acquisition | 545 | 600 | 545 | 600 |
| Total cash and cash equivalents | 2,021 | 2,733 | 2,256 | 3,065 |

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

NOTE 9: TRADE AND OTHER RECEIVABLES

Accounting policy

Receivables are recorded at their face value, less any provision for impairment.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

| | Council | | Group | |
|--|--------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$000 | \$000 | \$000 | \$000 |
| Rates receivables* | 630 | 818 | 630 | 818 |
| Other receivables: | | | | |
| - related party receivables* | 279 | 263 | 0 | 0 |
| - NZ Transport Agency | 2,108 | 184 | 2,108 | 184 |
| - Subvention receivable* | 250 | 240 | 0 | 0 |
| - Other | 2,239 | 1,701 | 5,701 | 4,583 |
| Gross debtors and other receivables | 5,505 | 3,205 | 8,439 | 5,585 |
| Less provision for impairment | (228) | (241) | (232) | (242) |
| Total debtors and other receivables | 5,277 | 2,964 | 8,207 | 5,343 |

Movement in the provision for impairment of receivables are as follows

| | Council | | Group | |
|---|------------|------------|------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$000 | \$000 | \$000 | \$000 |
| Balance as at 1 July 2017 | 241 | 188 | 242 | 127 |
| Additional provisions made during this year | 0 | 53 | 4 | 54 |
| provisions reversed during the year | (13) | 0 | (13) | 61 |
| Receivables written-off during the period | 0 | 0 | 0 | 0 |
| Balance as at 30 June 2018 | 228 | 241 | 233 | 242 |

Fair Value: Receivables are generally short-term and non-interest bearing therefore the carrying value of receivables approximates their fair value.

Provision for impairment of receivables includes a rates component covering debts aged up to six years, unoccupied Māori land rates and abandoned land rates. Council has various powers under the Local Government (Rating) Act 2002 to recover other outstanding rates. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place debts are discounted to the present value of future repayments. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit. The impairment provision has been calculated based on a review of specific overdue receivables.

| | 2018 | | | 2017 | | |
|-----------------|----------------|---------------------|--------------|----------------|---------------------|--------------|
| | Gross \$000 | Impairment \$000 | Net \$000 | Gross \$000 | Impairment \$000 | Net \$000 |
| Council | | | | | | |
| 0 to 3 months | 4,771 | 0 | 4,771 | 2,652 | (3) | 2,649 |
| 4 to 6 months | 203 | (48) | 155 | 48 | (5) | 43 |
| 7 to 9 months | 75 | 0 | 75 | 36 | (6) | 30 |
| 10 to 12 months | 29 | 0 | 29 | 30 | (20) | 10 |
| > 12 months | 428 | (180) | 248 | 439 | (207) | 232 |
| Total | 5,505 | (228) | 5,277 | 3,205 | (241) | 2,963 |
| Group | | | | | | |
| 0 to 3 months | 7,484 | 0 | 7,484 | 4,904 | (3) | 4,901 |
| 4 to 6 months | 461 | (48) | 413 | 151 | (5) | 146 |
| 7 to 9 months | 148 | (2) | 146 | 36 | (6) | 30 |
| 10 to 12 months | 105 | (1) | 104 | 30 | (20) | 10 |
| > 12 months | 241 | (181) | 61 | 464 | (208) | 256 |
| Total | 8,439 | (232) | 8,207 | 5,585 | (242) | 5,343 |

Note: Time bands used relate to rates instalments, as these are the material receivables and impairments.

NOTE 10: INVENTORIES

Accounting policy

Inventories are measured at the lower of cost or net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down. In the case of metal inventories and work in progress, cost includes an appropriate share of productions overheads based on normal operating capacity. Metal inventory cost is calculated on a discounted sale value basis, as an approximation of weighted average cost. When land held for development and future resale is transferred from investment property/property, plant, and equipment to assets held for sale, the fair value of the land at the date of the transfer is its deemed cost. Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment. Net realisable value is the estimated selling prices in the ordinary course of business, less the estimated costs of completion and selling expenses.

| | Council | | Group | |
|-----------------------------|---------------|---------------|---------------|---------------|
| | 2018 \$000 | 2017 \$000 | 2018 \$000 | 2017 \$000 |
| Metal stocks | 0 | 0 | 313 | 26 |
| Other supplies | 0 | 0 | 235 | 257 |
| Total inventory | 0 | 0 | 548 | 283 |
| Development land | 0 | 0 | 351 | 350 |
| Total term inventory | 0 | 0 | 351 | 350 |

Stocks held at the i-SITE and at the museum are promotional retail items that carry an inherent risk of obsolescence. Consequently minimal stocks are held and, as a measure of prudence purchases are accounted for in the surplus or deficit. As at 30 June 2018, the historical cost of items held was \$34,291. In line with the above policy, they are assumed to have nil realisable value.

NOTE 11: ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Accounting policy

The Council use derivative financial instruments to hedge exposure to interest rate risks arising from financing activities. The Council does not hold or issue derivative financial instruments for trading purposes.

| | Council | | Group | |
|--|---------------|---------------|---------------|---------------|
| | 2018 \$000 | 2017 \$000 | 2018 \$000 | 2017 \$000 |
| Current asset portion | | | | |
| Interest rate swaps - cash flow hedges | 0 | 0 | 0 | 0 |
| <i>Total current asset portion</i> | | | | |
| Non-current asset portion | | | | |
| Interest rate swaps - cash flow hedges | 5 | 0 | 5 | 0 |
| <i>Total non-current asset portion</i> | 5 | 0 | 5 | 0 |
| Total derivative financial instrument assets | 5 | 0 | 5 | 0 |
| Current liability portion | | | | |
| Interest rate swaps - cash flow hedges | 1 | 1 | 1 | 1 |
| <i>Total current liability portion</i> | 1 | 1 | 1 | 1 |
| Non-current liability portion | | | | |
| Interest rate swaps - cash flow hedges | 545 | 508 | 545 | 508 |
| <i>Total non-current liability portion</i> | 545 | 508 | 545 | 508 |
| Total derivative financial instrument liabilities | 546 | 509 | 546 | 509 |

The interest rate swaps have been included at fair value. The basis for valuation are observable inputs. (Level 2 - see Note 23 for Fair Value Hierarchy).

Details of the outstanding interest rate swap contracts as at 30 June are shown in the table below:

| Start Date | Maturity date | Fixed interest rate | Amount 2018 | Amount 2017 |
|------------|---------------|---------------------|-------------------|-------------------|
| 2/10/2023 | 2/10/2025 | 3.67% | 5,000,000 | |
| 1/10/2021 | 1/10/2023 | 3.34% | 5,000,000 | |
| 17/09/2019 | 17/03/2023 | 2.98% | 2,500,000 | |
| 3/08/2015 | 1/10/2021 | 4.10% | 5,000,000 | 5,000,000 |
| 18/09/2017 | 17/09/2021 | 3.01% | 2,500,000 | |
| 17/10/2012 | 17/11/2020 | 3.55% | 2,500,000 | 2,500,000 |
| 17/12/2013 | 17/09/2019 | 4.77% | 2,500,000 | 2,500,000 |
| 17/06/2016 | 17/09/2018 | 2.35% | 1,500,000 | 1,500,000 |
| | 18/09/2017 | 2.28% | | 1,000,000 |
| | | | | |
| | | | 26,500,000 | 12,500,000 |

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The movement in the fair value of the derivative contracts that are not hedge accounted is recognised in the surplus or deficit.

Council has no designated hedging instruments.

NOTE 12: OTHER FINANCIAL ASSETS

Accounting policy

The Council and Group classify its financial assets into the following four categories for the purpose of measurement: financial assets at fair value through the surplus or deficit, held-to-maturity investments, loans and receivables, and fair value through other comprehensive revenue and expense. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through the surplus or deficit in which case the transaction costs are recognised therein. Purchases or sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

| | Council | | Group | |
|-------------------------------------|--------------|--------------|------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$000 | \$000 | \$000 | \$000 |
| Current portion | | | | |
| <i>Loans and Receivables</i> | | | | |
| Westpac Bonds | 310 | 769 | 310 | 769 |
| Total current portion | 310 | 769 | 310 | 769 |
| Non-current portion | | | | |
| <i>Assets available for sale</i> | | | | |
| Civic Assurance | 43 | 44 | 43 | 44 |
| Forestry | 2 | 2 | 2 | 2 |
| <i>Loans and Receivables</i> | | | | |
| Kaniere sewerage loan | 28 | 32 | 28 | 32 |
| Floating Rate Securities | 229 | 0 | 229 | 0 |
| <i>Shares at cost</i> | | | | |
| Westland Holdings Limited | 8,695 | 8,695 | 0 | 0 |
| Total non-current portion | 8,997 | 8,773 | 302 | 34 |
| Total other financial assets | 9,308 | 9,542 | 612 | 803 |

Investments in subsidiaries are recorded at cost. Since their shares are not traded any attempt to assess their market value would be arbitrary.

| | | |
|---------------------------|-------|-------|
| Westland Holdings Limited | 8,695 | 8,695 |
|---------------------------|-------|-------|

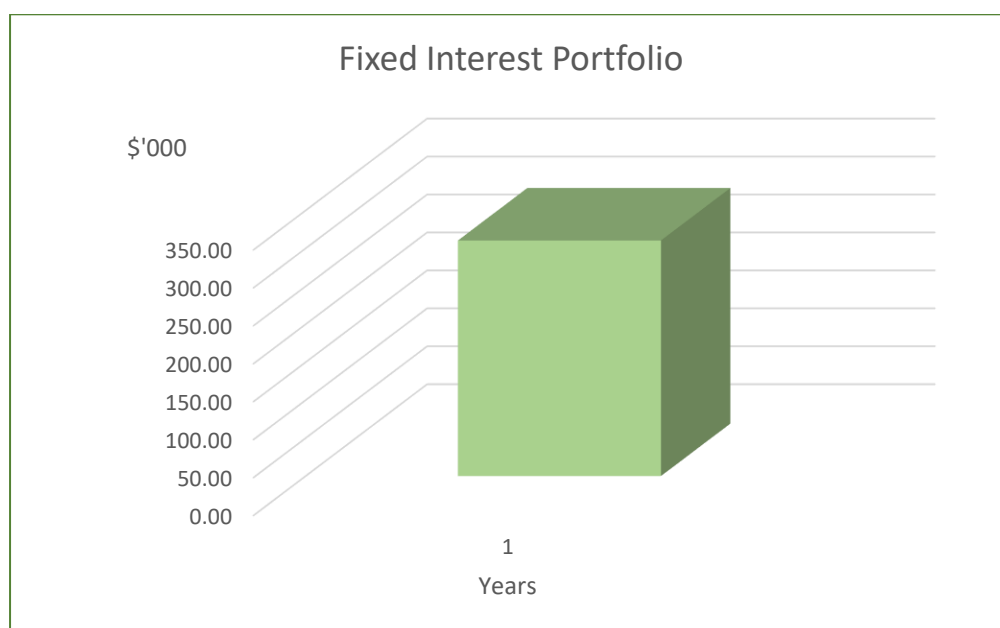
Assets Available for Sale:

Assets available for resale are valued at fair value, based on the published price of the assets.

Fixed Interest Portfolio –Bonds:

Bonds are disclosed at quoted market price (Level 1). As at 30 June 2018 this was \$10,404 (2017: \$19,000) above face value, reflecting discounted future cash flows. Movements in valuations are taken through other comprehensive income during the year. The weighted average interest rate is 5.75% (2017: 4.96%). The graph below depicts the maturity profile:

| Bonds Portfolio as at 30/06/2018 | | | | | | |
|----------------------------------|-----------------|--------|------------|--------|---------------|-----------------|
| Name | Type | Rating | Maturity | Coupon | Face Value \$ | Market Value \$ |
| BNZ | Secured Bond | AA- | 25/06/2019 | 5.57% | 200,000 | 206,133 |
| Rabobank NZ | Unsecured Notes | A+ | 19/03/2019 | 6.10% | 100,000 | 104,271 |
| | | | | | 300,000 | 310,404 |



Council's investment policy stipulates that financial investments held in the form of bonds should have a minimum credit rating of A.

The four categories of financial assets are:

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. After initial recognition they are measured at their fair values.

Gains or losses on re-measurement are recognised in the surplus or deficit where hedge accounting is not applied. Financial assets in this category include derivative financial instruments.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit.

Loans and receivables are classified as “trade and other receivables” in the Statement of Financial Position.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. After initial recognition they are measured at amortised cost using the effective interest method, less impairment.

Gains and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit. The Council currently holds a portfolio of bonds that have been classified as held to maturity investments.

Fair value through comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council and group includes in this category:

- Investments held for the long-term but which may be realised before maturity;
- Shareholdings held for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Council’s investments in its subsidiaries are not included in this category as they are held at cost as allowed by PBE IPSAS 6 *Consolidated and Separate Financial Statements*.

Impairment of financial assets

At each balance sheet date, the Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Loans and receivables, and held-to-maturity investments

Impairment is established when there is evidence that the Council and group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority

stock, government bonds, and community loans, are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit. Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit. If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

Operational assets

These include land, buildings, improvements, museum artefacts, Jackson Bay Wharf, library books, plant and equipment, and motor vehicles.

Restricted assets

Restricted assets are parks and reserves owned by the Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions. These include land vested under the Reserves Act 1977 and endowments or other property held in trust for specific purposes.

Infrastructure assets

Infrastructural assets are the fixed utility systems owned by the Council. Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses. Each asset class includes all items that are required for the network to function. Costs of selling reserve land would offset the value of revaluation. Therefore it is not revalued. Infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and Group and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets. Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised as an operating expense in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and museum artefacts, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

| Category | Depreciable life (years) | Depreciation Rates |
|---|--------------------------|--------------------|
| OPERATIONAL | | |
| Buildings | 50 | 2% |
| Furniture and Fittings | 10 | 10% |
| Motor Vehicles | 5 | 20% |
| Plant & Equipment (including computers) | 3 to 10 | 10% - 33.3% |
| Library collection | 8 | 12.5% |
| Jackson Bay Wharf | 50 | 2% |
| RESTRICTED | | |
| Buildings | 5 to 50 | 2% - 20% |
| INFRASTRUCTURE | | |
| Waste Transfer Stations | 20 | 5% |
| Roads | | |
| Formation | N/A | 0% |
| Sub-Base | N/A | 0% |
| Base Course | 20 to 75 | 1.33% - 5% |
| Surfacing (sealed) | 1 to 16 | 6.25% - 100% |
| Surfacing (unsealed) | 5 | 20% |
| Bridges | 60 to 150 | 0.67% - 1.67% |
| Box culverts/channels | 60 to 150 | 0.67% - 1.67% |
| Footpaths | 5 to 50 | 2% - 20% |
| Streetlights | 16 to 40 | 2.5% - 6.25% |
| Signs | 10 | 10% |
| Water | | |
| Pipeline | 60 to 80 | 1.25% - 1.67% |
| Connections | 60 | 1.67% |
| Reservoirs & Tanks | 20 to 50 | 2% - 5% |
| Pump Stations | 15 to 20 | 5% - 6.67% |
| Sewer | | |
| Pipeline | 60 to 80 | 1.25% - 1.67% |
| Manholes | 50 to 60 | 1.67% - 2% |
| Pump Stations | 15 to 20 | 5% - 6.67% |
| Oxidation Ponds | 60 to 100 | 1% - 1.67% |

| | | |
|-------------------|-----------|---------------|
| Stormwater | | |
| Open Drains | N/A | 0% |
| Pipeline | 60 to 80 | 1.25% - 1.67% |
| Bank protection | 50 to 100 | 1% - 2% |
| Manholes | 50 to 60 | 1.67% - 2% |
| Pump Stations | 15 to 20 | 5% - 6.67% |
| Runway | 67 | 1.5% |

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

| | Council | |
|---|----------------|--------------|
| | 2018 | 2017 |
| | \$000 | \$000 |
| Directly attributable depreciation and amortisation expense by group of activity | | |
| Leisure and Culture | 898 | 738 |
| Community Services | 210 | 215 |
| Planning and Regulatory Services | 18 | 17 |
| Transportation | 2,889 | 2,782 |
| Water Supply | 1,048 | 1,045 |
| Wastewater | 383 | 383 |
| Stormwater | 240 | 217 |
| Solid Waste | 132 | 116 |
| Democracy Services | 102 | 287 |
| Total depreciation and amortisation expense | 5,919 | 5,800 |

Revaluation

All valuations are carried out on a three to five-yearly cycle by independent qualified valuers, unless there is a significant change in carrying value, in which case they will be revalued as required. All other asset classes are carried at depreciated historical cost.

Land and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

Land and Buildings were revalued effective 30 June 2018 by Preston Rowe Paterson. Land and Buildings were valued at fair value using market-based evidence. Specialised buildings were valued at fair value using the depreciated replacement cost because no reliable market data is available for such buildings.

Estimated replacement cost is determined at Council's most recent formal valuations as described above.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Impairment of property, plant & equipment.

Assets that have a finite useful life are carried at cost and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

Value in use for non-cash-generating assets:

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets:

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus or deficit.

Critical accounting estimates and assumptions

Infrastructural assets

There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes which are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be affected by the local conditions, for example weather patterns and traffic growth.

If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit.

To minimise this risk, Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of Council's asset management planning activities, which gives Council further assurance over its useful life estimates. Experienced independent valuers perform Council's infrastructural asset revaluations.

| | Cost/ valuation | Accumulated depreciation & impairment charges | Carrying amount | Current year additions | Current year disposals | Current year impairment charges | Current year depreciation | Current year disposals | Reclassification Cost | Revaluation surplus | Cost/ revaluation | Accumulated depreciation and impairment charges | Carrying amount |
|---------------------------------|--------------------|--|--------------------|------------------------------|------------------------------|--|------------------------------|---------------------------|--------------------------|------------------------|----------------------|---|--------------------|
| | 1-Jul-17 | 1-Jul-17 | 1-Jul-17 | | | | | | | | 30-Jun-18 | 30-Jun-18 | 30-Jun-18 |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| COUNCIL 2018 | | | | | | | | | | | | | |
| Operational assets | | | | | | | | | | | | | |
| Land (leased) | 4,413 | 0 | 4,413 | 0 | (90) | | 0 | 0 | | 0 | 4,323 | 0 | 4,323 |
| Land (leased airport) | 4,278 | 0 | 4,278 | 0 | 0 | | 0 | 0 | | 0 | 4,278 | 0 | 4,278 |
| Land (operational) | 6,499 | 0 | 6,499 | 0 | 0 | | 0 | 0 | | (109) | 6,390 | 0 | 6,390 |
| Buildings | 8,368 | (705) | 7,662 | 49 | (631) | | (314) | 57 | (23) | 1,300 | 8,103 | (3) | 8,100 |
| Furniture & fittings | 1,571 | (884) | 687 | 10 | (16) | | (70) | 16 | | 0 | 1,565 | (939) | 626 |
| Library books | 1,273 | (1,021) | 253 | 54 | (653) | | (43) | 653 | | 0 | 674 | (410) | 264 |
| Museum artefacts | 165 | 0 | 165 | 0 | 0 | | 0 | 0 | | 0 | 165 | 0 | 165 |
| Computer equipment | 564 | (382) | 181 | 63 | (49) | | (44) | 45 | (44) | 0 | 506 | (354) | 152 |
| Office equipment | 497 | (454) | 44 | 1 | (1) | | (10) | 0 | | 0 | 497 | (464) | 33 |
| Motor Vehicles | 373 | (334) | 39 | 107 | (134) | | (28) | 134 | | 0 | 346 | (229) | 117 |
| Operational Plant and Equipment | 69 | (21) | 47 | 5 | 0 | | (7) | 0 | | 0 | 74 | (28) | 45 |
| Jackson's Bay wharf | 263 | (11) | 252 | 0 | 0 | | (5) | 0 | | (87) | 160 | 0 | 160 |
| <i>Total operational assets</i> | 28,331 | (3,813) | 24,519 | 289 | (1,574) | 0 | (521) | 905 | (67) | 1,104 | 27,079 | (2,426) | 24,653 |
| Infrastructural assets | | | | | | | | | | | | | |
| Land | 2,170 | 0 | 2,170 | 0 | 0 | | 0 | 0 | | (206) | 1,964 | 0 | 1,964 |
| Buildings | 1,006 | (110) | 896 | 0 | 0 | | (37) | 0 | | (9) | 940 | (91) | 849 |
| Roading network | 211,274 | (2,289) | 208,984 | 1,570 | 0 | | (2,393) | 0 | | 0 | 212,843 | (4,682) | 208,161 |
| Land under roads | 55,365 | 0 | 55,365 | 0 | 0 | | 0 | 0 | | 0 | 55,365 | 0 | 55,365 |
| Bridges | 46,550 | (495) | 46,055 | 141 | 0 | | (496) | 0 | | 0 | 46,692 | (991) | 45,700 |
| Water supply reticulation | 21,022 | (377) | 20,646 | 32 | 0 | | (377) | 0 | | 0 | 21,054 | (754) | 20,300 |
| Water supply treatment | 13,281 | (668) | 12,613 | 80 | 0 | | (670) | 0 | | 0 | 13,361 | (1,338) | 12,023 |
| Drainage/ stormwater | 8,848 | (218) | 8,629 | 1,315 | 0 | | (241) | 0 | | 0 | 10,163 | (459) | 9,703 |
| Refuse sites | 5,432 | (86) | 5,347 | 352 | 18 | | (111) | 0 | | 0 | 5,787 | (178) | 5,608 |
| Sewerage system reticulation | 9,338 | (255) | 9,084 | 1,243 | 0 | | (255) | 0 | | 0 | 10,582 | (509) | 10,072 |

| | Cost/ valuation | Accumulated depreciation & impairment charges | Carrying amount | Current year additions | Current year disposals | Current year impairment charges | Current year depreciation | Current year disposals | Reclassification Cost | Revaluation surplus | Cost/ revaluation | Accumulated depreciation and impairment charges | Carrying amount |
|---|--------------------|--|--------------------|------------------------------|------------------------------|--|------------------------------|---------------------------|--------------------------|------------------------|----------------------|---|--------------------|
| | 1-Jul-17 | 1-Jul-17 | 1-Jul-17 | | | | | | | | 30-Jun-18 | 30-Jun-18 | 30-Jun-18 |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Sewerage system treatment | 6,548 | (112) | 6,435 | 67 | 0 | | (112) | 0 | | 0 | 6,614 | (224) | 6,390 |
| <i>Total infrastructural assets</i> | 380,835 | (4,609) | 376,224 | 4,800 | 18 | 0 | (4,693) | 0 | 0 | (215) | 385,365 | (9,228) | 376,137 |
| Restricted assets | | | | | | | | | | | | | |
| Land | 1,254 | 0 | 1,254 | 0 | 0 | | 0 | 0 | | (10) | 1,244 | 0 | 1,244 |
| Public buildings | 3,356 | (255) | 3,101 | 890 | (99) | | (129) | 21 | (9) | (615) | 3,161 | (1) | 3,160 |
| Cemetery buildings | 73 | (13) | 60 | 2 | 0 | | (4) | 0 | | (12) | 56 | (10) | 46 |
| Cemetery land | 1,088 | 0 | 1,088 | 0 | 0 | | 0 | 0 | | 0 | 1,088 | 0 | 1,088 |
| Reserve/recreation land | 6,963 | 0 | 6,963 | 0 | 0 | | 0 | 0 | | 40 | 7,003 | 0 | 7,003 |
| Reserve/recreation buildings | 3,143 | (314) | 2,829 | 15 | (913) | | (113) | 68 | 26 | 209 | 2,140 | (18) | 2,122 |
| Reserve/improvements | 12,618 | (391) | 12,227 | 289 | 0 | | (397) | 0 | 7 | 0 | 12,915 | (789) | 12,126 |
| Swimming pools | 2,861 | (125) | 2,736 | 56 | 0 | | (30) | 0 | | (452) | 2,403 | (94) | 2,309 |
| <i>Total restricted assets</i> | 31,357 | (1,098) | 30,259 | 1,252 | (1,011) | 0 | (673) | 89 | 24 | (840) | 30,011 | (912) | 29,099 |
| Total Council | 440,522 | (9,520) | 431,001 | 6,341 | (2,566) | 0 | (5,887) | 994 | (43) | 49 | 442,455 | (12,559) | 429,889 |
| Subsidiaries property, plant and equipment | | | | | | | | | | | | | |
| Land & Buildings | 5,441 | (811) | 4,630 | 107 | 0 | 0 | (125) | 0 | (100) | (896) | 4,422 | (1,702) | 3,616 |
| Plant and machinery | 19,177 | (10,041) | 9,136 | 4,008 | (396) | 0 | (1,773) | 265 | 30 | 0 | 22,819 | (11,549) | 11,270 |
| Office equipment | 505 | (386) | 119 | 45 | 0 | 0 | (48) | 0 | 0 | 0 | 550 | (434) | 116 |
| Hokitika Airport | 2,433 | (471) | 1,962 | 4 | 0 | 0 | (44) | 0 | 0 | 0 | 2,437 | (515) | 1,922 |
| Under Construction | 25 | 0 | 25 | 48 | 0 | 0 | 0 | 0 | 0 | 0 | 73 | 0 | 73 |
| <i>Total subsidiaries</i> | 27,581 | (11,709) | 15,872 | 4,212 | (396) | 0 | (1,990) | 265 | (70) | (896) | 30,301 | (14,200) | 16,997 |
| Total Group assets | 468,103 | (21,229) | 446,873 | 10,201 | (2,962) | 0 | (7,870) | 1,259 | (113) | (847) | 472,756 | (26,759) | 446,886 |

| | Cost/ valuation | Accumulated depreciation & impairment charges | Carrying amount | Current year additions | Current year disposals | Current year impairment charges | Current year depreciation | Current year disposals depreciation | Reclassification Cost | Revaluation surplus | Cost/ revaluation | Accumulated depreciation and impairment charges | Carrying amount |
|---------------------------------|--------------------|---|--------------------|------------------------------|------------------------------|--|------------------------------|--|--------------------------|------------------------|----------------------|---|--------------------|
| | 1-Jul-16 | 1-Jul-16 | 1-Jul-16 | | | | | | | | 30-Jun-17 | 30-Jun-17 | 30-Jun-17 |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| COUNCIL 2017 | | | | | | | | | | | | | |
| Operational assets | | | | | | | | | | | | | |
| Land (leased) | 4,413 | 0 | 4,413 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,413 | 0 | 4,413 |
| Land (leased airport) | 4,278 | 0 | 4,278 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,278 | 0 | 4,278 |
| Land (operational) | 6,499 | 0 | 6,499 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,499 | 0 | 6,499 |
| Buildings | 8,328 | (374) | 7,954 | 40 | 0 | 0 | (331) | 0 | 0 | 0 | 8,368 | (705) | 7,662 |
| Furniture & fittings | 1,535 | (803) | 732 | 36 | 0 | 0 | (81) | 0 | 0 | 0 | 1,571 | (884) | 687 |
| Library books | 1,218 | (971) | 247 | 55 | 0 | 0 | (50) | 0 | 0 | 0 | 1,273 | (1,021) | 253 |
| Museum artefacts | 165 | 0 | 165 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 165 | 0 | 165 |
| Computer equipment | 445 | (326) | 119 | 119 | (1) | 0 | (56) | 0 | 0 | 0 | 564 | (382) | 181 |
| Office equipment | 497 | (440) | 56 | 1 | 0 | 0 | (14) | 0 | 0 | 0 | 497 | (454) | 44 |
| Motor Vehicles | 386 | (320) | 66 | 3 | (16) | 0 | (30) | 16 | 0 | 0 | 373 | (334) | 39 |
| Operational Plant and Equipment | 68 | (15) | 53 | 1 | 0 | 0 | (7) | 0 | 0 | 0 | 69 | (21) | 47 |
| Jackson's Bay wharf | 263 | (5) | 257 | 0 | 0 | 0 | (5) | 0 | 0 | 0 | 263 | (11) | 252 |
| <i>Total operational assets</i> | 28,093 | (3,255) | 24,839 | 255 | (17) | 0 | (574) | 16 | 0 | 0 | 28,331 | (3,813) | 24,519 |
| Infrastructural assets | | | | | | | | | | | | | |
| Land | 2,170 | 0 | 2,170 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,170 | 0 | 2,170 |
| Buildings | 1,005 | (73) | 932 | 0 | 0 | 0 | (37) | 0 | 0 | 0 | 1,006 | (110) | 896 |
| Roading network | 209,234 | 0 | 209,234 | 2,039 | 0 | 0 | (2,289) | 0 | 0 | 0 | 211,274 | (2,289) | 208,984 |
| Land under roads | 55,365 | 0 | 55,365 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 55,365 | 0 | 55,365 |
| Bridges | 46,550 | 0 | 46,550 | 0 | 0 | 0 | (495) | 0 | 0 | 0 | 46,550 | (495) | 46,055 |
| Water supply reticulation | 21,001 | 0 | 21,001 | 21 | 0 | 0 | (377) | 0 | 0 | 0 | 21,022 | (377) | 20,646 |
| Water supply treatment | 13,281 | 0 | 13,281 | 0 | 0 | 0 | (668) | 0 | 0 | 0 | 13,281 | (668) | 12,613 |
| Drainage/ stormwater | 8,709 | 0 | 8,709 | 138 | 0 | 0 | (218) | 0 | 0 | 0 | 8,848 | (218) | 8,629 |
| Refuse sites | 4,912 | 0 | 4,912 | 520 | 0 | 0 | (86) | 0 | 0 | 0 | 5,432 | (86) | 5,347 |
| Sewerage system reticulation | 9,338 | 0 | 9,338 | 0 | 0 | 0 | (255) | 0 | 0 | 0 | 9,338 | (255) | 9,084 |

| | Cost/ valuation | Accumulated depreciation & impairment charges | Carrying amount | Current year additions | Current year disposals | Current year impairment charges | Current year depreciation | Current year disposals depreciation | Reclassification Cost | Revaluation surplus | Cost/ revaluation | Accumulated depreciation and impairment charges | Carrying amount |
|---|--------------------|---|--------------------|------------------------------|------------------------------|--|------------------------------|--|--------------------------|------------------------|----------------------|---|--------------------|
| | 1-Jul-16 | 1-Jul-16 | 1-Jul-16 | | | | | | | | 30-Jun-17 | 30-Jun-17 | 30-Jun-17 |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Sewerage system treatment | 6,536 | 0 | 6,536 | 11 | 0 | 0 | (112) | 0 | 0 | 0 | 6,548 | (112) | 6,435 |
| <i>Total infrastructural assets</i> | 378,104 | (73) | 378,030 | 2,731 | 0 | 0 | (4,537) | 0 | 0 | 0 | 380,835 | (4,609) | 376,224 |
| Restricted assets | | | | | | | | | | | | | |
| Land | 1,254 | 0 | 1,254 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,254 | 0 | 1,254 |
| Public buildings | 3,229 | (131) | 3,098 | 127 | 0 | 0 | (124) | 0 | 0 | 0 | 3,356 | (255) | 3,101 |
| Cemetery buildings | 69 | (9) | 60 | 3 | 0 | 0 | (4) | 0 | 0 | 0 | 73 | (13) | 60 |
| Cemetery land | 1,088 | 0 | 1,088 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,088 | 0 | 1,088 |
| Reserve/recreation land | 6,815 | 0 | 6,815 | 149 | 0 | 0 | 0 | 0 | 0 | 0 | 6,963 | 0 | 6,963 |
| Reserve/recreation buildings | 3,178 | (188) | 2,990 | 0 | (35) | 0 | (126) | 0 | 0 | 0 | 3,143 | (314) | 2,829 |
| Reserve/improvements | 12,560 | 0 | 12,560 | 59 | 0 | 0 | (391) | 0 | 0 | 0 | 12,618 | (391) | 12,227 |
| Swimming pools | 2,861 | (96) | 2,765 | 0 | 0 | 0 | (29) | 0 | 0 | 0 | 2,861 | (125) | 2,736 |
| <i>Total restricted assets</i> | 31,053 | (424) | 30,629 | 338 | (35) | 0 | (674) | 0 | 0 | 0 | 31,357 | (1,098) | 30,259 |
| Total Council | 437,251 | (3,751) | 433,498 | 3,324 | (52) | 0 | (5,785) | 16 | 0 | 0 | 440,522 | (9,520) | 431,001 |
| Subsidiaries property, plant and equipment | | | | | | | | | | | | | |
| Land & Buildings | 5,272 | (690) | 5,550 | 157 | 0 | 0 | (121.00) | 0 | 12 | 0 | 5,441 | (811) | 4,630 |
| Plant and machinery | 18,514 | (9,244) | 9,270 | 1,736 | (1,073) | 0 | (1,576.00) | 779 | 0 | 0 | 19,177 | (10,041) | 9,136 |
| Office equipment | 410 | (344) | 66 | 95 | 0 | 0 | (42.00) | 0 | 0 | 0 | 505 | (386) | 119 |
| Hokitika Airport | 2,433 | (427) | 2,006 | 0 | 0 | 0 | (44.00) | 0 | 0 | 0 | 2,433 | (471) | 1,962 |
| Under Construction | 37 | 0 | 37 | 0 | 0 | 0 | 0.00 | 0 | (12) | 0 | 25 | 0 | 25 |
| <i>Total subsidiaries</i> | 26,666 | (10,705) | 16,929 | 1,988 | (1,073) | 0 | (1,783.00) | 779 | 0 | 0 | 27,581 | (11,709) | 15,872 |
| Total Group assets | 463,917 | (14,456) | 450,427 | 5,312 | (1,125) | 0 | (7,567.68) | 795 | 0 | 0 | 468,103 | (21,229) | 446,873 |

Included within the Council infrastructure assets above are the following core Council assets:

| | Closing book value \$'000 | Additions: constructed by Council \$'000 | Additions: transferred to Council \$'000 | Most recent replacement cost estimate for revalued assets \$'000 |
|---|------------------------------------|--|--|--|
| 2018 | | | | |
| Water Supply | | | | |
| - reticulation and other | 20,300 | 32 | 0 | 31,410 |
| - treatment plants and facilities | 12,023 | 80 | 0 | 18,499 |
| Sewerage | | | | |
| - other assets (such as reticulation systems) | 10,072 | 1,243 | 0 | 18,246 |
| - treatment plants and facilities | 6,390 | 67 | 0 | 7,988 |
| Stormwater drainage | 9,703 | 1,315 | 0 | 16,363 |
| Roads and Footpaths | 253,861 | 1,711 | 0 | 314,552 |
| 2017 | | | | |
| Water Supply | | | | |
| - reticulation and other | 20,646 | 21 | 0 | 31,410 |
| - treatment plants and facilities | 12,613 | 0 | 0 | 18,499 |
| Sewerage | | | | |
| - other assets (such as reticulation systems) | 9,084 | 0 | 0 | 18,246 |
| - treatment plants and facilities | 6,435 | 11 | 0 | 7,988 |
| Stormwater drainage | 8,629 | 138 | 0 | 16,363 |
| Roads and Footpaths | 255,039 | 2,039 | 0 | 314,552 |

Assets are recorded at their most recent estimate of depreciated replacement cost. All valuations are carried out on a cyclical basis. A full valuation of the Infrastructure assets at 30 June 2016 was conducted by ANA Group Ltd. No formal valuations were undertaken of Infrastructure assets in 2017/18 however, Fair Value assessments have been carried out by District Assets officers on the Infrastructure assets and there were no significant changes to the carrying values.

Additional Disclosure: Local Government Amendment (No3) Act) Clause 31A - Insurance of assets:

The total value of assets covered by commercial insurance contracts was \$49,301,415, with \$42,866,339 insured at replacement value and the \$6,435,076 at indemnity value. There is an excess of \$15,000 for any single event.

Westland District Council participates in the Local Authority Protection Programme (LAPP), which provides cover to \$250 million (including \$60 million from central government). This means that all of Council underground infrastructural assets (\$57.4 million per Note 13 above) are fully covered at replacement cost. Council's excess is \$807,000. With a total asset base of \$430,487,246 as at 1 July 2017, the above arrangements leave \$373,080,000 self-insured by Council.

Of this \$291,014,000 relate to land and roads, which are considered low risk areas, leaving an exposure of \$82,066,000. This exposure is covered by subsidies that are available from NZTA and the government. As at 30 June 2018 asset renewal funds total \$6,101,000.

Assets under construction

| | Council | | Group | |
|-----------------------------------|---------------|---------------|---------------|---------------|
| | 2018 \$000 | 2017 \$000 | 2018 \$000 | 2017 \$000 |
| <i>Capital projects</i> | | | | |
| Buildings | 90 | 0 | 90 | 0 |
| Water | 614 | 20 | 614 | 20 |
| Sewerage | 141 | 110 | 141 | 110 |
| West Coast Wilderness Trail | 773 | 161 | 773 | 161 |
| Stormwater | 0 | 961 | 0 | 961 |
| Museum Development | 58 | 0 | 58 | 0 |
| Hokitika Waterfront Development | 38 | 15 | 38 | 15 |
| Transportation | 983 | 0 | 983 | 0 |
| Information Technology | 0 | 41 | 0 | 41 |
| Balance as on 30 June 2018 | 2,698 | 1,309 | 2,698 | 1,309 |

The \$614,242 in Water relates to the Kumara water treatment plant, Whataroa water treatment plant and the Hokitika river intake.

The \$140,831 for Sewerage relates to the upgrade of the Franz Josef Wastewater Treatment Plant, and preliminary works for the Hokitika wastewater treatment ponds.

The \$773,150 for West Coast Wilderness Trail relates to Project Completion Plan for the West Coast Wilderness cycle trail, as agreed to with the Ministry for Business, Innovation and Employment.

The \$983,438 for Transportation relates to the Whitcombe valley road upgrade.

Capital commitments

Capital commitments represent capital expenditure contracted or at balance date but not yet incurred.

There is one capital commitment for the Council and Group as of 30th June 2018 for the completion of the Hokitika river intake, (2017: Nil).

| | Council | | Group | |
|--|---------------|---------------|---------------|---------------|
| | 2018 \$000 | 2017 \$000 | 2018 \$000 | 2017 \$000 |
| Capital commitments approved and contracted transfers from general funds | 201 | 0 | 201 | 0 |
| Total capital commitments | 201 | 0 | 201 | 0 |

NOTE 13A: INVESTMENT PROPERTY

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

| | Council | | Group | |
|---|---------------|---------------|---------------|---------------|
| | 2018 \$000 | 2017 \$000 | 2018 \$000 | 2017 \$000 |
| Balance at 1 July | 0 | 0 | 968 | 953 |
| Transferred from PPE | 0 | 0 | 70 | 0 |
| Adjustments | 0 | 0 | 247 | 0 |
| Fair value gains/(losses) on valuation (note 7) | 0 | 0 | 97 | 15 |
| Balance at 30 June | 0 | 0 | 1,382 | 968 |

Investment properties are valued annually effective at 30 June 2018 to fair value by David Shaw (MNZIV, MP, NZ Registered Valuer) from Quotable Value. Quotable Value is an experienced valuer with extensive market knowledge in the types and location of property owned by the Group.

NOTE 14: INTANGIBLE ASSETS

Accounting policy

Software

Software licences and similar assets that are acquired by the Council, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in the surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The useful lives and associated amortisation rates of the assets class are estimated as follows:

| Category | Amortisation life (years) | Amortisation Rates |
|--------------------|---------------------------|--------------------|
| OPERATIONAL | | |
| Computer Software | 3 to 10 | 10% - 33.3% |

Carbon credits

Purchased Carbon credits are recognised at cost on acquisition. They are not amortised, but instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Goodwill

Goodwill on the acquisition of businesses and subsidiaries is included in Intangible assets.

| | Carbon Credits \$000 | Computer Software \$000 | Council Total \$000 | Goodwill \$000 | Group Total \$000 |
|--|-------------------------|----------------------------|------------------------|-------------------|----------------------|
| Cost | | | | | |
| Balance at 1 July 2017 | 30 | 148 | 178 | 151 | 329 |
| Prior year adjustment | 0 | 71 | 71 | 0 | 71 |
| Additions | 65 | 54 | 118 | 0 | 118 |
| Disposals | (69) | (3) | (72) | 0 | (72) |
| Balance at 30 June 2018 | 26 | 270 | 296 | 151 | 447 |
| Balance at 1 July 2016 | 12 | 144 | 157 | 151 | 308 |
| Prior year adjustment | 0 | 0 | 0 | 0 | 0 |
| Additions | 18 | 4 | 21 | 0 | 21 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Balance at 30 June 2017 | 30 | 148 | 178 | 151 | 329 |
| Accumulated amortisation and impairment | | | | | |
| Balance at 1 July 2017 | 0 | 97 | 97 | 0 | 97 |
| Prior year adjustment | 0 | 27 | 27 | 0 | 27 |
| Amortisation charges | 0 | 32 | 32 | 0 | 32 |
| Disposals | 0 | (3) | (3) | 0 | (3) |
| Balance at 30 June 2018 | 0 | 153 | 153 | 0 | 153 |
| Balance at 1 July 2016 | 0 | 82 | 82 | 0 | 82 |
| Prior year adjustment | 0 | 0 | 0 | 0 | 0 |
| Amortisation charges | 0 | 15 | 15 | 0 | 15 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Balance at 30 June 2017 | 0 | 97 | 97 | 0 | 97 |
| Carrying amounts | | | | | |
| Balance at 1 July 2017 | 30 | 51 | 81 | 151 | 232 |
| Reclassified from PPE | 0 | 44 | 44 | 0 | 44 |
| Movement in intangible assets during year | (4) | 22 | 17 | 0 | 17 |
| Balance at 30 June 2018 | 26 | 117 | 143 | 151 | 294 |

Council considers that there is no impairment of carbon credits held as they are expected to be fully utilised in satisfying carbon obligation from its landfill operations. Carbon credits have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit as long as the Emissions Trading Scheme is in place.

Purchased Goodwill from the acquisition of Trenching Dynamics, which is a subsidiary of Westland Holdings Limited.

Impairment of intangible assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

NOTE 15: TRADE AND OTHER PAYABLES

Accounting policy

Trade and other payables are initially measured at face value, and subsequently measured at amortised cost using the effective interest method.

| | Council | | Group | |
|---|---------------|---------------|---------------|---------------|
| | 2018 \$000 | 2017 \$000 | 2018 \$000 | 2017 \$000 |
| Trade payables | 792 | 30 | 3,299 | 2,413 |
| Other payables | 320 | 365 | 320 | 365 |
| Accrued expense | 498 | 612 | 498 | 612 |
| Amounts due to subsidiaries (Per Note 20) | 994 | 787 | 0 | 0 |
| Total creditors and other payables | 2,604 | 1,793 | 4,117 | 3,389 |

Payables are generally non-interest bearing and are normally settled on the 20th of the following month. Therefore, the carrying value of payables approximates their fair value.

NOTE 16: PROVISIONS

Accounting policy

The Council recognises a provision for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event,
- it is probable that expenditures will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

| | Council | | Group | |
|---------------------------------|---------------|---------------|---------------|---------------|
| | 2018 \$000 | 2017 \$000 | 2018 \$000 | 2017 \$000 |
| Non-current | | | | |
| Landfill closure and monitoring | 2,179 | 1,849 | 2,179 | 1,849 |
| Total provisions | 2,179 | 1,849 | 2,179 | 1,849 |

Critical accounting estimates and assumptions

Landfill aftercare provision

The estimate of the provision for landfill post-closure is based on assumptions, which may be influenced by changes in technology and society's expectations and could affect future results.

The Council has responsibility under its resource consent to provide on-going maintenance and monitoring of the landfill after the site is closed. The responsibilities include fencing, drainage, signage, planting, coverage and monitoring the site for a set number of years after closure. The cash outflows for landfill post-closure are expected to occur in one to thirty three years' time. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

The provision has been estimated taking into account existing technology and using discount rates of between 2.2% and 3.0% based on Treasury Risk-free discount rates, and inflation rates using Treasury CPI forecasts. As at 30 June 2018 this was 1.70% and is forecast to remain within 1.7% over the next ten years.

The gross provision before discounting is \$3,037,056 (2017: \$2,573,875).

Reconciliation of movement in landfill provision

| | 2018 |
|----------------------------|--------------|
| Opening balance | 1,849 |
| Additional provisions made | 334 |
| Amounts used | -69 |
| Unused amounts reversed | 0 |
| Discount unwind | 65 |
| Closing balance | 2,179 |

NOTE 17: EMPLOYEE BENEFITS

Accounting policy

Short-term benefits

Employee benefits that the Council expects to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date and sick leave, retiring and long service leave entitlements expected to be settled within 12 months. A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences. The Council recognise a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long service leave and retirement leave

Entitlements that are payable beyond 12 months, after the end of the period in which the employee renders the related service, such as long service leave and retiring leave; are calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave entitlements are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

| | Council | | Group | |
|------------------------------------|------------|------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$000 | \$000 | \$000 | \$000 |
| Current portion | | | | |
| Accrued pay | 138 | 163 | 159 | 180 |
| Annual and sick leave | 220 | 179 | 963 | 850 |
| Retirement and long service leave | 0 | 3 | 92 | 91 |
| <i>Total current portion</i> | <i>358</i> | <i>345</i> | <i>1,214</i> | <i>1,121</i> |
| Non-current portion | | | | |
| Retirement and long service leave | 35 | 20 | 121 | 113 |
| <i>Total non-current portion</i> | <i>35</i> | <i>20</i> | <i>121</i> | <i>113</i> |
| Total employee entitlements | 393 | 365 | 1,335 | 1,234 |

Critical accounting estimates and assumptions

Estimating retirement and long service leave obligations

A discount rate of 2.0%, and an inflation factor of 1.8% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees. The rates employed are taken from BERL forecasts.

NOTE 18: BORROWINGS

Accounting policy

Borrowings are initially recognised at their fair value, plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date or if the borrowings are expected to be settled within 12 months of balance date.

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the commencement of the lease term, the Council and Group recognises finance leases as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

| | Council | | Group | |
|----------------------------------|---------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$000 | \$000 | \$000 | \$000 |
| Current portion | | | | |
| Bank overdraft | 0 | 0 | 328 | 379 |
| Term debts | 3,000 | 0 | 4,160 | 819 |
| <i>Total current portion</i> | 3,000 | 0 | 4,488 | 1,198 |
| Non-current portion | | | | |
| Secured loans | 0 | 0 | 0 | 0 |
| Secured Bank Loan | 0 | 0 | | 0 |
| Term debts | 15,018 | 16,790 | 20,365 | 21,146 |
| <i>Total non-current portion</i> | 15,018 | 16,790 | 20,365 | 21,146 |
| Total borrowings | 18,018 | 16,790 | 24,853 | 22,344 |

Other liabilities

| | Council | | Group | |
|---|------------|------------|------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$000 | \$000 | \$000 | \$000 |
| Current | | | | |
| Rates and other revenue received in advance | 461 | 376 | 504 | 419 |
| Total other liabilities | 461 | 376 | 504 | 419 |

* There are no non-current other liabilities

The Council's secured debt of \$18,018,352 (2017: \$16,790,352) is issued at variable rates of interest, protected by the swap contracts desired in Note 11. Council has a Multi Option Credit Line of \$8,000,000 (2017: \$24,100,000), and loan facility through the LGFA of \$20,000,000 as borrower only. A full draw down on these facilities would be above the Council's liability management policy debt threshold of \$3,000 per rateable unit. However \$2,538,000 of the current loan was for the Hokitika water treatment plant upgrade and river intake, which is recoverable via a specific rate adopted by Council on 30 June 2015.

Council repaid infrastructure debt of \$1,792,000 during the year. The movements are shown in the table below:

| Loan Name | Interest Rate | Balance 30 June 2017 | New Loans Raised | Principal Repaid | Balance 30 June 2018 |
|---------------------------|----------------------|---------------------------------|-----------------------------|-----------------------------|---------------------------------|
| | | \$ | \$ | \$ | \$ |
| Waste Management Projects | 2.65% | 2,400,682 | 5,000 | 190,002 | 2,215,680 |
| Hokitika Water Upgrade | 2.79% | 3,307,000 | 500,000 | 1,269,000 | 2,300,000 |
| Hokitika Water Upgrade | 2.65% | | | | 130,870 |
| Hokitika Water Upgrade | 2.69% | | | | 74,478 |
| Hokitika Water Upgrade | 2.90% | | | | 32,652 |
| Wastewater Projects | 2.14% | 0 | 1,485,000 | 10,000 | 1,475,000 |
| Water Supply Projects | 2.14% | 2,205,349 | 150,000 | 176,899 | 1,525,000 |
| Water Supply Projects | 2.65% | | | | 653,450 |
| Westland Holding Limited | 2.69% | 7,845,000 | 0 | 0 | 1,845,000 |
| Westland Holding Limited | 2.79% | | | | 3,000,000 |
| Westland Holding Limited | 2.86% | | | | 3,000,000 |
| Other loans | 2.69% | 172,321 | 225,000 | 19,301 | 378,020 |
| Storm Water Projects | 2.69% | 760,000 | 0 | 57,498 | 702,502 |
| Roading | 2.90% | 100,000 | 655,000 | 69,300 | 685,700 |
| Total Council Debt | | 16,790,352 | 3,020,000 | 1,792,000 | 18,018,352 |
| Available facility | | 11,209,648.00 | | | 9,981,648 |
| Total Facility | | | | | 28,000,000 |

The Council's loans are secured over the district's rates through a debenture trust deed.

A debenture exists over the assets of Westroads Limited Group.

Council had no internal borrowing processes operating in 2017/18. Council has no finance leases.

Interest terms for secured loans

The Council's secured loans are mostly issued at floating rate of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk.

NOTE 19: EQUITY

Accounting policy

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserve funds. The components of equity are:

- Retained earnings
- Restricted Reserves (Trusts and Bequests)
- Council Created Reserves (Special Funds, Separate Funds)
- Asset revaluation reserves
- Fair value through other comprehensive revenue and expense

Restricted Reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council. Restricted reserves include those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Asset revaluation reserve

This reserve relates to the revaluation of property, plant, and equipment to fair value.

Fair value through other comprehensive revenue and expense reserve

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

| | Council | | Group | |
|------------------------------------|---------|---------|---------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$000 | \$000 | \$000 | \$000 |
| Retained earnings | | | | |
| Balance at 1 July | 150,742 | 153,182 | 153,725 | 155,622 |
| Assets Disestablished | (1,006) | 0 | (1,006) | 0 |
| Transfers to restricted reserves | (4,160) | (2,998) | (4,160) | (2,998) |
| Transfers from restricted reserves | 2,145 | 1,884 | 2,145 | 1,884 |
| Transfer from 'Revaluation reserve | 72 | 0 | 72 | 0 |
| Surplus/(deficit) for the year | 238 | (1,326) | 1,645 | (783) |
| Balance at 30 June | 148,031 | 150,742 | 152,420 | 153,725 |
| Restricted reserves | | | | |
| Balance at 1 July | 5,606 | 4,491 | 5,606 | 4,491 |
| Transfers to retained earnings | (2,145) | (1,884) | (2,145) | (1,884) |
| Transfers from retained earnings | 4,160 | 2,998 | 4,160 | 2,998 |
| Balance at 30 June | 7,622 | 5,606 | 7,622 | 5,606 |

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Assets revaluation reserve | | | | |
| Balance at 1 July | 269,508 | 269,545 | 270,340 | 270,376 |
| Revaluation gains of property, plant and equipment | (341) | 0 | (341) | 0 |
| Restatement adjustment | 323 | 0 | (508) | 0 |
| Transfer of revaluation reserve to retained earnings | (72) | 0 | (72) | 0 |
| Landfill Provision | (31) | (37) | (31) | (37) |
| Balance at 30 June | 269,387 | 269,508 | 269,387 | 270,340 |
| Fair value through other comprehensive revenue and expense reserve | | | | |
| Balance 1 July | 64 | 64 | 64 | 64 |
| Tax on revaluations | 0 | 0 | 0 | 0 |
| Balance at 30 June | 64 | 64 | 64 | 64 |
| Total equity | 425,104 | 425,920 | 429,493 | 429,734 |

Several buildings were disestablished during the financial year. These had previously been treated as found assets in a prior year, however these have been found to be duplicated and have now been removed again.

NOTE 20: RELATED PARTY TRANSACTIONS

Westland District Council has the ability to appoint trustees to Tourism West Coast Incorporated. The trustees appointed by Westland District Council have between 20% and 50% of the voting rights to the entity. Westland District Council does make a contribution to Tourism West Coast (\$86,000 annually) for operational purposes but does not have any rights to any distributions from that entity. Therefore no income, expenses or assets are recognised in respect of this interest. There was no annual contribution in 2018 (2017: \$13,112) paid to West Coast Rural Fire Authority. There were no transactions with the Westland Wilderness Trust.

The following table depicts the transactions and closing balances for the year ended 30 June between Westland District Council and its trading CCOs:

| | Council | |
|------------------------------------|---------|-------|
| | 2018 | 2017 |
| | \$000 | \$000 |
| Westroads Limited | | |
| Revenue earned | 43 | 40 |
| Expenditure charged | 8,103 | 6,105 |
| Accounts payable by the Council | 991 | 691 |
| Accounts receivable to the Council | 2 | 2 |
| Group tax loss offset | 0 | 0 |
| Subvention payment | 250 | 240 |
| Destination Westland | | |
| Revenue earned | 173 | 159 |
| Expenditure charged | 400 | 482 |
| Accounts payable by the Council | 4 | 96 |
| Accounts receivable to the Council | 276 | 262 |
| Subvention payment due | 0 | 0 |
| Subvention payment received | 0 | 0 |
| Westland Holdings Limited | | |
| Revenue earned | 1 | 1 |
| Expenditure charged | 0 | 0 |
| Accounts payable by the Council | 0 | 0 |
| Accounts receivable to the Council | 0 | 0 |
| Dividends received | 120 | 0 |

Transactions with key management personnel:

During the year, Councillors and senior management, as part of a normal customer relationship, were involved in minor transactions with the Council.

| | Council | |
|--|------------|--------------|
| | 2018 | 2017 |
| | \$000 | \$000 |
| <i>Councillors:</i> | | |
| Remuneration | 253 | 238 |
| <i>Senior Management team including Chief Executive:</i> | | |
| Remuneration | 635 | 1,049 |
| Total key management personnel compensation | 889 | 1,287 |
| Total full-time equivalent personnel | 13 | 13 |

NOTE 21: CONSTRUCTION CONTRACTS

Accounting policy

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract, and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the surplus or deficit. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred. When it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised surpluses less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus surpluses less losses, the net amounts are presented as a liability.

| | Council | | Group | |
|--|----------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$000 | \$000 | \$000 | \$000 |
| Contract Costs incurred | 0 | 0 | 7,913 | 5,270 |
| Recognised in profits/losses | 0 | 0 | 1,995 | 1,071 |
| | 0 | 0 | 9,909 | 6,341 |
| Progress billings | 0 | 0 | 9,691 | 6,263 |
| gross amounts receivable from Customers | 0 | 0 | 218 | 78 |
| Retentions receivable in respect of construction contracts | 0 | 0 | 670 | 311 |

In identifying construction contracts, the group has only included contracts of \$1,000 or more. Construction contracts include laying waterlines, constructing roads and footpaths and constructing section pads.

NOTE 22: CONTINGENCIES

Contingent Liabilities:

| | Council | | Group | |
|-------------------------------------|----------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$000 | \$000 | \$000 | \$000 |
| Performance bonds | 0 | 0 | 1,148 | 1,209 |
| Mining bonds | 0 | 0 | 17 | 17 |
| Total contingent liabilities | 0 | 0 | 1,165 | 1,226 |

Contingent Assets:

Council

Council has no contingent assets at 30 June 2018 (2017: Nil).

Group

The Group has no contingent assets at 30 June 2018 (2017: the only contingent asset was in relation to the Haast Hollyford Agreement, which may see initial costs incurred by the Group reimbursed with agreement from other parties.).

Defined Benefit Superannuation Scheme:

The Council is a participating employer in the National Provident Fund's Defined Benefit Plan Contributors Scheme ("the Scheme"), which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the Scheme, Council could be responsible for any deficit of the Scheme. Similarly, if a number of employers cease to have employees participating in the Scheme; Council could be responsible for an increased share of any deficit. Insufficient information is available to use defined benefit accounting, as it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

As at 31 March 2018, the Scheme had a past surplus of \$6.6 million (2017: \$8.0 million) and 6.1% (2017: 6.2%) of liabilities. This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated by the actuary to the Scheme using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of PBE IPSAS 25. The actuary to the Scheme has recommended previously that the employer contributions were suspended with effect from 1 April 2011. In the latest report the Actuary recommended employer contributions remain suspended.

NOTE 23: FINANCIAL INSTRUMENTS

The accounting policies for the financial instruments have been applied to the line items below:

| | Council | | Group | |
|--|---------|--------|--------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$000 | \$000 | \$000 | \$000 |
| Financial Assets | | | | |
| Fair value through surplus or deficit | | | | |
| Interest rate swaps - cash flow hedges | 5 | 0 | 5 | 0 |
| | 5 | 0 | 5 | 0 |
| Loans and Receivables | | | | |
| Cash and cash equivalents | 2,021 | 2,733 | 2,256 | 3,065 |
| Receivables | 4,947 | 2,964 | 7,867 | 5,343 |
| <i>Other financial assets:</i> | | | | |
| Civic Assurance | 43 | 44 | 43 | 44 |
| Westpac Bonds | 310 | 769 | 310 | 769 |
| Floating Rate Securities | 229 | 0 | 229 | 0 |
| Forestry | 2 | 2 | 2 | 2 |
| Kanieri sewerage loan | 28 | 32 | 28 | 32 |
| Total loans and receivables | 7,581 | 6,544 | 10,736 | 9,255 |
| Financial Liabilities | | | | |
| Fair value through surplus or deficit | | | | |
| Interest rate swaps - cash flow hedges | 546 | 509 | 546 | 509 |
| | 546 | 509 | 546 | 509 |
| Financial liabilities at amortised cost | | | | |
| Payables | 2,604 | 1,793 | 3,867 | 3,552 |
| <i>Borrowings:</i> | | | | |
| Bank overdraft | 0 | 0 | 328 | 379 |
| Term debts | 18,018 | 16,790 | 24,525 | 21,965 |
| Total financial liabilities at amortised cost | 20,622 | 18,583 | 28,720 | 25,896 |

| Fair Value Hierarchy Disclosures | Total | Quoted Market Price | Observable inputs |
|---|--------------|--------------------------------|------------------------------|
| | \$000 | \$000 | \$000 |
| 30 June 2018 - Council and Group | | | |
| <i>Financial Assets</i> | | | |
| Westpac Bonds | 310 | 310 | |
| Derivatives | 5 | | 5 |
| <i>Financial liabilities</i> | | | |
| Derivatives | 546 | | 546 |
| 30 June 2017 - Council and Group | | | |
| <i>Financial Assets</i> | | | |
| Westpac Bonds | 769 | 769 | |
| Derivatives | | | |
| <i>Financial liabilities</i> | | | |
| Derivatives | 509 | | 509 |

Fair Value Hierarchy Disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Level 1 Quoted market price - Financial instruments with quoted prices for identical instruments in active markets.

Level 2 Valuation technique using observable inputs - Financial instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are not observable.

There were no transfers between the different levels of the fair value hierarchy.

Credit risk

Credit risk is the risk that a third party will default on its obligations to the Council and Group, causing it to incur a loss. Do to the timing of its cash inflows and outflows, surplus cash is invested into term deposits and bonds, which gives credit risk.

| Credit Risk | Council | | Group | |
|--------------------------------|----------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Bonds | 310 | 769 | 310 | 769 |
| Cash at bank and term deposits | 2,021 | 2,733 | 2,256 | 3,065 |
| Trade and other receivables | 4,947 | 2,964 | 8,207 | 5,343 |
| Maximum Exposure | 7,279 | 6,467 | 10,774 | 9,177 |

| Credit Quality | Council | | Group | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Cash at bank and term deposits | | | | |
| AA- | 2,021 | 2,733 | 2,256 | 3,065 |
| Bonds | | | | |
| AA | 0 | 103 | 0 | 103 |
| AA- | 206 | 413 | 206 | 413 |
| A+ | 104 | 107 | 104 | 107 |
| BBB- | 0 | 147 | 0 | 147 |

Liquidity Risk

Liquidity risk is the risk that the Council and Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Council maintains a liquid portfolio of investments that can be liquidated on short notice as required.

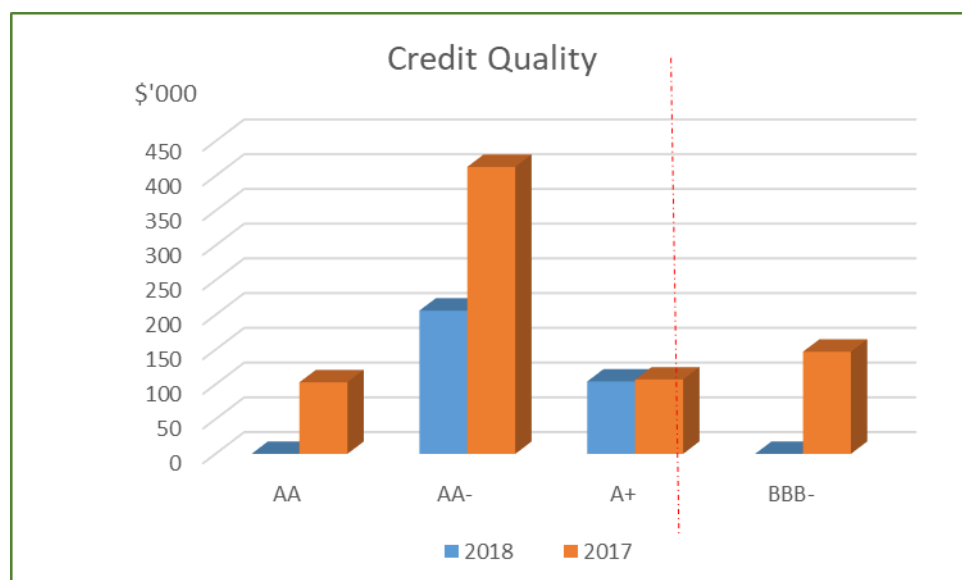
Council borrowings guidelines are defined in its Revenue and Financing Policy and its Liability Management Policy.

The maturity profiles of the Council and Group's interest bearing investments and borrowings are disclosed in notes 12 and 18.

Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

The table and chart below displays Council's bonds portfolio by credit rating.



Council's investment policy prescribes a minimum credit rating of A for investments of this type. Two contracts are in breach of this policy. They were acquired two years before the policy was written. The group invests funds only in deposits with registered banks and local authority stock.

Contractual Maturity Analysis of Financial Liabilities

The table below analyses the Council and Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

| Contract Maturities - Liabilities | Carrying amount \$000 | Contractual cash flows \$000 | Less than 1 year \$000 | 1-5 years \$000 | More than 5 years \$000 |
|-----------------------------------|--------------------------|---------------------------------|---------------------------|--------------------|----------------------------|
| Council 2018 | | | | | |
| Trade and other payables | 2,604 | 2,604 | 2,604 | - | - |
| Term debt | 18,018 | 18,018 | 3,000 | 9,718 | 5,300 |
| Total | 20,622 | 20,622 | 5,604 | 9,718 | 5,300 |
| Group 2018 | | | | | |
| Trade and other payables | 4,117 | 4,117 | 4,117 | - | - |
| Term debt | 28,880 | 28,880 | 4,487 | 19,093 | 5,300 |
| Bank overdraft | 328 | 328 | 328 | - | - |
| Total | 33,325 | 33,325 | 8,932 | 19,093 | 5,300 |
| Council 2017 | | | | | |
| Trade and other payables | 1,956 | 1,956 | 1,956 | - | - |
| Term debt | 16,790 | 16,790 | - | 16,790 | - |
| Total | 18,746 | 18,746 | 1,956 | 16,790 | - |
| Group 2017 | | | | | |
| Trade and other payables | 3,552 | 3,552 | 3,552 | - | - |
| Term debt | 21,965 | 21,965 | 1,198 | 20,767 | - |
| Bank overdraft | 379 | 379 | 379 | - | - |
| Total | 25,896 | 25,896 | 5,129 | 20,767 | - |

Contractual Maturity Analysis of Financial Assets

The table below analyses the Council and Group's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

| Contract Maturities - Assets | Carrying amount \$000 | Contractual cash flows \$000 | Less than 1 year \$000 | 1-5 years \$000 | More than 5 years \$000 |
|------------------------------|--------------------------|---------------------------------|------------------------------|--------------------|-------------------------------|
| Council 2018 | | | | | |
| Cash and cash equivalents | 2,021 | 2,021 | 2,021 | - | - |
| Trade and other receivables | 4,947 | 4,947 | 4,947 | - | - |
| Westpac Bonds | 310 | 310 | 310 | - | - |
| Civic Assurance | 43 | - | - | - | - |
| Total | 7,322 | 7,279 | 7,279 | - | - |
| Group 2018 | | | | | |
| Cash and cash equivalents | 2,256 | 2,256 | 2,256 | - | - |
| Trade and other receivables | 8,207 | 8,207 | 8,207 | - | - |
| Westpac Bonds | 310 | 310 | 310 | - | - |
| Civic Assurance | 43 | - | - | - | - |
| Total | 10,817 | 10,774 | 10,774 | - | - |
| Council 2017 | | | | | |
| Cash and cash equivalents | 2,733 | 2,733 | 2,733 | - | - |
| Trade and other receivables | 2,964 | 2,964 | 2,964 | - | - |
| Westpac Bonds | 769 | 769 | 186 | 584 | - |
| Civic Assurance | 44 | - | - | - | - |
| Total | 6,510 | 6,467 | 5,883 | 584 | - |
| Group 2017 | | | | | |
| Cash and cash equivalents | 3,065 | 3,065 | 3,065 | - | - |
| Trade and other receivables | 5,343 | 5,343 | 5,343 | - | - |
| Westpac Bonds | 769 | 769 | 452 | 317 | - |
| Civic Assurance | 44 | - | - | - | - |
| Total | 9,221 | 9,178 | 8,861 | 317 | - |

Sensitivity Analysis

Interest Rate Risk – Council

As at 30 June 2018 it is estimated that a two percentage increase/decrease in market interest rates would decrease/increase the Council's equity by approximately \$404,659 (30 June 2017 \$539,000). This calculation is based on a reassessment of the fair values of financial instruments that are classified as available for sale.

Interest Rate Risk – Group

As at 30 June 2018 it is estimated that a two percentage point increase/decrease in market interest rates would decrease/increase the Council and Group's equity by approximately \$40,000 (30 June 2017 \$408,000). This calculation is the annual impact on loans and borrowings which are subject to a variable market interest rate at balance date.

Sensitivity analysis

| Interest rate risk | -2% | +2% | -2% | +2% |
|--|------------|--------------|------------|--------------|
| | 2018 | 2018 | 2017 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Council | | | | |
| <i>financial assets</i> | | | | |
| Westpac bonds | (6) | 6 | (15) | 15 |
| Total | (6) | 6 | (15) | 59 |
| <i>Financial liabilities</i> | | | | |
| Term debt | 118 | (118) | 304 | (304) |
| Interest rate swaps - held for trading | 280 | (280) | 250 | (250) |
| Total | 398 | (398) | 554 | (554) |
| Total sensitivity | 392 | (392) | 539 | (539) |
| Group | | | | |
| <i>financial assets</i> | | | | |
| Westpac bonds | (6) | 6 | (15) | 15 |
| Total | (6) | 6 | (15) | 15 |
| <i>Financial liabilities</i> | | | | |
| Term debt | 249 | (249) | 173 | (173) |
| Interest rate swaps - held for trading | 280 | (280) | 250 | (250) |
| Total | 529 | (529) | 423 | (423) |
| Total sensitivity | 523 | (523) | 408 | (408) |

NOTE 24: EXPLANATION OF VARIANCES

EXPLANATIONS FOR MAJOR VARIATIONS FROM THE COUNCIL'S BUDGET FIGURES IN THE LONG TERM PLAN FOR 2017/18 ARE AS FOLLOWS:

Statement of comprehensive revenue and expenses

The total revenue is lower than budgeted by \$0.5 million mainly due to:

- Rates were \$0.28 million lower than budget mainly due to write off and remissions.
- NZTA subsidy recognised in subsidies and grants was \$0.35 million lower than budget for 2017-2018.
- Other revenue was \$0.1 million greater than budget for 2017-2018 this is due to recoverable expenditure being \$0.1 million higher than budget, this is offset in expenses by an increase in recoverable expenditure.
- Fees and charges were \$0.3 million lower than budget, trade waste fees were \$0.1 million lower than budget, building fees were \$0.1 million below budget and event admission fees were \$92 thousand lower than budgeted.

The total operating expenditure is higher than budget by \$1.76 million due to:

- Unbudgeted losses on disposals of assets of \$0.4 million, due to review and disposal of assets in the fixed asset register. There was \$0.5 million more than budgeted spent on repairs and maintenance. \$0.3 million was on water supply repairs and maintenance; this was due to both increased water quality standards and drought conditions over the summer months. The other significant variation was \$0.2 million on roading repairs and maintenance. Expenditure was above budget on contractors and consultants \$0.3 million and \$0.2 million respectively, this extra spend was largely due to unfilled vacancies and was mostly offset by personnel costs being \$0.4 million under budget. Management contracts were \$0.1 million above budget due to unbudgeted cost fluctuations. Loss on Swaps was a variation of \$0.2 million due to market factors.

- Landfill provisions were \$0.12 million lower than budgeted due to review and updating of methodology and calculations at year end. Better asset management data has allowed this review and updating of assumptions of the cost of the aftercare of the landfills.
- Depreciation was \$0.1 million higher than budgeted due to higher depreciation rates than forecast on completed projects.

Current assets

- The balance of cash and cash equivalents is \$4.0 million lower than budget. This is due to unbudgeted expenditure depleting cash reserves and higher than budgeted debtors at the end of financial year, i.e. a timing variance between expected invoicing and the receipt of NZTA income for \$2 million.
- Debtors and other receivables are \$2.6 million above budget. This variance is primarily due to timing differences with the NZTA claim meaning that there was a \$2 million variance on budget for this debtor and \$0.7 million outstanding for the unbudgeted tourism infrastructure funding.

Non-current assets

- There has been a decrease of \$23.6 million to budget for property, plant and equipment. This has arisen from a variance to budget on the Land and Buildings revaluation of \$17.3 million. Originally forecast as a surplus the revaluations came in as a deficit due to lower than expected property value increases as well as reductions in value for earthquake prone buildings. There was also \$1 million of disestablished assets due to correcting of data errors in the fixed asset register. Significant capital projects were either delayed or incomplete as at balance date. There was a \$1.6 million increase to budget on assets under construction that also added to the variance in property, plant and equipment.

Current liabilities

- Creditors and other payables are \$0.2 million above budget. This variance is primarily due to timing differences.
- Total debt is collectively \$4.6m lower than budget in current and non-current liabilities. This is due to loan funded capital expenditure not occurring.

Non-current liabilities

- Derivative financial instruments in the form of interest rate swaps are \$0.2 million greater than budgeted. This is due to interest rate restructuring with our increased debt and joining the LGFA to ensure we remain compliant with our debt funding policies.

NOTE 25. CAPITAL MANAGEMENT

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 [the Act] requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilizing the Council's assets and not expecting them to meet the full cost of long term assets that will benefit residents in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provisions in its Long Term Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the Revenue and Financing Policy.

Council also maintains specific purpose reserves funds. These are reported in the next section.

NOTE 26. EVENTS AFTER BALANCE SHEET DATE

On 3 July 2018 Council transferred the management of the Museum, i-SITE, Events and West Coast Wilderness Trail activities to Destination Westland. The actual assets are still Council owned. This is to allow Council to concentrate on core Council activities.

NOTE 27. PRIOR PERIOD ERROR

The Council and group has adjusted its comparative year financial statements for the year ended 30 June 2017 for the correction of two prior period misstatements related to the landfill aftercare provision.

- The 2017 landfill aftercare provision was calculating using a discount rate of 1.89%. The discount rate was the Treasury Risk-free Discount Rate for Accounting Valuation Purposes for 2018, and was not representative of the profile of the forecast cashflows which span decades. The application of an appropriate weighted average discount rate derived from the Treasury Risk-free Discount Rates determined that the provision was overstated by \$240k.
- The increase in the 2017 landfill aftercare provision relating to the Butlers landfill was expensed through other expenses. As this related to an asset carried at revaluation, a portion of the increase should have offset the revaluation reserve pertaining to this asset and a further portion should have increased the asset's value. Accordingly, the expense recognised in other expenses was overstated by a further \$551k.

The financial statements for 2017, which are presented as comparative information in the 30 June 2018 financial statements, have been restated to amend these misstatements as outlined below:

| | 2017 Before adjustments \$000 | Correction of error \$000 | 2017 After adjustments \$000 |
|--|-------------------------------------|---------------------------------|------------------------------------|
| Council | | | |
| Expenditure | | | |
| Other expenses | 13,305 | (791) | 12,514 |
| Other Comprehensive Revenue and Expense | | | |
| Movement in landfill aftercare provision pertaining to assets carried at revaluation | 0 | (37) | (37) |
| Non-current Asset | | | |
| Property, Plant & Equipment | 430,487 | 514 | 431,001 |
| Non-current liabilities | | | |
| Provisions | 2,089 | (240) | 1,849 |
| Equity | | | |
| Retained earnings | 149,951 | 791 | 150,742 |
| Revaluation reserves | 269,545 | (37) | 269,508 |
| Group | | | |
| Expenditure | | | |
| Other expenses | 16,396 | (791) | 15,605 |

| Other Comprehensive Revenue and Expense | | | |
|--|---------|-------|---------|
| Movement in landfill aftercare provision pertaining to assets carried at revaluation | 0 | (37) | (37) |
| Non-current Assets | | | |
| Property, Plant & Equipment | 446,359 | 514 | 446,873 |
| Non-current liabilities | | | |
| Provisions | 2,089 | (240) | 1,849 |
| Equity | | | |
| Retained earnings | 152,934 | 791 | 153,725 |
| Revaluation reserves | 270,376 | (37) | 270,339 |

Reserve funds

There are two major types of reserve funds that Council manages:

| | |
|---|--|
| <i>Council Created Reserve Funds</i> | Discretionary reserves to meet Council policy objectives. These reserves often include project funds, depreciation reserves, emergency or risk management funds, rates smoothing funds, provisions and carry forwards. |
| <i>Restricted Reserve Funds</i> | Reserves for which Council has a legal obligation on the use of the funds. |

Council Created Reserve Funds:

Township Funds

These receive an allocation each year for development projects within those localities.

Township Development Funds are held in a reserve fund for Westland townships. To uplift the funds, the local community group/association has to work through the following steps:

- Agree among members at a community association meeting by majority vote of members present what the funds will be spent on. The funds should enhance the well-being of the whole community in some way. Consideration is given to the number of people who will benefit, the degree to which people will benefit and the value to the wider community.
- Minute such decision(s) in meeting minutes and email a copy of these minutes to Council.
- Generate an invoice to Council for the costs of the projects agreed on accordingly and add GST to the amount if GST registered.
- Sign an accountability document before 12 months has expired from the time of receiving the grant.

Council reviewed the amounts allocated in the different rating districts within Westland during 2017/2018 in order to ensure equity for all ratepayers.

The communities that went through this process for this reporting period are:

| <i>Community Association / Trust</i> | What the funding was used for |
|--|---|
| Kumara Residents Trust: \$14,000 | Annual gala day expenses, community swimming pool maintenance, Kumara Memorial Hall, Chinese Reserve, Street gardens, administration, Kumara Racing Club and Kumara Junction Community Association Plants |
| Kokatahi-Kowhitirangi Community Committee: \$8,000 | Not yet distributed by the Committee to any particular projects, as there have been no major community initiatives requiring community funding |
| Ross Community Society: \$14,000 | Complete renovation of Ross Centennial Hall: heat pump, curtains, replacement window and door, paint, gib and preparation |

| | |
|---|--|
| Hari Hari Community Association: \$23,000 (\$9,000 of which was a carryover from 2016-2017) | Boiler heating system for the community swimming pool at South Westland Area School |
| Whataroa Community Association \$9,315 | Recladding and upgrading Whataroa Community Hall |
| Okarito Community Association: \$4,685 | Four new water tanks for the Okarito community water scheme |
| Franz Josef Community Council: \$35,000 | Upgrade of the new gym building and upgrading the community hall |
| Fox Glacier Community Development Society: \$35,000 | Plants, gardens, gravel for carpark and replacement gym gear at the Community Centre |
| Bruce Bay Hall Board: \$12,000 | Kitchen cabinets |
| Haast Promotions Group: \$14,000 | Dennis Road Track Development |

Asset Renewals

- The main renewals from the water supply reserve were used for the Hokitika river intake and replacement of water meters, wastewater treatment plant
- Funds from the administrative renewals reserve were to complete the Council's website redevelopment, upgrade IT equipment and software to improve efficiency, service and data security, and regular vehicle upgrades.
- Funds from the wastewater reserve were used for replacements in all areas.
- Funds from the parks renewal were used for Hokitika cemetery improvements and upgrades to playground equipment
- The transportation renewals fund expended \$1.8 million, with just over 50 per cent of that spent on road resurfacing. Other funds were used for drainage and structural component renewals, unsealed road metalling and pavement maintenance
- Funds were used from the carryover of the Harihari 2016-2017 Township Development Fund and the Harihari Complex Reserve Fund to install a boiler system to heat the Harihari Community Swimming Pool.

| Reserve | Purpose of each reserve fund | Balance 1 July 2017 | Transfers into fund | Transfers out of fund | Balance 31 March 2018 |
|----------------------------|---|------------------------|------------------------|--------------------------|--------------------------|
| 2018 | | \$000 | \$000 | \$000 | \$000 |
| Kumara Township fund | Township funding for the purpose of community related projects | 0 | 14 | (14) | 0 |
| HariHari township | Township funding for the purpose of community related projects | 20 | 14 | (32) | 2 |
| Whataroa township | Township funding for the purpose of community related projects | 2 | 14 | (14) | 2 |
| Ross township | Township funding for the purpose of community related projects | 0 | 14 | (14) | 1 |
| Haast township | Township funding for the purpose of community related projects | (3) | 14 | (14) | (3) |
| Franz township | Township funding for the purpose of community related projects | 1 | 35 | (35) | 1 |
| Fox township | Township funding for the purpose of community related projects | 1 | 35 | (35) | 1 |
| Kokatahi community fund | Township funding for the purpose of community related projects | 0 | 8 | (8) | 0 |
| Foreshore | Foreshore Protection for groin replacement on the foreshore. | 19 | 0 | 0 | 19 |
| Glacier country promotions | Targeted rates collected from Glacier Country to provide funding for marketing projects. | 0 | 65 | (65) | 0 |
| Prestons bush | Mr Preston donated the reserve to Council. This fund was for the community to beautify the bush with tracks and interpretation boards. | 14 | 5 | (8) | 10 |
| HariHari community complex | The Harihari Pony Club land was sold and the funding was to go towards a new community complex. (Another \$100,000 is allocated from the Reserve Development Fund.) | 128 | 2 | (53) | 78 |
| Guy Menzies trust | Surplus from Guy Menzies Day Event. | 1 | 0 | 0 | 1 |

| | | | | | |
|---------------------------------------|--|--------------|--------------|----------------|--------------|
| Cycle partnership contributions | Contributions from commercial partners towards upkeep of the Wilderness Trail | 0 | 0 | 0 | 0 |
| Emergency contingency fund | Rates collected to support Westland in a Civil Defence emergency. | 51 | 1 | 0 | 52 |
| Transport renewals | For funding the renewal of roads and bridges. | (0) | 983 | (569) | 414 |
| Water renewal | For funding the renewal of water supplies networks | 1,430 | 1,271 | (168) | 2,533 |
| Wastewater renewal | For funding the renewal of sewerage and sewage networks | 1,163 | 543 | (26) | 1,680 |
| Storm water renewal | For funding the renewal of storm water systems | 770 | 213 | (544) | 439 |
| Solid Waste renewal | For funding the renewal of Refuse transfer Stations and landfills. | 0 | 0 | 0 | 0 |
| Parks and Reserves renewals | For funding Parks, Reserves, Public Toilets, Ross Pool and Cemeteries Asset Renewal | 0 | 183 | (76) | 107 |
| Building renewals | For renewal of all Council operational buildings. | 399 | 210 | (119) | 490 |
| Administration renewals | For renewal of office equipment, furniture, technical equipment, vehicles and technology | 240 | 246 | (223) | 263 |
| Library renewals | To replace library books | 65 | 171 | (61) | 176 |
| Total Council created reserves | | 4,303 | 4,042 | (2,078) | 6,266 |

Restricted reserve funds:

| Reserve | Purpose of each reserve fund | Balance 1 July 2017 | Transfers into fund | Transfers out of fund | Balance 31 March 2018 |
|----------------------------------|--|---------------------|---------------------|-----------------------|-----------------------|
| 2018 | | \$000 | \$000 | \$000 | \$000 |
| Offstreet Parking | Collected from developments in town to pay for off-street parking. Imposed by RMA / District Plan | 32 | 1 | | 32 |
| Reserve Development | Monies collected from developments. Imposed by RMA / District Plan | 583 | 102 | (38) | 646 |
| Museum Assistance Fund | Originally the Museum Bequest Fund (\$8,458) & Carnegie Furnishings (\$3,929) | 20 | 0 | - | 20 |
| Kumara Endowment Fund | Proceeds from sale of Endowment land. Our brief research has not identified the specific terms of the endowment. | 340 | 7 | - | 347 |
| Euphemia Brown Bequest | Interest earned on funds administered by Public Trust Offices for the estates of Euphemia & William E Brown. | 23 | 0 | - | 23 |
| Mayoral Relief Funds | Contributions from James & Margaret Isdell Trust; Coulston Herbert Trust; | 17 | 1 | (2) | 16 |
| Three Mile Domain | To fund Three Mile Domain costs. | 200 | 4 | - | 204 |
| Ross Endowment Land | Various endowment land parcels in Ross sold over time. | 64 | 1 | - | 66 |
| Big Brothers Big Sisters | Grant funding Received | (1) | - | - | (1) |
| Community Patrol | Grant funding Received | (0) | - | - | (0) |
| Graffiti | Grant funding Received | 4 | 0 | (0) | 4 |
| Taxi Chits | Grant funding Received | (3) | 2 | (2) | (3) |
| Hokitika War Memorial | Contributions from RSA parking lease | 24 | 0 | (24) | 0 |
| Total Restricted Reserves | | 1,304 | 118 | (66) | 1,355 |
| Total reserves | | 5,606 | 4,160 | (2,145) | 7,622 |

Restricted reserve funds are created via donations, contributions and endowments with an explicit purpose.

| | |
|----------------------------|---|
| <i>Mayors Trust fund</i> | Contributions of \$401.84 were made from James & Margaret Isdell Trust and Coulston Herbert Trust. Withdrawals from this fund to the amount of \$2500 were donations made to Left Coast Events for the Shining Light in the Dark Trust and to the Barlow Family who suffered a house fire. |
| <i>Three Mile Domain</i> | No deposits (excluding interest) or withdrawals for this period |
| <i>Ross Endowment Land</i> | No deposits (excluding interest) or withdrawals for this period |
| <i>Reserve Development</i> | A portion of the funding was spent on waterfront development design and plans. New deposits amounting to \$101,727.12 entered this reserve during this financial period. |

STATEMENTS OF SERVICE PROVISION

This section contains the following information:

How Council's activities contribute towards meeting its vision

Activity group statements

Wild Westland Weather



Wind and Waves

The West Coast experienced wild weather in February 2018 with ex-cyclone Fehi, along with a king tide, causing widespread damage early in the month, with landslides, trees blocking roads, power outage and loss of cell phone communication. Almost 1000 tourists were stranded between Haast, Franz Josoph and Fox Glacier. The Community response was a credit to Westland's hospitality and resilience, with community volunteers working hard to assist the Council's Civil Defence response.



Clearing the road

Later in February high winds from ex-cyclone Gita saw a state of emergency declared in the Westland Region. Once again the community demonstrated their resilience and hospitality with tourists being accommodated overnight in Whataroa Community Hall.

Council's performance in each activity

This section of the report identifies progress during 2017/18 towards the achievement of the Council's vision

| Activity Groups | Activities within the group |
|---|--|
| Leisure and Cultural Assets | Westland District Library Hokitika Museum Swimming Pool i-SITE Events Community Halls and Buildings Parks and Reserves Cemeteries Elderly Housing West Coast Wilderness Trail |
| Community Services | Community Development |
| Planning and Regulatory Services | Inspections and Compliance Resource Management Animal Control Emergency Management |
| Transportation | |
| Water Supply | |
| Wastewater | |
| Stormwater | |
| Solid Waste Management | |
| Other infrastructural Assets and Services | Community Township Development Land and Buildings Public Toilets |
| Democracy | Corporate services Governance Council Controlled Organisations (CCOs) |

How Council activities contribute towards meeting its vision

| | <i>Leadership</i> | <i>Planning and Regulatory</i> | <i>Community Services</i> | <i>Leisure Services and Facilities</i> | <i>Transportation</i> | <i>Water Supply</i> | <i>Wastewater</i> | <i>Stormwater</i> | <i>Solid Waste</i> |
|--|-------------------|--------------------------------|---------------------------|--|-----------------------|---------------------|-------------------|-------------------|--------------------|
| Develop communities | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Deliver sound infrastructure | | | | | ✓ | ✓ | ✓ | ✓ | ✓ |
| Deliver sound policy | ✓ | ✓ | | | | | | | |
| Deliver sound regulation | ✓ | ✓ | | | | | | | |
| Involve the community and stakeholders | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Deliver core services that meet community expectations | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Proudly promote, protect & leverage our historic, environmental, cultural & natural resources base to enhance lifestyle and opportunity for future generations | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Activity group: Leadership

Democracy

Corporate services

Council Controlled Organisations

An overview of the 2017/18 year:

Democracy:

Meetings of Council are publicly notified in accordance with the Local Government Official Information and Meetings Act 1987, which provides the public with an opportunity to attend. Only matters where there are specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 are excluded from the public sections of meetings.

During this reporting year a total of \$1,520 was expended from the Mayoral Relief Fund.

A total of 63 Local Government Official Information and Meeting Act requests were received during the year, with the majority receiving a response or transfer within the statutory 20 day time-frame. The average number of days for completion was 14 days.

Corporate Services:

During the year there were several changes to staffing in Corporate Services, the Finance Manager resigned and the Accountant seamlessly stepped up into that role leaving an Accountant vacancy. By the end of this financial year, this position has still not been filled.

There was a substantial upgrade of Council ERP and Accounting system, which has allowed for a few time savings and efficiencies around electronic invoicing, it is likely that as staff settle into the upgraded system more efficiencies may be found.

The focus for Corporate Services is still on financial reporting both to the executive team and to the community through the Finance, Audit and Risk Committee. With this in mind, a new reporting system has been sourced and will be implemented during Q2 of the next financial year. This should automate a significant amount of the reporting process, and allow staff to concentrate on valued-added activities.

During the year, the Strategy and Communications Advisor resigned, this had a significant impact on the production of the Long Term Plan, and Consultation with Communities. Until this vacancy is filled, Council engaged a consultant to assist on an 'as and when required basis' to assist with Community Consultations and media enquiries.

Staff are continuing to focus on collecting more from our debtors. This includes an intensive exercise in helping ratepayers to set up repayment plans. The resultant lessening debt shows how successful this has been. Electronic invoicing assisted this process, with emailed invoices cutting down the delays in the postal system.

Council are continuing to look at our methods for communicating with our customers in an efficient manner; spending less by reducing print material while reaching out to more audiences: the Westland Matters electronic newsletter, Facebook account and public meetings continue to be important tools. The Council website is used to display all important documents and messages.

During the year, Council also implemented an SMS e-TXT Alert information service for our community. This facility allows Council to send targeted SMS text messages to individuals and groups who subscribe to the service. There is no cost to the public who sign up for the SMS Alert service. SMS Alert messages are only sent regarding important, time sensitive matters and are geographically isolated to ensure only relevant messages are received. Examples of these include Civil Defence Activation messages, Urgent Boil Water Notices and Emergency Water Shutdown Notices. This is a service over and above what many other councils offer and the response has been overwhelmingly positive, helping to keep our local communities updated on important events in their area.

Throughout this year, Information Services have been concentrating on improving the resilience of the IT network and bringing Council equipment up to a better standard. There has been a review and upgrade of all desktop units to increase speed of use. Solid state drives have been installed which will increase the life of the equipment and be more efficient. Other upgrades to both Windows 10 and Office 2016 have also taken place. Laptops and tablets are replacing desktop computers to make our workforce more mobile where possible.

The offsite backup regime has been changed from Auckland to a specialist network backup company in Christchurch. These backups are able to be setup and run across the internet should we have a catastrophic disaster to our servers at Council HQ.

Council is also in the process of replacing all servers, which have reached end of the 5 / 6 year life. These are replaced every 5 years to ensure continuity of business, the servers were last replaced in 2012. The new servers are 'self managing' servers, which mean that less staff hours will be spent maintaining them, and will allow staff to concentrate on more value added activities.

A new business analyst role within Corporate Services was established during 2017-18 financial year, this role will review all Council processes with a view to finding efficiencies and best practices across Council. The role is closely related to Information Services, and part of this role will look at how technology can assist Council to meet these objectives.

During the financial year, the Customer Service Centre separated from the Hokitika i-SITE. It was felt that the differing needs between residents and tourists caused some issues. With tourism increasing, the i-SITE saw increased numbers of tourists through the doors with very diverse information requirements, and staff found that they needed to be more focused on the tourist needs. It is likely that the tourism growth will continue for some time and having focused and experienced staff will be more important.

The i-SITE also provides a service on behalf of the Automobile Association, which is important as this is the only place in Hokitika where this service is offered.

Council Controlled Organisations:

Council Controlled Organisations are separate entities in which Council owns 50% or more of the voting rights.

During the financial year, a consultation process for Community feedback on the amalgamation of the Hokitika Airport Ltd and Westland District Property Ltd took place. There was very little opposition to this amalgamation and the two CCO's were amalgamated into one company on 29 June 2018, with a change of name to Destination Westland.

The reason behind this was to streamline the CCO structure. This allowed for a combined board to be put in place and reduce administration costs going forward, in such areas as Audit and Director Fees.

In Q4 the Chair of Westland Holdings Ltd resigned leaving just two directors on the board. Council staff engaged an external recruitment agency to recruit a new board of directors to WHL. By the end of the financial year, this resulted in the appointment of a highly qualified and experienced board of directors.

Funding Impact Statement (for the Democracy & Corporate Service activities)

For the year ended 30 June 2018

| | 2017/18 Actual \$000 | 2017/18 Long term plan \$000 | 2016/17 Long term plan \$000 |
|--|----------------------------|---------------------------------------|---------------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 764 | 972 | 1,012 |
| Targeted rates | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 1 | 2 | 2 |
| Fees and charges | 88 | 43 | 51 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Interest and dividends from investments | 635 | 580 | 561 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 169 | 83 | 92 |
| <i>Total operating funding (A)</i> | 1,657 | 1,680 | 1,717 |
| Application of operating funding | | | |
| Payments to staff and suppliers | 196 | 897 | 851 |
| Finance costs | 717 | 385 | 393 |
| Internal charges and overheads applied | 819 | 0 | 0 |
| Other operating funding applications | 0 | 0 | 0 |
| <i>Total applications of operating funding (B)</i> | 1,733 | 1,283 | 1,244 |
| <i>Surplus/(deficit) of operating funding (A-B)</i> | (76) | 397 | 473 |
| Application of capital funding | | | |
| Capital expenditure: | | | |
| - To meet additional demand | 0 | 0 | 0 |
| - To improve the level of service | 0 | 0 | 0 |
| - To replace existing assets | 159 | 174 | 257 |
| Increase/(decrease) in reserves | 36 | (48) | 60 |
| Increase/(decrease) in investments | (236) | 0 | 0 |
| <i>Total applications of capital funding (D)</i> | (40) | 126 | 316 |
| Surplus/(deficit) of capital funding (C-D) | 76 | (397) | (473) |
| Funding balance ((A-B)+(C-D)) | (0) | (0) | 0 |

The level of service achieved in relation to the performance targets

Democracy

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|---|---|--|-------------------------------------|---|--|
| Responsible leadership | % of residents satisfied with Council's leadership | No data available (31%, rising to 66% including 'acceptable', 2016 Residents' Satisfaction Survey) | 65% | Residents' Satisfaction Survey reports 58% satisfaction level. | The result of the Residents' Satisfaction Survey undertaken this financial year is below target only including "Fairly good / very good" responses from survey. If including "Just Acceptable" responses then figure rises to 88%. |
| The community understands what Council does | % of residents who understand how Council makes decisions | No data available (69% 2016 Residents' Satisfaction Survey) | 50% | Residents' Satisfaction Survey reports 77% of residents understand how Council makes decisions. | The result is well above target and demonstrates a good level of understanding of Council activities within the community. |

Corporate Services

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|---|--|---|---|--|---|
| Provide accountability about Council activities | Legally compliant financial plans and reports adopted | 100% | Annual Plan and Annual Report adopted on time | 100% | |
| A comprehensive Customer Service Centre | % of residents satisfied with the service they receive | No data available (94% 2016 Residents' Satisfaction Survey) | 75% | 78% (as per the 2018 Residents' Satisfaction Survey) | The last Residents' Satisfaction Survey was undertaken in 2016 as this is a biannual exercise The result is above target. |
| Effective engagement of the community during public decision-making opportunities | % of residents that believe they have been consulted appropriately | No data available (57% 2016 Residents' Satisfaction Survey) | 60% | 46% (as per the 2018 Residents Satisfaction Survey) | Council have not met the performance target, however it is noted that this measure is just above the national average (45%) identified in the survey. |

Council Controlled Organisations

Westland Wilderness Trust:

The Westland Wilderness Trust has not met in the past year and there are no audit requirements as per 24 November 2015 resolution.

Tourism West Coast

Council takes a governance / advisory role with any contributions included in Council's normal operation. Neither organisation is required to produce an annual report.

Commercial reporting entities controlled by Westland District Council:

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|---|--|-----------------------------------|-------------------------------------|-------------------------|--|
| CCOs comply with their Statements of Intent | All performance measures in the CCO Statement of Intent are met, as reported in half yearly and annual reports | 70% (26 of 37) | 100% | 42% (14 of 33) | <ul style="list-style-type: none"> - Westland Holdings achieved 4 out of 19 measures (including those that weren't applicable during this financial period) - Destination Westland achieved 8 out of 10 - Westroads achieved 2 of 4 |



Westland Holdings Limited

Directors:

Albert Brantley – Chair – appointed 28 June 2018

Joanne Conroy – appointed 28 June 2018

Chris Rea – appointed 28 June 2018

Graeme King – Chair – resigned 16 April 2018

Cr David Carruthers – resigned 28 June 2018

Cr Desmond Routhan – resigned 28 June 2018

Established July 2002.

Westland Holdings Limited (WHL) is the governance link between Council and its trading entities. The Company is responsible for ensuring the trading organisations meet their statutory, commercial and public obligations as defined in their Annual Statements of Intent. These are reviewed by WHL on behalf of Council, with reference to the objectives determined in the Long Term Plan 2015-2025, along with each company's individual strategy. This report concentrates on the performance objectives contained in the Long Term Plan. The performance of the companies is extensively examined in their own Annual Reports.

Key Objective:

'To achieve the objectives of the shareholder, Westland District Council, both commercially and non-commercially as specified in the Statement of Intent in a manner that recognises sound business practice, good employer obligations and social and environmental responsibility.'

| Key Performance Measures: | Achieved? |
|---|--|
| A draft SI for WHL will be submitted for approval to WDC by 1 March each year. | Not achieved: Draft SI was received on 3 April 2018 |
| A completed SI will be submitted to WDC by 30 June each year. | Achieved: Final submitted 28 June 2018 |
| At least two progress reports be made to WDC in the financial year (in addition to reporting on specific issues), with at least one presentation made to Councillors. Reports will include financial and non-financial performance. | Not Achieved: Completion of the restructure of the CCO's and WHL was completed in late 2018. Up to that point financial and non-financial reporting was made by the CE of the WDC and occasionally directly by the CCO's. |

| | |
|---|--|
| Major matters of urgency are reported to the appropriate Council Committee or the CE of WDC within three days. | No matters of urgency |
| The Chair will initiate an independent formal evaluation of the WHL directorate bi-annually. | Not Achieved this year: The structure of the WDC CCO's was finalised in late 2018, including restructuring of the board of WHL. The newly appointed WHL board assumed office in late June 2018, and the next WHL directorate evaluation will be conducted in late 2019. |
| To review the training needs of individual WHL directors, and ensure training is provided where required. | Not Achieved With the WHL directorate newly appointed in late June 2018, there has been insufficient time nor the need to do such a review. A review of WHL directorate training requirements will be undertaken in 2019. |
| The process followed for each appointment to a subsidiary board is transparent, fully documented and reported to WDC. | Not Achieved: During the period from late 2016 until appointment of the current WHL board in late June 2018, appointment of subsidiary boards was undertaken directly by WDC. The process followed has been variable and not clearly documented. |
| WHL negotiates with WDC to pay an achievable distribution for the 2016/17 financial year prior to finalising WDC's budget | No negotiation: The planned distributions for the coming year have been determined from the review and approval of the subsidiary company SOI's by the WDC. |
| To meet budgeted level of distribution income for the 2017/18 financial year | Not Achieved: WDC budgeted \$523k for the year, including subvention payments. WDC actually received \$120k in dividend and accrued for \$250k subvention payments. |
| That the adopted directors' policy be followed for any director appointments made. | Not Achieved: WHL was restructured in late 2018, and before the restructure, |

| | |
|--|--|
| | WDC appointed all subsidiary directors. |
| Draft Statements of Intent to be received from subsidiary companies by 14 February. | Not Achieved: The previous Chair of WHL received the draft SOI's. These SOI's will be reviewed by the newly appointed WHL directorate during 2018/19. |
| WHL will direct the subsidiary companies to produce commercially focused Statements of Intent that are cognisant of their responsibilities to the social and environmental needs of the communities of Westland. | Not Achieved |
| WHL will assess the alignment of the Statements of Intent with any specifically notified WDC strategic directive. | Not Achieved: The previous Chair of WHL received the draft SOI's. These SOI's will be reviewed by the newly appointed WHL directorate during 2018/19. |
| Subsidiary company Statements of Intent to incorporate specific reporting requirements in accordance with legislation and accepted practice. | Not Achieved |
| All activity reports and formal reporting will be done through the Chairman of WHL and the CE of WDC. | Not Achieved: For 2017/18, reporting was managed directly by the CE of WDC. Currently, arrangements are being put in place to meet this service performance for 2018/19. |
| Subsidiary company Statement of Intent's to incorporate specific statements regarding the processes for the management of risk exposures, including reputational risk. | Not Achieved: The SOI's for the subsidiary companies approved by the WDC contain general statements regarding management of risk, however, there are no specifics about how this risk will be managed nor reported. |
| Long term Investment assessment is carried out for any new projects. These must be assessed and approved by Council prior to initiating significant projects. | Not Achieved: No long-term investments were undertaken by WHL during the past year. Any long-term investments undertaken by the CCO's were reviewed by the WDC. |
| Targeted Ratio of Shareholders funds to total assets shall not be less than 50% for the period covered by the Statement of Intent. | Achieved: 53.96% |
| WHL to respond to draft Statements of Intent by 30 April | Not Achieved |



On 29 June 2018, Westland District Property Limited amalgamated with Hokitika Airport and changed the entity name to Destination Westland.

A review was carried out to consider the streamlining of the two companies and cost reduction if the two companies were amalgamated. The decision was that there would be some cost savings and efficiencies through amalgamation.

A consultation was carried out with the community throughout November 2017 with only three submissions received, two against and one neutral. Therefore, Council decided to continue with the proposal as consulted to amalgamate by the end of the financial year.

Directors

Ian Hustwick - Joined the board as Chairperson on 31 December 2016

Richard Benton - Joined the board as Director on 31 December 2016

Pauline Cox - Joined the board as Director on 31 December 2016

Cr Latham Martin - Joined the board as Director on 12 March 2017

Until 29 June 2018 the companies were operating under separate Statement of Intent, and the below KPI tables reflect this.

Westland District Property Limited (WDPL) was originally established in May 2010, in order to manage Council's property portfolio; which has both commercial and public benefit elements. The former involves properties for sale, licenses to occupy and mining rights. The latter is the management of Pensioner Housing, Hokitika Swimming Pool and Jackson Bay Wharf.

Key Objective:

'To manage the ownership and operation of the property portfolio in a commercial and strategic manner that will by year 2030 provide a return that contributes to the majority of the General Rate requirement of Council, and to become involved in strategic property development or investment, which will benefit the District and the Company, as opportunities arise.'

| Key Performance Measures: | Achieved? |
|---|---|
| Aged Care annual percentage occupancy to be no less than 95%. | Achieved: (2017: 100%) 100%. Annual survey |
| Swimming pool annual total admissions to be +/- 5% those of the previous year. | Achieved: (2017 not achieved 16,849) 20,384 includes 4,230 (free swim admissions – December 2017 / January 2018 and April 2018) Note: Free admissions was a WDPL Board initiative. |
| Baches on Road Reserve annual number of licenses to occupy to be greater than 70. | Achieved: 85 signed agreements to occupy (2017: 76) 14 applications in process (2017: 5) |

| | |
|--|--|
| | 11 signed agreements – season sites (2017: 10) 14 signed agreements – other occupations (2017:9) |
| Jacksons Bay Wharf annual percentage of commercial fishing vessels who use the wharf with licenses = 90% | Achieved: (2017: 100%) 100% of the major fishing vessels (2017:100%). This excludes casual users |
| Annual percentage of leasehold properties leased is greater than 80% | Achieved: (2017: 84%) As at 30 June WDPL manages 18 WDC properties: 15 properties (or 84% of available properties) are leased. |
| Tenant satisfaction with the provision of the company's aged care rental housing greater than or equal to 90%. | Achieved: (2017: 100%) 100% satisfactory |
| Loss Time Injuries will be 0 | Achieved: (2017: 0) 0 time lost |
| The ratio of shareholder funds to total assets shall be greater than 70%. | Not Achieved (2017: not achieved 57%) 68.7% |
| Compliance with statutory and regulatory requirements enabling Westland District Property Limited, Westland Holdings Limited and Westland District Council to comply with the Local Government Act 2002. | Not Achieved (2017: Achieved) The Company has not met the statutory deadline for the completion of its Annual Report by 30 September 2018 |
| DWL will endeavour to achieve the highest storage occupancy as possible. | Achieved: 91.6% (2017: 95.3%) Note: There are nine additional sheds not included as part of the measure as they are not vermin / water proof and limited ability to be rented at this stage. |

Hokitika Airport Limited was established December 2001, the company's principal activity is the operation of Hokitika aerodrome, which is the main West Coast avionic connection to Christchurch with three or four flights per day. The aerodrome is also used for local private tourist flight experiences and accommodates Westland Industrial Heritage Park. Hokitika Airport derives further income from the operation of helipads at Franz Josef Glacier.

Key Objective:

'To operate the Hokitika Airport in a commercially successful manner in accordance with the Statement of Intent with the aim to extend and further develop the airport activities.'



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Westroads Limited

Directors

Peter Cuff – Chairman

Durham Havill – Director

Bryce Thomson – Director

Maurice Fahey – Director (resigned 31st October 2017)

Ross Pickworth – Director (appointed 1st November 2017)

Established January 1995.

Westroads Limited is a general contractor in the infrastructure sector, based in Hokitika and Greymouth and operating depots throughout Westland.

Key Objective:

‘Operates a successful business by meeting market requirements in terms of quality, excellence in service and pricing on a commercially competitive basis and ensure a reasonable rate of return to the ratepayers of Westland in accordance with the Statement of Intent.’

| Key Performance Measures: | Achieved? |
|---|-----------------------------|
| The ratio of net profit before taxation and revaluations (before extraordinary items) to average shareholder funds shall be at least 10% | Achieved (29.17%) |
| A return of an annual dividend to the shareholder within a range of 40-70% of the company's net profit after tax, after adjusting for returns to shareholders via subvention payment. | Not Achieved (25.7%) |
| Compliance with statutory and regulatory requirements enabling Westroads Ltd, Westland Holdings Ltd and Westland District Council to comply with the Local Government Act. | Achieved |
| The ratio of consolidated shareholder funds to total assets shall be greater than 45-100%. | Not Achieved (48%) |

Activity group: Planning and Regulatory

Inspections and Compliance

Resource Management

Emergency Management

Animal Control

An overview of the 2017/18 year:

Inspections and Compliance:

Building:

Council's existing Building Control Authority Accreditation has been maintained for the reporting period. Council's Building Consent Authority (BCA) was recredited in September 2017, following the biennial review by IANZ in July and subsequent work to address the auditors' suggestions around documentation and processes. Council were pleased to have cleared the audit so quickly. This signals that Council are well equipped to deliver a high-quality service to our customers.

For this reporting period, Council processed all new building consents via the AlphaOne system. Only amendments to existing paper-based consents (before the adoption of AlphaOne) are being processed manually. 259 building consents were issued via AlphaOne, of which 250 met the required timeframe (a percentage of 96.96 %). The average processing time for building consents lodged in AlphaOne is 12.2 days, which is slightly more than the previous year. In the 2016/17 year 216 consents were processed in the AlphaOne system, with an average of 10 day turn around. At the same time 14 manual consents were issued with 93% being issued within statutory timeframes.

Although there are still some technical issues with AlphaOne to work through (see below) this indicates that significant progress has been made during this period. Statistics from the AlphaOne user group indicate that the median for consents issued within 20 days nationwide rest at around 95.6%, this indicates that the BCA is in good shape and performing well when measured against other BCA teams.

The Building Department had several staffing changes during this reporting period:

Two new staff have been appointed in this financial year, with one additional Building Control Officer (BCO) being added and a replacement BCO for a retired staff member.

Advertising for a Senior Building Control Officer was placed on hold because of the development of requirements for the two new staff members and a lack of applications to several advertising campaigns.

The use of external contractors has continued in order to keep up with the steady flow of applications being lodged.

District activity of interest:

- Code Compliance Certificate issued for Stopforth Motels in Hokitika,
- Stage 1 consent granted for new Hokitika dental surgery,
- Issue of Building consent for Davies Street (Tuffy Investments) Holiday Camp, Davies Street, Hokitika,
- Issue of multiple consents for Holiday Camp & Motel expansions at - Oasis, Blacktopps and Top Ten Holiday Park in Franz Joseph, with further expansion to Rain Forest Retreat in Franz Josef, and upgrades to Scenic Circle Hotel in Fox Glacier.
- District survey of building stocks following damage from Cyclone Fehi was undertaken by BCA staff in February 2018.

The BCA team is continuing with its collaborative relationship with the other West Coast Building Consent Authorities (BCAs) - Grey and Buller Districts - in order to share training opportunities and reduce overall costs for implementing and delivering shared services. Council's building control team has also been involved with carrying out building inspections for Grey District Council for the Regional Hospital. This is expected to continue through to April 2019. Buller District Council and Grey District Council have assisted our team with processing. In addition, the team has been working on a reciprocal agreement (which is close to sign-off) with other AlphaOne system users nationwide to share building consent processes and auditing functions.

Council remains a part of the "Mainland Group" of BCAs / Territorial Authorities and participates in quarterly meetings.

Environmental Health:

The Food Act 2014 requires that all food premises that don't hold liquor licences register and implement a food control plan or a national programme with Council by 30 June 2018.

To date 95% of the premises throughout Westland have complied with this requirement and the remainder will register by the end of August 2018. This has involved visiting and educating a significant number of food premises in order to achieve this level of compliance. All of these premises will receive their first food verification audit by 30 June 2019.

Inspections have been made of 100% of the food premises in Westland during the 2017/18 year. All premises that hold liquor licences have received their first verification audit under the Food Act 2014 during the previous year. A total of 90 food premises were inspected / audited during the 2017/18 year. In the 2016/17 year 89% of food premises and 100% of liquor premises were inspected.

During the 2017/18 year, there were two regional alcohol meetings held, attended by the Police, the Medical Officer of Health and Council licensing inspectors. In addition to the regional meetings the Police, Medical Officer of Health, and Council's licensing Inspector held monthly local alcohol licensing meetings to discuss liquor licensing matters.

In addition to this the Police, Medical Officer of Health and the Licensing inspector completed four monitoring visits during the evenings to licensed premises throughout the Westland District.

A total of 59 licensed premises were inspected during the 2017/18 year. There were 32 joint monitoring inspections of premises with liquor licences carried out with the Police and the Medical Officer of Health.

56 new manager's certificates applications were completed during the 2017/18 year along with 74 manager certificate renewals. In the 2016/17 year there were 122 new or renewed manager's certificates issued.

Six hearings were held before the District Licensing Committee on liquor licensing matters during the 2017/18 year.

Resource Management:

During this reporting year the Planning team gained a full complement of staff with a new Senior Planner in September 2017 and a change of Planner in January 2018. The change of Planner was seamless due to an overlap achieved between the outgoing Planner and incoming Planner for training purposes. This resulted in ensuring no drop in productivity.

The resource management and planning team managed to achieve 100% compliance with statutory timeframes for the entire financial year (i.e. processing all non-notified resource consents within the 20 working day timeframe set under the RMA 1991). This is favourable compared to the 77.06% compliance achieved in the 2016/17 year.

Staff responded to one Environment Court appeal during this financial year. This appeal was related to land use consent for a campground in a residential area. This appeal was resolved with the issue of an Environment Court Order allowing the grant of Consent 160034 in April 2018. Work is continuing with the developer and Council staff to finalise storm water and road design plans.

The Compliance and Enforcement Policy was adopted by Council at the 26 October 2017 Council meeting, which enables the department to ensure that a clear process is being followed while working through an educational approach to compliance.

Collaboration continued with other West Coast Councils on potential joint policy review and has led to joint submissions with the West Coast Regional Council, Buller District Council and Grey District Council on national policy reforms.

In response to the Local Government Commission's current consultation on the proposal for one District Plan across the region, recruitment began to hire a senior policy planner to provide Westland's input to this process. Funding will be through our District Plan Review funds, and will be in place within the second quarter of the next financial year.

The Planning Manager is involved in a feedback group for the Proposed National Policy Statement (NPS) for Biodiversity. Another meeting is to be held at the start of the next financial year and it is proposed for the NPS to be released late in the next financial year.

Changes to the RMA came into effect from 1st October 2017 which included, the introduction of new activity status' being 'boundary activities' and 'marginal or temporary' breaches. Where activities meet the requirements, an appropriate certificate or exemption will be issued. Use of electronic correspondence and notification became a requirement where possible. In addition, consideration of offsetting to compensate adverse environmental effects was introduced.

A Special Consultative Procedure process was undertaken to introduce fees for the new activity types. Council's planning fees were reviewed and proposed for change in the 2018/19 financial year.

The many changes of the previous financial year have proven invaluable for the public, as much praise and thanks are given for quick turnaround of information and the support and co-operation provided.

Customer Satisfaction Surveys indicate an increase in satisfaction with the Planning Department for the 2017/18 financial year, with a result of 90% indicating that they are satisfied with the service, as opposed to the previous year which resulted in 80% satisfaction.

Emergency Management (Civil Defence and Rural Fire):

The West Coast Emergency Management group has embedded a number of changes with personnel in the last twelve months. The group administered by the West Coast Regional Council, provides Emergency Management Officers (EMO) for the three district councils including Westland. This year a Natural Hazard Analyst also joined the group, who along with the Group Welfare Manager and Lifeline's Coordinator, also spans across all three districts.

Early in 2018 our district was affected by several ex-tropical cyclones, causing storm surges and strong winds. Widespread road closures and coastal storm surges resulted in damage to properties, roading infrastructure and power supply. A civil defence response emergency operation centre (EOC) was activated that involved a range of council staff as well as community volunteers to respond, in coordination with agencies and emergency services. The impact on our more rural and isolated communities stood out, with a number of tourists spending a night on the Fox Hills, and several hundred stranded tourists in Haast, and other various pockets of commuters stranded throughout the district.

The need for better coordination, communication and response capability was highlighted. We have improved radio communications across the district, with VHF radio UHF radios provided to several communities. We have also located Civil Defence Centre kits in various key locations that will help the local networks to activate more quickly and consistently. A work programme that includes a training schedule to support capability at all levels is underway. Council staff have participated in a range of training opportunities throughout the year. We have upgraded our EOC technology and operating procedures so that we can more effectively activate, with a purpose specific set of laptops, cell phones, documentation and other visual resources.

Other key work items include a Hokitika Flood Plan, maintaining a local Hokitika Civil Defence Network and support team, assisting Te Runanga o Ngati Waewae and Te Runanga of Makaawhio to develop marae preparedness plans, and Tsunami Communication Plan and signage.

Animal Control:

The Hokitika SPCA ended the animal control contract with Council in October 2017 following a reorganisation of the national SPCA structure. The new contractor commenced work in November 2017.

During early 2018 a decision was made to take the animal control service back in-house when the current contract terminates in early October 2018. New animal control staff will be appointed in the near future.

The SPCA have moved to a new animal shelter in Hau Hau Road and Council were due to take over use of the pound facility in March 2018. However, due to delays in completing the new animal shelter the Council was unable to take possession in the 2017/18 financial year. It is likely that a code of compliance for the SPCA's new building should be signed off in the near future.

Funding Impact Statement (for the group)

For the year ended 30 June 2018

| | 2017/18 Actual \$000 | 2017/18 Long term plan \$000 | 2016/17 Long term plan \$000 |
|--|----------------------------|------------------------------------|------------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 1,112 | 1,340 | 1,212 |
| Targeted rates | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fees and charges | 832 | 813 | 792 |
| Interest and dividends from investments | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 17 | 48 | 47 |
| Total operating funding (A) | 1,962 | 2,201 | 2,051 |
| Application of operating funding | | | |
| Payments to staff and suppliers | 1,339 | 1,514 | 1,361 |
| Finance costs | 0 | 0 | 0 |
| Internal charges and overheads applied | 814 | 672 | 680 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 2,153 | 2,187 | 2,040 |
| Surplus/(deficit) of operating funding (A-B) | (191) | 14 | 11 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 0 | 5 | 5 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase/(decrease) in debt | 0 | 0 | 0 |
| Total sources of capital funding (C) | 0 | 5 | 5 |
| Application of capital funding | | | |
| Capital expenditure: | | | |
| - To meet additional demand | 0 | 0 | 0 |
| - To improve the level of service | 37 | 0 | 0 |
| - To replace existing assets | 22 | 0 | 0 |
| Increase/(decrease) in reserves | (250) | 19 | 16 |
| Increase/(decrease) in investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | (191) | 19 | 16 |
| Surplus/(deficit) of capital funding (C-D) | 191 | (14) | (11) |
| Funding balance ((A-B)+(C-D)) | (0) | 0 | 0 |

The level of service achieved in relation to the performance targets

Inspections and Compliance

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|---|---|--|-------------------------------------|--|---|
| Timely processing of Building Consents | % of building consents processed within 20 working days as per the requirements of the Building Act | New building consents lodged in Alpha One: 99% completed within 20 working days Amendments to existing building consents (processed manually): 93% completed within 20 working days | 100% | Consent numbers were steady for reporting period 1 July 2017 - 30 June 2018 Consents issued = 259 96.96 % issued within 20 Working days Total of \$58 million in value for BC issued. | The nominal decrease in output can be attributed to an increase in the number of building consents applied for and issued over the period (243 BC issued) , compared with the 2016/17 period 97.68% (259 issued). The loss of an experienced BCO and replacement with two new inexperienced staff requiring training accounted for a minimal reduction in productivity The Alpha One electronic processing system is now providing more up to date and accurate statistics than that previously provided 12 months ago. |
| Provide appropriate advice to customers | % of users satisfied with the quality of the advice provided on building consent, environmental health and Liquor Licensing matters | Result for Building Consents: 79% user satisfaction | 85% | Result for Building Consents: 100 % user satisfaction | 53 responses were received from the annual customer satisfaction survey conducted by the Planning and Regulatory group. 48 responses commented on the level of service received for Building Consents, of which 100% were satisfied. 3 responses were received for Environmental Health, of which 100% were satisfied. |

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|---|--|--|-------------------------------------|--|--|
| | | <p>Result for Environmental Health: 100%</p> <p>Result for Liquor Licensing: 88%</p> | | <p>Result for Environmental Health: 100%</p> <p>Result for Liquor Licensing: 87%</p> | 23 responses were received for Liquor Licensing, of which 87% were satisfied. Dissatisfaction was due to lack of Council responsiveness. |
| Encourage compliance with health standards by undertaking inspections so that all food, liquor and other licensed premises comply with the relevant legislation | All licensed and registered premises are inspected at least annually | <p>89% of Food premises inspected; and</p> <p>100% of Liquor premises inspected</p> | 100% | <p>100% of food premises were inspected between 1 July 2017 and 30 June 2018.</p> <p>A total of 59 liquor premises (100%) were inspected during this period.</p> | To date 95% of the premises throughout Westland have complied with requirements. |

Resource Management

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June, 2018 | Explanation about any variances |
|--|---|-----------------------------------|-------------------------------------|--------------------------|--|
| Resource consents processed in accordance with the Resource Management Act | % of resource consents processed within statutory timeframes | 77% | 100% | 100% | <p>Ensuring that this target continues to be met is a high priority within the team.</p> <p>By the start of the 2017/18 year historic consents were completed and a new culture of achieving 100% compliance was implemented and achieved. This is also reflected in the level of satisfaction achieved.</p> |
| Provide appropriate advice to customers | % of users satisfied with the quality of the advice provided on resource management matters | 72% | 85% | 90% | A pleasing improvement on previous year's performance. |

Emergency Management Including Rural Fire*

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|--|--|---|-------------------------------------|-------------------------|---|
| Effective natural hazard readiness | <p>Suitable emergency response training has occurred</p> <ul style="list-style-type: none"> - Emergency Management personnel meet CIMS 4 and EOC standards - Volunteers are offered at least two training opportunities per annum - Number of trained volunteers increases by 10% | 100% | 100% | 70% | <p>CIMS 4, First Aid, and Franz CIMS refresher training were all delivered in October.</p> <p>Civil Defence Centre training was delivered in November.</p> <p>A range of other emergency preparedness training sessions have occurred, which have included iwi partners Te Rūnanga of Makaawhio and Te Rūnanga o Ngāti Waewae</p> <p>Core personnel have received CIMS 4 training, but not all available staff would be expected to have received training at any given point in time. We need to improve in this area, particularly for council staff.</p> <p>Volunteers are offered at least two training opportunities per year.</p> <p>Based on the increase in awareness and training delivery there has been at least a 10% increase in trained volunteers.</p> |
| Suitable response systems are in place | Community emergency response plans are in place for all Westland townships | <p>50%</p> <p>Response plans are in place for Ross, Harihari, Whataroa, Franz Josef and</p> | 90 - 100% | 50% | <p>A revised Community Response Plan (CRP) format has been designed to improve consistency across the region. Existing plans require updating. There remains considerable work to ensure all communities have current CRP's and a process to review these.</p> |

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|---|--|-----------------------------------|---|-------------------------|---|
| | | Fox Glacier. (5 of 10 plans) | | | |
| Appropriate emergency response to rural fires | WDC Rural Fire provides support to partner agencies as requested | 100% | 100% | Not applicable | Rural fire activity has been transferred to Fire and Emergency NZ |
| Provide fire permit service | Fire permit requirements are publically advertised | 100% | At beginning of fire season and prior to the at Christmas holiday break | Not applicable | Rural fire activity has been transferred to Fire and Emergency NZ |

*The Rural Fire activity was transferred to Fire and Emergency New Zealand from 1 July 2017

Animal Control

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|--|---|-----------------------------------|-------------------------------------|-------------------------|---|
| Keep the public safe from dogs and wandering stock | % of residents satisfied with the protection provided | No data available | 90% | 39% | This is an improvement on the 2015-16 data of 29%, but remains a low satisfaction level. The largest issue was customers reporting poor service / response. This is being addressed by taking the service back "in house". <i>(This question was only asked of people who had made animal control complaints, not general residents).</i> |

Activity group: Community Services

Community Development and Assistance

Community Halls

Townships (the development fund & improvement projects)

An overview of the 2017/18 year:

Community Development and Assistance:

Allocation and administration of Major District Initiative (MDI) Funding:

One community project received part of its Major District Initiative Funding: the Kumara Chinese Miners Memorial Reserve.

Kumara Residents Trust uplifted \$8,581 of MDI funding for Stage 1 of the Memorial Reserve.

Other funding:

Council has used \$12,574 of Creative Communities Funding to fund eight local arts projects in 2017/18 and \$9,500 of Sport New Zealand Rural Travel Funds to assist seven sports clubs in Westland to subsidise travel to sports games and competitions. Some community groups have also gained additional funding through the annual Trustpower Community Awards for volunteers.

Council also provided funding of \$52,000 for the two part-time Community Development Officers administration positions at Franz Josef Glacier and Fox Glacier, as well as \$13,000 for administration for Glacier Country Tourism Group.

Other grants were to the Regent Theatre (\$60,000), Tourism West Coast (\$86,000), Enterprise Hokitika (\$39,000), Hokitika Driftwood and Sand (\$5,000) and Street Decorations to local community groups and associations (\$9,309)

Community Halls:

There is still a desire to maintain community halls within townships. Advice has been given to Kumara, Hokitika Greypower, Waitaha and Whataroa about upgrading their respective public halls.

Township Development Funding:

Township Development Funds are held in a reserve fund for Westland townships. To uplift the funds, the local community group / association has to work through a series of steps and provide an accountability document within 12 months of receiving the grant.

Council reviewed the amounts allocated in the different rating districts within Westland during 2017/18 in order to ensure equity for all ratepayers.

| Community Association / Trust | What the funding was used for |
|---|---|
| Kumara Residents Trust: \$14,000 | Annual gala day expenses, community swimming pool maintenance, Kumara Memorial Hall, Chinese Reserve, Street gardens, administration, Kumara Racing Club and Kumara Junction Community Association Plants |
| Kokatahi-Kowhitirangi Community Committee: \$8,000 | Not yet distributed by the Committee to any particular projects, as there have been no major community initiatives requiring community funding |
| Ross Community Society: \$14,000 | Complete renovation of Ross Centennial Hall: heat pump, curtains, replacement window and door, paint, gib and preparation |
| Hari Hari Community Association: \$23,000 (\$9,000 of which was a carryover from 2016-2017) | Boiler heating system for the community swimming pool at South Westland Area School |
| Whataroa Community Association \$9,315 | Recladding and upgrading Whataroa Community Hall |
| Okarito Community Association: \$4,685 | Four new water tanks for the Okarito community water scheme |
| Franz Josef Community Council: \$35,000 | Upgrade of the new gym building and upgrading the community hall |
| Fox Glacier Community Development Society: \$35,000 | Plants, gardens, gravel for carpark and replacement gym gear at the Community Centre |
| Bruce Bay Hall Board: \$12,000 | Kitchen cabinets |
| Haast Promotions Group: \$14,000 | Dennis Road Track Development |

Safe Community Coalition

Safe Community accreditation has been maintained with community meetings in July, September and November 2017, and January, April and May 2018. Visiting speakers have come from Alcohol Advisory Council (ALAC), the Safe Community Foundation and ACC. A wide range of safety issues have been discussed and directed to the appropriate sources. Current projects have also given updated reports. These include the half price taxi scheme for seniors who have voluntarily given up driving, the CACTUS programme for young people at Westland High School and South Westland Area School, the Hokitika Champions Project, Hokitika Community Patrol and the Big Brothers Big Sisters Mentoring Programme.

The Accessible Te Tai Poutini West Coast Strategic Plan

This plan has received support and input from a wide catchment of interested groups and community members including the disability sector, seniors, Councils and health and community services on the West Coast. It is due to be finalised.

Hokitika Reserves and Environs Community Group

This community group has continued to meet quarterly to discuss issues and concerns about local reserves. A draft policy on monuments, memorials, statues and public art was circulated among members to allow for more careful consideration to be given to the location of these features to avoid ad hoc development over time. The recommendation in the policy is that all proposed locations will be considered in the context of existing development plans already considered or approved by Council and that all recommendations about placements be taken to Council to be decided by Council resolution.

West Coast Community Response Forum

The Community Development Advisor attended some of these quarterly forums as an ex-officio member assisting in providing advice to the Minister of Social Development on local social concerns.

Heartlands Partners Meetings

The Community Development Advisor attended some of these quarterly meetings to specifically network with local community groups and provide assistance and advice.

Funding Impact Statement (for the group)

For the year ended 30 June 2018

| | 2017/18 Actual \$000 | 2017/18 Long term plan \$000 | 2016/17 Long term plan \$000 |
|--|----------------------------|---------------------------------------|---------------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 229 | 194 | 190 |
| Targeted rates | 938 | 772 | 758 |
| Subsidies and grants for operating purposes | 43 | 27 | 27 |
| Fees and charges | 46 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 13 | 13 |
| Total operating funding (A) | 1,255 | 1,006 | 988 |
| Application of operating funding | | | |
| Payments to staff and suppliers | 969 | 781 | 764 |
| Finance costs | 0 | 0 | 0 |
| Internal charges and overheads applied | 206 | 153 | 158 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 1,174 | 934 | 922 |
| Surplus/(deficit) of operating funding (A-B) | 81 | 72 | 66 |
| Sources of capital funding | | | |
| Increase/(decrease) in debt | 0 | 0 | 0 |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Total sources of capital funding (C) | 0 | 0 | 0 |
| Application of capital funding | | | |
| Capital expenditure: | | | |
| - To meet additional demand | 0 | 0 | 0 |
| - To improve the level of service | 0 | 0 | 0 |
| - To replace existing assets | 0 | 0 | 0 |
| Increase/(decrease) in reserves | 81 | 72 | 66 |
| Increase/(decrease) in investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | 81 | 72 | 66 |
| Surplus/(deficit) of capital funding (C-D) | (81) | (72) | (66) |
| Funding balance ((A-B)+(C-D)) | (0) | 0 | 0 |

The level of service achieved in relation to the performance targets

Community Halls

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June, 2018 | Explanation about any variances |
|---|--|--|-------------------------------------|--------------------------|---|
| Provide safe and useful community halls | % of residents satisfied with the standard of their community hall | No data available (67% 2016 Residents' Satisfaction Survey) | 80% | No data available | Community halls were not included in the 2018 Residents' Satisfaction Survey. Council will be looking for alternative methods for understanding the level of satisfaction with the standard of Community Halls. |

Activity group:

Leisure Services & Facilities

Cemeteries

Elderly Housing

Hokitika Museum

Hokitika Wildfoods Festival

i-SITE

Land and Buildings

Parks and Reserves

Public Toilets

Swimming Pool

West Coast Wilderness Trail

Westland District Library

An overview of the 2017/18 year:

Cemeteries:

Capital expenditure works at Hokitika cemetery continued during 2017/18. The upgrade of RSA No 1 in Hokitika was completed. Some boundary fence and drainage issues between Whitcombe Terrace and the Cemetery in Hokitika have been resolved. The capacity of Ross Cemetery is close to maximum.

Elderly Housing:

On behalf of Westland District Council, Westland District Property Limited (WDPL), known as Destination Westland since 29 June 2018, manages 42 elderly housing units in Hokitika and four in Ross. As well, Destination Westland independently owns and manages nine elderly housing units in Hokitika. Residents of both groups were surveyed in its annual Satisfaction Survey over a period of two weeks in September 2017. Interviews were conducted by an external contractor. 93% of all residents were surveyed.

Of those surveyed, 20% had lived in their pensioner flat for over 10 years and 5% had been in a flat for less than 12 months.

98% of residents interviewed were satisfied or very satisfied with living conditions and with the quality of their flats. Over the past year DW have double glazed the ten flats in Tancred Street, and ten in the Sewell Street complex. This project will continue over the next two years, with funding approved through the WDC Long Term Plan process.

All residents surveyed knew who to contact for repairs, and for those who had requested repairs all were satisfied with the promptness of response, timeliness of the response and quality of work. Although they knew who to contact, nine respondents noted they hadn't needed to ask for any help in terms of repairs or maintenance.

100% of residents were either very satisfied / satisfied with Destination Westland as their landlord; there were no negative comments. Many residents expressed appreciation for the help they had received.

Reroofing on all but four flats was completed during the year, and double glazing windows began. A full Health and Safety Audit is carried out as tenants vacate and refurbish where required.

Hokitika Museum:

The past year was focused on continuing to provide Museum Services from the temporary location at 47 Revell Street while the Museum building complex awaits seismic strengthening. These services include collection processing, research enquiries, public programmes and forward planning.

GENERAL / STAFF

Collections expert Judith Taylor provided collections advice to Museum staff as part of an Expert Knowledge Exchange scheme through National Services *Te Paerangi* Te Papa Tongarewa, at no cost to the Museum. Staff enjoyed learning from Judith as she looked at the existing system of collection management, and offered ideas for future developments.

Long term staff member and reception supervisor Christine Abbott resigned after 13 years working for Hokitika Museum. Christine's skills and local knowledge will be greatly missed.

The position of Collections Assistant was filled by internal appointment of Frosty Theron, leaving a gap in research facilitation.

A new museum volunteer, Nigel Snoep, assisted with cataloguing the map collection.

RESEARCH

The research centre has been busy with enquiries from descendants of early townspeople including bank manager and goldfields artist Thornhill Cooper; John Hudson, who set up the first store in Hokitika in 1864 with James Price; and a well-known local solicitor, James Park, who served as Crown Prosecutor for Westland in the early 1900s.

Museum staff handled 495 enquiries over the course of the year, many of which were research enquiries – either remotely or making an appointment for in-person research. There were also requests for historic photographs, collection queries and requests for assistance from the public and local organisations, i.e. Westland Industrial Heritage Park, Lions and RSA.

Museum staff received an increased number of cemetery enquiries. Some were simple gravesite enquiries where we can direct people to our online database. Some require database updates, previously performed by IT. As research must be done to ascertain correctness prior to any changes, the museum staff are now performing this task and have been given access to update the database.

COLLECTIONS

Some key donations in the past year include a collection of slides from the Bryant Family, who have long been influential members of our community, a donation of Rotary Club items, and approximately 1600 slides relating to the history of Franz Josef & Fox Glacier.

There has been a significant drop in the number of donations being made to the museum over the last few years. This could well be the result of Museum staff no longer being in the highly visible Carnegie Building.

As a result of fewer donations, staff have continued to catalogue the very large amount of items that still need to be catalogued. It has also provided an opportunity to re-organise the very large photograph collection, allowing easier access.

Any current donations are catalogued as they are received. Reports are being compiled of all the collections the Museum holds, which include the background, details of the collection, location and progress of the cataloguing. The long-term aim is to have these records searchable on-line in order to improve public access to the collection.

The collection continues to be securely stored in the climate controlled storage area, accessible to staff only. When the Museum was closed, most of the collection items on display were removed from the Carnegie Building and put into storage. Many of these items have since been returned for display.

Collection:

| | |
|---|------------|
| Total items donated: | 321 |
| Photographs: (Total) | 217 |
| Catalogued: | 36 |
| To be catalogued: | 181 |
| Other items | |
| Archives, Objects & Library All catalogued | 104 |

The above (2017/18) totals do not include the following donations received:

- Wild Food Festival – 10 large boxes which include photographs, certificates, scrapbooks, videos, etc.
- Raymond Gawne – approximately 1600 slides, a projector and microscope

These are yet to be accessioned.

PHOTOGRAPHS

Photograph orders have been steady, and include a number of historic photographs supplied for the documentary series 'Coast' featuring Neil Oliver and Hamish Campbell. The process of scanning and cataloguing photographs was slowed by the need for the Photographs Curator to provide management services (attending meetings, providing reports etc.) in the absence of a Museum Director.

INCOME

Research income has been mainly from research enquiries and photograph sales. Some retail income arose from sale of items that remain from the Museum shop. The most consistent seller is the 'Hokitika Pictorial' that is still purchased in-house or ordered online via the Museum website.

PUBLIC PROGRAMMES

A display of captioned historic images was installed in the VIP tent at the Wildfoods Festival that included 18 A3 photos, two larger photos and a large panorama of Hokitika from the fire watchtower, taken in the early 1920s. The panorama is now on public display in the window of the old Renton's Building.

The Passchendaele Exhibition "Mud, Sweat and Tears" was well attended with an average of 20 people visiting per day. The exhibition was open for approximately four hours per day for three weeks in October 2017, with a total of approximately 420 visitors. Held at the RSA, it was a collaboration between the RSA and the Hokitika Museum, with help from members of Westland Industrial Heritage Park. It was staffed by RSA volunteers.

Julia Bradshaw, the former Director of Hokitika Museum, now Curator of Human History at Canterbury Museum, delivered a slide talk 'An introduction to the story of the Chinese on the West Coast'. It was held at the Old Lodge Theatre on 15 November 2017 and had 86 attendees, including people from Kumara, Greymouth and Ross, and a few tourists. The open forum at the end of the talk generated good discussion.

FORWARD PLANNING

Museum staff continue to have input into future planning for a new Museum complex, which would include the seismic strengthening of the Carnegie Building as well as a potential rebuild of the rest of the Museum buildings. The concept of a national Pounamu Centre as part of the Museum has been progressed, and feasibility studies nearly completed.

Hokitika Wildfoods Festival:

Saturday 10th March 2018 saw the running of the 29th annual Hokitika Wildfoods Festival at the Festival's long-term home of Cass Square.

The 2018 event included the Festival itself and the Official After Party. Other activities were delivered in and around town by individuals, businesses and community groups throughout the weekend of 9-11 March. For example, there was a free beachfront concert on Friday 9 March, and a market on Railway Terrace for most of the weekend.

The 2018 Festival was coordinated by a new Event Manager, Sarah Brown, assisted by Event Assistant Jim Butzbach. This team was guided and assisted by an Advisory Group consisting of former Wildfoods Manager Mike Keenan, the Mayor and Deputy Mayor Martin, other Council staff, and community members with events interest and experience.

The philosophy behind the 2018 Festival included a renewed focus on attracting West Coast residents and their families. To this end, there was a significant “Coasters’ discount” available at all West Coast i-Sites, and a concerted effort to ensure that previous local stallholders were brought back.

Other changes included an attempt to attract a broader demographic mix of visitors; examples include the “VIP tent” and strong promotion of the “Feral Fashion” event.

While keeping to the financial budget remained a key goal, there was also a strong focus on boosting attendance levels. A key thrust of this was that many ‘complimentary’ tickets were given out by the Mayor during his New Zealand tour leading up to the Festival. While it is acknowledged that some of these tickets may have displaced paid tickets by people who were planning on attending anyway, on balance it was considered a worthwhile investment to boost attendance numbers and create a ‘buzz’ that would create momentum heading into the Festival’s 30th Anniversary in 2019.

Stallholders at the 2018 Festival totalled 40 stalls with high satisfaction reported in an email survey of Stallholders.

Entertainers engaged for the 2018 Festival including Sons of Zion (headline act), The River Jesters, My Baby, The Slacks, Dee May and the Saints, Hokitika District and Country Music Club and the New Zealand Army Band. The Slacks generously allowed Wildfoods to use one of their songs as background to a video promoting Wildfoods Festival 2019, Wildfoods 30th Anniversary Saturday 9th March 2019. Hokitika Homegrown stage had local and West Coast acts, the Westland Brass, the Kokatahi Band, Laura Sonneveldt and the Cool Little Band.

Sponsorship was received from Air Rescue and Community Services, Air New Zealand, Westland Milk Products, Grey Ford, Monteiths, and Montana Wines. Wildfoods received a lot of product sponsorship for the Festival and the Feral Fashion Competition from many local and West Coast sources.

Wildfoods Facebook page built engagement prior to the festival, and went viral after the Festival with a controversial image used for a minor promotion of Wildfoods 2019. This image was withdrawn and high engagement has been maintained with a Post-Festival Photo Competition being used to promote Wildfoods Festival 30th Anniversary. There has also been a high level of engagement with posts using Wildfoods Archive Photos.

Design and sale of merchandise were handled in-house in 2018. High levels of satisfaction were reported in terms of design control, profit margin and team recognition.

The weather on 10 March was brilliant, and there was healthy attendance (4,605 tickets scanned in for the day, and a further 766 for the After Party). The Royal New Zealand Air Force wowed the crowd with a mid-day aerial display, stallholders reported selling out of their wares, and the local newspaper led its Monday paper with the headline “One of the best!”

The number of tickets issued is usually higher than the number of attendees due to some complimentary tickets not being used, and this was undoubtedly the case this year. The number of tickets issued was much higher than in recent years, at 10,599. These tickets were split approximately half-and-half between paid and complimentary. Ticketing data for the last six years can be seen below.

Hokitika Wildfoods Festival Summary of Tickets Issued 2013-2018

| | | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|-------------------|----------------------|-------|-------|-------|-------|-------|-------|
| Hokitika Festival | Wildfoods | 8,221 | 5,888 | 6,620 | 6,242 | 7,008 | 7,634 |
| | Official After Party | 2,378 | 1,176 | 1,270 | n/a | n/a | 621 |

Other ticketing observations include the following:

- 822 'gate sales' the day of the event
- 2,471 'early bird' sales (which include the 'Coasters' discount)
- 1,160 family and children's tickets
- 230 senior tickets

The financial result for the 29th annual Hokitika Wildfoods Festival was a deficit against budget \$53,612. Admission revenue was down approximately \$19,000 from the 2017 event and well down on budget, potentially resulting in part from the high number of complimentary tickets issued. Beer and wine tent revenue was also down significantly against budget. A significant grant from the Air Rescue Trust helped narrow what would have otherwise been a more substantial deficit against budget.

It is important to note that, while the Festival did not deliver a surplus against budget for 2018, the budgeted ratepayer input was less (\$32,035 for 2018 vs \$87,199 for 2017). The total cost to Council of the 2018 event (budgeted ratepayer input combined with deficit or surplus) is therefore similar to the \$80,000 for the 2017 Festival.

i-SITE:

Council Customer Service separated from the i-SITE Visitor Information Services in October 2017. This saw a split in staffing, and to allow for the summer season demand, further casual and seasonal staff were recruited and trained. This included i-SITE training, sales training, and bookings training.

Notwithstanding these changes in service, bookings, retail sales and door count all saw major increases in the year, door count increasing by 13.1%.

Two major weather events in February created great impact for i-SITE staff. The first saw over 6,000 people seek advice and travel arrangements over a two-day period. The necessity of having trained staff, able to service and problem solve for a Civil Defence emergency was exposed during these times.

The i-SITE has had over 77,000 visitors in the year 2017/18. The Hokitika Gorge was the primary focus of enquiries followed by those enquiring about local walks, the Glaciers, the availability of public toilets and weather and roading updates.

A number of ancillary services are offered at the i-SITE. Free wifi is available to all visitors. The i-SITE has two all-terrain wheelchairs for hire, as well as offering personal locator beacons for hire. This raises funds for LANDSAR, the Hokitika Lions and Rotary groups.

The i-SITE creates personalised itineraries for groups and individuals wishing to use the West Coast Wilderness Trail with no service fee to them.

A dedicated Department of Conservation computer was set up in the i-SITE in the 2017-2018 year at no cost to Council, to allow visitors to research walks, tramps and huts throughout Westland. This computer saw constant use, and the service was offered free of charge.

The i-SITE staff continued to support and provide staffing for community and other events including Wildfoods, Driftwood and Sand, the Ute Muster, the Christmas Tree and the Lantern Festivals.

The i-SITE offers daily bag storage for Visitors, and thereby raises funds for local charities, including the West Coast Wilderness Trail, Mt Brown Hut, Life Education Trust, Blue Penguin Trust and Hokitika SPCA.

Land and Buildings:

The Carnegie Building, which had been used to house the Hokitika Museum was closed in September 2016 because of earthquake safety risks. Following a positive seismic assessment report early in 2017, the Carnegie Building was reopened in March and is managed by Destination Westland. The Building is open four hours a day, seven days a week. In October 2017 the Drummond Hall was also reopened to the public. The building houses Museum exhibits and there have been a number of art exhibitions in the Carnegie Gallery.

Small remedial work was also done to the Greypower building in Hokitika during this financial period.

Note: There are no non-financial performance measures for this activity. Instead this activity is subject to financial accountability reporting.

Parks and Reserves:

The Cass Square Surface performed satisfactorily for Wildfoods and Kids Day and recovered quite well after basic rehabilitation, and Cass Square was used by the rugby club for most of the rugby season

There is an erosion issue with Wadeston Island, which is under the management of Taipo Rugby League Club. This remains an act of nature that is difficult to counteract.

The Council is currently carrying out extensive remedial works to Sunset Point to arrest erosion from the sea, including patching the slump in the rock wall north of the Tambo replica by compact filling the area using a large volume of mine rejects and rock

A longer term Development Plan for Sunset Point is currently being developed by Council's Property and Projects Supervisor. This will be a multi-year project that will require setting up drainage systems, raising the ground level higher, increasing infrastructure and integrating Sunset Point into the wider seafront development of Hokitika Beach. This project is currently on hold awaiting Westland Milk Products waste line construction to the Sewerage Pond area. This will deliver the volume of material required to complete the proposed development at Sunset Point

The Parks and Reserves contract which has been let until 2020 is working well.

Public Toilets:

The district has again had a notable increase in the numbers of tourists visiting and this has again put pressure on public facilities.

An increase in funding has allowed Council to increase public toilet cleaning, especially in the Southern Ward. With up to four cleans per day during the peak of the tourist season.

The toilets in Fox Glacier had a higher than normal amount of maintenance call outs due to continued issues with blocked pipes. During the installation of the new toilets the issue was investigated and no specific reason was identified for the continuing issue.

Central government Regional Midsized Tourism Facilities Grant Fund (MFF) funding allowed an 85% subsidy for the installation of new public toilet facilities. New facilities were built in the townships of Fox Glacier,

Okarito, Franz Josef and Dillmans Dam. The Bruce Bay toilet took longer than expected and will be completed in the next financial year.

Swimming Pool:

Earthquake strengthening work in the changing sheds and roofing upgrades were undertaken at Hokitika's Centennial Swimming Pool during the year. This was managed by Westland District Property Limited, known as Destination Westland since 29 June 2018. A number of compliance issues were also corrected. The pool also features a new mural in its indoor entranceway. A strategic focus has been developed for the Hokitika Swim School and an increase in enrolments has been achieved.

There was no internal satisfaction survey undertaken this year.

The pool is 100% compliant with PoolSafe and retains its Accreditation.

West Coast Wilderness Trail:

The government sponsored three new trail counters and these were installed in February 2018. The data being collected is now meaningful and accurate with differentiation of cyclists versus pedestrians and directional information.

Significant construction projects were actioned to close off the Project Completion Plan. This involved the completion of the remaining three projects at Hokitika-Kaniere Tramway, Mahinapua and Ruatapu.

These projects were to the value of \$915,000 excluding design for the five significant structures. The Kaniere Tramway is proving to be a tremendous commuting route.

There was a cash shortfall that resulted in a delay for the completion date of these projects, as funds had to be sought from other providers. The revised deadline was met on time.

The West Coast Wilderness Trail Trust met regularly and has provided good background information including an Economic Impact of the West Coast Wilderness Trail and administration of social media platforms.

Future enhancements are now being considered while the trail awaits official signoff as Nga Haerenga Great Ride. The New Zealand Cycle Trail Board sees this as an important action to ensure rider experience is continued and health and safety is addressed. The primary trail improvements identified are Old Christchurch Road and Lake Kaniere Road.

Westland District Library:

There were 67,524 visitors to Westland District Library, similar to last year, and 74,811 items were issued to the public, a 5% decrease on last year (78,427 items were issued to the public and there were 69,197 visitors to Westland District Library). We provided over 44,811 internet sessions (Wi-Fi and APNK Computer use combined) to our library visitors which include regular members, non-members from the community and tourist visitors, almost twice the sessions compared to last year. The library purchased 169 books and DVD's in direct response to customer requests and obtained a further 86 titles through the Inter-Library Loan system. In 2016/17 approximately 100 books were purchased after customer requests and 87 books were obtained through the Inter Library Loan system.

The completion of the Library Website Refresh has resulted in an updated, attractive site that enables customers to easily access information about our services. Customer feedback has been positive and is supported by website analytics.

The Customer Survey found that 99% of Westland Ratepayers are satisfied with their library service. A frequent comment on our survey was a request for a bigger selection of magazines and e-Audiobooks; the new services from PressReader and Bolinda Digital will address much of this demand.

The Aotearoa People's Network Kaharoa (APNK) Public Computers were scheduled to be replaced with APNK Chromebooks and upgraded printing facilities as part of the APNK national rolling upgrade, but the schedule has been delayed until 2019.

Staffing:

A number of staffing changes have occurred. Two long serving members of staff, Library Manager Sarah Thompson and Deputy Librarian Shona Winter, have moved away. Natasha Morris started as Deputy Librarian in October and then became Library Manager in April. Lorelle Yorke, our Library Assistant Cataloguer, was successful in her application for the Deputy position. Following a proposal for change, Kay Davidson accepted an increase in her hours, a change that will facilitate more consistent customer service and improve the team's resilience. The remaining post has been offered to Brooke Mellsop (previously i-Site team member) for an August start. Our Youth Librarian, Krystel Woodcock has been the only position to remain unchanged.

Sarah Thompson's work at Westland District Library has been recognised by the Public Libraries of New Zealand; she received a Certificate of Appreciation for Outstanding Service to Public Libraries in the Upper South Island.

Staff training:

Three staff attended the Top of the South Regional Continuing Professional Development (CPD) day in Nelson. Our Library Assistant Cataloguer has completed online training to support her cataloguing role. The Youth Librarian attended two training days run by the National Library of New Zealand on Children's Literacy and Online Learning Resources for Children. As Deputy Librarian, Natasha completed an online module on NZ Copyright in Libraries, and as Manager, a Team Leadership Course. Natasha also gained her Professional Registration with LIANZA.

Regional collaboration:

Westland District and Grey District Libraries have continued their reciprocal borrowing agreement, allowing members of each District to have access to more than 60,000 items.

Grey, Buller and Westland District Libraries agreed to continue the Large Print joint purchasing plan, as well as the circulation of 50 Large Print books among the libraries on a biannual basis. This is a very cost effective way to provide increased choice and meet the demands of all our customers that have difficulty reading smaller print.

Digital borrowing (eBooks and eAudiobooks) has continued to grow, with a 36% increase this year. Our digital collection is provided by through a consortia of 15 South Island Library Services. In response to demand for more culturally relevant Australian and New Zealand authors, Westland has formed another consortia with Buller, Grey, Nelson, Tasman and Marlborough Councils to access the Bolinda Digital collection.

The three West Coast Public Libraries have successfully negotiated a joint subscription to PressReader. This is now providing access to over 7000 quality newspapers and magazines from over 120 countries to our library members, visitors using the APNK network and staff using the Council network. Over 1000 publications were issued within the first four months of access.

Programmes and events:

An extensive range of programmes and events for adults and children took place at the library throughout the year including:

Book Launches: Local author Justine Salter launched her Possum Pete children's books. Author Terese Svoboda led a discussion with panellists Michele Leggott and Jeffrey Paparoa Holman, discussing the life and work of the local poet, Lola Ridge.

Library Talks: The talks happen on a two-monthly basis and are given by members of the community who are keen to share their stories, hobbies or work. 270 people have attended the talks on a variety of topics including Nepal, Namibia, Morocco, Sub-Antarctic Diving, Tawaki Penguins and Astronomy.

Community Events: Together with The Green Team and Enviro-schools, we co-hosted Hannah Blumhardt and Liam Prince's talk on Reducing our Household Rubbish: The Zero Waste Approach. With an audience of 85, there was not a spare seat in the library. As part of our Matariki Celebrations the Library hosted a community Morning Tea and organised a collection for the Hokitika Foodbank. Staff attended the annual Children's Day in Cass Square with one, incognito, in the popular 'Clifford the Big Red Dog' Costume.

Digital Programmes: Run in collaboration with 20/20 Communications Trust, library staff have led 14 free Stepping Up sessions of basic computer skills to 56 members of the community. Learners have come for a variety of reasons, ranging from wanting to learn new skills, upskilling for work or to enable them to communicate with family living elsewhere in NZ or the world, using email, Facebook, and photo sharing. Working in partnership with West Coast Tech Space, as part of Tech Week, we held an introduction to 'Tech Tools for Creatives Workshop' and an afternoon of 'Virtual Reality Experiences'.

Children's Activities: 12 children attended Maker Club, a new 8 week programme for children aged 10-15, run in partnership with West Coast Tech Space. The programme was over-subscribed and another Maker Club is being planned for next year. The Code Club runs weekly during the school term and introduces 8-12 year olds to the basics of computer programming; it is now led by our Youth Librarian. Lego Club runs once a month and continues to be a popular club; children are encouraged to let their imagination run wild, and their creations are photographed and displayed in the library. The monthly book club for 8-12 year olds who love to talk about their favourite books, write reviews and play fun games continues to be a popular after-school activity. Our weekly Story-time session is building a stronger following, with a promotional push seeing our average attendance double.

Class Visits: Classes from Westland High School and St Mary's School visit on an ad hoc basis throughout the year to support reading for pleasure. Over 120 children from local primary schools visited the library for stories and activities as part of our NZ Book Awards for Children and Young Adults 2017 celebrations.

Outreach Activities: Five local kindergartens and pre-schools had regular story-times delivered by our Youth Librarian as part of our outreach programme. This year we extended the outreach programme to include Westland High School, and the Youth Librarian has been running a weekly lunchtime book club at the High School. This has improved the relationship and engagement the library has with young adults in the community.

Reading Challenge: Our Summer Reading Challenge was successfully completed by 212 children, a 5% increase on last year's entries. Funding from the Westland District Council, the Lion Foundation, and the West Coast Community Trust enabled us to provide fantastic prizes, and the whole challenge is very much appreciated by the children and their families. Two members of staff were able to promote the Challenge by visiting local schools and an event at South Westland Area School with six of the South Westland Schools in attendance.

Volunteers:

The arrangement to supply the eight Community Libraries with books on a quarterly basis continues, with very positive reports from their borrowers. Fox Community Library service is temporarily suspended whilst a new volunteer is appointed, while Franz Josef Community Library suspension is ongoing with no volunteers forthcoming.

At present we have six volunteers who contribute up to 18 voluntary hours each week to the Westland District Library, carrying out a range of backroom tasks, shelving or book selection for the Community Libraries. Their help makes a big difference and is much appreciated.

Funding Impact Statement (for the group)

For the year ended 30 June 2018

| | 2017/18 Actual \$000 | 2017/18 Long term plan \$000 | 2016/17 Long term plan \$000 |
|--|----------------------------|---------------------------------------|---------------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 1,433 | 1,428 | 1,414 |
| Targeted rates | 1,068 | 806 | 798 |
| Subsidies and grants for operating purposes | 85 | 12 | 11 |
| Fees and charges | 659 | 523 | 511 |
| Internal charges and overheads recovered | 0 | 223 | 219 |
| Interest and dividends from investments | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 6 | 179 | 174 |
| <i>Total operating funding (A)</i> | 3,251 | 3,170 | 3,127 |
| Application of operating funding | | | |
| Payments to staff and suppliers | 2,390 | 2,450 | 2,403 |
| Finance costs | 5 | 0 | 0 |
| Internal charges and overheads applied | 533 | 426 | 439 |
| Other operating funding applications | 0 | 0 | 0 |
| <i>Total applications of operating funding (B)</i> | 2,928 | 2,876 | 2,842 |
| Surplus/(deficit) of operating funding (A-B) | 322 | 294 | 285 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 725 | 0 | 0 |
| Increase/(decrease) in debt | 219 | 0 | 0 |
| <i>Total sources of capital funding (C)</i> | 944 | 0 | 0 |
| Application of capital funding | | | |
| Capital expenditure: | | | |
| - To meet additional demand | 0 | 47 | 71 |
| - To improve the level of service | 1,584 | 0 | 0 |
| - To replace existing assets | 535 | 176 | 208 |
| Increase/(decrease) in reserves | (852) | 71 | 6 |
| Increase/(decrease) in investments | 0 | 0 | 0 |
| <i>Total applications of capital funding (D)</i> | 1,267 | 294 | 285 |
| Surplus/(deficit) of capital funding (C-D) | (322) | (294) | (285) |
| Funding balance ((A-B)+(C-D)) | (0) | (0) | (0) |

The level of service achieved in relation to the performance targets

Cemeteries

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|--|--|--|--|--|---|
| Cemeteries have sufficient capacity | Each cemetery has at least 12 months capacity ahead | Hokitika 100% Kumara 100% Ross 80% | Hokitika 100% Kumara 100% Ross 50% | Hokitika 100% Kumara 100% Ross 80% | Council is aware that the Ross Cemetery is nearing capacity, and depending on deaths in the area this could be reached within the next 2-3 years. Council is aware of the need to investigate alternatives. |
| Burials adhere to relevant legislation | Standards for burial are adherence to Cemeteries & Cremations Act 1964 | 100% | 100% | 100% | |

Elderly Housing

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|------------------------------|--------------------------------------|-----------------------------------|-------------------------------------|-------------------------|---|
| A safe and efficient service | Occupancy is maximised | 100% | 100% | 100% | 100% occupancy rate continues to be achieved, with a waiting list of 38 individuals. |
| | % tenants satisfied with the service | 100% | >95% | 98% | This is measured through the Elderly Housing Resident Satisfaction Survey relating to the cleanliness, comfortableness and overall perception of living conditions. |

Hokitika Museum

| Levels of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|-----------------------------|---|--|-------------------------------------|-------------------------|---|
| A quality museum experience | Visitor numbers are showing an upward trend | Visitor numbers are very low (mainly researchers). | An increase of 5% each year | Not Measured | While the Museum buildings and some permanent exhibitions remained open to the public under the management of Westland District Property Limited, a full Museum experience with professionally curated exhibitions was not available in 2017/18 due to seismic issues with the Museum buildings. Hours were also reduced compared with previous years. Therefore this |

| Levels of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|-------------------|---|--------------------------------------|-------------------------------------|-------------------------|---|
| | | | | | measure is not applicable to 2017/18, and was not tracked by Council staff. |
| | % of residents satisfied with their museum experience | No data available | 85% | Not Measured | This was not measured as a full Museum experience with professionally curated exhibitions was not available in 2017/18 due to seismic issues with the Museum buildings. |

Hokitika Wildfoods Festival

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|-------------------------------|---|--------------------------------------|-------------------------------------|---|---|
| A quality attendee experience | % of attendees satisfied (post event satisfaction survey) | 90% | 85% | N/A for attendees Positive feedback from most entertainers and stallholders. | Ticketing Agency would not release email addresses of ticket holders to allow survey to be undertaken. However, anecdotal feedback from multiple sources including press coverage, verbal and written, Facebook messages and emails from local agencies, business owners, stallholders, community groups and festival attendees were positive. In addition, some recommendations for future improvements were collected. |

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|------------------|---|--|---|--|---|
| | Growth is experienced annually (to a limit of 10,000) | 5,888 Festival 1,176 Afterparty | 8,500 Festival N/A for Afterparty (The Afterparty was not introduced until the 2015-16 year so no growth targets were set for this in the 2015-2025 Long Term Plan) | 8,221 Festival 2,378 Afterparty | Figures are tickets issued, not necessarily attendees*. |

* Refer to page 130 for further details

i-SITE

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|--|--|--|-------------------------------------|--|--|
| A quality customer experience | i-SITE NZ and Qualmark standards are met | Pass | 80% | Full certification achieved. | Hokitika i-SITE named as 'one of the best i-SITES in the country' by the Qualmark moderator. |
| Increase resident population knowledge about what the i-SITE has to offer locals | Bookings made by local population | i-SITE bookings made by the local population have increased by 5% from last year; whereas AA NZ bookings have decreased by 5%. | Maintain or Increase | AA transactions maintained levels. Bookings by locals decreased. Overall door count increases by 13.1% | The decrease in bookings is largely explained by the change in recording of Wildfoods tickets from bookings to retail sales. Complimentary tickets for Wildfoods also had a significant impact on sales. Furthermore whilst more people come to the i-SITE for advice and information, they prefer to use the wifi to make their own bookings. |

Parks and Reserves

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|--|--|--|-------------------------------------|-------------------------|--|
| Reserves are pleasant, enjoyable and safe places | % of residents satisfied with parks and reserves | No data available (87% 2016 Residents' Satisfaction Survey) | 90% | 94% | Parks and Reserves contract ongoing with Westroads. There have been some issues with vegetation removal / modification to the "Green belt" by adjoining residents. Contractors performing well. Residential roadside mowing being paid at Contractors cost |

Public Toilets

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June, 2018 | Explanation about any variances |
|--|---|--|-------------------------------------|--------------------------|---|
| Provide public toilets throughout the district | % of residents satisfied with the service | No data available (66% 2016 Residents' Satisfaction Survey) | 100% | 80% | This is a substantial increase on the 2015 / 16 figures (66%), this could be attributed to increase in toilet cleaning during the tourist season. |
| | Facilities are available for use during the day | 100% | 100% | 100% | Facilities are open during the day unless there is a serious maintenance issue that prevents the public using the facility safely. A series of blockages during the last year forced the partial closing of one bay of the Fox Glacier toilet block. Now there are more units installed at Fox Glacier township toilets the facility has the ability service more users and the effect of one pan being closed is greatly reduced. |

Swimming Pool

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|---|---------------------------------|-----------------------------------|-------------------------------------|-------------------------|--|
| A quality swimming or exercise experience at the public Swimming Pool | % of residents satisfied | 100% | 85% | Not measured | There was no satisfaction survey undertaken this year. Historically we have surveyed a captive audience and need to investigate how to reach a wider community group for feedback. |
| | Maintain PoolSafe Accreditation | 100% | 100% | 100% | PoolSafe Accreditation was renewed for the 2017/18 season. Certificate is displayed at the pool. |

West Coast Wilderness Trail

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|------------------------------|---|--|-------------------------------------|---|---|
| The cycle trail is well used | Numbers using the trail as measured by trail counters | Average annual usage of 8,647 users across accumulation of counts at four counter locations (excluding Grey District). | 10,000 | Average monthly trail usage is 1,300 users on the Hokitika Kaniere section and 645 users for Taramakau and Kaniere Water Race. These compare favourably to the previous reporting of 330 users per month. | <p>The new trail counters are providing good quality results including differentiation of cyclists versus pedestrians.</p> <p>Recent data shows that it could be expected there will be between 9,000 and 18,000 trail users on the different sections.</p> <p>Due to the location of the counters and length of the trail, we are unable to provide a definitive total count of users.</p> |

Westland District Library

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|--|--|-----------------------------------|-------------------------------------|-------------------------|---|
| Provide quality library services in the district | % of residents satisfied | No data available | 85% | 99% | |
| | % of residents who are library members | 46% | 42% | 47% | 2013 Census figure of 8,307 has been used to calculate this. The increase equates to 130 new members this year. |

Activity group: Transportation

An overview of the 2017/18 year:

The Transportation Team had another busy year which was at times quite challenging because of changes within the New Zealand Transport Agency (NZTA) funding sector.

2017/18 was the end of a three year NZTA funding allocation. With changes in the format for funding, it is now a requirement to have a Business Case Activity Management Plan in place to be able to qualify for funding. The three Local Council Road Controlling Authorities (RCA's), Buller, Grey and Westland collaboratively coordinated the process of writing this Business Case. This was a 12 month process, which was able to be completed successfully because of the collaborative approach adopted by senior council roading staff across the West Coast.

This has culminated in Westland District Council being successful in obtaining \$15.45M in road maintenance and renewal funding over the next three years.

The Transportation team maintained the existing roading network for this financial period. \$835,017 was expended on sealed road resurfacing.

The Roding Efficiency Group (REG) run regular workshops to assist the RCA's with changes in the national funding processes. The Transportation team have been attending these regular workshops, which are now focusing on the finer details of procurement.

Staff have been working with NZTA and Rationale Ltd to provide an acceptable transition plan for the Haast-Jackson Bay Road. This process has been fully funded by NZTA, as it has been driven by the Agency Board. To date we have been successful in putting together a proposal that is about to be presented to the Agency Board for their review / approval. The option being favoured is one that favours a cost neutral solution to Council but that is still subject to final Board acceptance.

As part of the plan for handing over the road the NZTA have directed they wish to invest more in Pavement Rehabilitation works on Haast-Jackson Bay Road over the next three years. This is to be able to monitor a range of rehabilitation options to determine the best performing solution for this road long term.

Whitcombe Valley Road improvement work was contracted out, with Westroads being the successful tenderer. Unfortunately, weather has caused delays in this project, which is due for completion sometime in September 2018 (weather permitting). The DOC carpark expansion was also added to this project as a significant variation to the scope of works and a separate funding agency involved.

February 2018 saw two significant storm events hit the coast, which not only caused substantial damage coast wide but has also taxed the local contractors. This has in turn caused a number of projects to be delayed due to contractor availability.

Two footpath upgrade projects were carried out in Kumara on Fourth Street and Greenstone Road. NZTA finished off the year with the announcement of the new Government Policy Statement that now includes footpath maintenance and renewal works as a subsidised activity. This created some last minute revision work in our submission for funding.

Funding Impact Statement

For the year ended 30 June 2018

| | 2017/18 Actual \$000 | 2017/18 Long term plan \$000 | 2016/17 Long term plan \$000 |
|--|----------------------------|---------------------------------------|---------------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 2,336 | 2,602 | 2,114 |
| Targeted rates | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 1,138 | 1,591 | 1,656 |
| Fees and charges | 11 | 0 | 0 |
| Interest and dividends from investments | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 124 | 122 |
| Total operating funding (A) | 3,485 | 4,317 | 3,891 |
| Application of operating funding | | | |
| Payments to staff and suppliers | 2,725 | 2,579 | 2,524 |
| Finance costs | 10 | 46 | 0 |
| Internal charges and overheads applied | 437 | 472 | 491 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 3,172 | 3,097 | 3,015 |
| Surplus/(deficit) of operating funding (A-B) | 313 | 1,220 | 876 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 2,625 | 2,523 | 2,248 |
| Increase/(decrease) in debt | 586 | 1,505 | 1,014 |
| Total sources of capital funding (C) | 3,211 | 4,028 | 3,262 |
| Application of capital funding | | | |
| Capital expenditure: | | | |
| - To meet additional demand | 0 | 0 | 0 |
| - To improve the level of service | 983 | 0 | 25 |
| - To replace existing assets | 1,711 | 3,942 | 3,488 |
| Increase/(decrease) in reserves | 830 | 1,306 | 625 |
| Increase/(decrease) in investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | 3,525 | 5,248 | 4,138 |
| Surplus/(deficit) of capital funding (C-D) | (313) | (1,220) | (876) |
| Funding balance ((A-B)+(C-D)) | (0) | 0 | 0 |

The level of service achieved in relation to the performance targets

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|---|---|---|--|--|---|
| The transportation network is safe for all users in Westland District | Road safety: The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number | NZTA data for local roads shows 2 x serious injuries for this financial period and zero fatalities resulting from two separate incidents: one in Hokitika township and one on Lake Kaniere Road | Less than the previous year | The change from the previous year is -2, as there were no serious injuries or fatalities in this financial period. | RAMM data with latest CAS update shows no Fatal or serious crashes on the network between 1 July 2017 and 30 June 2018 |
| The surface condition of roads in Westland is of good quality | The average quality of ride on a sealed local road network, measured by smooth travel exposure | 96% | >90% | Year to date data based on the NAASRA index shows STE of 96%. | Council has met this target. |
| | Residents are satisfied with the standard and safety of Council's unsealed roads | No data available (70% 2016 Residents' Satisfaction Survey) | 50% of residents are satisfied with Council's unsealed roads | 74% | Resident's Satisfaction Survey 2018 data shows that 74% of residents who have used rural roads are satisfied with the standard of safety. This is well above target but will remain a focus for improvement |

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|---|--|--|-------------------------------------|---|--|
| The surface condition of roads in Westland is maintained to a high standard | The percentage of the sealed local road network that is resurfaced | Our total network reseal was 28km of 374km. This equates to 7.5%. The resurfacing has an expected lifespan of 10 years. | >7% | Reseals have been completed with 7.3% of our sealed network being resurfaced this year. The total network reseal was 27.5km of 375km. | |
| Footpaths are maintained in good condition and are fit for purpose | The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan) | Measure not yet determined. No known exceedances for deliverable standards. | 90% | Footpath Data has been loaded into the Assetfinda System. Condition rating has yet to be carried out | This is an ongoing process to improve the level of data held for Councils footpaths. |

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|--|---|---|-------------------------------------|--|--|
| Response to service requests are dealt with promptly | Customer service requests: The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within two working days of submission | No known timeline exceedances for response from NCS database. | 100% | Unable to determine with any real degree of accuracy | The process of service requests is currently being reviewed by staff and contractors to look for ways to make improvements in reporting. |

Activity group: Water Supply

An overview of the 2017/18 year:

Council supplies reticulated water to 2645 connections in the district.

Council's customer request system records show that there were 324 water related service requests logged between 1 July 2017 and 30 June 2018. No service requests were created in relation to the ex-cyclones in early 2018 as service requests need to be logged on our website and areas with no power were unable to access this service. Out of the 324, 319 have been completed to date, with 196 completed in time. A breakdown of service requests is shown in the table below:

| Service Type | Total Received | Total Completed | Completed in Time | % Completed in Time |
|------------------------|----------------|-----------------|-------------------|---------------------|
| Water Service Location | 7 | 7 | 5 | 71.4% |
| Water Quality | 48 | 48 | 24 | 50% |
| Water Pressure | 5 | 4 | 4 | 100% |
| Water Leak | 104 | 102 | 59 | 57.8% |
| Water Connection | 8 | 8 | 5 | 62.5% |
| Toby Fault | 39 | 39 | 33 | 84.6% |
| Operations | 6 | 6 | 4 | 66.7% |
| No Water | 57 | 56 | 34 | 60.71 |
| General Enquiry | 40 | 39 | 28 | 71.8% |
| Complaint (Other) | 10 | 10 | 0 | 0.0% |
| Total | 324 | 319 | 196 | |

Reporting on response timeframes:

A lack of staff training in maintaining the service request system resulted in service requests being incomplete. Staff training in maintaining service requests is ongoing. A review of the time frames allocated within the service request system is being undertaken to align with the current Utilities Maintenance Contract and KPIs.

With the renewal of the maintenance contract in 2020, it is expected that the contractor will have the ability to receive and sign off service request in the field. This should reduce the completion time frame errors that occur for “in office time” to sign off requests.

Westland District Council manages nine water supplies across the district. Five of the nine supplies (Kumara, Hokitika, Ross, Franz Josef and Fox Glacier) are sourced from surface water (streams, lakes, and rivers). The remaining four supplies (Arahura, Harihari, Whataroa and Haast) are sourced from underground bores.

Out of the nine water supplies that Council manages, two are currently partially treated: The Kumara and Arahura water supplies are chlorinated with no protozoal treatment. As an on-going precaution the Arahura water supply is on a permanent “boil water notice”. In 2015 Council was granted a subsidy through the Ministry of Health’s Drinking Water Assistance Programme for the upgrade of the Kumara water treatment plant in the 2016/17 financial year. Both the Whataroa and Kumara Water Treatment Plant upgrade projects to achieve protozoal compliance were deferred and not carried out during this period as a result of a Serious Fraud Investigation regarding how the contracts were awarded. Negotiations then commenced with the second preferred tenderer. Both of these contracts are currently underway and are expected to be completed later this calendar year. The treatment of the Arahura water supply is budgeted for in 2018/19 year.

Protozoal compliance:

Five of the nine water supplies that Council manages are capable of achieving protozoal compliance. These are Hokitika, Ross, Harihari, Franz Josef and Haast. This means that the treatment processes that are in place in these five supplies are sufficient to achieve compliance. However Council has not yet set up data recording of the measuring systems on these five supplies to prove that this compliance is being achieved all year round. Council intends to progress technical upgrades in the future. This is not a budgeted item as the upgrades will be achieved alongside other planned operational upgrades.

The Fox Glacier water treatment plant has been identified in the Long Term Plan for treatment upgrade.

The Health (Drinking Water) Amendment Act 2007 requires that drinking water suppliers implement a Water Safety Plan (previously known as a Public Health Risk Management Plan) for all of their water supplies serving a population over 500. Water Safety Plans identify risks associated with the water supply and include an improvement schedule that assists in prioritising future work to minimise the risks identified. Water Safety Plans are in an on-going review and implementation process with the Ministry of Health and Drinking Water Assessors.

In July 2017 in the Hokitika water supply there was an overdose of ACH (coagulant) into the water supply which resulted in a “waxy feel” to the water. There were ten service requests in relation to this issue. This was as a result of part of the treatment plant sitting idle in the low demand season and been bought on line without a flushing process to remove any built up chemical. Processes have been put in place to ensure this does not happen again.

Funding Impact Statement

For the year ended 30 June 2018

| | 2017/18 Actual \$000 | 2017/18 Long term plan \$000 | 2016/17 Long term plan \$000 |
|--|----------------------------|---------------------------------------|---------------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 63 | 63 | 61 |
| Targeted rates | 3,996 | 4,283 | 4,120 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fees and charges | 81 | 0 | 0 |
| Interest and dividends from investments | 2 | 1 | 1 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 0 |
| Total operating funding (A) | 4,141 | 4,347 | 4,182 |
| Application of operating funding | | | |
| Payments to staff and suppliers | 1,310 | 1,056 | 1,067 |
| Finance costs | 135 | 280 | 313 |
| Internal charges and overheads applied | 843 | 853 | 888 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 2,288 | 2,189 | 2,268 |
| Surplus/(deficit) of operating funding (A-B) | 1,854 | 2,158 | 1,914 |
| Sources of capital funding | | | |
| Increase/(decrease) in debt | (796) | (262) | (739) |
| Total sources of capital funding (C) | (796) | (262) | (739) |
| Application of capital funding | | | |
| Capital expenditure: | | | |
| - To meet additional demand | 475 | 0 | 0 |
| - To improve the level of service | 0 | 549 | 719 |
| - To replace existing assets | 231 | 597 | 52 |
| Increase/(decrease) in reserves | 352 | 750 | 405 |
| Increase/(decrease) in investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | 1,058 | 1,896 | 1,176 |
| Surplus/(deficit) of capital funding (C-D) | (1,853) | (2,158) | (1,914) |
| Funding balance ((A-B)+(C-D)) | 0 | 0 | 0 |

The level of service achieved in relation to the performance targets

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|---|---|---|--|--|---|
| Council supplied potable water is safe to drink | <p>Safety of drinking water:</p> <p>The extent to which the local authority's drinking water supply complies with:</p> <p>(a) part 4 of the drinking-water standards (bacteria compliance criteria), and</p> <p>(b) part 5 of the drinking-water standards (protozoal compliance criteria).</p> | <p>(a) 4 out of 9 supplies fully compliant with bacterial compliance criteria at both the water treatment plant and in the distribution zone</p> <p>(b) 0 out of the 9 supplies compliant with protozoal compliance criteria.</p> | <p>Years 1-3</p> <p>These drinking water schemes will comply with parts (a) and (b) of the key performance measure: Hokitika, Ross, Harihari, Franz Josef, Haast</p> <p>Years 2-3</p> <p>These drinking water schemes will comply with parts (a) and (b) of the key performance measure: Kumara, Whataroa</p> <p>Year 3</p> <p>These drinking water schemes will comply with parts (a) and (b) of the performance measure: Fox Glacier, the Arahura scheme if it is continued as a</p> | <p>(a) 3 out of 9 supplies fully compliant with bacterial compliance criteria at both the water treatment plant and in the distribution zone.</p> <p>(b) 0 out of the 9 supplies compliant with protozoal compliance criteria.</p> | <p>Bacterial compliance with the Standards was achieved for Harihari, Haast and Ross at both the treatment plant and distribution zones for the period 1 July 2017 to 30 June 2018.</p> <p>Bacterial compliance with the Standards was achieved for Hokitika and Franz Josef distribution zones for the period 1 July 2017 to 30 June 2018. Fox Glacier, Kumara, Arahura and Whataroa distribution zones all had Escherichia coli (E. coli) transgressions and did not achieve compliance.</p> <p>Treatment plant bacterial compliance was achieved for the Kumara treatment plant. Hokitika, Franz Josef, Fox Glacier, Arahura and Whataroa either had E. coli transgressions or insufficient samples taken to achieve compliance.</p> <p>The Kumara and Whataroa projects have a planned operational start of September 2018 with completion before the end of 2018.</p> <p>A new design and location proposal is in hand for the Arahura scheme. Investigation and design work for componentry is underway. Logistics of the site and negotiation with landowner yet to be undertaken.</p> |

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|--|--|---|---|--|--|
| | | | Council service (2017/18 is Year 3) | | <p>The Fox Glacier project is listed in the Long Term Plan.</p> <p>A reliable data collection and storage system requires development so that Protozoal compliance can be proved for the total year.</p> |
| Requests for service are dealt with promptly | <p>Fault response times:</p> <p>Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:</p> <p>(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and (2 hours)</p> <p>(b) resolution of urgent call-outs: from the time that the local authority receives</p> | <p>(a) Council had 2 requests for service that were assigned an emergency / critical priority rating of 3 hours</p> <p>(b) Council does not have a 12 hour response field in our service request system and therefore had zero requests</p> | <p>(a) 100%</p> <p>(b) 100%</p> <p>(c) 100%</p> <p>(d) 100%</p> | <p>(a) No data for attendance times for urgent call outs</p> <p>(b) 60% of urgent call outs were resolved within 12 hours.</p> <p>(c) No data for attendance times for non-urgent call outs</p> <p>(d) 65% of non-urgent call outs were resolved within 72 hours</p> | <p>Out of 57 urgent requests relating to no water 34 were resolved in time.</p> <p>148 service request relating to faults were received. 96 were resolved in time.</p> <p>Council and contractor teams remain focused on urgent response times for critical customer call outs.</p> <p>Council staff are working alongside contractors to review the Service Request process and system to ensure it is fit for purpose.</p> |

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|------------------------------------|--|--|--|-------------------------|---------------------------------|
| | <p>notification to the time that service personnel confirm resolution of the fault or interruption. (12 hours)</p> <p>(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and (24 hours)</p> <p>(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption. (72 hours)</p> | <p>for service logged with a 12 hour response timeframe</p> <p>(c) Council had one request for service that was logged as priority 2 (24 hours)</p> <p>(d) Council had five requests that were logged as priority 3 (2 working days)</p> | | | |
| Council supplied water is reliable | Maintenance of the reticulation network: | Not measured. | Council does not currently measure direct loss in any of its | Not measured | |

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|------------------|---|--|--|---|---|
| | The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this). | | 9 schemes. Instead this is monitored a number of ways including; Telemetry, water meters, repair program, mains replacements and pressure management. This is in context with the Benchloss NZ Manual. | | |
| | Demand management: The average consumption of drinking water per day per resident within the territorial authority district. | Initial calculations conducted on our behalf by Calibre Group (exclusive of Westland Milk Products' commercial water consumption) shows a winter water usage of 253 litres per head per day increasing to 480 litres per head per day in | The average water consumption per person per day is < 500l/day | Not measured. Analysed on a three yearly basis. Ongoing installation of metering will assist with future analysis. (2016/17: winter water usage of 253 litres per head per day increasing to 480 litres per head per day in summer) | The District Assets team are targeting excessive network user by metered installations and conversion of billing methods where appropriate. |

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|---|---|---|--|--|--|
| | | summer. This is within acceptable limits. | | | |
| Customers are generally satisfied with the Council supplied water | <p>Customer satisfaction:</p> <p>The total number of complaints received by the local authority about any of the following:</p> <ul style="list-style-type: none"> (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) continuity of supply, and (f) the local authority's response to any of these issues <p>Expressed per 1000 connections to the local authority's networked reticulation system.</p> | <ul style="list-style-type: none"> (a) 0 (b) 4 (2 of these are also reported in water odour below) (c) 2 (these service requests were joint water odour & water taste issues) (d) 3 (e) 6 (f) 0 <p>Based on the total number of service connections =</p> | Type and number of complaints received (25 per 1000 connections) | <ul style="list-style-type: none"> (a) No data (b) 48 (c) 10 (d) 5 (e) 57 (f) District Assets team are continually working towards improvement | <p>Clarity and taste have not been separated. There were a total of 48 complaints.</p> <p>There was an overdose of chemical into the Hokitika supply resulting in 10 complaints of "waxiness".</p> <p>A total of 57 complaints were received for no water.</p> <p>Total number of connections = 2645</p> <p>Total number of complaints = 120</p> <p>Complaints per 1000 connections = 45.4</p> |

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|------------------|--------------------------|--|-------------------------------------|-------------------------|---------------------------------|
| | | 2620 Total number of complaints = 13 Complaints per 1000 connections = 5 | | | |

Activity group: Wastewater

An overview of the 2017/18 year:

Council provides access to reticulated wastewater systems in Hokitika, Franz Josef, Fox Glacier and Haast. These systems service 2,121 connections.

There were 59 wastewater related service requests logged between 1 July 2017 and 30 June 2018; Out of the 59 requests, 58 have been completed to date with 24 completed on time. Breakdown of service requests in the table below:

| Service Type | Total Received | Total Completed | Completed in Time | % Completed in Time |
|----------------------------|----------------|-----------------|-------------------|---------------------|
| Blockage (not overflowing) | 14 | 14 | 5 | 35.7% |
| Complaint (other) | 1 | 1 | 1 | 100% |
| General Enquiry | 11 | 10 | 4 | 33.3% |
| Operations | 1 | 1 | 1 | 100% |
| Overflow | 10 | 10 | 4 | 40% |
| Odour Complaint | 21 | 21 | 8 | 38.1% |
| Service Locations | 1 | 1 | 1 | 100% |
| Total | 59 | 58 | 24 | |

Reporting on response timeframes:

A lack of staff training in maintaining the service request system resulted in service requests being incomplete. Staff training in maintaining service requests is ongoing. A review of the time frames allocated within the service request system is being undertaken to align with the current Utilities Maintenance Contract and KPIs.

With the renewal of the maintenance contract in 2020, it is expected that the contractor will have the ability to receive and sign off service request in the field. This should reduce the completion time frame errors that occur for "in office time" to sign off requests.

The Hokitika Wastewater Treatment Plant had temporary aerators installed in May / June 2018 to combat a number of odour issues that arose. As the aerators were borrowed, permanent ones have been purchased and will be installed once they arrive.

The Franz Josef Wastewater Treatment Plant has received an abatement notice from the West Coast Regional Council and enforcement notice from the Environment Court, which has resulted in an order for upgrade works to be completed by April 2019. A detailed design for improvement is currently underway.

The Waiho river flood wall was constructed in late 2017 due to a cyclone event that caused high river flows that flooded the adjacent Franz Josef Scenic Circle Hotel and oxidation ponds in March 2016. The wall was constructed as an emergency response activity and extends beyond the oxidation ponds providing protection.

Westland District Council noted the new reporting requirement introduced to differentiate between dry weather sewerage overflows and wet weather sewerage overflows. We have set up an alert in our service request system which prompts the staff member logging the request to ask about the weather conditions. This system is imperfect however as the weather can be completely different between two townships even 10 kilometres apart. Council notes that a “wet weather sewerage overflow” is defined as there being 1mm of rain in a continuous 24 hour period which is a confusing measurement for the District’s geographic environment which is used to high rainfall. Council does not have automatic rain gauges at all our Wastewater sites and are therefore reliant on Hokitika data.

Funding Impact Statement

For the year ended 30 June 2018

| | 2017/18 Actual \$000 | 2017/18 Long term plan \$000 | 2016/17 Long term plan \$000 |
|--|----------------------------|---------------------------------------|---------------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 28 | 28 | 28 |
| Targeted rates | 915 | 1,206 | 1,014 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fees and charges | 44 | 48 | 47 |
| Interest and dividends from investments | 9 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 11 | 0 | 0 |
| Total operating funding (A) | 1,008 | 1,282 | 1,088 |
| Application of operating funding | | | |
| Payments to staff and suppliers | 363 | 418 | 458 |
| Finance costs | 19 | 83 | 2 |
| Internal charges and overheads applied | 193 | 195 | 203 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 575 | 695 | 663 |
| Surplus/(deficit) of operating funding (A-B) | 433 | 586 | 425 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 0 | 1,052 | 1,025 |
| Increase/(decrease) in debt | 1,475 | 2,120 | 1,791 |
| Total sources of capital funding (C) | 1,475 | 3,172 | 2,816 |
| Application of capital funding | | | |
| Capital expenditure: | | | |
| - To meet additional demand | 1,238 | 0 | 0 |
| - To improve the level of service | 0 | 3,264 | 2,819 |
| - To replace existing assets | 103 | 0 | 174 |
| Increase/(decrease) in reserves | 567 | 494 | 248 |
| Increase/(decrease) in investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | 1,908 | 3,758 | 3,241 |
| Surplus/(deficit) of capital funding (C-D) | (433) | (586) | (425) |
| Funding balance ((A-B)+(C-D)) | 0 | 0 | 0 |

The level of service achieved in relation to the performance targets

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|--|--|---|-------------------------------------|--|--|
| Council wastewater systems are managed without risk to public health | <p>System and adequacy:</p> <p>The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.</p> | <p>Council has had a total of three sewerage overflows in total (dry and wet weather combined due to difficulty separating them out). This gives a ratio of 1.5 per 1000 connections, which is significantly under the performance target.</p> <p>Total number service connections = 2052</p> | Number: 10 per 1000 | <p>Council has had a total of ten sewerage overflows in total. This gives a ratio of 4.7 per 1000 which is significantly under the performance target.</p> <p>While the service request system has been improved for distinguishing overflow types there is still no efficient way to differentiate between wet and dry weather overflows. Total number service connections = 2121</p> | Requires development of a reporting system to accurately measure dry weather over flows. |

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|---|---|-----------------------------------|-------------------------------------|----------------------------------|--|
| Council wastewater systems are safe and compliant | <p>Discharge compliance:</p> <p>Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:</p> <p>(a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions,</p> <p>received by the territorial authority in relation those resource consents.</p> | (a) 1 (b) 0 (c) 1 (d) 0 | 100% | (a) 1 (b) 0 (c) 1 (d) 0 | The West Coast Regional Council dispatched an order for non-compliance at the Franz Waste Water Treatment Plant resulting in an Environment Court order. |

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June, 2018 | Explanation about any variances |
|---|--|---|-------------------------------------|--|---|
| Customers are generally satisfied with the Council wastewater systems | <p>Fault response times: Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured:</p> <p>(a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site, and (2 hours)</p> <p>(b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault (4 hours.)</p> | (a)+ (b) We have four faults that have been assigned an emergency / critical timeframe of 3 hours during this financial period. | 100% | <p>(a) No reliable data for attendance time to site</p> <p>(b) Out of the 10 requests relating directly to sewerage overflows 4 were resolved within the timeframe. This equates to 40% completed on time.</p> | While the service request system can be used for completion timeframes it does not indicate attendance time frame. Council is currently looking at a new system that will alleviate this issue. |

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June, 2018 | Explanation about any variances |
|------------------|--|--|-------------------------------------|---|---|
| | <p>Customer satisfaction:</p> <p>The total number of complaints received by the territorial authority about any of the following:</p> <p>(a) sewage odour (b) sewerage system faults (c) sewerage system blockages, and (d) the territorial authority's response to issues with its sewerage system,</p> <p>Expressed per 1000 connections to the territorial authority's sewerage system.</p> | <p>(a) 3 (b) 2 (the 2 faults relate to sewerage overflows as a result of pump issues) (c) 2 (d) 0</p> <p>Key performance measure has been met:</p> <p>Total number of complaints = 7 Total number service connections = 2052 Complaints per 1000 connections = 3.4</p> | 25 per 1000 | <p>(a) 21 (b) 11 (c) 14 (d) 1</p> <p>Total number of complaints = 47 Total number service connections = 2121 Complaints per 1000 connections = 22.2</p> | <p>Target met.</p> <p>An improvement within the service request system makes reporting on the measures more accurate.</p> |

Activity group:

Stormwater

An overview of the 2017/18 year:

Council provides reticulated stormwater to the township of Hokitika and roadside drainage to the remainder of the townships of the district to ensure protection of public health and safety, and of the environment. The majority of the stormwater reticulation is gravity fed with a total of six pump stations in Hokitika. There are currently 414 connections within the Hokitika reticulation.

The smaller stormwater schemes mainly comprise open channels as part of the street drainage system to collect road surface run off, these are maintained by Council's Transportation team.

There were 128 stormwater related service requests logged between 1 July 2017 and 30 June 2018. Of the 128 requests, 126 have been completed to date with 89 completed in time. Breakdown of service requests in the table below:

| Service Type | Total Received | Total Completed | Completed in Time | % Completed in Time |
|--------------------|----------------|-----------------|-------------------|---------------------|
| Complaints (other) | 11 | 11 | 8 | 72.7% |
| General Enquiry | 43 | 42 | 24 | 57.1% |
| Operations | 3 | 3 | 3 | 100% |
| Ponding | 69 | 69 | 54 | 78.3% |
| Connection | 1 | 1 | 0 | 0.0% |
| Service Locations | 1 | 0 | 0 | 0.0% |
| Total | 128 | 126 | 89 | |

Reporting on response timeframes:

A lack of staff training in maintaining the service request system resulted in service requests being incomplete. Staff training in maintaining service requests is ongoing. A review of the time frames allocated within the service request system is being undertaken to align with the current Utilities Maintenance Contract and KPIs.

With the renewal of the maintenance contract in 2020, it is expected that the contractor will have the ability to receive and sign off service request in the field. This should reduce the completion time frame errors that occur for "in office time" to sign off requests.

Funding Impact Statement

For the year ended 30 June 2018

| | 2017/18 Actual \$000 | 2017/18 Long term plan \$000 | 2016/17 Long term plan \$000 |
|--|----------------------------|---------------------------------------|---------------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 0 | 33 | 32 |
| Targeted rates | 552 | 501 | 448 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fees and charges | 0 | 0 | 0 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Interest and dividends from investments | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 0 |
| <i>Total operating funding (A)</i> | 552 | 534 | 481 |
| Application of operating funding | | | |
| Payments to staff and suppliers | 123 | 100 | 110 |
| Finance costs | 19 | 15 | 2 |
| Internal charges and overheads applied | 157 | 144 | 136 |
| Other operating funding applications | 0 | 0 | 0 |
| <i>Total applications of operating funding (B)</i> | 298 | 259 | 248 |
| Surplus/(deficit) of operating funding (A-B) | 253 | 275 | 232 |
| Sources of capital funding | | | |
| Increase/(decrease) in debt | (57) | 92 | 291 |
| <i>Total sources of capital funding (C)</i> | (57) | 92 | 291 |
| Application of capital funding | | | |
| Capital expenditure: | | | |
| - To meet additional demand | 0 | 0 | 0 |
| - To improve the level of service | 0 | 0 | 242 |
| - To replace existing assets | 354 | 110 | 51 |
| Increase/(decrease) in reserves | (158) | 258 | 230 |
| Increase/(decrease) in investments | 0 | 0 | 0 |
| <i>Total applications of capital funding (D)</i> | 196 | 368 | 523 |
| Surplus/(deficit) of capital funding (C-D) | (253) | (275) | (232) |
| Funding balance ((A-B)+(C-D)) | (0) | (0) | 0 |

The level of service achieved in relation to the performance targets

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|--|---|---|-------------------------------------|---|--|
| Council Stormwater systems have the capacity to resist major storms and flooding events. | <p>System adequacy:</p> <p>(a) The number of flooding events that occur in a territorial authority district.</p> <p>(b) For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.)</p> | <p>(a) 0</p> <p>(b) 0</p> | <p>(a) 2</p> <p>(b) 10 per 1000</p> | No flooding events for the year 2017/18 | There were no flooding events recorded in the service request system for the 2017/18 financial year. |
| Requests for service are dealt with promptly | <p>Response times:</p> <p>The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site. (1 hour)</p> | No flooding events during reporting period. | 100% | No flooding events for the year 2017/18 | There were no flooding events recorded in the service request system for the 2017/18 financial year. |

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|--|---|--|-------------------------------------|--|--|
| | <p>Customer satisfaction:</p> <p>The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.</p> | <p>Key performance measure condition has not been met:</p> <p>Total number of connections = 508</p> <p>Total number of complaints = 11</p> <p>Complaints per 1000 connections = 21.7</p> | 10 per 1000 | <p>Key performance measure condition has not been met:</p> <p>Total number of connections = 414</p> <p>Total number of complaints = 11</p> <p>Complaints per 1000 = 26.6</p> | <p>Council is continually reviewing the utilities performance measures to improve the preventative maintenance on the stormwater reticulation to prevent ponding issues where possible.</p> <p>Note: Ponding is not necessarily due to the performance of the stormwater system.</p> |
| Council stormwater systems protect the natural environment | <p>Discharge compliance:</p> <p>Compliance with the territorial authority's resource consents for discharge from its stormwater system,</p> | <p>(a) 0</p> <p>(b) 0</p> <p>(c) 0</p> <p>(d) 0</p> | 100% | <p>(a) 0</p> <p>(b) 0</p> <p>(c) 0</p> <p>(d) 0</p> | |

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|------------------|--|-----------------------------------|-------------------------------------|-------------------------|---------------------------------|
| | <p>measured by the number of:</p> <ul style="list-style-type: none"> (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, <p>Received by the territorial authority in relation those resource consents.</p> | | | | |

Activity group: Solid Waste Management

An overview of the 2017/18 year:

During the 2017/2018 financial year \$15,000 excluding GST was given to EnviroSchools programme for the continued education of Waste Recycling with the current schools registered in the Westland area.

This programme has been well received and going forward the aim is to increase this funding to be able to engage more schools to come on board.

Other funds were used to cover expenses for minor illegal fly tipping. Costs associated with this activity were \$3,216.83

Current Status of Landfills:

| <i>Name of Landfill</i> | <i>Status</i> | <i>Comment</i> |
|-------------------------|---------------|---|
| Butlers | Open | Weekly monitoring carried out in accordance with the resource consent. A review of the volume remaining in the cell is required. |
| Haast | Open | Monitoring requirements and need to plan for the end of landfill life. There is an estimated 3 years life remaining as per AMP information. |
| Kumara | Closed | Monitoring requirements only. |
| Franz Josef | Closed | Monitoring requirements only. |
| Hannahs Clearing | Closed | Monitoring requirements only. |
| Hokitika | Closed | Monitoring requirements only. |
| Cron Road | Closed | Monitoring requirements only. |

Current Status of Transfer Stations:

| <i>Name of Transfer Station</i> | <i>Status</i> | <i>Comment</i> | <i>Contracted to</i> |
|---------------------------------|---------------|--|----------------------|
| Hokitika | Open | 9am-4pm Monday to Sunday | Envirowaste |
| Kumara | Open | 9am-12pm Thursday and Sunday | Envirowaste |
| Fox Glacier | Open | 12pm-1.3pm Monday, 2.30pm-4pm Thursday | SWRR |
| Whataroa | Open | 3pm-4pm Tuesday and 10am-12.30pm Sunday | SWRR |
| Hari Hari | Open | 8.30am-11.30am Wednesday and Saturday | Envirowaste |
| Ross | Open | 1pm-4.30pm Wednesday and Saturday | Envirowaste |
| Franz Josef | Open | 2.30pm-4.30pm Friday, 1pm-4.30pm Sunday (Plus summer hours 4.30-6.00pm Tuesday) | SWRR |

Volumes of Waste:Butlers Landfill

The amount of solid waste going to land fill decreased marginally again compared to the previous 2 years.

| | |
|---------|------------|
| 2015/16 | 3249 tonne |
| 2016/17 | 3216 tonne |
| 2017/18 | 3147 tonne |

Haast Refuse Station

The amount of solid waste going to land fill has increased from the previous year. This is possibly due to severe weather events in early 2018 and property damage caused by this.

| | |
|---------|-----------|
| 2015/16 | 374 tonne |
| 2016/17 | 94 tonne |
| 2017/18 | 107 tonne |

Hokitika Transfer Station:

Over the past year, there has been 263 tonne of green waste and 143 tonnes of scrap metal collected.

Pest Control:

Pest control remains in place with Barry Nicol Pest Control for both the Haast and Butlers landfill.

Compliance Monitoring:

All compliance monitoring is done via West Coast Regional Council

Funding Impact Statement

For the year ended 30 June 2018

| | 2017/18 Actual \$000 | 2017/18 Long term plan \$000 | 2016/17 Long term plan \$000 |
|--|----------------------------|---------------------------------------|---------------------------------------|
| Sources of operating funding | 0 | | |
| General rates, uniform annual general charges, rates penalties | 768 | 1,013 | 1,050 |
| Targeted rates | 733 | 755 | 735 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fees and charges | 833 | 691 | 673 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Interest and dividends from investments | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 0 |
| <i>Total operating funding (A)</i> | 2,333 | 2,458 | 2,459 |
| Application of operating funding | | | |
| Payments to staff and suppliers | 1,808 | 1,813 | 1,793 |
| Finance costs | 124 | 134 | 141 |
| Internal charges and overheads applied | 337 | 341 | 355 |
| Other operating funding applications | 0 | 0 | 0 |
| <i>Total applications of operating funding (B)</i> | 2,269 | 2,288 | 2,289 |
| Surplus/(deficit) of operating funding (A-B) | 65 | 169 | 169 |
| Sources of capital funding | | | |
| Increase/(decrease) in debt | (185) | (117) | (169) |
| <i>Total sources of capital funding (C)</i> | (185) | (117) | (169) |
| Application of capital funding | | | |
| Capital expenditure: | | | |
| - To meet additional demand | 0 | 0 | 0 |
| - To improve the level of service | 0 | 0 | 0 |
| - To replace existing assets | 65 | 53 | 0 |
| Increase/(decrease) in reserves | (185) | 0 | 0 |
| Increase/(decrease) in investments | 0 | 0 | 0 |
| <i>Total applications of capital funding (D)</i> | (121) | 53 | 0 |
| Surplus/(deficit) of capital funding (C-D) | (65) | (169) | (169) |
| Funding balance ((A-B)+(C-D)) | 0 | (0) | (0) |

The level of service achieved in relation to the performance targets

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|--|---|---|-------------------------------------|-------------------------|---|
| A reliable refuse and recycling collection service is provided | % of residents that receive the service are satisfied | No data available due to Residents' Satisfaction Survey not being undertaken in this period. (88% 2016 Residents' Satisfaction Survey) | 100% | 90% | This percentage is similar to the National Average as illustrated in the 2018 Residents' Satisfaction Survey. |
| A reliable transfer station service | % of residents satisfied | No data available due to Residents' Satisfaction Survey not being undertaken in this period. (64% 2016 Residents' Satisfaction Survey) | 100% | 86% | The results of the 2018 Residents' Satisfaction Survey show 86% of transfer station users were satisfied with the reliability of the transfer station compared to 64% from the 2016 Residents' Satisfaction Survey. |

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|---|--|--|-------------------------------------|--|---|
| Solid waste is managed appropriately | All necessary consents for solid waste activities and capital projects are applied for, held and monitored accordingly | Consents in place = 100% Monitoring of Butlers now being completed by external company. | 100% | Consents in place = 100% . | Monitoring of Butlers now being completed by external company. All testing requirements for the 12 months have been followed and the results are provided to West Coast Regional Council |
| Education about waste minimisation is provided to the community | Number of visits to schools and community groups | 1 x school; 1 x community group One educational programme undertaken in conjunction with EnviroSchools programme with children from Kaniere School. Students and teachers of Kaniere School installed Eco Blue fish on drains around Kaniere and Hokitika to help inform the public about the | 3 schools, 3 groups per annum | 5 x school; 0 x community groups Educational programmes undertaken internally within these schools. EnviroSchools manage these services and they will be submitting a forward educational programme imminently. | Council's Solid Waste Officer resigned in early 2017 and this position was vacant for a number of months which may have contributed to failure to reach the target. |

| Level of Service | Key Performance Measures | Last Year's performance (2016/17) | Annual Performance Target Years 1-3 | Progress @ 30 June 2018 | Explanation about any variances |
|------------------|--------------------------|---|-------------------------------------|-------------------------|---------------------------------|
| | | <p>impact of waste on marine life.</p> <p>In addition, a waste audit was conducted with WestREAP which highlighted recommendations to help them reduce their waste.</p> | | | |

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To the readers of Westland District Council's annual report for the year ended 30 June 2018

The Auditor-General is the auditor of Westland District Council (the District Council) and its subsidiaries (the Group). The Auditor-General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 22 November 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 28 to 83:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2018;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 34, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statement of service provision on pages 94 to 176:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 97 to 173, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's long-term plan; and
- the funding impact statement for each group of activities on pages 97 to 173, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 19 to 26, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 6 to 18, page 27, and pages 84 to 93 but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence

requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the District Council's 2018-28 long-term plan, and performed a limited assurance engagement related to the District Council's debenture trust deed. In addition, the Auditor-General is carrying out an inquiry under section 18 of the Public Audit Act 2001 into the District Council's procurement of remedial works for the Franz Josef wastewater plant. Other than these engagements and the inquiry, we have no relationship with, or interests in, the District Council or its subsidiaries.



Scott Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand