

# WESTLAND DISTRICT COUNCIL



ANNUAL REPORT 2015 / 2016





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*Date of Constitution of District  
Population – Census Night (2013)  
Resident in District  
Total Area  
Rateable Area  
No. of Rateable Assessments  
No. of Non-rateable Assessments  
Rateable Capital Value as at 30 June 2015  
Non-rateable Capital Value as at 30 June 2015  
Rateable Land Value as at 30 June 2015  
Non-rateable Land Value as at 30 June 2015  
Date of Last Valuation (by Quotable Valuation NZ)  
Date of Next Valuation (by Quotable Valuation NZ)  
Auditor  
Bankers  
Insurance Brokers*

*1 November 1989  
11,136  
8,307  
1,188,017 ha  
140,604 ha  
6642  
656  
2,391,538,700  
587,877,500  
1,897,661,500  
537,444,600  
1 September 2014  
1 September 2017  
Audit New Zealand, on behalf of the Auditor-General  
Westpac Bank  
Aon New Zealand*



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# INTRODUCTION

**This section contains the following information:**

Reporting guidelines

Statement of compliance

Council's vision

Elected members and Council committees

Executive Team

Māori Contribution to decision making

Mayor and Chief Executive's report

Financial statistics

Financial performance summary

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 new LTP on 30 June 2015, so this Annual Report is based on the provisions and planning framework of the 2015 - 2025 Long Term Plan.

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 2015/25 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.

# 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 2015/16 have been complied with.

Council adopted this Annual Report on 31 October, and therefore met the statutory deadline for adoption.

*To sign*

**Bruce Smith**  
**MAYOR 2016/17**

*To sign*

**Tanya Winter**  
**CHIEF EXECUTIVE**

# Council's 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, and cultural and natural resource base to enhance lifestyle and opportunity for future generations.*



# Elected members 2015/16



[Insert: Cr Greg Hope]

Back row (L-R): Cr Jim Butzbach, Cr Latham Martin, Cr Mark Dawson, Cr Kees van Beek

Front row (L-R): Cr Andy Thompson, C.E. Tanya Winter, Mayor Mike Havill, Deputy Mayor Pauline Cox, Cr Murray Montagu

Mayor

Mayor Mike Havill [mayor@westlanddc.govt.nz](mailto:mayor@westlanddc.govt.nz)

Hokitika Ward

Cr Jim Butzbach [cr.butzbach@westlanddc.govt.nz](mailto:cr.butzbach@westlanddc.govt.nz)

Cr Mark Dawson [cr.dawson@westlanddc.govt.nz](mailto:cr.dawson@westlanddc.govt.nz)

Cr Latham Martin [cr.martin@westlanddc.govt.nz](mailto:cr.martin@westlanddc.govt.nz)

Northern Ward

Cr Murray Montagu [cr.montagu@westlanddc.govt.nz](mailto:cr.montagu@westlanddc.govt.nz)

Cr KEES van BEEK [cr.vanbeek@westlanddc.govt.nz](mailto:cr.vanbeek@westlanddc.govt.nz)

Cr Andy Thompson [cr.thompson@westlanddc.govt.nz](mailto:cr.thompson@westlanddc.govt.nz)

Southern Ward

Deputy Mayor Pauline Cox [cr.cox@westlanddc.govt.nz](mailto:cr.cox@westlanddc.govt.nz)

Cr Greg Hope [cr.hope@westlanddc.govt.nz](mailto:cr.hope@westlanddc.govt.nz)

## Council Committees

Executive Committee	Cr Mark Dawson (Chairman) All other elected members
Westland Wilderness Trust	Francois Tumahai, Te Rūnanga O Ngāti Waewae (Chairman) Deputy Mayor Pauline Cox Cr Kees van Beek, Chris Auchinvole, Mark Davies (Department of Conservation), Cr. Anton Becker (Grey District Council), Natalie Win (Te Rūnanga O Makaawhio)
Creative Communities Local Assessment Committee	Cr Latham Martin, Reilly Burden, Ian Boswell, Kathy Dyzel, Veronika Maser, Nick Meissel
District Licensing Committee	Bryce Thomson (Chairperson) Cr Jim Butzbach (Deputy Chairperson) Zelda Martin, Timothy Teen, Richard Gardiner
Hokitika Seawall Joint Committee	Cr Mark Dawson, Cr Jim Butzbach, Cr Kees van Beek
West Coast Emergency Management Committee	Mayor Mike Havill
West Coast Regional Transport Committee	Cr Greg Hope
Sport NZ Rural Travel Fund – Allocation Committee	Cr Mark Dawson, Pavel Bares, Jane Neale
Hokitika Reserves and Environs Committee	Rob Daniel (Chair) Cr Jim Butzbach, Russell Gugich, Ian Gilbertson, Bruce Erickson, Barbara Erickson, Helen Love, Barry Pearson, Sue Asplin, Derek Blight
Safe Community Coalition	Cr Kees van Beek (Chair)  Prevention Constable Bruce Pearson, Area Commander Tasman Police District Mel Aitken, Carl Hutchby, Cathy Blincoe, Lucy Waller, Penny Kirk, Ivan Wilson, Rosie McGrath, Frances Stapleton, Rachel Forsyth, Corrina Gestro- Best, Diana Panapa, Mark Boere, Cheryl Oldham, Catherine Andrew, Colleen Freitas, David Stapleton, Derek Blight

# Executive team



Back row (L-R): Vivek Goel, Diane Maitland  
Front row (L-R): Jim Ebenhoh, Tanya Winter, Gary Borg

## **Tanya Winter** Chief Executive

Telephone: 03 756 9010  
Email: [ce@westlanddc.govt.nz](mailto:ce@westlanddc.govt.nz)

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

- Receives good policy advice
- Delivers all services to the desired standard
- Delivers the Annual and Long Term Plans
- Complies with the law

In order to achieve this, Tanya is responsible for ensuring that she has the right people to do the job. Tanya also oversees the West Coast Wilderness Trail, Civil Defence, Wildfoods Festival, Human Resources and Communications.

**Gary Borg**

Group Manager: Corporate Services

Telephone: 03 756 9030

Email: [gary.borg@westlanddc.govt.nz](mailto:gary.borg@westlanddc.govt.nz)

Gary's primary responsibility is to provide effective financial management within the policies adopted by Council and to develop Council's financial strategy. Gary is the relationship manager for the Council Controlled Organisations, assisting them to meet their reporting requirements. Gary's team deliver the Annual Report, Annual Plan /Long Term Plan and provide frontline customer service for Council, and information to tourists via the i-SITE. Gary's team also provides information management services including IT.

**Jim Ebenhoh**

Group Manager: Planning, Community & Environment

Telephone: 03 756 9035

Email: [jim.ebenhoh@westlanddc.govt.nz](mailto:jim.ebenhoh@westlanddc.govt.nz)

Jim is responsible for the department of Council which 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 and Community Development and maintaining the District Plan.

**Vivek Goel**

Group Manager: District Assets

Telephone: 03 756 9034

Email: [vivek.goel@westlanddc.govt.nz](mailto:vivek.goel@westlanddc.govt.nz)

Vivek's primary responsibility is for operating, maintaining and improving Council's infrastructural assets. These include roading, water and wastewater services, recreational assets, cemeteries, land and buildings, rural fire and solid waste disposal. Vivek 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](mailto: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.



# Maori contribution to decision making

Section 81 of the Local Government Act 2002 sets out the obligations for Council 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.

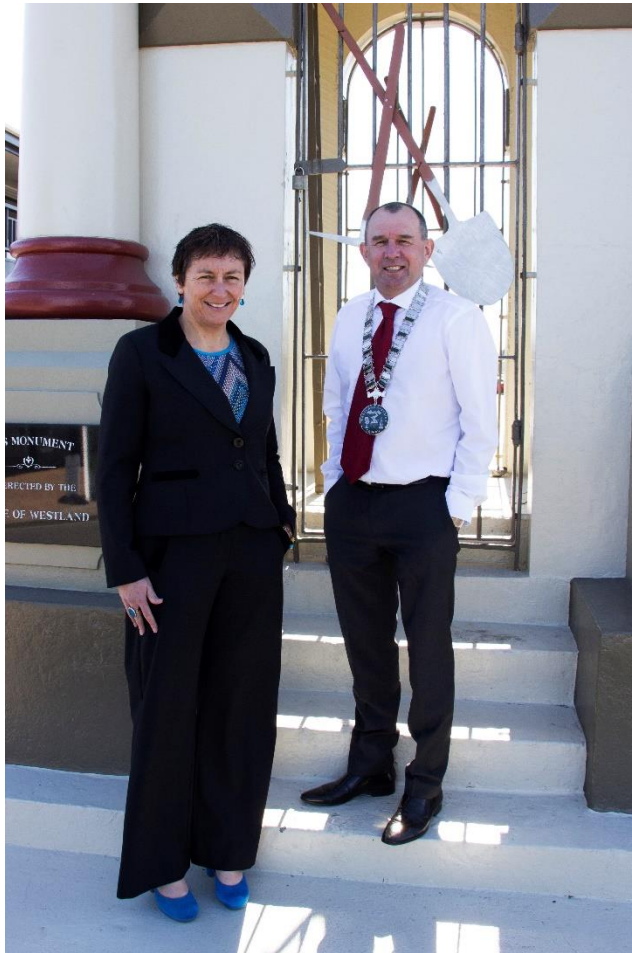
The Long Term Plan 2015-2025 includes a statement of commitment to consultation and engagement with Maori, particularly mana whenua.

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 either include a Makaawhio and/or Ngāti Waewae representative, or 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/Waiaua working group.

# Mayor 2015/16 & Chief Executive's Report



Council has completed Year 1 of its Long Term Plan 2015-25. We had a busy year implementing some of our medium and long term projects, including:

- Applying the new capital value based rating system
- Completing the penultimate year of our Austerity Depreciation Policy, which sees us successfully rebuilding our reserves for asset replacement
- Operating the new combined i-SITE and Customer Service Centre
- Achieving the first surplus in several years on the Hokitika Wildfoods Festival
- Progressing the planning for revitalisation of the Hokitika Waterfront with the help of community groups
- Opening the Hokitika to Ross section of the West Coast Wilderness Trail
- Commissioning the upgrade to the Blue Spur Water Treatment Plant, and winning a Local Government NZ highly commended award for this project
- Adopted the Water Supply Bylaw 2016

The distribution of 'Major District Initiative' funding yielded the Harihari Community Centre, a new roof and earthquake strengthening for the Ross Hall and the start of construction on the new Hokitika RSA facility. The Fox Glacier Community Centre is now well underway and Westland High School has been in

discussions with Council about how best to invest in their replacement buildings, including a planned recreation and community centre.

Some unbudgeted spending needed to occur in June when the Hokitika Swimming Pool boiler failed just shy of the new budget year. An investigation about the future of the swimming pool facility was already underway and the community will be asked for input on options soon.

Natural hazards once again had an impact on our district. In January the Jacksons Bay Road was closed on and off for many weeks because of heavy rain causing severe slips. The Franz Josef township then suffered a flooding disaster in April when the Waiho River breached its banks. This required the evacuation of homes and accommodation, with the Mueller wing of the Scenic Circle Hotel being significantly damaged. This event prompted a Civil Defence response across the region, and a formal local emergency declaration was made. The volunteers in Franz Josef did an amazing job managing this event and evacuating residents safely in the middle of the night.

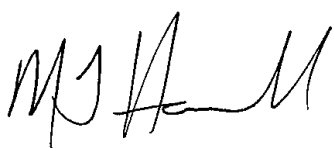
The flooding in Franz Josef also washed out the public wastewater treatment system, which had been scheduled for replacement in the Long Term Plan, and Council commenced a consultation process on this as part of the 2016-17 Annual Plan.

As part of its Annual Plan, Council consulted the public in April/May about upgrading the Hokitika stormwater system. The stormwater improvement programme was well received and will now be rolled out over the next 4 years.

We finished the year by ensuring the Annual Plan for 2016-17 was in place by the legislative deadline of 30 June 2016.

Late in the reporting year we were able to commence timely financial reporting, which reflects the improvements we have made to our systems and processes over the last triennium.

We have an election in October 2016, so a new Council will be in place for the tabling of this report. As outgoing Mayor I would like to wish the new Council well.



**Mike Havill**  
**MAYOR 2015/16**



**Tanya Winter**  
**CHIEF EXECUTIVE**

# Financial Statistics

	2015/16	2014/15	2013/14	2012/13	2011/12
Proportion of general rates to total income	35%	36%	31%	28%	24%
Average general rates per rateable property	\$1,239	\$981	\$913	\$778	\$757
Public debt (as a percentage of property, plant & equipment)	4%	4%	4%	4%	3%
Public debt (per rateable property)	\$2,661	\$2,519	\$2,232	\$2,350	\$1,842

# Financial Performance Summary

	2015/16 \$000	2014/15 \$000	2013/14 \$000	2012/13 \$000	2011/12 \$000
Rates - general	6,711	6,489	6,034	5,132	4,619
Net surplus/(deficit)	764	(1,935)	1,107	(1,030)	(2,457)
Working capital	4,004	4,189	3,994	(12,245)	4,452
Public debt	17,600	16,660	14,760	15,498	15,479
Total assets	449,597	418,884	392,498	392,302	393,164

	2015/16	2014/15	2013/14	2012/13	2011/12
Proportion of general rates to total income	29%	36%	31%	28%	24%
Average general rates per rateable property	\$1,015	\$981	\$913	\$778	\$757
Public debt (as a percentage of property, plant & equipment)	4%	4%	4%	4%	3%
Public debt (per rateable property)	\$2,661	\$2,519	\$2,232	\$2,350	\$1,842

# Annual report disclosure statement

The following information is the annual report disclosure statement for year ending 30 June 2016.

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.

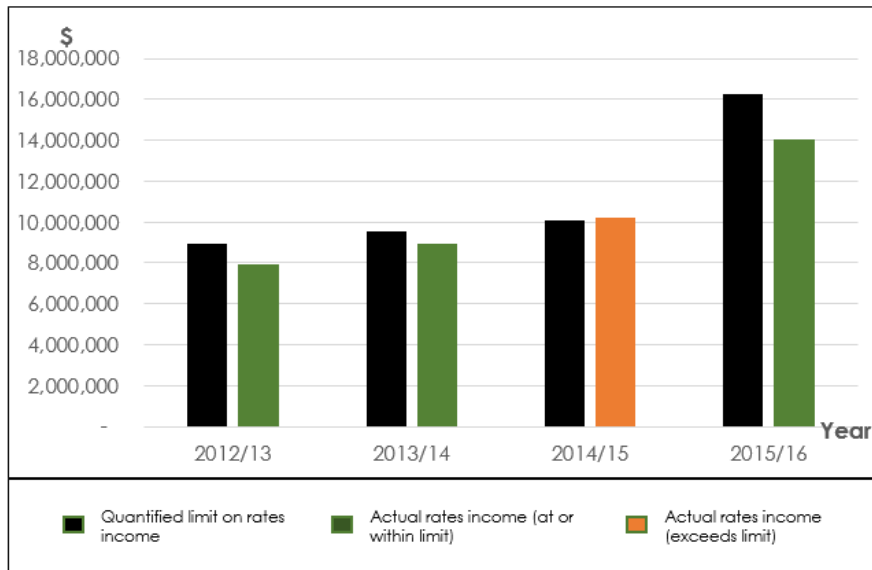
## Rates affordability

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.

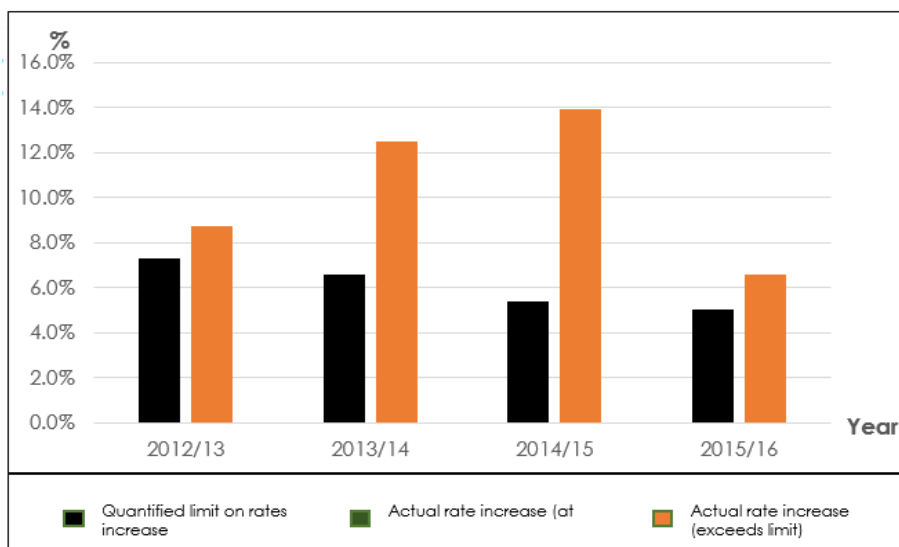
There is no limit prescribed in the LTP 2012-2022 for rates income however a limit is prescribed in the current LTP 2015-2025. The overall limit for rates revenue is aggregate of the maximum Council has prescribed for each of its activities (as in the Revenue and Financing Policy). Council meets this benchmark. In addition, previously we reported on general rates only, with changes to the Local Government (Financial Reporting and Prudence) Regulations 2014, the reporting below now includes all rates revenue.

### Rates (income) affordability



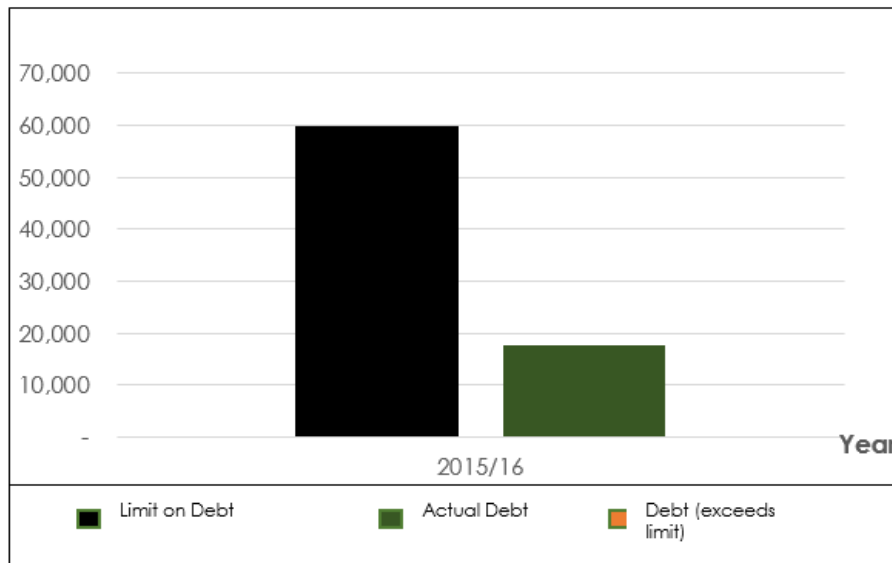
### Rates (increases) affordability

The following graph compares Council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the Long Term Plan. The quantified limit is 5% however it was forecast that this would be exceeded in for three years (from 2015/2016 – 2017/18) 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. This graph does not include the targeted rate for the repayment of borrowings for the Blue Spur water supply upgrade, as this affects only one ratepayer.

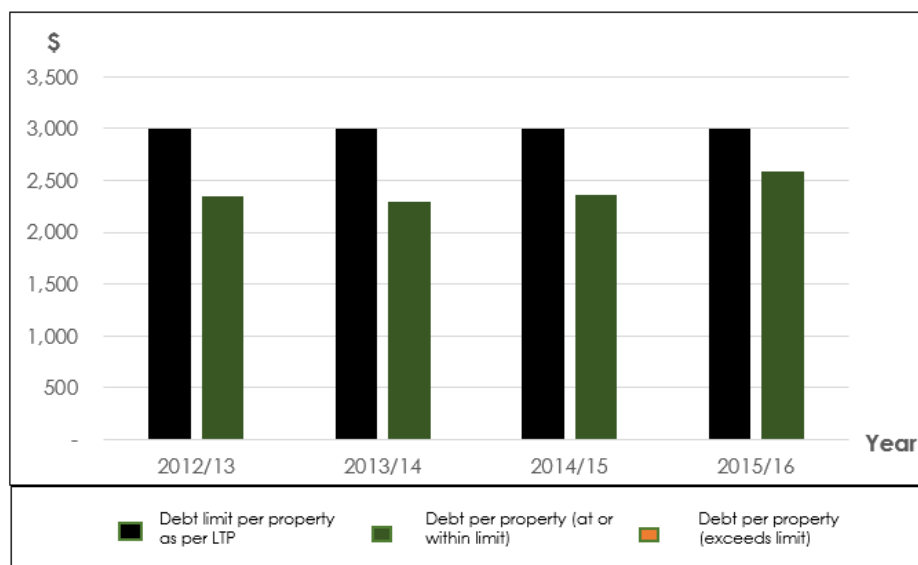


## Debt affordability benchmark

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. This measure has been met.

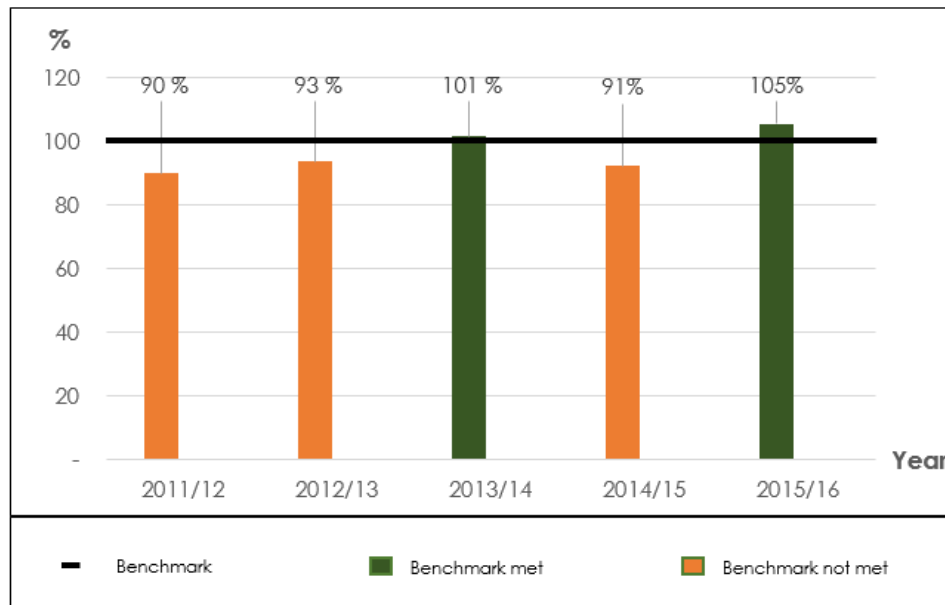




## Balanced budget benchmark

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 2015/16 financial year.

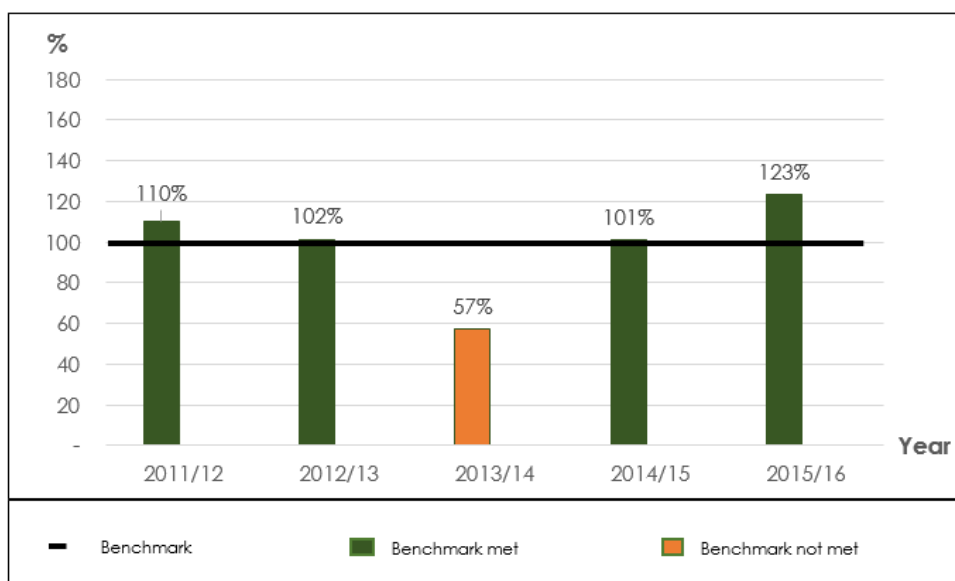
### Revenue /expenditure (%)



## 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.

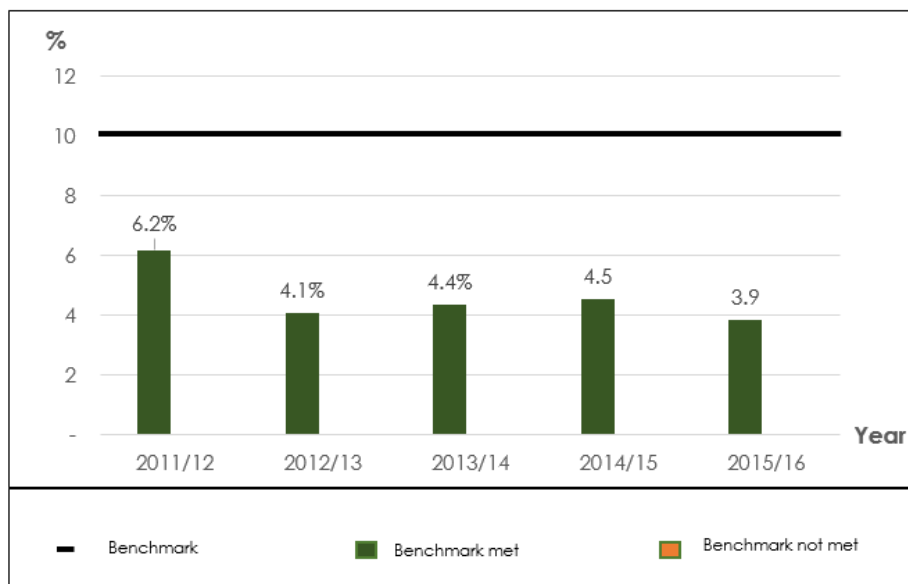
### Capital expenditure / Depreciation (%)



## 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 equal or are less than 10% of our revenue.

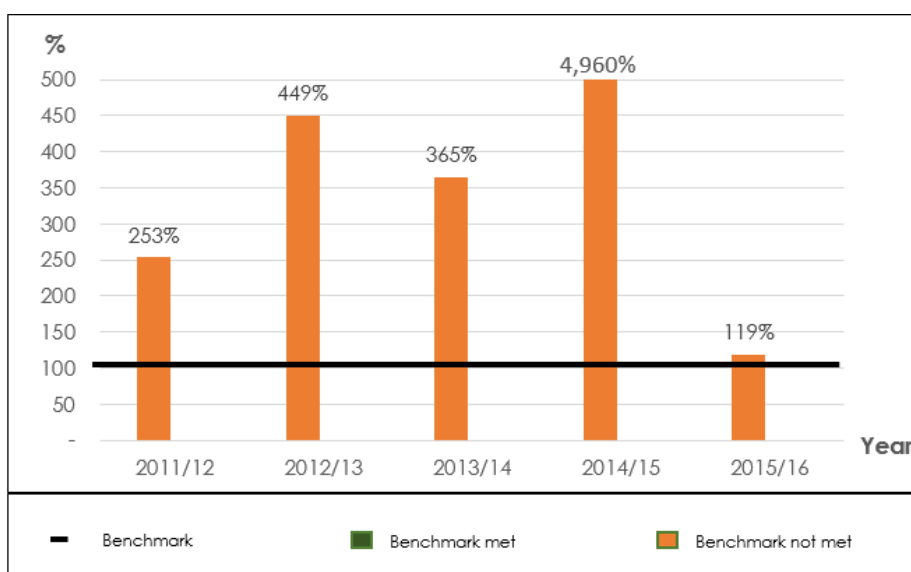
### Borrowing costs/Revenue (%)



## 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.

### Actual / Budgeted net debt (%)

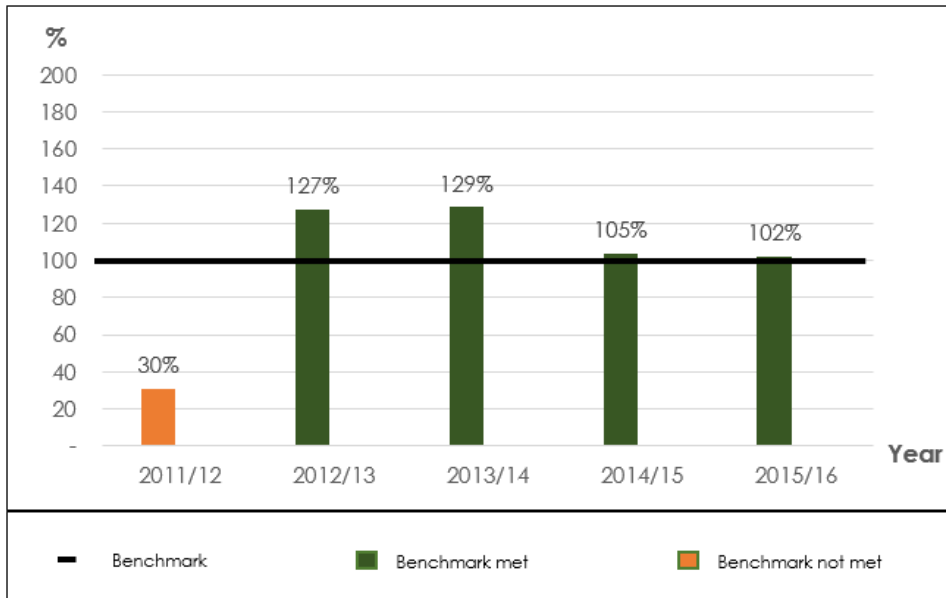


Actual net debt at 30 June 2016 is not consistent with previous years. The large disparity between actual net debt and planned net debt exists because the LTP 2012-22 unrealistically forecast that borrowing would remain at around \$12 million. In the LTP 2015-2025 debt has been forecast at a more realistic level.

## 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.

### Actual / Budget net cash flow from operations (%)





Council's Customer Service Centre/i-SITE collaboration has been a great success. We now offer a 7-day service to our customers. During the reporting year our Customer Service Manager (Lisa De Rooy pictured in the middle) relocated to the North Island for a new job – and her role has been filled by Maire Hearty. Maire lives in the District and was previously the Youth Librarian at the Westland Library.

# 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 2016

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2016	2016	2015	2016	2015
		\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>						
Rates	3	14,037	14,034	11,617	14,037	11,617
Fees and Charges	4	2,162	1,988	1,243	2,162	1,243
Subsidies and grants	5	5,103	3,172	2,775	5,103	2,775
Interest revenue	6	104	50	161	111	172
Other revenue	7	1,967	850	2,138	16,701	15,152
<i>Total revenue</i>		<b>23,373</b>	<b>20,094</b>	<b>17,934</b>	<b>38,114</b>	<b>30,959</b>
<b>Expenses</b>						
Personnel costs	8	3,267	3,536	3,158	12,605	11,313
Depreciation and amortisation expense	16-17	5,685	5,468	5,663	7,419	7,207
Finance costs	6	901	882	813	1,271	1,166
Other expenses	9	12,756	10,548	10,231	15,937	12,507
<i>Total expenses</i>		<b>22,609</b>	<b>20,435</b>	<b>19,865</b>	<b>37,232</b>	<b>32,193</b>
<b>Surplus/(deficit) before tax</b>		<b>764</b>	<b>(341)</b>	<b>(1,931)</b>	<b>882</b>	<b>(1,235)</b>
Income tax expense/(benefit)	10	(0)	0	2	63	235
<b>Surplus/(deficit) after tax</b>		<b>764</b>	<b>(341)</b>	<b>(1,935)</b>	<b>819</b>	<b>(1,470)</b>
<b>Other comprehensive revenue and expense</b>						
Financial assets at fair value through other comprehensive revenue and expense		0	0	0	0	0
Gain/(loss) on revaluation of assets	24	29,814	0	23,461	29,814	23,461
Tax on revaluations		0	0	64	0	64
<i>Total other comprehensive revenue and expense</i>		<b>29,814</b>	<b>0</b>	<b>23,525</b>	<b>29,814</b>	<b>23,525</b>
<b>Total comprehensive revenue and expense</b>		<b>30,578</b>	<b>(341)</b>	<b>21,590</b>	<b>30,633</b>	<b>22,055</b>

The accompanying notes form part of the financial statements.

# Statement of changes in equity

For the year ended 30 June 2016

	Council			Group	
	Actual	Budget	Actual	Actual	Actual
	2016	2016	2015	2016	2015
	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2015	396,173	374,341	373,299	399,394	376,001
Restatement of year ended 30 June	0	0	27	0	81
Found assets	529	0	1,257	529	1,257
Deferred tax on revaluations	0	0	0	0	0
Total comprehensive income	30,578	(1,153)	21,590	30,633	22,055
<b>Balance at 30 June 2016</b>	<b>427,282</b>	<b>373,188</b>	<b>396,173</b>	<b>430,554</b>	<b>399,394</b>

The accompanying notes form part of the financial statements.

# Statement of financial position

As at 30 June 2016

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2016 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	11	1,875	2,582	3,936	2,369	4,209
Debtors and other receivables	12	3,764	2,238	3,301	5,902	5,487
Other financial assets	14	1,000	0	1,000	1,000	1,000
Inventory	15	0	0	0	666	366
Work in progress		0	0	0	167	189
<b>Total current assets</b>		<b>6,639</b>	<b>4,820</b>	<b>8,237</b>	<b>10,104</b>	<b>11,251</b>
<b>Non-current assets</b>						
Property, plant and equipment	16	433,498	389,065	399,595	450,427	415,571
Intangible assets	17	74	46	89	225	240
Derivative financial instruments	13	0	160	0	0	0
Council Controlled Organisations	14	8,695	8,695	8,695	(0)	(0)
Other Financial Assets	14	40	1,379	42	40	42
Investment property	16A	0	0	0	0	0
Term inventory	15	0	0	0	347	390
Assets under construction	18	651	0	2,227	651	2,227
<b>Total non-current assets</b>		<b>442,959</b>	<b>399,345</b>	<b>410,648</b>	<b>451,690</b>	<b>418,470</b>
<b>Total assets</b>		<b>449,597</b>	<b>404,165</b>	<b>418,884</b>	<b>461,794</b>	<b>429,720</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Creditors and other payables	19	2,112	2,271	3,522	3,251	4,227
Derivative financial instruments	13	0	0	29	0	29
Borrowings	23	0	1,712	0	817	2,345
Employee entitlements	22	240	236	296	1,075	1,071
Provisions	21	0	0	0	0	0
Tax payable		3	3	3	3	75
Other current liabilities	20	280	193	198	314	214
<b>Total current liabilities</b>		<b>2,635</b>	<b>4,415</b>	<b>4,048</b>	<b>5,460</b>	<b>7,961</b>
<b>Non-current liabilities</b>						
Derivative financial instruments	13	771	135	356	771	356
Borrowings	23	17,600	16,472	16,660	23,332	19,939
Employee entitlements	22	28	52	29	197	167
Provisions	21	1,251	1,666	1,588	1,251	1,588
Deferred Tax	10	30	90	30	229	315
<b>Total non-current liabilities</b>		<b>19,680</b>	<b>18,415</b>	<b>18,663</b>	<b>25,780</b>	<b>22,365</b>
<b>Total liabilities</b>		<b>22,314</b>	<b>22,830</b>	<b>22,711</b>	<b>31,240</b>	<b>30,326</b>
<b>Net assets</b>		<b>427,282</b>	<b>381,335</b>	<b>396,173</b>	<b>430,554</b>	<b>399,394</b>
<b>Equity</b>						
Retained earnings	24	153,182	152,759	152,297	155,623	154,682
Restricted reserves	24	4,492	3,734	4,082	4,492	4,087
Revaluation reserves	24	269,545	224,842	239,731	270,376	240,562
Other comprehensive revenue and expense reserve	24	64	0	64	64	64
<b>Net assets</b>		<b>427,282</b>	<b>381,335</b>	<b>396,173</b>	<b>430,554</b>	<b>399,394</b>

The accompanying notes form part of the financial statements.



# Statement of cash flows

For the year ended 30 June 2016

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2016	2016	2015	2016	2015
		\$000	\$000	\$000	\$000	\$000
<b>Cash flows from operating activities</b>						
<i>Cash provided from</i>						
Rates		14,210	14,034	8,852	14,013	8,813
Fees and Charges		2,162	0	3,959	2,162	3,959
Interest received		104	547	161	111	172
Dividends received		170	0	0	0	0
Subsidies and grants		5,103	3,061	0	5,103	0
Receipts from other revenue		1,328	5,914	4,059	16,897	15,833
<i>Cash paid to</i>						
Payments to suppliers and employees		(17,467)	(17,121)	(11,057)	(29,916)	(20,568)
Interest paid		(901)	(882)	(813)	(1,318)	(1,166)
Income tax paid		0	0	0	(179)	(261)
<i>Net cash flow from operating activities</i>	25	<b>4,709</b>	<b>5,551</b>	<b>5,160</b>	<b>6,872</b>	<b>6,781</b>
<b>Cash flows from investing activities</b>						
<i>Cash provided from</i>						
Receipts from sale of property, plant and equipment		9	0	88	293	484
Receipts from sale of investments		0	0	0	0	0
Movement in Westpac bonds		10	0	321	10	321
<i>Cash paid to</i>						
Purchase of intangible assets		(24)	0	0	(24)	0
Purchase of property, plant and equipment		(7,706)	(4,104)	(6,337)	(10,857)	(10,500)
<i>Net cash flow from investing activities</i>		<b>(7,711)</b>	<b>(4,104)</b>	<b>(5,928)</b>	<b>(10,578)</b>	<b>(9,695)</b>
<b>Cash flows from financing activities</b>						
<i>Cash provided from</i>						
Loans raised		3,750	801	2,000	6,197	4,450
<i>Cash paid to</i>						
Loan repayments		(2,810)	(2,472)	(100)	(4,331)	(550)
<i>Net cash flow from financing activities</i>		<b>940</b>	<b>(1,671)</b>	<b>1,900</b>	<b>1,866</b>	<b>3,900</b>
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts		(2,062)	(224)	1,131	(1,840)	986
<i>Cash and cash equivalent 01 Jul 2015</i>		3,937	2,806	2,806	4,209	3,224
<b>Cash and cash equivalent 30 Jun 2016</b>	<b>11</b>	<b>1,875</b>	<b>2,582</b>	<b>3,937</b>	<b>2,369</b>	<b>4,209</b>

The accompanying notes form part of the financial statements.

# Whole of Council Funding Impact Statement

For the year ended 30 June 2016

	Actual 2015/16 \$000	LTP 2015/16 \$000	Actual 2014/15 \$000	Annual plan 2014/15 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	6,711	6,677	6,543	6,516
Targeted rates	7,326	7,357	2,359	2,264
Subsidies and grants for operating purposes	1,229	1,572	754	1,829
Fees and charges	3,309	2,000	5,637	5,107
Interest and dividends from investments	594	547	479	0
Local authorities fuel tax, fines, infringement fees, and other receipts	172	3,698	135	120
<i>Total operating funding (A)</i>	<b>19,341</b>	<b>21,851</b>	<b>15,908</b>	<b>15,836</b>
<b>Application of operating funding</b>				
Payments to staff and suppliers	15,964	17,330	12,845	12,930
Finance costs	901	882	812	946
Other operating funding applications	0	0	0	0
<i>Total applications of operating funding (B)</i>	<b>16,865</b>	<b>18,212</b>	<b>13,657</b>	<b>13,876</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>2,475</b>	<b>3,639</b>	<b>2,250</b>	<b>1,960</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	3,874	1,489	2,084	1,344
Development and financial contributions	0	0	0	0
Increase/(decrease) in debt	940	(1,671)	1,900	830
Gross proceeds from sale of assets	4	0	114	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<i>Total sources of capital funding (C)</i>	<b>4,818</b>	<b>(182)</b>	<b>4,098</b>	<b>2,174</b>
<b>Application of capital funding</b>				
<b>Capital expenditure:</b>				
- To meet additional demand	27	77	260	0
- To improve the level of service	7,207	208	3,156	420
- To replace existing assets	2,723	3,820	2,722	2,817
Increase/(decrease) in reserves	(2,662)	(647)	547	898
Increase/(decrease) in investments	(2)	0	(336)	0
<i>Total applications of capital funding (D)</i>	<b>7,293</b>	<b>3,457</b>	<b>6,348</b>	<b>4,135</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(2,475)</b>	<b>(3,639)</b>	<b>(2,250)</b>	<b>(1,960)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>

The accompanying notes form part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## **NOTE 1: STATEMENT OF ACCOUNTING POLICIES**

### **PUBLIC BENEFIT ENTITY STANDARDS**

As a Public Benefit Entity (PBE), Westland District Council's financial reporting is governed by the new reporting standards for the public sector. The Statement of Accounting Policies that follows is constructed after an assessment of the changes that the new standards prescribe and an assessment of the impact on the comparability with reports for previous periods that were prepared under NZ IFRS.

### **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, Hokitika Airport Limited and Westland District Property 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 2016. The financial statements were authorised for issue by Council on 31 October 2016.

### **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, 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 and disclosure concessions have been applied.

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). The functional currency of the Council is New Zealand dollars.

## **SIGNIFICANT ACCOUNTING POLICIES -**

### **Cost Allocation 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.

### **SUBSIDIARIES**

Subsidiaries are those entities in which Council has control. Westland Holdings Ltd is Council's direct reporting subsidiary. This company controls three Council Controlled Organisations which are reporting entities under the Financial Reporting Act 1993. The Group consists of Westland District Properties Ltd, Hokitika Airport 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.

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.

### **REVENUE**

Revenue is measured at the fair value of consideration received.

#### **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.

#### **Other revenue**

Grants:

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.

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, substantially the 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.

#### *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.

### *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.

## **CONSTRUCTION CONTRACTS**

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.

## **BORROWING COSTS**

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

## **INCOME TAX**

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 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 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.

## **LEASES**

### **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.

### **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.

## **FINANCIAL ASSETS**

### **Cash and cash equivalents**

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.

### **Trade and other receivables**

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

### **Other financial assets**

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.

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 recognition, 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.



## **INVENTORIES**

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 inventory, 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.

## **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. Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), library books, and 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
<b>OPERATIONAL</b>		
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%
<b>RESTRICTED</b>		
Buildings	5 to 50	2% - 20%
<b>INFRASTRUCTURE</b>		
<b>Waste Transfer Stations</b>	20	5%
<b>Roads</b>		
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%
<b>Water</b>		
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%
<b>Sewer</b>		
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%
<b>Stormwater</b>		
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.

### 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. 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.

## **INTANGIBLE ASSETS**

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.

## **IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS**

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

### **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.

## **FORESTRY ASSETS**

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs, and silvicultural costs and takes into consideration environmental, operational, and market restrictions. Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

## **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.

## **EMPLOYEE BENEFITS**

### **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-term benefits**

#### *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. A discount rate of between 6.25% and 7.0%, and an inflation factor of 1.9% to 2.7% 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.

### **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.

### **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. 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.

## **PROVISIONS**

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.

## **TRADE AND OTHER PAYABLES**

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

## **BORROWINGS**

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.

### **Accounting for derivative financial instruments and hedging activities**

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.

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 movement in the fair value of the derivative contracts is recognised in the surplus or deficit.

### **EQUITY**

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

#### **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.

### **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 year one of its 2015/16 Long Term 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 are discussed below:

#### **Landfill aftercare provision**

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

### **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.

### **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**

IPSAS is a comprehensive set of standards through which Council ensures compliance with appropriate accounting regulations and conventions.

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Council has applied these standards in preparing the 30 June 2016 financial statements.

## NOTE 2. SUMMARY REVENUE AND EXPENDITURE FOR GROUP OF ACTIVITIES

	Council		
	Actual	Budget	Actual
	2016 \$000	2016 \$000	2015 \$000
<b>Revenue</b>			
Leisure and cultural assets	2,847	1,668	761
Community services	807	772	125
Planning and regulatory services	967	819	914
Transportation	3,307	3,018	2,905
Water supply	4,351	3,858	2,722
Wastewater	965	919	802
Stormwater	434	402	0
Solid waste management	2,104	1,374	2,349
Democracy services and administration	6,466	6,904	6,337
<i>Total activity revenue</i>	22,250	19,734	16,956
<i>Less internal revenue</i>	(5,588)	(6,318)	(5,396)
<i>General Rates</i>	6,711	6,677	6,373
<i>Total revenue</i>	23,373	20,094	17,934
<b>Expenditure</b>			
Leisure and cultural assets	3,933	2,880	3,008
Community services	1,073	1,002	390
Planning and regulatory services	1,837	1,806	1,448
Transportation	5,918	5,818	5,120
Water supply	3,400	3,189	2,817
Wastewater	1,295	1,036	939
Stormwater	762	597	604
Solid waste management	2,262	2,306	2,020
Democracy services and administration	7,496	7,905	7,981
<i>Total activity expenditure</i>	27,975	26,539	25,261
<i>Less internal expense</i>	(5,366)	(6,104)	(5,396)
<i>Total expenditure</i>	22,609	20,435	19,865
<b>Operating Surplus/(deficit)</b>	<b>763</b>	<b>(341)</b>	<b>(1,931)</b>

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.

### Note 3: RATES

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
General rates	6,711	6,489	6,711	6,489
<i>Targeted rates attributable to activities:</i>				
<i>Metered water supply</i>	3,244	1,533	3,244	1,533
<i>Other water rates</i>	876	1,183	876	1,183
Rates penalties	140	169	140	169
Kokatahi rural fire	17	8	17	8
Glacier country promotions	65	65	65	65
Community rates	1,480	0	1,480	0
Enterprise Hokitika	40	39	40	39
Ross swimming pool	0	20	0	20
Waste management	718	1,499	718	1,499
Sewerage	879	728	879	728
<b>Total rates</b>	<b>14,170</b>	<b>11,734</b>	<b>14,170</b>	<b>11,734</b>

### Note 3.1: Remissions

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Total gross rates.	14,170	11,734	14,170	11,734
Rates remissions:				
- Community and sports organisations	3	24	3	24
- Unoccupied Maori land	8	15	8	15
- Other remissions	98	53	98	53
- Discounts	24	24	24	24
<i>Total remissions</i>	133	116	133	116
<b>Rates (net of remissions)</b>	<b>14,037</b>	<b>11,618</b>	<b>14,037</b>	<b>11,618</b>

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.



**Note 4: FEES AND CHARGES**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Landfill Charges	1,028	840	1,028	840
Building and Resource consents	156	0	156	0
Regulatory Fees	569	0	569	0
Parking fees	0	6	0	6
Admission fees	255	203	255	203
Other fees and charges	154	195	154	195
<b>Total subsidies and grants</b>	<b>2,162</b>	<b>1,243</b>	<b>2,162</b>	<b>1,243</b>

**Note 5: SUBSIDIES AND GRANTS**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
NZ Transport roading subsidies	3,306	2,741	3,306	2,741
Other grants	32	20	32	20
Events grants	7	2	7	2
West Coast Wilderness Trail	1,549	0	1,549	0
Water Subsidy	209	13	209	13
<b>Total subsidies and grants</b>	<b>5,103</b>	<b>2,775</b>	<b>5,103</b>	<b>2,775</b>

There are no unfulfilled conditions or contingencies attached to the subsidies and grants recognised (2015 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.

**Note 6: FINANCE REVENUE & FINANCE COSTS**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Finance revenue</b>				
<i>Interest revenue:</i>				
- Call account	21	22	21	22
- Term deposits	4	49	4	49
- Related party loans	0	0	0	0
- Other interest	28	15	35	26
- Local authority and government bonds	0	0	0	0
- Other bonds	51	75	51	75
<i>Total finance revenue</i>	104	161	111	172
<b>Finance costs</b>				
<i>Interest expense:</i>				
- interest on bank borrowings	716	691	1,086	1,044
Interest derivatives (presented net):				
- held for trading interest rate swaps	185	122	185	122
<i>Total finance costs</i>	901	813	1,271	1,166
<b>Net finance costs</b>	<b>(797)</b>	<b>(652)</b>	<b>(1,159)</b>	<b>(994)</b>

**Note 7: OTHER REVENUE**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Traffic and parking infringements	13	14	13	14
Regulatory revenue	156	794	156	794
Petrol tax	119	116	119	116
Donations	21	10	21	10
Dividend income	170	0	0	0
Subvention receipts	320	319	0	0
Insurance recoveries	0	144	0	144
Net Gain on held for trading interest rate swaps	0	0	0	0
Property, plant & equipment: gains on disposal	5	0	35	115
Other	1,163	741	1,944	13,959
<b>Total other revenue</b>	<b>1,967</b>	<b>2,138</b>	<b>2,288</b>	<b>15,152</b>

**Note 8: PERSONNEL COSTS**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Salaries and wages	3,211	3,009	12,237	10,889
Employer contributions to superannuation and benefits	113	113	406	357
Increase/(decrease) in employee entitlements	(57)	37	(38)	68
<b>Total personnel costs</b>	<b>3,267</b>	<b>3,158</b>	<b>12,605</b>	<b>11,313</b>

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

**Note 9: OTHER EXPENSES**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Fees to auditors	130	139	214	226
Fees to auditors for other services	1	98	1	98
Donations and grants	880	389	881	389
Contractors	3,910	2,735	3,910	2,735
Insurance premiums	256	335	256	335
Consultants and legal fees	1,073	930	1,073	930
Impairment of receivables (note 12)	(163)	(24)	(163)	(27)
Minimum lease payments under operating leases	42	42	386	391
Fair value gains/(losses) on valuation of investment property	0	0	95	65
Property, plant & equipment: loss on disposal	31	205	130	233
Net loss on held for trading interest rate swaps	386	410	386	410
Other operating expenses	6,212	4,971	6,380	6,721
<b>Total other expenses</b>	<b>12,756</b>	<b>10,231</b>	<b>13,547</b>	<b>12,507</b>

The fees to Audit New Zealand for other services in the year 30 June 2016 were related to the audit of the Council's 2015-2025 Consultation Document and Long-Term Plan: \$1,000.

Material variances are explained in Note 34.

**Note 10: TAX** This note will be updated with Group information

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Component of tax expense</b>				
Current tax	0	0	60	202
Adjustments to current tax in prior years	0	0	0	18
Deferred tax	0	(4)	3	15
<b>Tax expense</b>	<b>0</b>	<b>(4)</b>	<b>63</b>	<b>235</b>
<b>Relationship between tax expense and accounting profit</b>				
Surplus/(deficit) before tax	539	(1,931)	457	(1,235)
Tax at 28%	151	(541)	127	(346)
Permanent differences	(240)	508	26	633
Plus/(less) tax effect of:				
Non-taxable revenue	0	0	0	0
Deferred tax adjustment	0	0	0	(70)
Group loss offset	90	92	(90)	0
Prior year adjustment	0	(64)	0	18
<b>Tax expense</b>	<b>0</b>	<b>(4)</b>	<b>63</b>	<b>235</b>

	Property, plant, and equipment \$000	Other Provisions \$000	Tax Losses \$000	Total \$000
<b>Deferred tax assets/(liabilities)</b>				
<b>Council</b>				
Balance as at 1 July 2014	(95)	0	6	(89)
Charged to surplus or deficit	(2)	0	(2)	(4)
Charged to other comprehensive revenue	63	0	0	63
Balance as at 30 June 2015	(34)	0	4	(30)
Charged to surplus or deficit	(3)	0	3	0
Charged to other comprehensive revenue	0	0	0	0
<b>Balance as at 30 June 2016</b>	<b>(37)</b>	<b>0</b>	<b>7</b>	<b>(30)</b>
<b>Group</b>				
Balance as at 1 July 2014	(567)	198	6	(363)
Charged to surplus or deficit	13	(35)	7	(15)
Charged to other comprehensive revenue	63	0	0	63
Balance as at 30 June 2015	(491)	198	13	(315)
Charged to surplus or deficit	(599)	(374)	26	(15)
Charged to other comprehensive revenue	63	0	0	63
<b>Balance as at 30 June 2016</b>	<b>(1,027)</b>	<b>(176)</b>	<b>39</b>	<b>(267)</b>

## Note 11: CASH AND CASH EQUIVALENTS

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Cash at bank and on hand	1,875	3,436	2,369	3,709
Term deposits with maturities of less than 3 months at acquisition	0	500	0	500
<b>Total cash and cash equivalents</b>	<b>1,875</b>	<b>3,936</b>	<b>2,369</b>	<b>4,209</b>

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

## Note 12: DEBTORS AND OTHER RECEIVABLES

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Rates receivables*	1,262	1,433	1,262	1,433
Other receivables:				
- related party receivables*	316	487	0	0
- NZ Transport Agency	276	812	276	812
- Subvention receivable*	320	190	0	0
- Other	1,779	737	4,491	3,403
Gross debtors and other receivables	3,952	3,658	6,029	5,648
Less provision for impairment	(188)	(358)	(127)	(161)
<b>Total debtors and other receivables</b>	<b>3,764</b>	<b>3,301</b>	<b>5,902</b>	<b>5,487</b>

*Movement in the provision for impairment of receivables are as follows*

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Balance as at 1 July 2015	358	385	268	298
Additional provisions made during this year	14	89	16	91
provisions reversed during the year	(185)	(74)	(186)	(75)
Receivables written-off during the period	1	(42)	(3)	(46)
<b>Balance as at 30 June 2016</b>	<b>188</b>	<b>358</b>	<b>95</b>	<b>268</b>

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 judgement enforced by sale or lease of the rating unit. The impairment provision has been calculated based on a review of specific overdue receivables.

	2016			2015		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
<b>Council</b>						
0 to 3 months	2,827	(3)	2,825	2,264	(47)	1,840
4 to 6 months	180	(5)	175	329	(50)	279
7 to 9 months	541	(4)	537	183	(12)	171
10 to 12 months	151	(77)	75	121	(31)	90
> 12 months	252	(99)	153	761	(218)	543
<b>Total</b>	<b>3,952</b>	<b>(188)</b>	<b>3,765</b>	<b>3,658</b>	<b>(358)</b>	<b>2,923</b>
<b>Group</b>						
0 to 3 months	4,747	(4)	4,744	5,081	(47)	4,868
4 to 6 months	324	(6)	318	370	(50)	320
7 to 9 months	675	(4)	671	184	(12)	172
10 to 12 months	151	(82)	70	126	(32)	94
> 12 months	131	(31)	100	872	(231)	641
<b>Total</b>	<b>6,029</b>	<b>(127)</b>	<b>5,902</b>	<b>6,633</b>	<b>(372)</b>	<b>6,095</b>

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

## Note 13: DERIVATIVE FINANCIAL INSTRUMENTS

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Current asset portion</b>				
Interest rate swaps - cash flow hedges	0	0	0	0
<i>Total current asset portion</i>				
<b>Non-current asset portion</b>				
Interest rate swaps - cash flow hedges	0	0	0	0
Interest rate swaps - held for trading	0	0	0	0
Total non-current asset portion	0	0	0	0
<b>Total derivative financial instrument assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Current liability portion</b>				
Interest rate swaps - cash flow hedges	0	29	0	29
Forward foreign exchange contracts - held for trading	0	0	0	0
Total current liability portion	0	29	0	29
<b>Non-current liability portion</b>				
Interest rate swaps - cash flow hedges	771	357	771	357
Total non-current liability portion	771	357	771	357
<b>Total derivative financial instrument liabilities</b>	<b>771</b>	<b>385</b>	<b>771</b>	<b>385</b>

The interest rate swaps have been included at fair value. The basis for valuation are observable inputs (Level 2 - see note 14 for Fair Value Hierarchy).

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

Maturity date	Fixed interest rate	Amount 2016	Amount 2015
1/10/2021	4.10%	5,000,000	5,000,000
17/11/2020	3.55%	2,500,000	2,500,000
17/06/2016	4.52%		2,000,000
17/09/2019	4.77%	2,500,000	2,500,000
26/09/2017	2.28%	1,000,000	
21/09/2018	2.35%	1,500,000	
		<b>12,500,000</b>	<b>12,000,000</b>

## Note 14: OTHER FINANCIAL ASSETS

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Current portion</b>				
Assets available for sale				
Civic Assurance	40	30	40	30
Westpac Bonds	960	970	960	970
Loans and Receivables	0	0	0	0
Total current portion	1,000	1,000	1,000	1,000
<b>Non-current portion</b>				
Assets available for sale				
Forestry	2	2	2	2
Loans and Receivables				
Kaniere sewerage loan	38	40	38	40
Shares at cost				
Westland Holdings Limited	8,695	8,695	0	0
Total non-current portion	8,735	8,737	40	42
<b>Total other financial assets</b>	<b>9,735</b>	<b>9,737</b>	<b>1,040</b>	<b>1,042</b>

Westland District Property Limited	2,627	2627
Hokitika Airport Limited	2,718	2718
Westroads Limited	3,350	3350

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

### 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.

*Level 3 Valuation technique with significant non-observable inputs* - Financial instruments valued using models where one or more significant inputs are not observable.

### Assets available for sale

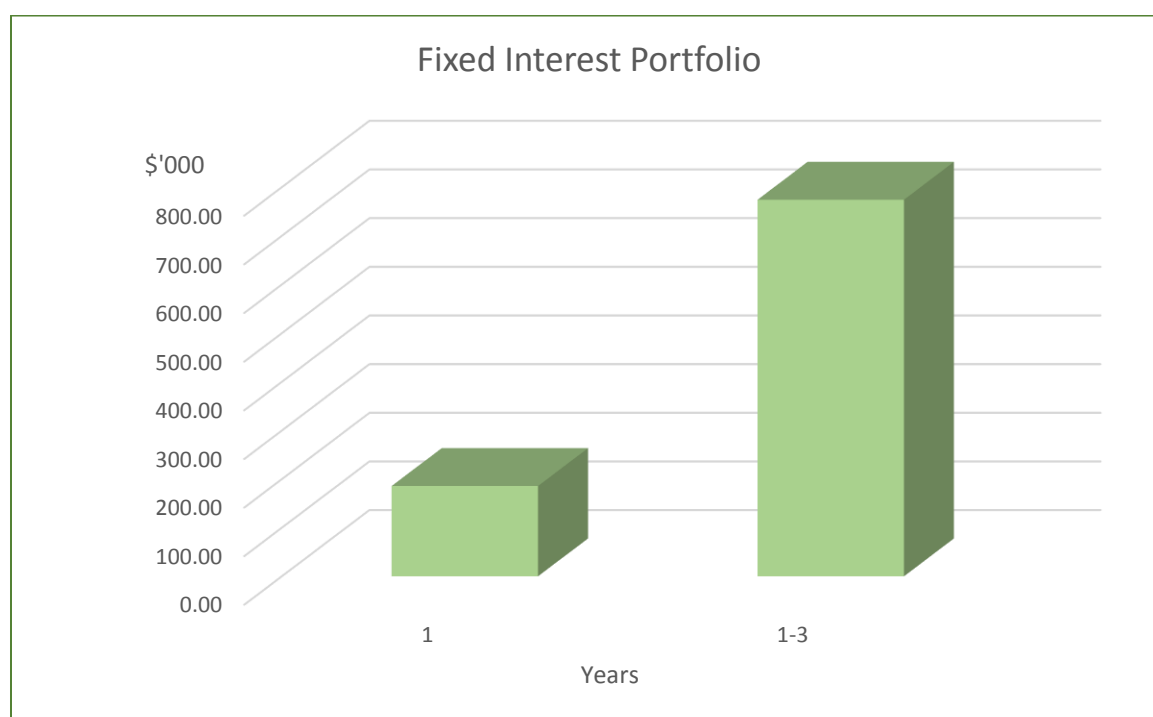
Assets available for resale are valued at fair value, based on the published price of the assets. The basis of valuation is using observable inputs (Level 2).



## Fixed Interest Portfolio –Bonds

Bonds are disclosed at quoted market price (Level 1). As at 30 June 2016 this was \$30,000 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 5.96% (2015: 5.96%). The graph below depicts the maturity profile

Bonds Portfolio as at 30/06/2016						
Name	Type	Rating	Maturity	Coupon	Face Value \$	Market Value \$
ANZ	Unsecured Notes	AA-	18/09/2017	4.89%	100,000	103,813
Auckland Council	Secured Notes	AA	29/09/2017	6.52%	100,000	106,641
Auckland Airport	Senior Bond	A-	15/11/2016	8.00%	180,000	185,843
BNZ	Secured Bond	AA-	25/06/2019	5.57%	200,000	213,412
Rabobank Capital	Perpetual Bond	BBB-	8/10/2017	4.59%	150,000	138,900
Rabobank NZ	Unsecured Notes	A+	19/03/2019	6.10%	100,000	109,038
Westpac	Corporate Bond	AA-	12/07/2017	4.59%	100,000	102,354
					930,000	960,001



Council's investment policy stipulates that financial investments held in the form of bonds should have a minimum credit rating of A. There are two bonds in the portfolio that breach this guideline. This has been the case since the policy was written and Council resolved to retain the bonds on 23 July 2015.

## Note 15: INVENTORY

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Metal stocks	0	0	420	181
Other supplies	0	0	246	185
<b>Total inventory</b>	<b>0</b>	<b>0</b>	<b>666</b>	<b>366</b>
Development land	0	0	347	390
<b>Total term inventory</b>	<b>0</b>	<b>0</b>	<b>347</b>	<b>390</b>

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 2016, the historical cost of items held was \$25,315. In line with the above policy, they are assumed to have nil realisable value.

Note 16: PROPERTY, PLANT, AND EQUIPMENT

	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 30-Jun-16	Carrying amount
	1-Jul-15 \$000	1-Jul-15 \$000	1-Jul-15 \$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	30-Jun-16 \$000	30-Jun-16 \$000	30-Jun-16 \$000
COUNCIL 2016													
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)	6,173	0	6,173	326	0	0	0	0	0	0	6,499	0	6,499
Buildings	8,164	(51)	8,113	166	(2)	0	(323)	1	0	0	8,328	(374)	7,954
Furniture & fittings	1,515	(716)	799	24	(4)	0	(92)	5	0	0	1,535	(803)	732
Library books	1,162	(917)	246	56	0	0	(54)	0	0	0	1,218	(971)	247
Museum artefacts	165	0	165	0	0	0	0	0	0	0	165	0	165
WBU assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Computer equipment	458	(344)	114	49	(62)	0	(45)	62	0	0	445	(326)	119
Office equipment	497	(424)	73	1	(1)	0	(17)	1	0	0	497	(440)	56
Motor Vehicles	417	(304)	113	57	(89)	0	(78)	62	0	0	386	(320)	66
Operational Plant and Equipment	62	(10)	51	6	0	0	(4)	0	0	0	68	(15)	53
Jackson's Bay wharf	263	0	263	0	0	0	(5)	0	0	0	263	(5)	257
Total operational assets	27,567	(2,766)	24,800	686	(159)	0	(619)	131	0	0	28,093	(3,255)	24,839
Infrastructural assets													
Land	2,168	0	2,168	2	0	0	0	0	0	0	2,170	0	2,170
Buildings	1,005	(34)	971	0	0	0	(38)	0	0	0	1,005	(73)	932
Roading network	198,631	0	198,631	1,680	0	0	(2,282)	0	0	11,205	209,234	0	209,234
Land under roads	55,365	0	55,365	0	0	0	0	0	0	0	55,365	0	55,365
Bridges	39,179	0	39,179	0	0	0	(483)	0	0	7,854	46,550	0	46,550
Water supply reticulation	27,252	0	27,252	1,834	0	0	(904)	0	0	(7,181)	21,001	0	21,001
Water supply treatment	1,777	0	1,777	3,618	0	0	(223)	0	0	8,108	13,281	0	13,281
Drainage/stormwater	7,771	0	7,771	31	0	0	(208)	0	0	1,115	8,709	0	8,709
Refuse sites	2,533	(232)	2,302	530	0	0	(32)	0	0	2,134	4,912	0	4,912
Sewerage system reticulation	14,372	0	14,372	17	0	0	(354)	0	0	(4,696)	9,338	0	9,338
Sewerage system treatment	84	0	84	0	0	0	(0)	0	0	6,453	6,536	0	6,536
Total infrastructural assets	350,138	(266)	349,872	7,712	0	0	(4,523)	0	0	24,992	378,103	(73)	378,030
Restricted assets													
Land	1,254	0	1,254	0	0	0	0	0	0	0	1,254	0	1,254
Public buildings	3,176	(13)	3,164	53	0	0	(118)	0	0	0	3,229	(131)	3,098
Cemetery buildings	69	(6)	63	0	0	0	(3)	0	0	0	69	(9)	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	0	0	0	0	0	0	0	6,815	0	6,815
Reserve/recreation buildings	3,171	(55)	3,116	7	0	0	(133)	0	0	0	3,178	(188)	2,990
Reserve/improvements	7,019	(329)	6,690	1,291	0	0	(244)	0	0	4,822	12,560	0	12,560
Swimming pools	2,804	(70)	2,733	62	(5)	0	(28)	2	0	0	2,861	(96)	2,765
Total restricted assets	25,396	(473)	24,923	1,413	(5)	0	(526)	2	0	4,822	31,053	(424)	30,629
Total Council	403,100	(3,506)	399,595	9,812	(164)	0	(5,668)	133	0	29,814	437,249	(3,751)	433,498

Subsidiaries property, plant and equipment													
Land & Buildings	5,804	(516)	5,288	475	(9)	0	(109)	0	0	(95)	6,270	(720)	5,550
Plant and machinery	16,468	(7,842)	8,626	2,539	(493)	0	(1,550)	148	0	0	18,514	(9,244)	9,270
Office equipment	363	(316)	47	47	0	0	(28)	0	0	0	410	(344)	66
Hokitika Airport	2,400	(380)	2,020	33	0	0	(47)	0	0	0	2,433	(427)	2,006
Under Construction	25	0	25	12	0	0	0	0	0	0	37	0	37
Total subsidiaries	25,030	(9,054)	15,976	3,106	(502)	0	(1,734)	148	0	(95)	27,664	(10,735)	16,929
Total Group assets	428,130	(12,560)	415,571	12,918	(666)	0	(7,402)	281	0	29,719	464,913	(14,486)	450,427

	Cost/ valuation 1-Jul-14	Accumulated depreciation & impairment charges 1-Jul-14	Carrying amount 1-Jul-14	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Current year disposals depreciation	Reclassification Cost	Revaluation surplus	Cost/ revaluation 30-Jun-15	Accumulated depreciation and impairment charges 30-Jun-15	Carrying amount 30-Jun-15
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>COUNCIL 2015</b>													
<b>Operational assets</b>													
Land (leased)	4,458	0	4,458	0	(45)	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)	6,250	0	6,250	0	(78)	0	0	0	0	0	6,173	0	6,173
Buildings	4,896	(295)	4,601	888	(114)	0	(100)	10	0	2,827	8,164	(51)	8,113
Furniture & fittings	1,506	(627)	879	10	(1)	0	(90)	1	0	0	1,515	(716)	799
Library books	1,109	(863)	246	53	0	0	(54)	0	0	0	1,162	(917)	246
Museum artefacts	165	0	165	0	0	0	0	0	0	0	165	0	165
WBU assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Computer equipment	768	(684)	84	66	(378)	0	(38)	378	0	0	458	(344)	114
Office equipment	495	(421)	74	16	(15)	0	(18)	14	0	0	497	(424)	73
Motor Vehicles	414	(268)	146	35	(29)	0	(61)	26	0	0	417	(304)	113
Operational Plant and Equipment	53	(7)	46	9	0	0	(4)	0	0	0	62	(10)	51
Jackson's Bay wharf	670	(166)	504	0	0	0	(13)	0	0	(227)	263	0	263
<i>Total operational assets</i>	25,062	(3,331)	21,731	1,078	(660)	0	(378)	429	0	2,600	27,567	(2,766)	24,800
<b>Infrastructural assets</b>													
Land	2,139	0	2,139	60	0	0	0	0	0	0	2,168	0	2,168
Buildings	631	(39)	592	375	(20)	0	(16)	0	0	39	1,005	(34)	971
Roading network	192,277	(5,461)	186,816	1,960	0	0	(2,588)	0	2,684	9,730	198,631	0	198,631
Land under roads	55,394	0	55,394	0	(29)	0	0	0	0	0	55,365	0	55,365
Bridges	46,231	(1,072)	45,159	63	0	0	(527)	0	0	(5,516)	39,179	0	39,179
<b>Water supply reticulation</b>	<b>22,110</b>	<b>(1,979)</b>	<b>20,131</b>	<b>270</b>	<b>(1)</b>	<b>0</b>	<b>(688)</b>	<b>2</b>	<b>0</b>	<b>4,047</b>	<b>18,700</b>	<b>0</b>	<b>18,700</b>
<b>Water supply treatment</b>	<b>4,423</b>	<b>(1,158)</b>	<b>3,265</b>	<b>149</b>	<b>0</b>	<b>0</b>	<b>(380)</b>	<b>0</b>	<b>0</b>	<b>2,235</b>	<b>10,329</b>	<b>0</b>	<b>10,329</b>
Drainage/stormwater	10,313	(938)	9,375	49	0	0	(283)	0	(2,684)	1,314	7,771	0	7,771
Refuse sites	2,521	(168)	2,353	13	0	0	(65)	0	0	0	2,533	(232)	2,302
<b>Sewerage system reticulation</b>	<b>7,612</b>	<b>(643)</b>	<b>6,969</b>	<b>126</b>	<b>(9)</b>	<b>0</b>	<b>(248)</b>	<b>4</b>	<b>0</b>	<b>3,187</b>	<b>8,833</b>	<b>0</b>	<b>8,833</b>
<b>Sewerage system treatment</b>	<b>2,704</b>	<b>(223)</b>	<b>2,481</b>	<b>80</b>	<b>(6)</b>	<b>0</b>	<b>(158)</b>	<b>2</b>	<b>0</b>	<b>2,029</b>	<b>5,623</b>	<b>0</b>	<b>5,623</b>
<i>Total infrastructural assets</i>	346,355	(11,681)	334,674	3,144	(65)	0	(4,953)	7	0	17,064	350,138	(266)	349,872
<b>Restricted assets</b>													
Land	1,254	0	1,254	0	0	0	0	0	0	0	1,254	0	1,254
Public buildings	1,948	(117)	1,831	72	(222)	0	(38)	16	0	1,503	3,176	(13)	3,164
Cemetary buildings	52	(6)	46	0	0	0	(1)	0	0	18	69	(6)	63
Cemetery land	1,038	0	1,038	50	0	0	0	0	0	0	1,088	0	1,088
Reserve/recreation land	6,815	0	6,815	0	0	0	0	0	0	0	6,815	0	6,815
Reserve/recreation buildings	1,956	(60)	1,896	618	0	0	(21)	0	0	623	3,171	(55)	3,116
Reserve/improvements	5,496	(101)	5,395	1,524	0	0	(229)	0	0	0	7,019	(329)	6,690
Swimming pools	1,100	(119)	981	127	0	0	(27)	0	0	1,653	2,804	(70)	2,733
<i>Total restricted assets</i>	19,659	(403)	19,256	2,391	(222)	0	(316)	16	0	3,797	25,396	(473)	24,923

<b>Total Council</b>	<b>391,076</b>	<b>(15,415)</b>	<b>375,661</b>	<b>6,613</b>	<b>(947)</b>	<b>0</b>	<b>(5,647)</b>	<b>453</b>	<b>0</b>	<b>23,461</b>	<b>403,100</b>	<b>(3,506)</b>	<b>399,595</b>
<b>Subsidiaries property, plant and equipment</b>													
Land & Buildings	5,724	(355)	5,369	69	(19)	0	(105)	0	0	(56)	5,774	(516)	5,258
Plant and machinery	13,106	(7,029)	6,077	4,151	(789)	0	(1,371)	558	0	0	16,468	(7,842)	8,626
Office equipment	338	(294)	44	25	0	0	(22)	0	0	0	363	(316)	47
Hokitika Airport	2,400	(334)	2,066	0	0	0	(46)	0	0	0	2,400	(380)	2,020
Under Construction	120	0	120	2	(1)	0	0	0	(96)	0	25	0	25
<i>Total subsidiaries</i>	21,688	(8,012)	13,676	4,247	(809)	0	(1,544)	558	(96)	(56)	25,030	(9,054)	15,976
<b>Total Group assets</b>	<b>412,764</b>	<b>(23,427)</b>	<b>389,337</b>	<b>10,860</b>	<b>(1,756)</b>	<b>0</b>	<b>(7,191)</b>	<b>1,011</b>	<b>(96)</b>	<b>23,405</b>	<b>428,130</b>	<b>(12,560)</b>	<b>415,571</b>

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.

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

#### Core assets

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

	book value \$'000	constructed by Council \$'000	transferred to Council \$'000	replacement cost estimate for revalued assets \$'000
<b>2016</b>				
<b>Water Supply</b>				
- reticulation and other	21,001	1,834	0	31,410
- treatment plants and facilities	13,281	3,618	0	18,499
<b>Sewerage</b>				
- other assets (such as reticulation systems)	9,338	17	0	18,246
- treatment plants and facilities	6,536	0	0	7,988
<b>Stormwater drainage</b>	8,709	31	0	16,363
<b>Roads and Footpaths</b>	255,842	1,680	0	314,552
<b>2015</b>				
<b>Water Supply</b>				
- reticulation and other	18,700	270		28,887
- treatment plants	10,329	149	0	15,395
<b>Sewerage</b>				
- reticulation and other	8,833	126	0	17,673
- treatment plants	5,623	80	0	6,732
Stormwater drainage	7,771	49	0	14,942
 Roads and Footpaths	 237,775	 1,960	 0	 297,998

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

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

The total value of assets covered by commercial insurance contracts was \$46,440,667, with \$43,895,278 insured at replacement value and the \$2,545,389 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 \$125 million (including \$50 million from central government). This means that all of Council underground infrastructural assets (\$42 million per Note 16 above) are fully covered at replacement cost. Council's excess is \$807,000. With a total asset base of \$399,595,000 as at 1 July 2015, the above arrangements leave \$399,503,000 self-insured by Council.

Of this \$280,184,000 relate to land and roads, which are considered low risk areas, leaving an exposure of \$119,319,000. This exposure is covered by subsidies that are available from NZTA and the government. As at 30 June 2015 asset renewal funds total \$2,827,000.

## NOTE 16A. INVESTMENT PROPERTY

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Balance at 1 July	0	0	0	0
Additions from acquisitions	0	0	0	0
Disposals	0	0	0	0
Transfer to inventory	0	0	0	0
Fair value gains/(losses) on valuation (note 7)	0	0	0	0
<b>Balance at 30 June</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Westland Holdings Limited balance of \$953,000 transferred to PPE on consolidation.

Investment properties are valued annually effective at 30 June to fair value by Quotable Value. Quotable Value is an experienced valuer, with extensive market knowledge in the types and location of property owned by the group



## NOTE 17. INTANGIBLE ASSETS

	Carbon Credits \$000	Computer Software \$000	Council Total \$000	Goodwill \$000	Mining licences \$000	Group Total \$000
<b>Cost</b>						
Balance at 1 July 2015	33	138	171	151	0	322
Prior year adjustment	0	0	0	0	0	0
Additions	0	24	24	0	0	24
Disposals	(21)	(18)	(38)	0	0	(38)
Balance at 30 June 2016	12	144	157	151	0	308
Balance at 1 July 2014	0	71	71	0	0	71
Prior year adjustment	0	204	204	0	0	204
Additions	33	0	33	151	0	184
Disposals	0	(137)	(137)	0	0	(137)
Balance at 30 June 2015	33	138	171	151	0	322
<b>Accumulated amortisation and impairment</b>						
Balance at 1 July 2015	0	82	82	0	0	82
Prior year adjustment	0	0	0	0	0	177
Amortisation charges	0	17	17	0	0	17
Disposals	0	(18)	(18)	0	0	(137)
Balance at 30 June 2016	0	82	82	0	0	140
Balance at 1 July 2014	0	25	25	0	0	25
Prior year adjustment	0	177	177	0	0	177
Amortisation charges	0	17	17	0	0	17
Disposals	0	(137)	(137)	0	0	(137)
Balance at 30 June 2015	0	82	82	0	0	82
<b>Carrying amounts</b>						
Balance at 1 July 2015	33	56	89	151	0	240
Prior year adjustment	0	0	0	0	0	0
Movement in intangible assets during year	(21)	6	(15)	0	0	(15)
Balance at 30 June 2016	12	62	74	151	0	225

Council considers there is no impairment of carbon credits held as they are expected to be fully utilised in satisfying carbon obligations 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.

#### NOTE 17A. DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

	Council	
	2016	2015
	\$000	\$000
<b>Directly attributable depreciation and amortisation expense by group of activity</b>		
Leisure and Culture	658	440
Community Services	156	6
Planning and Regulatory Services	16	11
Transportation	2,516	2,996
Water Supply	1,127	1,067
Wastewater	370	412
Stormwater	436	378
Solid Waste	84	107
Other Infrastructure assets	0	56
Democracy Services	322	188
<b>Total depreciation and amortisation expense</b>	<b>5,685</b>	<b>5,663</b>

#### NOTE 18. ASSETS UNDER CONSTRUCTION

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<i>Capital projects</i>				
Buildings	108	164	164	164
Water	37	1,943	1,943	1,943
Sewerage	111	6	6	6
West Coast Wilderness Trail	25	114	114	114
Stormwater	84	0	0	0
Museum Development	13	0	0	0
Hokitika waterfront development	5	0	0	0
Transportation	252	0	0	0
Franz Josef Cycle trail	16	0	0	0
<b>Balance as on 30 June 2016</b>	<b>651</b>	<b>2,227</b>	<b>2,227</b>	<b>2,227</b>

The \$251,656.14 for Transportation relates to projects that were in progress at year end, these projects are expected to be completed during the financial year ending 30 June 2017.

The \$111,054.30 for sewerage mainly relates to planning for the new Franz Josef Wastewater Treatment Plant.

The \$83,884 in Storm water relates to the replacement of a pump on Sewell Street.

The \$108,406.83 relates to the Ross Hall upgrade which was still in progress at year end, roof repairs and lighting in the Museum retail area, these projects are expected to be completed during the financial year ended 30 June 2017.

## NOTE 19. CREDITORS AND PAYABLES

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Trade payables	0	1,312	1,837	3,081
Other payables	302	331	302	331
Employee benefit	123	2	123	2
Waiho relocation	0	3	0	3
Accrued expense	989	860	989	860
Amounts due to subsidiaries (Per Note 28)	697	1,014	0	0
<b>Total creditors and other payables</b>	<b>2,112</b>	<b>3,522</b>	<b>3,251</b>	<b>4,277</b>

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

## NOTE 20. OTHER LIABILITIES

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Current portion				
Rates and other revenue received in advance	280	198	314	214
<i>Total current portion</i>	280	198	314	214
Non-current portion				
Revenue received in advance	0	0	0	0
<i>Total non-current portion</i>	0	0	0	0
<b>Total other liabilities</b>	<b>280</b>	<b>198</b>	<b>314</b>	<b>214</b>

## NOTE 21. PROVISIONS

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Current portion</b>				
Riskpool call up provision	0	0	0	0
<i>Total current portion</i>	0	0	0	0
<b>Non-current portion</b>				
Landfill closure and monitoring	1,251	1,588	1,251	1,588
<i>Total non-current portion</i>	1,251	1,588	1,251	1,588
<b>Total provisions</b>	<b>1,251</b>	<b>1,588</b>	<b>1,251</b>	<b>1,588</b>

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 a discount rate of 3.27% being an estimate of Council's future cost of borrowing, and inflation rates using Treasury CPI forecasts. As at 30 June 2016 this was 1.62% and is forecast to remain within 2.2% over the next ten years.

The gross provision before discounting is \$1,388,126 (2015 \$1,819,356).

## NOTE 22. EMPLOYEE ENTITLEMENTS

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Current portion</b>				
Accrued pay	0	0	14	10
Annual and sick leave	240	296	961	971
Retirement and long service leave	0	0	100	90
<i>Total current portion</i>	240	296	1,075	1,071
<b>Non-current portion</b>				
Retirement and long service leave	28	29	197	167
<i>Total non-current portion</i>	28	29	197	167
<b>Total employee entitlements</b>	<b>268</b>	<b>325</b>	<b>1,272</b>	<b>1,238</b>

## NOTE 23. BORROWINGS

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Current portion</b>				
Bank overdraft	0	0	0	0
Flexible Finance Loan	0	0	0	800
Term debts	0	0	817	962
<i>Total current portion</i>	0	0	817	1,762
<b>Non-current portion</b>				
<b>Secured loans</b>	0	0	0	0
Secured Bank Loan	0	0	2,000	0
Term debts	17,600	16,660	21,332	19,939
<i>Total non-current portion</i>	17,600	16,660	23,332	19,939
<b>Total borrowings</b>	<b>17,600</b>	<b>16,660</b>	<b>24,149</b>	<b>21,701</b>

The Council's secured debt of \$17,600,353 (2015 \$16,660,353) is issued at variable rates of interest, protected by the swap contracts described in Note 13. Council has a Multi Option Credit Line of \$24,100,000 (2015 \$24,100,000). A full draw down on this facility would breach Council's liability management policy debt threshold of \$3,000 per rateable unit. However, \$5,100,000 of this is ring fenced for the Hokitika water treatment plant upgrade, which is recoverable via a specific rate adopted by Council on 30 June 2015. Since \$4,326,000 of this funding is already included in the balance above, it is unlikely that the threshold will be exceeded.

Council repaid infrastructure debt of \$2,360,000 during the year. The movements are shown in the table below:

MOCL	Reference	Loan Name	Interest Rate	Balance 30 June 2015	New Loans Raised	Principal Repaid	Balance 30 June 2016
				\$	\$	\$	\$
405172	7000888	Waste Management Projects	3.26%	2,125,353.00		695,500.00	1,429,853.00
405172	7000888	Waste Management Projects	3.26%	775,300.98	349,379.00		1,124,679.98
405172	7000893	Water Supply Projects	3.26%	2,718,000.00		2,718,000.00	0.00
405172	7000893	Water Supply Projects	3.26%	346,699.02		346,699.02	0.00
405864	7000893	Water Supply Projects	3.36%	0.00	1,519,199		1,519,199.02
405864	7000893	Water Supply Projects	3.31%		850,000		850,000.00
405172	7000891	Hokitika Water Upgrade	3.26%	2,250,000.00		2,250,000.00	0.00
405864	7000891	Hokitika Water Upgrade	3.36%	0.00	5,345,000.00	1,019,000.00	4,326,000.00
405864	7000897	Other loans	3.36%	0.00	55,621.00		55,621.00
404289	7000895	Westland Holding Limited	3.21%	2,377,000.00		150,000.00	2,227,000.00
404289	7000895	Westland Holding Limited	3.21%	2,718,000.00			2,718,000.00
404289	7000895	Westland Holding Limited	3.21%	3,350,000.00			3,350,000.00
<b>Total Council Debt</b>				<b>16,660,353.00</b>	<b>8,119,199.02</b>	<b>7,179,199.02</b>	<b>17,600,353.00</b>
<b>Available facility</b>				<b>7,439,647.00</b>			<b>6,499,647.00</b>
<b>Total Facility</b>							<b>24,100,000.00</b>
Expiry:					1 July 2017		4,600,000.00
					1 July 2018		9,500,000.00
					1 July 2020		10,000,000.00
							<b>24,100,000.00</b>

The Council's loans are secured over the district's rates. A debenture exists over the assets of Westroads Limited Group. The debenture is held by the BNZ to secure the company's current and term lending facilities.

Council had no internal borrowing processes operating in 2015/16. Council has no finance leases.

## NOTE 24. EQUITY

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Retained earnings</b>				
Balance at 1 July	152,294	153,592	154,684	155,463
Restatement adjustment	0	27	0	81
Transfers to restricted reserves	(1,198)	(2,977)	(1,198)	(2,977)
Transfers from restricted reserves	794	2,130	794	2,130
Transfer from 'Revaluation reserve	0	197	0	197
Found assets	529	1,257	529	1,257
Surplus/(deficit) for the year	764	(1,933)	819	(1,468)
Balance at 30 June	153,182	152,294	155,626	154,684
<b>Restricted reserves</b>				
Balance at 1 July	4,087	3,240	4,087	2,783
Restatement adjustment 2013	0	0	0	(39)
Reclassification of bonds	0	0	0	(162)
Transfers to retained earnings	(794)	(2,130)	(794)	(2,002)
Transfers from retained earnings	1,198	2,977	1,198	2,660
Balance at 30 June	4,492	4,087	4,491	3,240
<b>Assets revaluation reserve</b>				
Balance at 1 July	239,731	216,467	240,562	217,298
Net Revaluation gains of property, plant and equipment	29,814	23,461	29,814	23,461
Impairment of property, plant and equipment	0	0		0
Transfer of revaluation reserve to retained earnings	0	0	0	0
on disposal of property, plant and equipment	0	(197)	0	(197)
Balance at 30 June	269,545	239,731	270,375	240,562
<b>Fair value through other comprehensive revenue and expense reserve</b>				
Tax on revaluations	64	64	64	64
Balance at 30 June	64	64	64	64
<b>Total equity</b>	<b>427,282</b>	<b>418,987</b>	<b>430,555</b>	<b>422,728</b>

**NOTE 25. RECONCILIATION OF NET SURPLUS/ (DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Surplus/(deficit) after tax</b>	764	(1,935)	819	(1,470)
<b>Add/(Less) non-cash items</b>				
Depreciation and amortisation	5,685	5,663	7,419	7,207
Increase/(decrease) in provision for doubtful debts	0	0	5	0
Increase/(decrease) in employee entitlements	(1)	60	94	253
Increase/(decrease) in deferred tax	0	(59)	3	(48)
(Gain)/loss on fair value of investment property	0	0	34	65
(Gain)/loss in fair value of interest rate swap	386	410	386	410
	6,070	6,074	7,941	7,886
<b>Add/(less) items classified as investing or financing activities</b>				
(Gains)/losses on sale of assets	26	205	95	106
(Gain)/loss on fair value of investment property	0	0	0	0
Capital creditors	0	0	9	(40)
<i>Total current portion</i>	26	205	104	66
<b>Add/(less) movements in working capital</b>				
Debtors and other receivables	(463)	(847)	(9,871)	(9,163)
Inventories	0	0	(235)	473
Creditors and other payables	(1,375)	1,765	8,487	9,132
Deferred income	82	(4)	83	(2)
Current and non-current provisions	(337)	(78)	(337)	(78)
Employee entitlements	(56)	(23)	1	(23)
Tax refund due	0	0	12	(12)
Taxation provision	0	4	(130)	(28)
	(2,151)	817	(1,992)	298
<b>Net cash inflow/(outflow) from operating activities</b>	<b>4,709</b>	<b>5,160</b>	<b>6,872</b>	<b>6,781</b>

## NOTE 26. CAPITAL COMMITMENTS

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Capital commitments approved and contracted transfers from general funds	0	3,153	0	4,059
<b>Total capital commitments</b>	<b>0</b>	<b>3,153</b>	<b>0</b>	<b>4,059</b>

### Operating leases as lessee

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Not later than one year	90	130	175	188
Later than one year and not later than five years	110	276	162	380
Later than five years	0	0	23	18
<b>Total non-cancellable operating leases</b>	<b>201</b>	<b>406</b>	<b>361</b>	<b>586</b>

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

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.

Operating leases as lessor:

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

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Not later than one year	0	0	21	79
Later than one year and not later than five years	0	0	71	123
Later than five years	0	0	39	169
<b>Total non-cancellable operating leases</b>	<b>0</b>	<b>0</b>	<b>131</b>	<b>371</b>

No contingent rents have been recognised during the period.

Contractual commitments:

Type	Expiry	< 1 year	1-5 years	> 5 years	Total
<b>Non-cancellable operating leases</b>					
EFTPOS i-SITE	11/05/2019	1,035	1,897		2,932
EFTPOS Library	5/04/2017	680			680
EFTPOS Museum	11/05/2019	517	991		1,508
EFTPOS WDC	5/04/2017	501			501
Smartpay	26/12/2019	521	1,302		1,823
Telephone system	26/03/2019	12,680	22,191		34,871
Software Licence & Support Agreement - NCS	31/12/2016	31,003			31,003
LGEP Map rental	14/07/2018	7,559	15,118		22,677
Photocopier Fuji Xerox	31/05/2019	35,988	68,976		104,964
		90,484	110,475	0	200,959



### Construction Contracts

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Contract Costs incurred	0	0	7,034	6,344
Recognised in profits/losses	0	0	3,033	1,826
	0	0	10,067	8,170
Progress billings	0	0	9,974	8,015
gross amounts receivable from Customers	0	0	93	155
Retentions receivable in respect of construction contracts	0	0	661	367

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 27. CONTINGENCIES

### Contingent Liabilities:

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Performance Bonds in favour of Westland District Council	0	0	65	50
Performance Bonds in favour of Grey District Council	0	0	550	525
Mining Bonds	0	0	17	17
Inter Company Guarantee for Westroads Greymouth Ltd	0	0	0	0
Performance Bond in favour of NZTA	0	0	63	63
Performance Bond in favour of Department of Conservation	0	0	77	77
Performance Bond in favour of Hokitika Rimu Tree Top Walk Ltd	0	0	0	41
Performance Bond in favour of General Director of Conservation	0	0	165	0
<b>Total contingent liabilities at 30 June 2016</b>	<b>0</b>	<b>0</b>	<b>937</b>	<b>773</b>

### Contingent Assets:

#### *Council*

Council has no contingent assets at 30 June 2016 (2015 Nil).

#### *Group*

The only contingent asset is 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 2016, the Scheme had a past surplus of \$11.7 million (2015: \$20.9 million) and 7.4% (2015: 11.4%) of liabilities. This amount is exclusive of Employer Superannuation Contribution Withholding 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 28. 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% to 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. An annual contribution of \$15,078.90 (2015: \$15,078.90) was paid to West Coast Rural Fire Authority. There were no transactions with 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	
	2016 \$000	2015 \$000
<b>Westroads Limited</b>		
Revenue earned	43	49
Expenditure charged	7,476	5,202
Accounts payable by the Council	636	915
Accounts receivable to the Council	2	8
Group tax loss offset	0	0
Subvention payment	320	265
<b>Hokitika Airport Limited</b>		
Revenue earned	28	37
Expenditure charged	1	15
Accounts payable by the Council	1	0
Accounts receivable to the Council	0	0
Loan advanced	0	0
Loan payable to the Council	0	0
Loan repaid	0	0
<b>Westland District Properties Limited</b>		
Revenue earned	138	170
Expenditure charged	329	253
Accounts payable by the Council	61	99
Accounts receivable to the Council	234	360
Sale of transfer station		
Loan advanced		
Loan repayment		
Interest on loan		
Subvention payment due		
Subvention payment received		
<b>Westland Holdings Limited</b>		
Revenue earned	0	0
Expenditure charged	0	0
Accounts payable by the Council	0	0
Accounts receivable to the Council	(0)	0
Dividends received	170	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	
	2016 \$'000	2015 \$'000
<i>Councillors:</i>		
Remuneration	217	225
<i>Senior Management team including Chief Executive:</i>		
Remuneration	694	682
<b>Total key management personnel compensation</b>	<b>911</b>	<b>907</b>
<b>Total full-time equivalent personnel</b>	<b>13</b>	<b>14</b>

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

## NOTE 29. REMUNERATION

### Chief Executive

	2016	2015
	\$000	\$000
Salary	212,080	203,645
Superannuation contribution	6,045	6,109
<b>Total Chief Executive's remuneration</b>	<b>218,125</b>	<b>209,754</b>

### Elected representatives received the following remuneration:

	2016	2015
	\$000	\$000
M. Havill Mayor	72,783	71,365
P. Cox Deputy Mayor	23,246	22,225
M. Dawson Executive Committee	20,750	19,625
A. Keenan Councillor	0	6,960
L. Martin Councillor	17,125	16,237
G. Hope Councillor	17,183	19,763
J. H. Butzbach Councillor	16,600	15,700
M. D. Montagu Councillor	16,600	15,745
K. A. van Beek Councillor	16,600	15,881
A. Thompson Councillor	16,600	2,970
<b>Total elected representatives' remuneration</b>	<b>217,487</b>	<b>206,471</b>

### Council employees:

#### Salary Bands

Levels	2016	2015
	\$000	\$000
Annual remuneration by band for employees as at 30 June:		
< \$60,000	26	25
\$60,000 - \$79,999	18	15
\$80,000 - \$99,999	6	6
\$100,000 - \$179,999	6	0
\$140,000 - \$219,999	0	4
\$200,000 - \$219,999	1	0
<b>Total employees</b>	<b>57</b>	<b>50</b>

#### Employee Staffing Levels

	2016	2015
	\$000	\$000
Number of Full-time Staff	34.00	30.00
Number of Part-time FTE's	10.06	9.76
<b>Total FTE's</b>	<b>44.06</b>	<b>39.76</b>

## NOTE 30. FINANCIAL INSTRUMENTS

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

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<b>Financial Assets</b>				
<b>Fair value through surplus or deficit</b>				
Interest rate swaps - cash flow hedges	0	0	0	0
	0	0	0	0
<b>Loans and Receivables</b>				
Cash and cash equivalents	1,875	3,936	2,369	4,209
Receivables	3,764	3,301	5,902	5,139
<i>Other financial assets:</i>			0	0
Civic Assurance	40	30	40	30
Westpac Bonds	960	970	960	970
Forestry	2	2	2	2
Kaniere sewerage loan	38	40	38	40
Total loans and receivables	6,679	8,279	9,311	10,390
<b>Financial Liabilities</b>				
<b>Fair value through surplus or deficit</b>				
Interest rate swaps - cash flow hedges	771	385	771	385
	771	385	771	385
<b>Financial liabilities at amortised cost</b>				
Payables	2,112	3,522	3,251	4,227
<i>Borrowings:</i>				
Bank overdraft	0	0	0	583
Term debts	17,600	16,660	24,149	21,701
Total financial liabilities at amortised cost	19,712	20,183	27,400	26,512

## NOTE 31. FAIR VALUE HEIRARCHY DISCLOSURES

Fair Value Hierachy Disclosures	Total \$000	Quoted Market Price \$000	Observable inputs \$000
<b>30 June 2016 - Council</b>			
<i>Financial Assets</i>			
Civic Assurance	40		40
Westpac Bonds	960	960	
<i>Financial liabilities</i>			
Derivatives	771		771
<b>30 June 2016 - Group</b>			
<i>Financial Assets</i>			
Civic Assurance	40		40
Westpac Bonds	960	960	
<i>Financial liabilities</i>			
Derivatives	771		771
<b>30 June 2015 - Council</b>			
<i>Financial Assets</i>			
Civic Assurance	30		30
Westpac Bonds	970	970	
<i>Financial liabilities</i>			
Derivatives	385		385
<b>30 June 2015 - Group</b>			
<i>Financial Assets</i>			
Civic Assurance	30		30
Westpac Bonds	970	970	
<i>Financial liabilities</i>			
Derivatives	385		385

### 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.

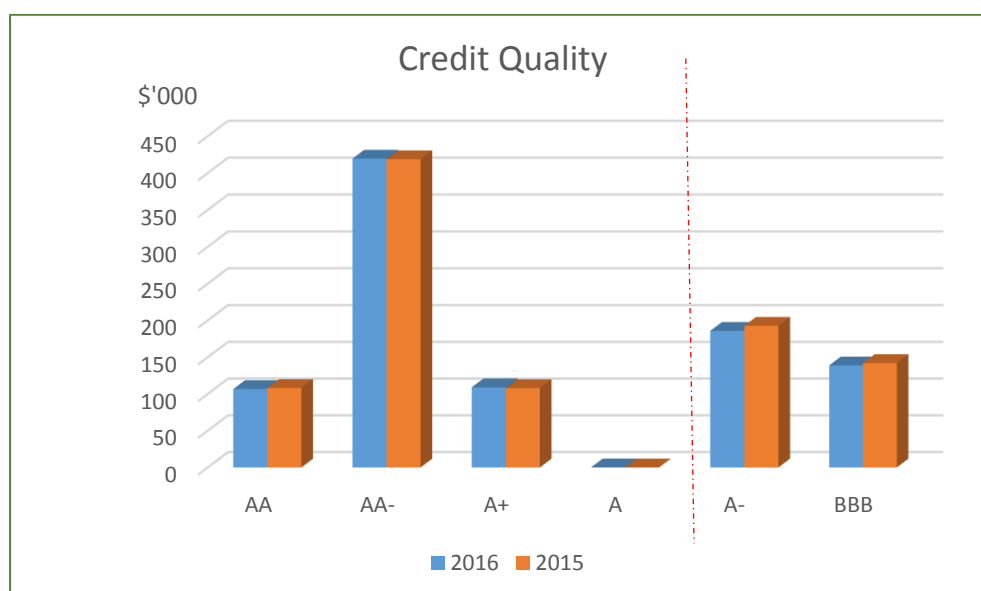
*Level 3 Valuation technique with significant non-observable inputs* - Financial instruments valued using models where one or more significant inputs are not observable.

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

## NOTE 32. FINANCIAL INSTRUMENT RISKS

Credit Risk	Council		Group	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Bonds	960	970	960	970
Cash at bank and term deposits	1,875	3,936	2,369	4,209
Trade and other receivables	3,764	3,301	5,902	5,487
<b>Maximum Exposure</b>	<b>6,599</b>	<b>8,206</b>	<b>9,232</b>	<b>10,665</b>

Credit Quality	Council		Group	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>Cash at bank and term deposits</b>				
AA-	1,875	3,936	2,369	4,209
<b>Bonds</b>	2016	2015	2,016	2,015
AA	107	108	108	108
AA-	420	419	419	419
A+	109	108	108	108
A	0	0	0	0
A-	186	193	193	193
BBB-	139	142	142	142





## Liabilities

<b>Contract Maturities - Liabilities</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Council 2016</b>					
Trade and other payables	2,112	2,112	2,112		-
Term debt	17,600	17,600		17,600	-
<b>Total</b>	<b>19,712</b>	<b>19,712</b>	<b>2,112</b>	<b>17,600</b>	<b>-</b>
<b>Group 2016</b>					
Trade and other payables	3,251	4,277	4,277		
Term debt	24,149	24,149	817	23,332	
Bank overdraft	-	-	-	-	-
<b>Total</b>	<b>27,400</b>	<b>28,427</b>	<b>5,094</b>	<b>23,332</b>	<b>-</b>
<b>Council 2015</b>					
Trade and other payables	3,468	3,468	3,468	-	-
Term debt	16,660	16,660	-	16,660	-
<b>Total</b>	<b>20,128</b>	<b>20,128</b>	<b>3,468</b>	<b>16,660</b>	<b>-</b>
<b>Group 2015</b>					
Trade and other payables	3,825	3,825	3,825	-	-
Term debt	21,701	21,701	1,762	19,939	-
Bank overdraft	583	583	583	-	-
<b>Total</b>	<b>26,109</b>	<b>26,109</b>	<b>6,170</b>	<b>19,939</b>	<b>-</b>

## Assets

<b>Contract Maturities - Assets</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Council 2016</b>					
Cash and cash equivalents	1,875	1,875	1,875		-
Trade and other receivables	3,764	3,764	3,764		-
Westpac Bonds	960	960	186	774	-
Civic Assurance	40				-
<b>Total</b>	<b>6,639</b>	<b>6,599</b>	<b>5,825</b>	<b>774</b>	<b>-</b>
<b>Group 2016</b>					
Cash and cash equivalents	1,875	1,875	1,875		-
Trade and other receivables	5,902	5,902	5,902		-
Westpac Bonds	960	960	186	774	-
Civic Assurance	40				-
<b>Total</b>	<b>8,777</b>	<b>8,737</b>	<b>7,963</b>	<b>774</b>	<b>-</b>
<b>Council 2015</b>					
Cash and cash equivalents	3,936	3,936	3,936	-	-
Trade and other receivables	3,301	3,301	3,301	-	-
Westpac Bonds	970	970	-	970	-
Civic Assurance	30	-	-	-	-
<b>Total</b>	<b>8,237</b>	<b>8,206</b>	<b>7,237</b>	<b>970</b>	<b>-</b>
<b>Group 2015</b>					
Cash and cash equivalents	4,209	4,209	4,209	-	-
Trade and other receivables	5,139	5,139	5,139	-	-
Westpac Bonds	970	970	-	970	-
Civic Assurance	30	-	-	-	-
<b>Total</b>	<b>10,348</b>	<b>10,317</b>	<b>9,348</b>	<b>970</b>	<b>-</b>

The group invests funds only in deposits with registered banks and local authority stock.

### **Liquidity Risk**

Liquidity risk is the risk that the 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 13 and 23 respectively.

### **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.

### **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.

### **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.

## Sensitivity Analysis

Interest rate risk				
	2016	2016	2015	2015
	\$'000	\$'000	\$'000	\$'000
Council				
<i>financial assets</i>				
Westpac bonds	19	(19)	19	(19)
Total	19	(19)	19	(19)
<i>Financial liabilities</i>				
Term debt	335	(335)	333	(333)
Interest rate swaps - held for trading	250	(250)	240	(240)
Total	585	(585)	573	(573)
<b>Total sensitivity</b>	<b>604</b>	<b>(604)</b>	<b>592</b>	<b>(592)</b>
Group				
<i>financial assets</i>				
Westpac bonds	19	(19)	19	(19)
Total	19	(19)	19	(19)
<i>Financial liabilities</i>				
Term debt	204	(204)	333	(333)
Interest rate swaps - held for trading	250	(250)	240	(240)
Total	454	(454)	573	(573)
<b>Total sensitivity</b>	<b>473</b>	<b>(473)</b>	<b>592</b>	<b>(592)</b>

### Interest Rate Risk – Council

As at 30 June 2016 it is estimated that a two percentage increase/decrease in market interest rates would decrease/increase the Council's equity by approximately \$585,000 (30 June 2015 \$573,000). This calculation is based on a reassessment of the fair values of financial assets that are classified as available for sale.

### Interest Rate Risk – Group

As at 30 June 2016 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 \$454,000 (30 June 2015 \$573,000). This calculation is the annual impact on loans and borrowings which are subject to a variable market interest rate at balance date.

NOTE 33. ADJUSTMENTS TO THE COMPARATIVE YEAR FINANCIAL STATEMENTS

	Note	Before adjustments 2015 \$000	Council Reclassification adjustments 2015 \$000	After adjustments 2015 \$000
<b>Council</b>				
<b>Revenue</b>				
Rates		0	11,617	11,617
Rates, excluding targeted water supply rates		8,901	(8,901)	0
Fees, charges, and targeted rates for water supply		3,959	(3,959)	0
Fees and Charges		0	1,243	1,243
<b>Explanatory notes</b>				
<i>Reclassification adjustments</i>				
a) The local Government (Financial Reporting and Prudence) Regulations 2014 require a single rates figure to be disclosed				
c) There were no reclassification adjustments from the transition to the new PBE accounting standards.				

	Note	Before adjustments 2015 \$000	Council Reclassification n adjustments 2015 \$000	After adjustments 2015 \$000
<b>Group</b>				
<b>Revenue</b>				
Rates		0	11,617	11,617
Rates, excluding targeted water supply rates		8,901	(8,901)	0
Fees, charges, and targeted rates for water supply		3,959	(3,959)	0
Fees and Charges		0	1,243	1,243

**NOTE 34. EXPLANATIONS FOR MAJOR VARIATIONS FROM THE COUNCIL'S BUDGET FIGURES IN THE LONG TERM PLAN FOR 2015/16 ARE AS FOLLOWS:**

*Statement of comprehensive revenue and expenses*

The total revenue is higher than budgeted by \$3.2 million mainly due to:

- Fees and charges asbestos removal charge of \$0.2 million.
- A grant was received for the West Coast Wilderness Trail of \$1.5 million, \$0.2 million for Haast water upgrade and \$0.3 million from NZTA for emergency works at Jacksons Bay.
- Other revenues contains reversal of Landfill provisions of \$0.4 million, unbudgeted recoveries and higher than expected revenues throughout all Council activities of \$0.3 million and an unexpected \$0.3 million subvention receipt from Westroads Ltd.

The total operating expenditure is higher than budget by \$2.0 million due to:

- Unbudgeted expenditure to replace failed membranes at the Hokitika Treatment Plant \$0.4 million, Transportation emergency works \$0.5 million (offset by NZTA recovery of \$0.3 million), \$0.3 million for the Franz Josef flood event, \$0.2 million for a LiDAR survey and consultants costs related to the Hokitika stormwater assessment and a replacement pump at Sewell street.
- The market value of interest rate swaps that council hold to manage interest rate risk was lower than expected with a loss of \$0.4 million.
- Reserves funding released- \$0.3 million Harihari Community Centre, \$0.2 million Fox Community Centre.
- Personnel costs were lower than budget by \$0.3 million due to unfilled budgeted vacancies.
- Depreciation was \$0.2 million higher than budgeted due to better understanding of Council assets.

Other comprehensive revenue and expense:

Other comprehensive revenue includes a gain of \$34.1 million from the revaluation of council 3-waters, road, refuse and reserves. Gains and losses on revaluation of assets are not budgeted for.

**Current assets**

- The balance of cash and cash equivalents is \$0.7 million lower than budget and last year. This was due to projects and activities carried over from previous financial years.
- Debtors and other receivables are by \$1.9 million above budget because West Coast Wilderness Trail funding was invoiced but not yet paid at the end of the financial year. There has been a reduction in the provision for doubtful debts.
- Other financial assets have increased by \$1.0 million because they are included in the 2015./16 budget as non-current assets.

**Non-current assets**

- There has been an increase of \$44.0 million due to \$34.0 million revaluations and of property, plant and equipment and additions of \$9.0 million.
- Other financial assets have decreased by \$1.0 million because the assets are now classified as current financial assets.

**Current liabilities**

- The increase is mainly due to income received in advance because we have not recognised all of the revenue from the West Coast Wilderness Trail funding, until we complete further stages.
- Borrowings have decrease by \$1.7 million because we utilised the receipt from the West Coast Wilderness Trail funding to repay debt.

**Non-current liabilities**

- Borrowings have increased by \$1.1 million due to loan funded projects carried over from previous financial years. Derivatives have increased by \$0.5 million because we restructured maturing interest rate swaps.
- The market value of swaps is now \$0.4 million lower. This is offset by a reduction in the Landfill provision of \$0.4 million. The landfill provision has decreased in relation to the CPI and maintenance carried out.

## NOTE 35 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.

# Reserve funds

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

<b><i>Council Created Reserve Funds</i></b>	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.
<b><i>Restricted Reserve Funds</i></b>	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.

- The Kumara Residents Trust utilised the township fund for Gala day expenses, further planning work on the Chinese Gardens and maintenance on the memorial hall and swimming pool.
- The Kokatahi-Kowhitirangi community committee utilised the township fund for local volunteer groups to apply for financial assistance.
- Ross community society have used the township funding towards the Ross 150<sup>th</sup> celebrations, an electronic speed sign, and domain and bus shelter improvements.
- Harihari used the township fund towards exercise equipment and replacement doors for the RSA, the Guy Menzies hangar and tables.
- Whataroa community association used their funding for an electric speed sign and public hall improvements.
- Franz Josef community council used their funding towards modifications and improvements to the public hall.
- Fox Glacier Community Development Society used the funding for building consents and work for the new community centre.
- Haast Promotions Group utilised the fund for the Dennis Road Track and a promotional DVD of the Haast area.

### *Asset Renewals*

- The transportation depreciation reserve was fully utilised, predominantly in road surfacing but across the network including footpaths, drainage and structural works.
- The main renewals from the water supply reserve were upgrades to the mains supply and replacement water meters
- Funds from the administrative renewals reserve were used to upgrade IT equipment and software to improve efficiency, service and data security.
- Funds from the stormwater reserve were used for pipe repairs.
- Funds from the cycle trail reserve were used towards the further development of the West Coast Wilderness Trail.

Council created reserves:

Reserve	Purpose of each reserve fund	Balance 1 July 2015 \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 30 June 2016 \$000
<b>2016</b>					
Kumara Township Fund	Township funding for the purpose of community related projects	0	14	(14)	0
Harihari Township Fund	Township funding for the purpose of community related projects	29	14	(33)	10
Whataroa Township fund	Township funding for the purpose of community related projects	2	14	(14)	2
Ross Township Fund	Township funding for the purpose of community related projects	0	14	(14)	0
Haast Township Fund	Township funding for the purpose of community related projects	(3)	14	(14)	(3)
Franz Township Fund	Township funding for the purpose of community related projects	1	35	(35)	1
Fox Township Fund	Township funding for the purpose of community related projects	1	35	(35)	1
Kokatahi/Kowhitirangi Community Rate	Allowing the community to have funds for various community related projects	0	8	(8)	0
Foreshore Protection Fund	Foreshore Protection for groin replacement on the foreshore.	26	1	0	26
Glacier Country Promotions	Targeted rates collected from Glacier Country to provide funding for marketing projects.	(3)	65	(65)	(3)
The Preston Bush Trust	Mr Preston donated the reserve to Council. This fund was for the community to beautify the bush with tracks and interpretation boards.	7	3	(1)	9
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.)	308	7	(190)	126
Guy Menzies Day	Surplus from Guy Menzies Day Event.	1	0	0	1
Cycleway	Road Reserve sold to Westland Diaries allocated to fund towards construction of Wilderness Trail.	258	5	(264)	(0)
Cycle Partner Contributions	Contributions from commercial partners towards upkeep of the Wilderness Trail	29	14	0	43
Emergency Contingency Fund	Rates collected to support Westland in a Civil Defence emergency.	48	1	0	50
Transportation Asset Renewal	For funding the renewal of roads and bridges.	0	956	(956)	0
Water Renewal	For funding the renewal of water supplies networks	610	579	(341)	849
Waste Water Renewal	For funding the renewal of sewerage and sewage networks	451	375	(11)	815
Stormwater Renewal	For funding the renewal of stormwater systems	379	296	(29)	646
Solid Waste Renewal	For funding the renewal of Refuse transfer Stations and landfills.	0	0	0	0
Parks Renewal	For funding Parks, Reserves, Public Toilets, Ross Pool and Cemeteries Asset Renewal	32	76	(50)	57
Buildings Renewal	For renewal of all Council operational buildings.	163	111	(17)	257
Administration Renewal	For renewal of office equipment, furniture, technical equipment, vehicles and technology	49	147	(50)	146
Library Book Renewals	To replace library books	(3)	123	(59)	61
<b>Total Council created reserves</b>		<b>2,386</b>	<b>2,908</b>	<b>(2,199)</b>	<b>3,095</b>



## Restricted reserve funds:

Reserve	Purpose of each reserve fund	Balance 1 July 2015 \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 30 June 2016 \$000
Offstreet Parking	Collected from developments in town to pay for off-street parking. Imposed by RMA/District Plan	30	1	0	31
Reserve Development	Monies collected from developments. Imposed by RMA/District Plan	785	94	(366)	513
Museum Assistance Fund	Originally the Museum Bequest Fund (\$8,458) & Carnegie Furnishings (\$3,929)	19	1	0	20
Kumara Endowment Fund	Proceeds from sale of Endowment land. Our brief research has not identified the specific terms of the endowment.	470	13	0	482
Euphemia Brown Bequest	Interest earned on funds administered by Public Trust Offices for the estates of Euphemia & William E Brown.	22	1	0	23
Mayors Trust Funds	Contributions from James & Margaret Isdell Trust; Coulston Herbert Trust;	22	2	(5)	19
Three Mile Domain	To fund three mile domain costs.	193	5	(2)	196
Ross Endowment Land	Various endowment land parcels in Ross sold over time.	137	2	(50)	89
Big Brothers Big Sisters	Grant funding Received	(1)	0	0	(1)
Community Patrol	Grant funding Received	(0)	0	0	(0)
Graffiti	Grant funding Received	1	0	(0)	1
Taxi Chits	Grant funding Received	1	3	(3)	1
Hokitika War Memorial		23	1	0	24
Total Restricted Reserves		1,703	122	(427)	1,398
<b>Total Reserves</b>		<b>4,088</b>	<b>3,030</b>	<b>(2,626)</b>	<b>4,492</b>

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

<i>Mayors trust fund</i>	Donations were made to the South Westland area school camp and the Lions Club.
<i>Three Mile Domain</i>	Funds were used for the demolition of Three Mile Hall
<i>Ross Endowment Land</i>	Funds have been used towards the Ross Hall upgrade.
<i>Reserve Development</i>	Funds previously allocated have been drawn by Whataroa (\$35,000) for the upgrade of the Community Hall, Fox Glacier (\$15,500) towards Historic township maintenance, Harihari (\$100,000) towards the Community centre, Fox Glacier (\$200,000) for the Community centre and Franz Josef have drawn (\$15,885) for stage 1 of the Franz Josef cycle trail.

# STATEMENTS OF SERVICE PROVISION

**This section contains the following information:**

How Council's activities contribute towards meeting its vision

Activity group statements



The new RSA building in Hokitika: The previous building came in under the required standard for earthquake risk and had to be demolished. Construction has commenced for a building estimated to cost \$825, 372. The RSA have raised over \$200,000 operating a second hand shop in Hokitika and other fundraising initiatives. Other funding has come from Development West Coast and the Lotteries Community Facilities Fund. The attached photo shows progress as at 29 January 2016.



The Harihari Community Centre was opened on 2 April 2016. Funding for the project came from Westland District Council, the sale of pony club land, Development West Coast and the Lottery Community Facilities Fund. The total cost was \$989,595. The Harihari community is reporting increasing usage of the facility by community groups.





Progress with the new centre at Fox Glacier. This is a \$1.6 million project funded by Development West Coast, Westland District Council, Lotteries Community Facility Fund and nearly \$300,000 of local fundraising.



The Ross Centennial Hall Upgrade: The community required a new roof to replace a badly leaking 1960's roof and a modernised kitchen. Costing a total of \$119,883, funding came from Development West Coast and the Ross Endowment Funds. The Ross community will soon have a facility they can enjoy using again.

# Council's performance in each activity

This section of the report identifies progress during 2015/16 towards the achievement of the Council's vision

Activity Groups	Activities within the group
Leisure and Cultural Assets	Library Museum Swimming Pools 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)	



# Activity group: Leadership

Democracy

Corporate services

Council Controlled Organisations

## An overview of the 2015/16 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 \$4,823 was expended from the Mayoral Relief Fund.

### Corporate services

Council introduced new payroll and purchase order systems. We have improved our monthly financial reporting to the Council and public and have set up new systems so as to move into 'real time' financial reporting.

Following elected member direction, staff have focused 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.

Council achieved all legal deadlines for our reporting and planning documentation.

We have increased our methods for communicating with our customers in an efficient manner; spending less by printing less material but reaching out to more audiences. Last year we used radio advertising, our Westland Matters electronic newsletter, Facebook and public meetings. We use our website to display all important documents and messages.

One year of joined services between Council Customer Services, Hokitika i-SITE and AA in Westland has seen a high level of customer satisfaction across all three business strains. Our services to the organisation and external customers are expanding as our vision of a One-Stop-Shop becomes a reality.

Council is planning to update its website and this year monitored the high use areas for prioritising on the revamped website.

We have re-structured our electronic files back up and we now replicate all servers onto our Library server and then back up again off-site. Wi-Fi has been established throughout all of Council's buildings and facilities. We have installed a public and a private Wi-Fi network.

Westland District Council has been working with the other West Coast Councils on a collaborative approach to all new IT projects.

#### Council Controlled Organisations:

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

In March 2015 Council granted a Section 7 exemption to Westland Wilderness Trust, Tourism West Coast and West Coast Rural Fire Authority. This exemption relieves the entities of the administrative burden of Statements of Intent and performance monitoring required by the LGA. They are included in this section for completeness.

Council adopted a new policy for the appointment and remuneration of directors of CCOs in June 2015.

## Explanation of variances

Democracy Services			
	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	881	958	(77)
Operating expenditure	2,128	1,801	326
<b>Net operating cost of services - surplus/(deficit)</b>	<b>(1,247)</b>	<b>(843)</b>	<b>(403)</b>
Includes depreciation of	322	248	

Corporate services			
	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	0	0	0
Operating expenditure	0	0	0
<b>Net operating cost of services - surplus/(deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Includes depreciation of	0	0	

The negative revenue variance is mainly due to lower rates penalties than budgeted.

The negative expenditure variance is due to a loss of \$385,000 on interest rate swaps which Council hold to manage interest rate risk. This is offset by lower operating costs and overheads.



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

For the year ended 30 June 2016

	2015/16 Actual \$000	2015/16 Long term plan \$000
<b>Sources of operating funding</b>		
General rates, uniform annual general charges, rates penalties	1,619	913
Targeted rates	0	0
Subsidies and grants for operating purposes	1	0
Fees and charges	271	41
Internal charges and overheads recovered	0	0
Interest and dividends from investments	582	0
Local authorities fuel tax, fines, infringement fees, and other receipts	119	636
<i>Total operating funding (A)</i>	<b>2,592</b>	<b>1,590</b>
<b>Application of operating funding</b>		
Payments to staff and suppliers	1,196	938
Finance costs	498	389
Internal charges and overheads applied	0	0
Other operating funding applications	0	0
<i>Total applications of operating funding (B)</i>	<b>1,694</b>	<b>1,327</b>
<i>Surplus/(deficit) of operating funding (A-B)</i>	<b>898</b>	<b>263</b>
<b>Sources of capital funding</b>		
Subsidies and grants for capital expenditure	0	0
Development and financial contributions	0	0
Increase/(decrease) in debt	(344)	(150)
Gross proceeds from sale of assets	4	0
Lump sum contributions	0	0
<i>Total sources of capital funding (C)</i>	<b>(340)</b>	<b>(150)</b>
<b>Application of capital funding</b>		
<b>Capital expenditure:</b>		
- To meet additional demand	27	0
- To improve the level of service	0	0
- To replace existing assets	238	40
Increase/(decrease) in reserves	294	73
Increase/(decrease) in investments	(2)	0
<i>Total applications of capital funding (D)</i>	<b>557</b>	<b>113</b>
<i>Surplus/(deficit) of capital funding (C-D)</i>	<b>(898)</b>	<b>(263)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>(0)</b>

The level of service achieved in relation to the performance targets

## Democracy

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation about any variances
Responsible leadership	% of residents satisfied with Council's leadership	New measure	65%	31%	31% if the residents surveyed rated the performance of the Mayor and Councillors over the past year as very or fairly good. A further 35% rate the performance as acceptable.
The community understands what Council does	% of residents who understand how Council makes decisions	New measure	50%	69%	The residents that said they understand how Council makes decisions were more likely to be satisfied with the way Council involves the public in its decision-making.

## Corporate services

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
Provide accountability about Council activities	Legally compliant financial plans and reports adopted	Annual Report 2013-14 adopted late	Annual Plans & Annual Report adopted on time	100%	The Annual Plan 2016/17 was adopted on time This Annual Report 2014/15 was also adopted on time
A comprehensive Customer Service Centre	% of residents satisfied with the service they receive	Not measured	75%	94%	The 2016 Resident Survey identified a high rate of satisfaction from those surveyed about their interactions with our Customer Service Centre
Effective engagement of the community during public decision-making opportunities	% of residents that believe they have been consulted appropriately	New measure	60%	57%	The 2016 Resident Survey found that 29% of the residents surveyed are very satisfied/satisfied and 28% were neutral

# Council Controlled Organisations



## Westland Wilderness Trust:

The Trust's focus for the year was to oversee the completion of the West Coast Wilderness Trail. This activity is included in Council's leisure and cultural group and the Trust had no financial transactions, assets or liabilities. On 24 November 2015 the Trust resolved to remove the audit requirement from the Trust deed, to avoid unnecessary costs.

## Tourism West Coast and West Coast Rural Fire Authority:

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 (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
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	Achieved?	100%	76%	<ul style="list-style-type: none"> <li>- Westland Holdings Ltd achieved 15 of its 19 performance targets (12 are per WHL)</li> <li>- Westland District Property Ltd achieved 6 of 9</li> <li>- Westroads Ltd achieved 2 of 4</li> <li>- Hokitika Airport Ltd achieved all 5 of its targets</li> </ul> <p>Details and explanations are available in the individual companies' annual reports</p>



### Westland Holdings Limited

Graeme King – Chairman, stepped down from the chairmanship on the 22 June 2016

Quentin Hix - Joined the board as Director on 3 February 2016, Chairman from 22 June 2016

Simon Bastion - Jointed the board as Director on 3 February 2016, deputy chair from 22 June 2016

Kaye McNabb - Joined the board as Director on 3 February 2016

Gabrielle Wall - Joined the board as Director on 3 February 2016

*Michael Teen – Director (retired during this term)*

*Mike Havill – Director (retired during this term)*

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 2015/25, 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.	Yes
A completed SI will be submitted to WDC by 30 June each year.	No
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.	No
Major matters of urgency are reported to the appropriate Council Committee or the CE of WDC within three days.	Yes

Key Performance Measures (continued):	Achieved?
The Chair will initiate an independent formal evaluation of the WHL directorate bi-annually.	Yes – This is reported as not achieved in the Annual Report of WHL because the review was undertaken by Council. The Board was refreshed following an open appointment process in February 2016.
The Company will review the training needs of individual WHL directors, and ensure training is provided where required.	Yes – Also reported as not achieved by WHL. However the Board appointment process superseded this.
The process followed for each appointment to a subsidiary board is transparent, fully documented and reported to WDC.	Yes
WHL negotiates with WDC to pay an achievable distribution for the 2016/17 financial year prior to finalising WDC's budget	Yes
WHL meets its budgeted level of distribution income of \$360,000 for the 2015/16 financial year	No
That the adopted Directors Policy be followed for any director appointments made.	Yes
Draft SI's are to be received by 14 February from the subsidiary companies.	Yes
Comment on the draft SI's within the statutory timeframe of 30 April each year.	No
WHL will direct the subsidiary companies to produce commercially focused draft SI's that are cognizant of their responsibilities to the social and environmental needs of the communities of Westland.	Yes
WHL will assess the alignment of the SI's with any specifically notified WDC strategic directive.	Yes
Subsidiary company SI's to incorporate specific reporting requirements in accordance with legislation and accepted practice.	Yes
All activity reports and formal reporting will be done through the Chairman of WHL and the CE of WDC.	Yes
Subsidiary company SI's to incorporate specific statements regarding the processes for the management of risk exposures, including reputational risk.	Yes
Long term investment assessment is carried out for any new projects. These must be assessed and approved by Council prior to initiating significant projects.	Yes
Ratio of Shareholders funds to total assets to be at least 50%.	Yes



# Westland District Property Limited

Graeme Purches - Chairperson

Les Singer – Director

Established May 2010.

Westland District Property Limited (WDPL) manages 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%.	Yes
Swimming pool annual total admissions to be +/- 5% those of the previous year.	No
Baches on Road Reserve annual number of licenses to occupy to be greater than 70.	Yes
Jacksons Bay Wharf annual percentage of commercial fishing vessels who use the wharf with licenses = 90%	Yes
Annual percentage of leasehold properties available for lease = 80%	No
Tenant satisfaction with the provision of the company's aged care rental housing greater than or equal to 90%.	Yes
Loss Time Injuries will be 0	Yes
The ratio of shareholder funds to total assets shall be greater than 60 percent.	No
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.	Yes



#### Westroads Limited

Durham Havill – Chairman

Peter Cuff – Director

Bryce Thomson – Director

Maurice Fahey – Director

Established January 1995.

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

During the year the company acquired the Christchurch based horizontal infrastructure business Trenching Dynamix and on 29 June 2015 Westroads Ltd amalgamated its subsidiary, Westroads (Greymouth) Ltd.

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 12%	No
A return of an annual dividend to the shareholder within a range of 50-75% of the company's net profit after tax, after adjusting for returns to shareholders via subvention payment.	Yes
Compliance with statutory and regulatory requirements enabling Westroads Ltd, Westland Holdings Ltd and Westland District Council to comply with the Local Government Act.	Yes
The ratio of consolidated shareholder funds to total assets shall be greater than 50 per cent.	No





### Hokitika Airport Limited

Linda Robinson – Chairperson

Les Singer – Director

Marcel Fekkes – Director

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 the head office of Westland District Property Limited and 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.'

Key Performance Measures:	Achieved?
The ratio of net profit before taxation and revaluations (before extraordinary items) to average shareholder funds within a range of 0.5% to 5%	Yes
The ratio of net profit before taxation and revaluations to average total assets (including any revaluation) within the range of 0.5% to 5%.	Yes
Compliance with statutory and regulatory requirements enabling Hokitika Airport Limited, Westland Holdings Limited and Westland District Council to comply with the Local Government Act 2002.	Yes
HAL will endeavour to achieve the highest storage occupancy as possible.	Yes
The ratio of shareholder funds to total assets shall be greater than 70%.	Yes

# Activity group: Planning and Regulatory

Inspections and compliance

Resource management

Emergency management

Animal control

## An overview of the 2015/16 year:

**Inspections and compliance:**

### ***Building:***

Council's existing Building Control Authority Accreditation has been maintained for the reporting period.

Council launched electronic processing in June 2016 ("Alpha One"). The Building Team held training workshops with key stakeholders and advertised these sessions as being available to the public. A computer terminal has been set up in the Customer Service Centre for applicants to use and on the spot guidance is always available.

We are pleased with the response to the new electronic system and so far 79 Building Consents have been processed using the Alpha One system. The average processing times for using the Alpha One system during this reporting period is 10.45 days, with only one application taking over the 20 days (at 21 days). This occurred as staff were having to use two processing systems i.e. juggling the introduction of the AlphaOne electronic system with the previous manual system of processing still in place.

For most of the reporting period Council was still manually processing building consents, with 203 being issued this way. The average processing time was 11 days and 199 out of the 203 met the 20 w/day timeframe.

The Building Department increased its permanent staff with an additional Building Control Officer in the second half of this reporting period. In addition it increased the use of external contractors in proportion with the applications being lodged, in order to achieve its statutory timeframes for issuing consents.

An advantage of the AlphaOne processing system is that it is a well-regarded nationwide system (with numerous trained operators), which allows us to further expand our contractor base, as required.

The team has developed a collaborative relationship with the other West Coast Building Consent Authorities (BCAs), in order to share training opportunities and reduce overall costs for implementing and

delivering shared services. An example is the development of a shared BCA manual. All parties are working towards delivering a consistent approach for customers about process and inspection arrangements.

Council is also a part of the “Mainland Group” of BCAs / Territorial Authorities and participates in regular meetings.

#### ***Environmental Health:***

Council has changed its fees and inspection regime as a consequence of Food Act amendments. As a part of consultation in March / April 2016 for the Annual Plan 2016/17, we released a Statement of Proposal about the proposed changes. Council approved a new fee structure for services, with clearly separate fees for registration, verification and compliance / monitoring so that businesses requiring more compliance and monitoring pay for this.

Good progress has been made visiting food premises for education about new food control plans (all food premises are required to have food control plans by 1 March 2017 or they cannot continue to trade).

In the last year 82 out of 97 premises have been inspected. This represents a completion rate of 84.5%.

There are 4 Regional Liquor Licensing meetings a year, attended by Police, the Medical Officer of Health and Council Licensing Inspectors. A Liquor Licensing Hearing was held on 23 May 2016 for a new off licence premises in Hokitika. This application was successful and the business is likely to commence operation in 2016/17.

#### **Resource management:**

During this reporting year the Planning team was challenged again by not having a full complement of staff for some of the time, yet managed to achieve 91% compliance with statutory timeframes. Recruitment of the newly created Senior Planner position is now underway.

Staff responded to two Environment Court appeals relating to a land use consent and Plan Change 7. The Council approved the legal fees variance in relation to Plan Change 7 in August 2015. Progress on Plan Change 7 was deferred by the Council in November and staff have worked with the Franz Josef Resilience Group, the Franz Josef Working Group and the West Coast Regional Council on future planning work for Franz Josef. Further work on the District Plan Review has not been undertaken.

A review of the resource consents function and systems was also undertaken during this time. It has identified some areas for improvement and provides Council with recommended actions which staff have been progressing. The first Development and Stakeholders meeting was held and will continue to form a liaison group in the future.

Collaboration continued with other West Coast Councils on potential joint policy review and has led to joint West Coast submissions on national policy reforms. The Council made submissions on the Regional Policy Statement and Regional Coastal Plan.

In response to customer feedback, Council dropped all its planning and regulatory fees (including building control and environmental health) from \$200/hr to \$150/hr and \$100/hr for administration time.

#### **Emergency management (Civil Defence and Rural fire):**

##### ***Civil Defence***

##### ***Hokitika flood event:***

An extreme rain event caused flooding of some residences in the Hokitika Township during 2015. The Council set up an Emergency operation Centre and followed Civil Defence procedure with regard to media

updates and lifeline monitoring and welfare planning, although a Civil Defence emergency was not in the end declared. This event has resulted in Council accelerating the stormwater improvement programme that was initiated in the Long Term Plan. This is addressed further in the “Stormwater activity section” of this report.

*Franz Josef/Waiau emergency event:*

There was a flooding event in Franz Josef on 23 March 2016, when the Waiho River breached its bank 50m north of state Highway 6. It resulted in a multi-agency response and a Local Civil Defence Emergency being declared.

An Emergency Operations Centre was set up in Franz Josef and welfare arrangements made for the people that had to evacuate their premises. Local Franz Josef/Waiau civil defence volunteers made the initial evacuations of those affected by the floodwater.

The Waiho River water flooded through Council’s Wastewater treatment ponds, causing severe damage. The response required by Council to addressing the damage to its infrastructure is referred to in more detail in the “Wastewater activity section” of this report.

The threat of flooding around the Mueller Wing of the Scenic Hotel resulted in the initial evacuation of 70 people. Later in the event 100 tourists were evacuated from the Top 10 Holiday Park and 16 from Westwood Lodge, downstream of the Scenic Hotel. The remainder of the Franz Josef Township was not threatened by the floodwater. The State Highway was temporarily closed but was re-opened within 2 hours, with motorists being advised to take care because of the surface flooding on the road.

The Mueller Wing of the Scenic Hotel was declared uninhabitable after the flood event due to flood water and gravel damage. This included a large accommodation building and two residences. The other properties affected suffered surface flooding only and were able to be reoccupied.

*Civil Defence training:*

14 people attended Emergency Operations Centre (EOC) training in August 2015 and a further 20 in May 2016. 2 people attended specialised EOC Welfare training in June. The principle controller attended Controller training in May.

*Planning:*

The Civil Defence Community Response Plan for Franz Josef is currently with the Franz Josef community for final review before sign off by Council. The Hokitika Community Response Plan is to be reviewed in 2016/17. Work with the Kumara, Otira and Okarito communities to develop their Community Response Plans is scheduled for 2016/17.

***Rural Fire***

There is one Rural Fire Officer appointed within this district which has proved to be effective. Support has been provided both within the region and outside of the region on request

**Animal control:**

The Hokitika SPCA retained Council’s dog control contract.

Council changed its Dog Control Policy on 30th June 2016 as the result of consultation in March / April 2016 for the current Annual Plan 2016/17. Two new classes of dog ownership were added, these being Working dogs and Selected Dog Owner. New fees for these classes of dog were set. A record number of previously unknown dogs have been located.

Council also amended its Stock Control fees.

## Explanation of variances:

Inspections & compliance			
	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	689	574	115
Operating expenditure	950	814	136
Net operating cost of services - surplus/(deficit)	(261)	(240)	(21)
Includes depreciation of	5	7	

The positive revenue variance was due to Building Control inspection and processing revenue remaining higher than budget during the year, and unbudgeted revenue for certificates of title. The negative expenditure variance is mainly due to temporary building control officer expenses, this is offset in the positive revenue variance.

Resource management			
	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	140	138	3
Operating expenditure	528	654	(126)
Net operating cost of services - surplus/(deficit)	(388)	(516)	128
Includes depreciation of	1	2	

The positive expenditure variance is due to lower personnel costs for a budgeted unfilled vacancy, and lower consultant costs on the District Plan.

Emergency management			
	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	11	5	7
Operating expenditure	186	157	29
Net operating cost of services - surplus/(deficit)	(175)	(153)	(22)
Includes depreciation of	9	8	

\$12,000 of the negative expenditure variance is due to the clean-up costs of the flood event, \$10,000 was for new satellite communications to cover the whole district.

Animal control			
	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	126	107	19
Operating expenditure	172	180	(8)
Net operating cost of services - surplus/(deficit)	(46)	(73)	27
Includes depreciation of	0	1	

The positive revenue variance is due to increased animal control officer actions, more patrols and less tolerance for non-compliance.

# Funding Impact Statement (for the group)

For the year ended 30 June 2016

	2015/16 Actual \$000	2015/16 Long term plan \$000
<b>Sources of operating funding</b>		
General rates, uniform annual general charges, rates penalties	958	1,165
Targeted rates	0	0
Subsidies and grants for operating purposes	0	0
Fees and charges	954	773
Internal charges and overheads recovered	0	0
Interest and dividends from investments	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	13	46
<i>Total operating funding (A)</i>	<b>1,925</b>	<b>1,984</b>
<b>Application of operating funding</b>		
Payments to staff and suppliers	1,295	1,364
Finance costs	0	0
Internal charges and overheads applied	526	631
Other operating funding applications	0	0
<i>Total applications of operating funding (B)</i>	<b>1,822</b>	<b>1,995</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>103</b>	<b>(11)</b>
<b>Sources of capital funding</b>		
Subsidies and grants for capital expenditure	0	5
Development and financial contributions	0	0
Increase/(decrease) in debt	0	0
Gross proceeds from sale of assets	0	0
Lump sum contributions	0	0
Other dedicated capital funding	0	0
<i>Total sources of capital funding (C)</i>	<b>0</b>	<b>5</b>
<b>Application of capital funding</b>		
<b>Capital expenditure:</b>		
- To meet additional demand	0	0
- To improve the level of service	0	0
- To replace existing assets	16	10
Increase/(decrease) in reserves	87	(16)
Increase/(decrease) in investments	0	0
<i>Total applications of capital funding (D)</i>	<b>103</b>	<b>(6)</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(103)</b>	<b>11</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>(0)</b>	<b>(0)</b>

The level of service achieved in relation to the performance targets

## Inspections and compliance

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
Timely processing of Building Consents	% of building consents processed within 20 working days as per the requirements of the Building Act	99%	100%	98%	A minor drop in performance from previous year due to temporary staffing shortage and training requirements resulting from adoption and integration of the Alpha-One electronic processing system. A total of 5 of 282 consents went over time.
Provide appropriate advice to customers	% of users satisfied with the quality of the advice provided on building consent, environmental health and Liquor Licensing matters	New measure	85%	<p>Result for Building Consents: 92% user satisfaction</p> <p>Result for Environmental Health: 92%</p> <p>Result for Liquor Licensing: 70%</p>	<p>The 2016 Resident Survey did not cover this activity. Instead customer satisfaction surveys were conducted. 207 questionnaires were posted out.</p> <p>For Building Consents: 50 survey questionnaires were returned, with 4 indicating dissatisfaction (3 regarding fees, 1 regarding delays). Of those 46 customers who were satisfied, 6 still had concerns regarding fee levels and 2 had concerns regarding delays.</p> <p>For Environmental Health: 18 responses were received (4 had not used the service in the reporting period). 13 out of the other 14 are very happy with the service. One stated that the service was good but the timeframes were too long.</p> <p>For Liquor Licensing 20 responses were received. 14 positive responses about helpful service. 3 found the timeframes too slow and 3 were neutral.</p>

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
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	83%	100%	84.5%	<p>In the last year 82 out of 97 premises have been inspected. This represents a completion rate of 84.5%.</p> <p>Council is pleased with the increase from the previous year, especially as new regulations were introduced in the latter part of this reporting year, which meant staff had to educate licence holders about the new inspection regime and fee structure.</p>



# Resource management

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June, 2016	Explanation
Resource consents processed in accordance with the Resource Management Act	% of resource consents processed within statutory timeframes	82%	100%	91%	Improvement made however the target was not met due to staff vacancies.
Provide appropriate advice to customers	% of users satisfied with the quality of the advice provided on resource management matters	New measure	85%	82%	A customer satisfaction survey was conducted.

## Emergency management Including Rural fire

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June, 2016	Explanation
Effective natural hazard readiness	<p>Suitable emergency response training has occurred</p> <ul style="list-style-type: none"> <li>- Emergency Management personnel meet CIMs 4 and EOC standards</li> <li>- Volunteers are offered at least 2 training opportunities per annum</li> <li>- Number of trained volunteers increases by 10%</li> </ul>	<p>Staff training achieved</p> <p>Low volunteer turn-out to training</p>	100%	100%	
Suitable response systems are in place	Community emergency response plans are in place for all Westland townships	<p>70% (Plans are in place for Hokitika, Ross, Harihari, Whataroa, Franz Josef and Fox)</p>	90 - 100%	80%	Progress is being made however this stalled due to a staff vacancy during this reporting period.

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June, 2016	Explanation
Appropriate emergency response to rural fires	WDC Rural Fire provides support to partner agencies as requested	100%	100%	100%	
Provide fire permit service	Fire permit requirements are publically advertised	Not done	At beginning of fire season and prior to the at Christmas holiday break	100%	The Principal Rural Fire Officer has advertised fire permit requirements in the local newspapers and in Council's own media (website and electronic newsletter).

## Animal control

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June, 2016	Explanation
Keep the public safe from dogs and wandering stock	% of residents satisfied with the protection provided	New measure	90%	72%	The 72% figure was obtained from the Resident Survey conducted in March 2016.

# Activity group:

## Community Services

Community development & assistance

Community halls

Townships (the development fund & improvement projects)

An overview of the 2015/16 year:

Community development & assistance:

***Allocation and administration of Major District Initiative funding:***

Four community projects which have received Major District initiative Funding (MDI), stand out in 2015-2016. All were begun in this financial year, one is completed and three will be completed in 2016/17:

Harihari Community Centre:

Harihari has not had a community centre for many years but after eight years of planning, a new community centre was opened on 2 April 2016. Funding for the project came from Westland District Council, the sale of pony club land, Development West Coast and the Lottery Community Facilities Fund. The total cost was \$989,595. The Harihari community is reporting increasing usage of the facility by community groups.

Fox Glacier Community Centre:

This is a \$1.6 million project funded by Development West Coast, Westland District Council, Lotteries Community Facility Fund and nearly \$300,000 of local fundraising. The project is a great example of a small local community working well together to see their dream come true. The finished facility is anticipated to have high usage by both locals and tourists.

The new RSA building in Hokitika:

The previous building came in under the required standard for earthquake risk and had to be demolished. Construction has commenced for a building estimated to cost \$825,372. The RSA have raised over \$200,000 operating a second hand shop in Hokitika. Other funding has come from Development West Coast and the Lotteries Community Facilities Fund.

Ross Centennial Hall Upgrade:

This project required a new roof to replace a badly leaking 1960's roof and a modernised kitchen. Costing a total of \$119,883, funding came from Development West Coast and the Ross Endowment funds. The Ross community will soon have a facility they can enjoy using again.

The Westland High School also has been allocated MDI funding however has not been in a position this past year to move forward with its plans for a Community and Recreation Centre. The fire that destroyed some

of the school buildings has meant the school has had to re-allocate its resources to address rebuilding needs. A Feasibility Study for the new facility is currently nearing completion and this will be the springboard for school fundraising to complement the MDI component.

#### ***Other funding:***

Council has also used \$9,844 of Creative Communities Funding to fund eight local arts projects in 2015/2016 and \$8,383 of Sport New Zealand Rural Travel Funds to assist seven sports clubs in Westland to subsidise travel to sports games and competitions.

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

### **Community halls**

The 2016 Resident Survey has raised a number of issues for Council to consider (or, re-consider) in relation to our community halls. The verbatim responses indicate that residents do not know and/or understand the role of Council with regard to many community halls. Ownership, management, maintenance and funding arrangements are questioned. Council staff will be continuing to work with communities to clarify roles for ownership and management of all halls.

Of those surveyed 51% of households had not used a community hall in the district within the last 12 months.

A new hall was built in Harihari earlier this year. The Hokitika RSA and Fox Glacier community are currently building their own buildings showing that there is still a desire to have such facilities within the communities. It is important to note that although Council assisted with funding contributions these new facilities are self-owned and managed by the community.

### **Townships (development fund & local improvement projects)**

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

- a. Agree among members at a community association meeting by majority vote of members present what the money 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.
- b. Minute such decision(s) in meeting minutes and send a copy of these minutes to Council.
- c. Generate an invoice for Council for the costs of the projects agreed on accordingly and add GST to the amount if they are GST registered.
- d. Sign an accountability document before 12 months has expired from the time of receiving the grant.

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

<i>Community Association or Trust</i>	<i>What the funding was put towards</i>
Kumara Residents Trust	Annual Gala Day expenses, community swimming pool maintenance, Kumara Memorial Hall maintenance, planning for the Chinese Reserve.
Kokatahi-Kowhitirangi Community Committee	Grants to local community sports clubs and organisations
Ross Community Society	Domain and bus shelter improvements, new community noticeboard, kitchen server shutter, electronic speed sign, Ross 150th celebrations

Harihari Community Association	Guy Menzies hangar, tables, exercise equipment, replacement doors for the RSA
Whataroa Community Association	Electronic speed sign, public hall improvements
Franz Josef Community Council	Modifications and improvements to the public hall
Fox Glacier Community Development Society	Building consent for the new community centre, costs of the new community centre
Haast Promotions Group	Dennis Road Track, preparation for a promotional DVD of the Haast District

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

## Explanation of variances:

### Community Development & Assistance

	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	276	274	2
Operating expenditure	405	430	(25)
<b>Net operating cost of services - surplus/(deficit)</b>	<b>(129)</b>	<b>(156)</b>	<b>27</b>
Includes depreciation of	6	11	

The positive expenditure variance is mainly due to lower overhead costs.

### Community halls

	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	116	13	103
Operating expenditure	184	135	49
<b>Net operating cost of services - surplus/(deficit)</b>	<b>(68)</b>	<b>(122)</b>	<b>54</b>
Includes depreciation of	125	26	

The positive revenue variance is due to a recovery of cost for the Retired Services Association building. The positive expenditure variance is due to lower reactive maintenance costs.

### Community township development

	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	416	400	16
Operating expenditure	484	437	47
<b>Net operating cost of services - surplus/(deficit)</b>	<b>(68)</b>	<b>(37)</b>	<b>(31)</b>
Includes depreciation of	25	40	

The negative expenditure variance is due to emptying rubbish bins, and unbudgeted reserves maintenance.

# Funding Impact Statement (for the group)

For the year ended 30 June 2016

	2015/16 Actual \$000	2015/16 Long term plan \$000
<b>Sources of operating funding</b>		
General rates, uniform annual general charges, rates penalties	480	183
Targeted rates	660	733
Subsidies and grants for operating purposes	27	26
Fees and charges	116	0
Internal charges and overheads recovered	0	0
Interest and dividends from investments	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	4	13
<i>Total operating funding (A)</i>	<b>1,287</b>	<b>955</b>
<b>Application of operating funding</b>		
Payments to staff and suppliers	784	776
Finance costs	0	0
Internal charges and overheads applied	135	149
Other operating funding applications	0	0
<i>Total applications of operating funding (B)</i>	<b>919</b>	<b>925</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>369</b>	<b>30</b>
<b>Sources of capital funding</b>		
Subsidies and grants for capital expenditure	0	0
Development and financial contributions	0	0
Increase/(decrease) in debt	0	0
Gross proceeds from sale of assets	0	0
Lump sum contributions	0	0
Other dedicated capital funding	0	0
<i>Total sources of capital funding (C)</i>	<b>0</b>	<b>0</b>
<b>Application of capital funding</b>		
<b>Capital expenditure:</b>		
- To meet additional demand	0	0
- To improve the level of service	0	0
- To replace existing assets	79	110
Increase/(decrease) in reserves	290	(80)
Increase/(decrease) in investments	0	0
<i>Total applications of capital funding (D)</i>	<b>369</b>	<b>30</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(369)</b>	<b>(30)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>(0)</b>	<b>0</b>



The level of service achieved in relation to the performance targets

## Community halls

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June, 2016	Explanation
Provide safe and useful community halls	% of residents satisfied with the standard of their community hall	New measure	80%	67%	<p>67% of residents are satisfied with the standard of community halls.</p> <p>Of those that used a community hall 82% of residents are satisfied.</p>

# Activity group:

## Leisure services & facilities

Cemeteries

Elderly Housing

Hokitika Museum

Hokitika Wildfoods Festival

i-SITE

Land & Buildings

Parks and Reserves

Public Toilets

Swimming Pools

West Coast Wilderness Trail

Westland District Library

### An overview of the 2015/16 year:

#### Cemeteries:

All Council Cemeteries are accessible at any hour. This change was made in late 2015 at the request of families. This change has been well-received.

Capital expenditure is on track for further development of the Hokitika Cemetery; during this reporting period improvement works started and further works will continue during 2016/17.

### **Elderly housing:**

Westland District Property Limited carried out an Annual Satisfaction Survey for this reporting timeframe. Interviews of residents of pensioner housing were conducted by an external contractor, with a strike rate of 91%. That is, 51 of the 56 residents were interviewed. All of the residents interviewed were satisfied or very satisfied with living conditions and with the quality of their flats, however a number mentioned the state of the windows and asked if there was the possibility to double glaze. This is being addressed.

All residents said they were very satisfied/satisfied with Westland District Property Limited (WDPL) as their landlord and many expressed appreciation for the help they had received through the year. Specific comments:

- We work together – great job
- All staff very helpful and go the extra mile
- “Blimen” happy
- Really very good x 4
- They are doing their best
- Nothing to growl about
- Keep doing what they’re doing – meeting the needs of people

Residents knew who to contact for repairs. Those who had requested repairs were satisfied with promptness of response, timeliness of the response and quality of work. Nine respondents noted they hadn’t needed to ask for any help in terms of repairs or maintenance.

### **Hokitika Museum:**

Hokitika Museum had a fantastic year in terms of visitor numbers with just over 17,000 recorded. This is the museum’s best year since at least 1994 (except during the Rugby World Cup when the Museum offered free admission) and is a result of a great summer season and growing interest in Westland’s heritage. The origin of visitors to Hokitika Museum shows little change from previous years with 25 per cent from Westland and 30 per cent from the rest of New Zealand. Of the 45 per cent from overseas, the three largest contributors are Australia and the United Kingdom, both ten per cent, and the USA with six per cent.

660 enquiries were fielded by staff in the Museum’s research centre with genealogy, subject specific research, enquiries about collection items and photographs accounting for most.

The Museum’s in-house visitor survey showed that 94.5 per cent of visitors who completed the survey rated the Museum four or five out of five. The audio-visual and ‘everything’ continue to be the most popular exhibits while photograph displays, the Pounamu Room and the whitebait display also scoring highly. Suggestions included using more technology to tell stories, having more exhibits or enlarging the Museum and having more language translations, natural history information and personal stories.

In an attempt to improve access to the community’s collection of stories and objects Hokitika Museum has worked on many public programmes during the year, including supplying daily historic photos in the Hokitika Guardian (to September 2015), sharing information about Westland’s involvement in WW1, facilitating a performance from the poet and bush balladeer Gary Elford, a talk about Scottish migration to the West Coast and an afternoon for heritage volunteers with Lady Janine Mateparae and assisting with community exhibitions such as 150 years of the Hokitika Volunteer Fire Brigade and St Mary’s Church 150th anniversary exhibition.

Hokitika Museum’s latest publication, A Pictorial History of Hokitika 1865-1885, has been winging its way around the world with orders coming from the United Kingdom, Ireland, Canada and the USA. Not only does this book work as a fund-raiser for Hokitika Museum but it helps publicise Hokitika to the world!

The temporary exhibition 'Measurements, Maps & Minerals; the work of Charlie Douglas', timed to coincide with the Charlie Douglas Centennial Commemorative weekend in June, was immensely popular and was reinstalled during August 2016.

This year more than 1,800 items were donated to Hokitika Museum, about eighty per cent of which were photographs. Cataloguing is essential but time-consuming work and this year we are pleased to report that 19 per cent of new donations were catalogued, a big increase on the 7.6 per cent that were catalogued the previous year.

A significant advance has been made in transferring information from the hand-written accession registers, which date back to 1974, to the Museum's digital collection management system. The long-term aim is to have these records searchable on-line in order to improve public access to the collection.

### **Hokitika Wildfoods Festival:**

The Hokitika Wildfoods Festival made a surplus this year, for the first time in five years. This is a significant improvement, in comparison with an \$81,042 loss only two years ago. The survey of attendees produced a glowing response with 90% stating they were very satisfied. Primarily the dissatisfied comments related to the cost of attending the festival.

The 2016 event was the 27th annual occurrence of this now iconic New Zealand event. Saturday March 12th saw 50 stallholders from all realms of Wildfood descend on Cass Square. The Black Seeds headlined the entertainment line-up on stage and MKR Judge Ben Bayly fronted the souped up Demo Zone. New initiatives for entertainment included; a Kidz Korner and an area for Hokitikas' Home-grown talent. Also of note was the return of the Afterparty and the start of the community focused Wildfoods Warm Up event to support the Festival itself.

The growth in ticket sales is off the back of a diversified marketing campaign and upping the quality of our experience offered to our attendees. The journey to #BiggerBetterWilder has begun but isn't over yet, so watch this space for some more changes going forward!

### **i-SITE:**

On 1 July 2015 the i-SITE was merged with Council's Customer Service Centre. The Centre is open 7 days per week, Mon-Fri 8.30am-5pm, Sat, Sun and Public Holidays 10am-4pm for all Council enquiries, renewal of Library books, paying of invoices and rates and dog registration. The team can book any bus, train, accommodation, activity bookings throughout New Zealand. Fishing licences can be purchased, locator beacons and all terrain wheelchairs can now be hired from the Centre.

The AA Centre is also located in the CSC open Mon-Fri 9am-4.30pm where customers can get driver and motor vehicle licences renewed and pay their AA membership.

Council has been advertising on the radio about what the i-SITE has to offer for locals. We have just enrolled in a programme called "Customer radar" which will help us to get more defined information about the type of customers we receive at the i-SITE and the type of services they use.

Community Events go onto the local notice board, Hokitika i-SITE's Facebook page, the local community calendar and on Monday and Wednesday mornings Coast FM chats with Dave.

### **Land and buildings:**

The lower level roof of the Council office building received a new butyl rubber cladding extending the life of the roof out beyond another 25 years. A large heat pump was installed in the council chambers

The heat exchange unit at the building received a tidy up and filter replacement ensuring the air quality and dust filtration through the Carnegie building continues operating. The capola pillars on the top of the Carnegie building roof received a new coat of plaster and seal to tidy up the aging plaster surface.

The decrepit Three Mile hall was demolished by local contractors and incinerated by the Hokitika fire brigade in a controlled burn as a training exercise.

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

### **Parks and reserves:**

The 2015 Resident's Survey indicated that 87% of Westland residents (surveyed) are satisfied with the assets provided. 12% stated they were not satisfied, with the reasons including:

- The Hokitika Cass Square playing surface/drainage
- Lazar Park Hokitika equipment needs upgrade
- Loss of access to Sunset Point, Hokitika (as a result of the sea erosion)

The resident's survey will be undertaken again in 2017. Council is aware that there are issues with some of the park and reserve assets which affect people's use and/or do not meet people's expectations. Allocation of resources occurs very carefully every year to work through addressing the known issues.

The Cass Square playing surface was programmed in the Long Term Plan for upgrade in Year 2 (2016/17) and this will occur. The existing surface drainage system had a design life of 10 years and this has been extended to achieve more than 14 years. The Hokitika Wildfoods Festival and Agfest put pressure on surface loading.

Lazar Park is in poor shape. The upgrade program is being managed by the Hokitika Lions Club, a part of which is upgrade of the playground equipment and surface drainage.

Loss of the area at Sunset Point is ongoing. This is simply an act of nature and Council made a decision during this reporting period to monitor the situation. Council will be re-approaching the West Coast Regional Council about potential land protection works during 2016/17. Hokitika waterfront design and planning work continued, with consultants completing the concept plan for Beach Street and the area around the Reynold's steps at the end of Weld Lane. Construction will begin over the 2016/17 summer period.

The Parks and Reserves contract has been let until 2020. The scope of the works in this contract is a little varied to the previous contract, as it takes in additional areas around Hokitika, including walkway and cycle tracks. These were included as a result of community feedback that they are important assets to be maintained.

### **Public toilets:**

67% of households surveyed, said that they had used the public toilets in the last 12 months and 69% percent of those users were satisfied.

The whole district has had a notable increase in the numbers of tourists visiting and this ultimately put pressure on public facilities. In the Resident Survey the southern area facilities collected an increase in condition complaints. Harihari has had additional facilities installed as part of the Community Centre development and an increase in cleaning funding. These additional facilities may help to spread the loading around the southern ward.

Council also allocated additional funding in the last year to increase toilet cleans during peak traffic times in Hokitika, Franz and Fox Glacier townships. An increase in the number of cleans during the peak of the tourist season is intended to keep toilets in check.

#### **Swimming pools:**

In the 2016 Resident's Survey a large percentage of people surveyed were unable to comment about the Hokitika swimming pool as they had not visited the pool in the last 12 months. Reasons for not visiting the pool included "it needs to be upgraded", "it is too cold", "it's no good for competitive swimming as it's not even 25 metres".

Of those surveyed that do use the pool, 91% were satisfied.

During the annual winter maintenance shutdown, Council and Westland District Property Limited replaced the aging coal boiler with a diesel fired boiler. The improved output should mean no major fluctuations in temperature.

The pool is 100% compliant with PoolSafe. Accreditation was awarded in March 2016.

#### **West Coast Wilderness Trail (WCWT):**

There have been issues with the trail counters due to moisture affecting the equipment. The 2015-2016 trail count has been registered as 8,753 using 2015 Water Race and 2016 Paiere Rd data.

Highlights of the year include Tour Aoteroa riders voting the West Coast Wilderness Trail as their favourite ride in NZ.

An accountability audit was completed in July/August 2016 i.e. outside of this Annual Report timeframe. This full report has been publicised and is available from the Council. A key recommendation was that Council appoint Project Manager, which is being arranged.

There are five minor sections of the trail yet to be completed and these will be finished in 2016/17.

#### **Westland District Library:**

During this reporting period there was a slight (4%) decrease on issue figures, and visitor figures (2%) from 2014/15. There was a 41 % decrease in Wi-Fi connections.

From 1 July 2015 the weekly opening hours were increased by three hours. The library is now open until 4.00pm on Saturday.

An independent survey of library members was carried out during the month of November 2015. There were 296 respondents and more than 820 comments received. Feedback from the survey has resulted in changes that have improved library services for the community.

A new Library Management System ("Kotui") was introduced just outside of this reporting period, in July 2016. A significant amount of time was spent by library staff working on pre-installation tasks to ensure a smooth transition to the new library management system. Westland District Council is the 34th Council to join the KOTUI consortia group.

A stocktake was completed in March 2015 in preparation for the migration to the new library management system. Of the 32,572 items in the library collection, 119 were recorded as missing.

#### Regional collaboration:

- Large Print books – The three West Coast Public Libraries (Grey, Buller and Westland) 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.
- Joint subscriptions- The three West Coast Public Libraries agreed to continue a joint subscription to the EPIC resource databases and OverDrive (eBooks)
- West Coast Library Card - Initial discussions were held regarding the future introduction of one West Coast Public Library card. From 8th July 2016 all three libraries will be using the same library management system.

#### Community Libraries:

There are now 8 voluntarily-run Community Libraries throughout the District (Kumara, Ross, Harihari, Whataroa, Okarito, Fox Glacier, Bruce Bay and Haast). Bruce Bay Community Library was established in August 2015. The Franz Josef Community Library is not active at present.

#### Programmes and Events:

- Stepping Up Computer Classes – 22 free computer classes were held during the year. 63 people joined the digital world.
- Code Club – this after-school club run is in collaboration with Westland High School. Nine children attend on a weekly basis during the school term to learn how to do computer coding.
- International Storyteller – Andy Wright from Greymouth was engaged by the library to promote the Summer Reading Challenge. He performed stories at three Hokitika schools as well as the library.
- Children's Reading Challenges – 174 children aged 5-13 years successfully completed the 6 week Summer Reading Challenge. 44 children completed the Winter Reading Challenge.
- Children's activities – New activities including table tennis and reading to dogs were introduced as a way to encourage more children to enjoy the library during the holidays.  
A teen initiative entitled 'The News' which involved filming and editing was introduced. This was run in collaboration with Westland High School. Several craft sessions including a lantern making session were held throughout the year. The NZ Book Awards for Children and Young Adults festival week was successfully held in August 2015. Scholastic Publishers loaned the library a costume of a very popular children's book character, Geronimo Stilton to run a week long activity in June 2016 for 8 class visits.
  - Book Launches – Three authors launched their books in the library during the year – Duncan Dolby, Wendy Scott and Trish McCormack.
  - Children's Day - Two library staff promoted the library services at this annual event.

## Explanation of variances:

### Cemeteries

	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	36	30	6
Operating expenditure	153	159	(6)
<b>Net operating cost of services - surplus/(deficit)</b>	<b>(117)</b>	<b>(129)</b>	<b>12</b>
Includes depreciation of	6	7	

### Elderly Housing

	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	18	0	18
Operating expenditure	150	44	106
<b>Net operating cost of services - surplus/(deficit)</b>	<b>(131)</b>	<b>0</b>	<b>(131)</b>
Includes depreciation of	114	44	

The negative expenditure variance is due to \$17,000 unbudgeted maintenance costs and \$18,000 insurance costs which are recovered through the positive revenue variance.

### Hokitika Museum

	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	104	56	48
Operating expenditure	345	372	(27)
<b>Net operating cost of services - surplus/(deficit)</b>	<b>(241)</b>	<b>(316)</b>	<b>75</b>
Includes depreciation of	7	18	

The positive variance is due to admission fees and retail sales because of higher than anticipated visitor numbers. The positive expenditure variance is due to a budgeted vacancy being filled for only part of the year.

### Hokitika Wildfoods Festival

	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	343	351	(7)
Operating expenditure	351	376	(26)
<b>Net operating cost of services - surplus/(deficit)</b>	<b>(7)</b>	<b>(26)</b>	<b>18</b>
Includes depreciation of	2	4	



iSITE			
	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	151	146	5
Operating expenditure	391	348	43
<b>Net operating cost of services - surplus/(deficit)</b>	<b>(240)</b>	<b>(202)</b>	<b>(38)</b>
Includes depreciation of	11	23	

The negative expenditure variance is mainly due to the transfer of the Customer Service Centre to the i-SITE, there is a corresponding positive variance in corporate services.

Land & Buildings			
	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	2	4	(2)
Operating expenditure	613	144	470
<b>Net operating cost of services - surplus/(deficit)</b>	<b>(612)</b>	<b>(140)</b>	<b>(472)</b>
Includes depreciation of	25	8	

The negative expenditure variance is due to Council grants towards the costs of the Harihari community centre and Fox Glacier community hall.

Parks & reserves			
	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	337	248	89
Operating expenditure	528	259	269
<b>Net operating cost of services - surplus/(deficit)</b>	<b>(192)</b>	<b>(11)</b>	<b>(181)</b>
Includes depreciation of	126	34	

The negative variance is due to new contract costs which were not known when the budget was being prepared.

Public toilets			
	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	0	0	0
Operating expenditure	202	248	(46)
<b>Net operating cost of services - surplus/(deficit)</b>	<b>(202)</b>	<b>(248)</b>	<b>46</b>
Includes depreciation of	25	12	

The positive expenditure variance is due to lower maintenance and cleaning costs throughout the district.

<b>Swimming pools</b>			
	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	262	257	5
Operating expenditure	291	277	14
<b>Net operating cost of services - surplus/(deficit)</b>	<b>(28)</b>	<b>(20)</b>	<b>(8)</b>
Includes depreciation of	28	28	

#### West Coast Wilderness Trail

	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	1,564	0	1,564
Operating expenditure	402	100	302
<b>Net operating cost of services - surplus/(deficit)</b>	<b>1,162</b>	<b>(100)</b>	<b>1,262</b>
Includes depreciation of	222	27	

The positive revenue variance is due to unbudgeted grants for development of the West Coast Wilderness Trail. The expenditure variance includes the depreciation expense which is higher than budgeted \$289,000, depreciation is only funded on the structures on the cycle trail which amounts to approximately 17%, and there are also unbudgeted consents and maintenance costs amounting to \$80k.

#### Westland Library

	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	31	29	2
Operating expenditure	507	554	(46)
<b>Net operating cost of services - surplus/(deficit)</b>	<b>(476)</b>	<b>(525)</b>	<b>49</b>
Includes depreciation of	93	122	

The positive expenditure variance relates mainly to lower depreciation charges and operating costs than budgeted.

## Funding Impact Statement (for the group)

For the year ended 30 June 2016

	2015/16 Actual \$000	2015/16 Long term plan \$000
<b>Sources of operating funding</b>		
General rates, uniform annual general charges, rates penalties	1,681	1,415
Targeted rates	507	773
Subsidies and grants for operating purposes	11	11
Fees and charges	858	499
Internal charges and overheads recovered	0	215
Interest and dividends from investments	0	170
Local authorities fuel tax, fines, infringement fees, and other receipts	6	0
<i>Total operating funding (A)</i>	<b>3,064</b>	<b>3,083</b>
<b>Application of operating funding</b>		
Payments to staff and suppliers	2,952	2,351
Finance costs	0	0
Internal charges and overheads applied	402	411
Other operating funding applications	0	0
<i>Total applications of operating funding (B)</i>	<b>3,353</b>	<b>2,762</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(289)</b>	<b>322</b>
<b>Sources of capital funding</b>		
Subsidies and grants for capital expenditure	1,549	0
Development and financial contributions	0	0
Increase/(decrease) in debt	0	165
Gross proceeds from sale of assets	0	0
Lump sum contributions	0	0
Other dedicated capital funding	0	0
<i>Total sources of capital funding (C)</i>	<b>1,549</b>	<b>165</b>
<b>Application of capital funding</b>		
<b>Capital expenditure:</b>		
- To meet additional demand	0	77
- To improve the level of service	1,497	30
- To replace existing assets	129	308
Increase/(decrease) in reserves	(366)	73
Increase/(decrease) in investments	0	0
<i>Total applications of capital funding (D)</i>	<b>1,259</b>	<b>487</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>289</b>	<b>(322)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>(0)</b>	<b>(0)</b>

The level of service achieved in relation to the performance targets

## Cemeteries

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
Cemeteries have sufficient capacity	Each cemetery has at least 12 months capacity ahead	Hokitika 100% Kumara 100% Ross 100%	Hokitika 100% Kumara 100% Ross 50%	Hokitika 100% Kumara 100% Ross 100%	
Burials adhere to relevant legislation	Standards for burial are adherence to Cemeteries & Cremations Act 1964	New measure	100%	100%	

## Elderly housing

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
A safe and efficient service	Occupancy is maximised	100% Occupancy	100%	100%	
	% tenants satisfied with the service	>95% Satisfaction	>95%	100%	

# Hokitika museum

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June, 2016	Explanation
A quality museum experience	Visitor numbers are showing an upward trend	13,669	An increase of 5% each year	Increase of 25.5%	Tourism West Coast data shows that visitor numbers on the West Coast have been very good this summer. This influences visitor numbers at the museum as do exhibition that were popular with locals, such as the Charlie Douglas exhibition.
	% of residents satisfied with their museum experience	New measure	85%	99%	Residents survey

# Hokitika Wildfoods Festival

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June, 2016	Explanation
A quality attendee experience	% of attendees satisfied (post event satisfaction survey)	New measure	85%	90%	This response rate is from the Festival Attendee Feedback survey
	Growth is experienced annually (to a limit of 10,000)	8,200 Festival N/A for Afterparty	8,500 Festival N/A for Afterparty	6,620 Festival 1,270 Afterparty	These numbers are from official ticketing partner-Eventfinda



## i-SITE

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June, 2016	Explanation
A quality customer experience	i-SITE NZ and Qualmark standards are met	80%	80%	83%	i-SITE NZ assessment carried out in June 2016 and Council passed.  AA NZ Mystery Shopper was conducted in November 2015.
Increase resident population knowledge about what the i-SITE has to offer locals	Bookings made by local population	Increase of 5%	Maintain or Increase	i-SITE decrease of 5%  AA NZ increase of 6%	This excludes Wildfoods Festival ticket sales.

## Parks and reserves

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 31 June 2016	Explanation
Reserves are pleasant, enjoyable and safe places	% of residents satisfied with parks and reserves	90%	90%	87%	

## Public toilets

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June, 2016	Explanation
Provide public toilets throughout the district	% of residents satisfied with the service	Not measured	100%	66%	Notably residents who stated they are not satisfied with the local public toilets are predominantly in the Southern Ward. These toilets receive the highest amount of visitor usage. Council has increase cleaning budgets for the most highly used facilities.
	Facilities are available for use during the day	100%	100%	100%	Maintenance has been undertaken without compromising service.

## Swimming pools

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June, 2016	Explanation
A quality swimming or exercise experience at the Hokitika Pool	% of residents satisfied	New measure	85%	58%	Results shown are from the Resident Survey, not a customer survey. This reflects on respondents to the Resident Survey stating that they had not used the pool because they felt it was not an adequate facility.  Regular feedback forms and surveys of actual pool users show high satisfaction with the Hokitika pool facility.
	Maintain Pool Safe Accreditation	100%	100%	100%	

## West Coast Wilderness Trail

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
The cycle trail is well used	Numbers using the trail as measured by trail counters	Not previously measured	10,000	8,753	<p>Some of the trail counters experienced water inundation and therefore were excluded from the count.</p> <p>This, and other project management incidences, will be rectified as a result of the appointment of a dedicated Project Manager for the trail development.</p>

## Westland district library

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
Provide quality library services in the District	% of residents satisfied	A Resident Survey was not undertaken	95%	81%	<p>A survey of library customers was undertaken in November 2015 which indicated 95% customer satisfaction.</p> <p>A Resident Survey was completed in March 2016 which resulted in 81% of the residents surveyed stating they are satisfied with the library services offered.</p>
	% of residents who are library members	40%	42%	43%	

# Activity group: Transportation

## An overview of the 2015/16 year:

The road surface roughness is measured every two years and have been quite consistent for the past 7 years with minimal variance using the NAASRA measurement. The next measurements are scheduled for monitoring in 2017 and will provide new data for future asset management planning. We already monitor this monthly by other visual inspections and there has been few complaints or issues registered in the service request system.

This year Council responded to a number of major slips on the Haast-Jackson Bay Road at a cost in excess of \$500,000. This is a Special Purpose Road maintained by Council and its future funding status is currently being reviewed by New Zealand Transport Agency, which may have significant financial implications on ratepayers in the future. There are also a number of bridges requiring remedial work on this road and the Turnbull Bridge has already been fully remediated during this period.

The major flooding in June 2015 had an impact on a number of culverts and slips primarily on river banks that required stabilization after the event. Typically there were few damaged road sites with mostly short-term surface flooding.

The Transportation team has been working collaboratively with Grey District Council and sharing resource and combining some contracts such as resealing.

It was intended that Council would report on the achievement of response timeframes during the 2015/16 year by referencing its Service Request System records. However during this reporting period staff identified issues with how the system has been used by staff and contractors. On closer examination it has been established that work requests had sometimes been incorrectly classified by Council staff and that there was contractor delay in signing off completed work. These user errors have resulted in the complete year's records not being robust enough to be used for reporting. From our (limited) records, combined with staff awareness of the matters that were addressed, the scale of service requests for the roading and footpath activities is in the order of 80+ for the reporting period. Staff are sure that all of the service requests they received have been responded to i.e. Council has no record of outstanding matters.

Council is taking further steps to ensure the Service Request System will be used correctly. It has recently awarded a new roading maintenance contract and it focused on the contractor being aware of the record keeping and reporting requirements.

## Explanation of variances:

Transportation			
	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	3,307	3,018	290
Operating expenditure	5,918	5,818	99
<b>Net operating cost of services - surplus/(deficit)</b>	<b>(2,610)</b>	<b>(2,801)</b>	<b>191</b>
Includes depreciation of	2,516	2,894	

The positive revenue variance relates to unbudgeted NZTA subsidy for emergency works at Jackson Bay, this is offset in the negative expenditure variance, as not all the emergency works were reclaimable.

# Funding Impact Statement

For the year ended 30 June 2016

	2015/16 Actual \$000	2015/16 Long term plan \$000
<b>Sources of operating funding</b>		
General rates, uniform annual general charges, rates penalties	1,792	1,888
Targeted rates	0	0
Subsidies and grants for operating purposes	1,190	1,533
Fees and charges	1	0
Internal charges and overheads recovered	0	0
Interest and dividends from investments	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	120
<i>Total operating funding (A)</i>	<b>2,983</b>	<b>3,542</b>
<b>Application of operating funding</b>		
Payments to staff and suppliers	3,044	2,489
Finance costs	0	0
Internal charges and overheads applied	357	465
Other operating funding applications	0	0
<i>Total applications of operating funding (B)</i>	<b>3,402</b>	<b>2,954</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(418)</b>	<b>588</b>
<b>Sources of capital funding</b>		
Subsidies and grants for capital expenditure	2,116	1,484
Development and financial contributions	0	0
Increase/(decrease) in debt	0	0
Gross proceeds from sale of assets	0	0
Lump sum contributions	0	0
Other dedicated capital funding	0	0
<i>Total sources of capital funding (C)</i>	<b>2,116</b>	<b>1,484</b>
<b>Application of capital funding</b>		
<b>Capital expenditure:</b>		
- To meet additional demand	0	0
- To improve the level of service	142	33
- To replace existing assets	1,763	2,286
Increase/(decrease) in reserves	(208)	(247)
Increase/(decrease) in investments	0	0
<i>Total applications of capital funding (D)</i>	<b>1,698</b>	<b>2,072</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>418</b>	<b>(588)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>



## The level of service achieved in relation to the performance targets

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
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	19	Less than the previous year	Fatalities and Serious injury crashes: Data not held by Council  The NZTA website states that x 1 fatality and x 1 serious injury occurred on local roads in the <i>calendar</i> year 2015.	Council did not receive data directly from NZ Police or NZTA about fatalities and serious injury on local roads. When Council plans to review or upgrade a road it obtains data from NZTA as part of its planning.  Council has made a decision to ensure that it starts to receive this information on a regular basis.
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%	NAARA index not measured recently so the trend shown for last year is the most recent.	Typically only get data refreshed about every 2 years.  Road surface roughness has been quite consistent for the past 7 years (refer to opening text for further comment).
	Residents are satisfied with the standard and safety of Council's unsealed roads	New measure	50% of residents are satisfied with Council's unsealed roads	70%	As recorded by the 2016 Resident's Survey

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
The surface condition of roads in Westland is maintained to a high standard	The percentage of the sealed local road network that is resurfaced	8%	>7%	Target met	Our total network reseal was 29km of 374km. This equates to 7.75%.
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)	New measure	90%	Measure not yet determined. No known exceedances for deliverable standards.	Audit inspection required and data to be transferred to AssetFinda during 2016/17.
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 the time frame specified in the long term plan.	New measure	100%	No known timeline exceedances for response from NCS database.	<p>The system Council had in place was "currently not sufficient for Council to be able to report against the mandatory measures for road and footpath complaint response times".</p> <p>The reason, and what Council is doing to rectify this, is explained more comprehensively in the opening text for this activity section.</p>

# Activity group:

## Water supply

### An overview of the 2015/16 year:

Council supplies reticulated water to 2682 connections in the district.

Council's customer request system records show that there were 158 water related service requests logged between 1 July 2015 and 30 June 2016. Of these, 14 were related to customer satisfaction in relation to drinking water clarity, taste, odour, pressure or flow (as detailed in the level of service table later in this section). There were an additional three water related service requests that were found to be private problems to be addressed by private property owners (so these are not included in the total of 158).

It is likely that some customers directed requests straight to local contractors and these were not entered into Councils record system. Council has been working with both our contractors and our customers to correct this process. The result being that figures from the last quarter will be the most accurate record of total customer service requests. An indication of the number of service requests lodged outside of the Councils system can be estimated by some of the work that our contractors responded to after working hours. Our records indicate, for the water activity, this was about x per month.

The Blue Spur Water Treatment Plant Upgrade was completed in late 2015. As part of the upgrade a new water intake was installed in the Hokitika River in order to supplement the existing Lake Kaniere water supply source. The treatment plant capacity was also upgraded. The upgrade will serve both Westland Milk Products and the Hokitika community into the future.

A permanent generator was purchased and installed at the Harihari water supply bore. This will ensure continuity of the water supply in the event of a power failure to the site in Robertson Road.

Water meters in Fox Glacier were replaced in 2016. This project saw approximately 30 older water meters servicing private connections replaced. Council uses these water meters for monitoring and billing purposes. The remaining budget for this project has been carried over and will be spent on installing radios on the meters so that they can be read more efficiently. The budget for replacing water meters in both Hokitika and Franz Josef has been carried over into the 2016/17 financial year.

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 from bores.

Two of the nine water supplies that Council manages are untreated water supplies. This means that no forms of treatment (filtration, UV, chlorination or a combination of treatment applications that we typically use in other treatment plants across the district) are applied to the water before the water is supplied to customers. The two untreated water supplies are Kumara and Arahura. Water quality sampling is carried out more frequently as a result of these supplies being untreated and with the aim of meeting the requirements of the Drinking Water Standards for New Zealand 2005 (Revised 2008). 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. The upgrade will include the installation of filters and UV alongside instrumentation to monitor and ensure compliance with the Drinking Water Standards for New Zealand 2005 (Revised 2008).

#### 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 measuring systems on these five supplies to prove that this compliance is being achieved. It 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.

Two water supplies (Kumara and Whataroa) are due for upgrades in 2016/17 and will then also be capable of achieving protozoal compliance. The Fox and Arahura systems are still being evaluated – they are identified as Year 3 projects.

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. Westland District Council maintains current Water Safety Plans for all Council owned water supplies in the district regardless of the size of the population they serve. Water Safety Plans for the Arahura, Hokitika and Whataroa water supplies are due for review in 2016. This review commenced in early 2016 and Council is currently progressing with finalising the revised documents.

In June 2016 Westland District Council adopted the Water Supply Bylaw 2016. This Bylaw was adopted following a special consultative procedure in accordance with Section 83 of the Local Government Act 2002. The adoption of the Bylaw enables the Council to enforce measures to protect Council water supply schemes and ensure the effective delivery and management of those schemes.

#### Reporting on response timeframes:

It was intended that Council would report on the achievement of response timeframes during the 2015/16 year by referencing both its service request records and the records of work it receives from its Contractors. However during this reporting period Council staff identified process issues, which has resulted in some of the year's records not being robust enough to be used in this manner. Specifically:

1. Some of the records of work that Council received from its Contractors in the first part of the reporting period did not adequately record response timeframes. This has since been rectified but it has impacted on the accurateness of Councils reporting for this period.
2. Some of Council's staff had to be upskilled about how to accurately use its service request system (SRS), so as to provide the appropriate operational and reporting outcomes. For example, records indicate that assets staff and Council contractors were sometimes required to address either a different type of infrastructure problem to that which was logged, or more than one type of infrastructure problem e.g. a "flooding" problem may be recorded in the service request system, however the response was to address both a stormwater and a wastewater/sewerage issue.

Council is confident that it will be able to use its service request system to accurately report about response times going forward.

## Explanation of variances:

Water supply			
	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	4,351	3,858	493
Operating expenditure	3,400	3,189	211
<b>Net operating cost of services - surplus/(deficit)</b>	<b>951</b>	<b>669</b>	<b>282</b>
Includes depreciation of	1,127	1,000	

The positive revenue variance is due to higher than budgeted metered water fees and a subsidy for Haast water supply work (\$290,000). The negative expenditure variance is mainly due to increased depreciation for additional assets – mainly as a result of the Hokitika Water Supply treatment upgrade becoming operational at the beginning of the financial year.

# Funding Impact Statement

For the year ended 30 June 2016

	2015/16 Actual \$000	2015/16 Long term plan \$000
<b>Sources of operating funding</b>		
General rates, uniform annual general charges, rates penalties	59	59
Targeted rates	4,118	3,857
Subsidies and grants for operating purposes	0	0
Fees and charges	21	0
Internal charges and overheads recovered	0	0
Interest and dividends from investments	2	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	1
<i>Total operating funding (A)</i>	<b>4,199</b>	<b>3,917</b>
<b>Application of operating funding</b>		
Payments to staff and suppliers	1,296	984
Finance costs	286	365
Internal charges and overheads applied	690	840
Other operating funding applications	0	0
<i>Total applications of operating funding (B)</i>	<b>2,272</b>	<b>2,189</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>1,927</b>	<b>1,728</b>
<b>Sources of capital funding</b>		
Subsidies and grants for capital expenditure	210	0
Development and financial contributions	0	0
Increase/(decrease) in debt	1,631	(1,145)
Gross proceeds from sale of assets	0	0
Lump sum contributions	0	0
Other dedicated capital funding	0	0
<i>Total sources of capital funding (C)</i>	<b>1,840</b>	<b>(1,145)</b>
<b>Application of capital funding</b>		
<b>Capital expenditure:</b>		
- To meet additional demand	0	0
- To improve the level of service	5,449	30
- To replace existing assets	42	530
Increase/(decrease) in reserves	(1,724)	23
Increase/(decrease) in investments	0	0
<i>Total applications of capital funding (D)</i>	<b>3,767</b>	<b>583</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(1,927)</b>	<b>(1,728)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>

## The level of service achieved in relation to the performance targets

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
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> <ul style="list-style-type: none"> <li>(a) part 4 of the drinking-water standards (bacteria compliance criteria), and</li> <li>(b) part 5 of the drinking-water standards (protozoal compliance criteria).</li> </ul>	<p>New measure –</p> <p><i>Note: There are 9 drinking water supplies throughout the district. As at 1 July 2015 the following water supply schemes have been upgraded to meet parts (a) and (b) of the key performance measure: Hokitika, Ross, Harihari and Franz Josef. A budget for a feasibility study about Council's role in continuing to provide the Arahura scheme is included in Year 1. After that a decision will be made about Council's role in the future provision of the Arahura scheme.</i></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>Years 2-3</p> <p>These drinking water schemes will comply with parts (a) and (b) of the performance measure: Fox, the Arahura scheme if it is continued as a Council service</p>	<p>(a) 2 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>(a) The Hokitika and Harihari water supplies were compliant with bacterial compliance criteria at both the water treatment plant and in the distribution zone. The Fox Glacier, Franz Josef, Kumara, Ross and Haast water supplies were compliant with bacterial compliance criteria in the distribution zone but failed to meet bacteria compliance criteria for the treatment plant. The Franz Josef and Fox Glacier Water Treatment Plants failed to meet bacterial compliance criteria because of disinfection transgressions (event where the chlorine residual falls below 0.2 mg/l). The Kumara, Ross and Haast Water Treatment Plants failed to meet bacterial compliance criteria because they failed to meet the number of samples required to be taken over the compliance period.</p>

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
					<p>The Arahura and Whataroa water supplies failed to meet bacterial compliance criteria at both the treatment plant and in the distribution zone. This is due to <i>E.coli</i> transgressions in Jan/Feb and Mar/Apr respectively. During both transgressions a boil water notice was issued and the steps followed in response to the transgressions were in accordance with Drinking Water Standards for New Zealand 2005 (Revised 2008). Work has commenced to make improvements to the monitoring of all supplies to improve performance against bacterial compliance criteria going forward.</p> <p>(b) As explained in the above introductory text to this activity section, systems for collecting, analysing and reporting continuous data are currently unavailable for the plants capable of achieving protozoal compliance. As such we are</p>



Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
					unable to demonstrate that we do achieve the protozoal compliance criteria.
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 notification to the time that service personnel confirm resolution of the fault or interruption. (12 hours)</p>	New measure	<p>(a) 100%</p> <p>(b) 100%</p> <p>(c) 100%</p> <p>(d) 100%</p>	<p>The response time for urgent callouts (under 2 hours): <i>Unable to report accurately</i></p> <p>The resolution of urgent callouts (under 12 hours): <i>Unable to report accurately</i></p> <p>The response time for non-urgent callouts (under 24 hours): <i>Unable to report accurately</i></p> <p>The resolution of urgent callouts (under 72 hours): <i>Unable to report accurately</i></p>	<p>The system Council had in place was "currently not sufficient for Council to be able to report against the mandatory measures for sewerage and drinking water median response times".</p> <p>The reason, and what Council is doing to rectify this, is explained more comprehensively in the opening text for this activity section.</p> <p>The number of service requests received is also identified in the opening text for this activity section.</p>

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
	<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>				
Council supplied water is reliable	<p>Maintenance of the reticulation network:</p> <p>The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).</p>	Not measured	Council does not intend to measure this as it will impose an unreasonable cost	Will not be measured	

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
	<p>Demand management:</p> <p>The average consumption of drinking water per day per resident within the territorial authority district.</p>	New Measure	The average water consumption per person per day is < 500l/day	Not measured in 2015/16	Unable to record daily consumption at present.
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"> <li>(a) drinking water clarity</li> <li>(b) drinking water taste</li> <li>(c) drinking water odour</li> <li>(d) drinking water pressure or flow</li> <li>(e) continuity of supply, and</li> <li>(f) the local authority's response to any of these issues</li> </ul> <p>Expressed per 1000 connections to the local authority's networked reticulation system.</p>	New measure	Type and number of complaints received (25 per 1000 connections)	<p>(a) 2 (b) 1 (c) 1 (d) 5 (e) 5 (f) 0</p> <p>Total number of complaints = 14</p> <p>Complaints per 1000 connections = 5</p> <p>Key performance measure condition has been met.</p>	Total number of service connections = 2682

# Activity group: Wastewater

## An overview of the 2015/16 year:

There were 21 wastewater related service requests logged between 1 July 2015 and 30 June 2016. 15 of these related service requests were related to customer satisfaction in relation to odour, faults, blockages and response to issues with sewerage system (the breakdown is detailed in the Level of Service table below). Council also received a further four wastewater related service requests that were found to be private problems to be addressed by private property owners, so are not included in the above total of 21.

In April 2016 Westland District Council was granted a ten year consent for two activities associated with the operation of the Hokitika Wastewater Treatment Plant. These activities include:

- discharge of treated sewerage effluent to the coastal marine area via an ocean outfall pipe from the sewage oxidation ponds, and
- discharge of contaminants (mainly odour) to air associated with the operation of the sewerage oxidation ponds.

The consent requires the implementation of measures outlined in a forward work programme. This programme includes investigations, works and monitoring to assist Council in identifying necessary upgrades and an alternative discharge option prior to expiry of the consent. Council is also required to regularly report to West Coast Regional Council on progress against the forward work programme amongst other reporting and monitoring requirements set out in the consent.

In early 2016, Council completed work to upgrade the pump and electrics at the West Drive Wastewater Pump Station.

In March 2016 the Waiho River flooded the Franz Josef Wastewater Treatment Plant resulting in significant damage to the oxidation ponds. This situation did not directly affect residences and businesses as the wastewater network remained operational. Council undertook some immediate remedial work to mitigate the effect on the environment. Franz Josef Wastewater Treatment Plan was already non-compliant prior to the floods i.e. Council was served with notice for application for enforcement order pursuant to Section 316 of the Resource Management Act 1991. Council is currently working with West Coast Regional Council to identify a long term solution for wastewater treatment in Franz Josef.

## Explanation of variances

Wastewater			
	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	965	919	46
Operating expenditure	1,295	1,036	260
Net operating cost of services - surplus/(deficit)	(330)	(116)	(214)
Includes depreciation of	370	447	

The positive revenue variance is mainly due to unbudgeted capital contributions. The negative expenditure variance (\$371,000) is due to unbudgeted flood repairs at Franz Josef and consultant costs.

# Funding Impact Statement

For the year ended 30 June 2016

	2015/16 Actual \$000	2015/16 Long term plan \$000
<b>Sources of operating funding</b>		
General rates, uniform annual general charges, rates penalties	27	27
Targeted rates	877	874
Subsidies and grants for operating purposes	0	0
Fees and charges	49	45
Internal charges and overheads recovered	0	0
Interest and dividends from investments	10	0
Local authorities fuel tax, fines, infringement fees, and other receipts	30	0
<i>Total operating funding (A)</i>	<b>992</b>	<b>946</b>
<b>Application of operating funding</b>		
Payments to staff and suppliers	768	397
Finance costs	0	0
Internal charges and overheads applied	158	192
Other operating funding applications	0	0
<i>Total applications of operating funding (B)</i>	<b>925</b>	<b>589</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>67</b>	<b>357</b>
<b>Sources of capital funding</b>		
Subsidies and grants for capital expenditure	0	0
Development and financial contributions	0	0
Increase/(decrease) in debt	0	50
Gross proceeds from sale of assets	0	0
Lump sum contributions	0	0
Other dedicated capital funding	0	0
<i>Total sources of capital funding (C)</i>	<b>0</b>	<b>50</b>
<b>Application of capital funding</b>		
<b>Capital expenditure:</b>		
- To meet additional demand	0	0
- To improve the level of service	119	50
- To replace existing assets	9	40
Increase/(decrease) in reserves	(61)	317
Increase/(decrease) in investments	0	0
<i>Total applications of capital funding (D)</i>	<b>67</b>	<b>407</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(67)</b>	<b>(357)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>(0)</b>

## The level of service achieved in relation to the performance targets

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June, 2016	Explanation
Council wastewater systems are managed without risk to public health	System and adequacy:  The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	Measured by reticulation failure record sheets	Number: 10 per 1000	Currently unable to measure service requests related specifically to dry weather overflows	Total number service connections = 2001
Council wastewater systems are safe and compliant	Discharge compliance:  Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:  (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions,  received by the territorial authority in relation those resource consents.	New measure - Type and number of notices from WCRC	100%	(a) 0 (b) 0 (c) 3 (d) 0	In August 2015 the WCRC issued WDC with an enforcement court order for 3 plants (the Franz Josef, Fox Glacier and Haast WWTP's) for continuation of breach of consent conditions.  The proceedings for Fox Glacier Wastewater were withdrawn at a later date. Under Environment Court guidance, Council is currently working with West Coast Regional Council to identify a long term solution for both the Franz Josef and Haast wastewater treatment systems. Significant improvements have been made to the Haast system.

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June, 2016	Explanation
Customers are generally satisfied with the Council wastewater systems	<p>Fault response times:</p> <p>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>	New measure – Measured by reticulation failure record sheet	100%	Unable to measure accurately using information in our existing service request system.	<p>The system Council had in place was “currently not sufficient for Council to be able to report against the mandatory measures for stormwater and sewerage median response times”.</p> <p>The Council has the same “response time” reporting issue for its Transportation, Water and wastewater activities. An explanation is included in the opening text for the “Stormwater activity” section.</p>
	<p>Customer satisfaction:</p> <p>The total number of complaints received by the territorial</p>	<p>New measure -</p> <p>Type and number of service requests received</p>	25 per 1000	<p>(a) 11</p> <p>(b) Unable to measure at present.</p> <p>(c) 4</p> <p>(d) 0</p>	<p>(a) Hokitika WWTP – One odour complaint in Feb 2016. 10 odour complaints from mid-April to early May 2016 (calm weather over 3-weeks meant</p>

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June, 2016	Explanation
	<p>authority about any of the following:</p> <ul style="list-style-type: none"> <li>(a) sewage odour</li> <li>(b) sewerage system faults</li> <li>(c) sewerage system blockages, and</li> <li>(d) the territorial authority's response to issues with its sewerage system,</li> </ul> <p>Expressed per 1000 connections to the territorial authority's sewerage system.</p>			<p>Key performance measure condition has been met:</p> <p>Complaints per 1000 connections = 8</p>	<p>low oxygen to water and higher recognition of odour)</p> <p>(b) Unable to measure as, for "faults" we have not been distinguishing between a service request and a complaint.</p> <p>Total number of complaints = 15</p> <p>Total number service connections = 2001</p>



# Activity group: Stormwater

## An overview of the 2015/16 year:

There were 46 stormwater related service requests logged between 1 July 2015 and 30 June 2016. The majority of these requests were from Hokitika (44) with a small number from Franz Josef (2) where a small reticulated stormwater network exists. There were an additional four stormwater related service requests that were found to be private problems to be addressed by private property owners (so not included in the total of 44).

A further 14 service requests were assigned to the utilities contractor as “reticulated stormwater” however were found to be related to roading drainage issues outside of Hokitika and were subsequently followed up by the roading contractor. These are also not include in the total of 44.

A mobile generator was purchased and is stored in Hokitika for dispatch to stormwater pump stations as a priority during a power failure. The availability of the generator during power failure events and corresponding rainfall/flood/tide conditions is important to maintain operation of key infrastructure during such events.

Hokitika stormwater systems response:

In response to an extreme rain event that resulted in flooding in Hokitika in June 2015, Council engaged a consultant to carry out an assessment of the stormwater in areas in Hokitika with known flooding issues. They presented a report summarising their findings and recommending options in November 2015 (refer to *Hokitika Stormwater Flooding Issues and Options Assessment*, MWH, November 2015). Council approved and prioritised a programme of works as part of Annual Plan process. Works will be commenced in the 2016/17 financial year with works in the Tancred St, Bealey St and Rolleston St catchments.

## Explanation of variances:

Stormwater			
	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	(434)	(434)	0
Operating expenditure	762	597	166
<b>Net operating cost of services - surplus/(deficit)</b>	<b>(1,196)</b>	<b>(1,031)</b>	<b>(166)</b>
Includes depreciation of	436	331	

The negative expenditure variance is due to consultants costs associated with the new stormwater programme.

# Funding Impact Statement

For the year ended 30 June 2016

	2015/16 Actual \$000	2015/16 Long term plan \$000
<b>Sources of operating funding</b>		
General rates, uniform annual general charges, rates penalties	96	32
Targeted rates	434	402
Subsidies and grants for operating purposes	0	0
Fees and charges	0	0
Internal charges and overheads recovered	0	0
Interest and dividends from investments	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0
<i>Total operating funding (A)</i>	<b>530</b>	<b>434</b>
<b>Application of operating funding</b>		
Payments to staff and suppliers	198	110
Finance costs	0	0
Internal charges and overheads applied	128	126
Other operating funding applications	0	0
<i>Total applications of operating funding (B)</i>	<b>326</b>	<b>236</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>204</b>	<b>198</b>
<b>Sources of capital funding</b>		
Subsidies and grants for capital expenditure	0	0
Development and financial contributions	0	0
Increase/(decrease) in debt	0	50
Gross proceeds from sale of assets	0	0
Lump sum contributions	0	0
Other dedicated capital funding	0	0
<i>Total sources of capital funding (C)</i>	<b>0</b>	<b>50</b>
<b>Application of capital funding</b>		
<b>Capital expenditure:</b>		
- To meet additional demand	0	0
- To improve the level of service	0	50
- To replace existing assets	115	0
Increase/(decrease) in reserves	89	198
Increase/(decrease) in investments	0	0
<i>Total applications of capital funding (D)</i>	<b>204</b>	<b>248</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(204)</b>	<b>(198)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>

Note: The unbudgeted capital expenditure is for replacement of a failed pump at Sewell Street, Hokitika.

## The level of service achieved in relation to the performance targets

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
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>	New measure	<p>(a) 2</p> <p>(b) 10 per 1000</p>	<p>(a) 0</p> <p>(b) 0</p>	<p>Council is not aware of any insurance claims relating to flood events.</p> <p>Note: The Waiho River flooded part of Franz Josef in March 2016. This flood was not caused by or contributed to by the capacity of the Council stormwater system.</p>
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>	New measure	100%	<100%	<p>1 incident that took greater than 1 hour to reach the site, this was because of travel distance (Friday 8 January event).</p> <p>Any other flooding has been confined to the road way.</p>

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
	<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>	New measure -	10 per 1000	<p>Key performance measure condition has not been met:</p> <p>Total number of connections = 455</p> <p>Total number of complaints = 33</p> <p>Complaints per 1000 connections = 73</p>	The total number of complaints is high as it includes service requests relating to incidences of surface flooding or blocked sumps or pipework.
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, 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>	New measure	100%	<p>(a) 0 (b) 0 (c) 0 (d) 0</p>	No notices received or reported.

# Activity group:

## Solid waste management

### An overview of the 2015/16 year:

During this reporting year \$15,000 was given to the Enviro-Schools programme from the educational landfill waste levy fund. This programme is being well received and is expected to expand going forward. Council believes that through this programme we are getting an increase in community awareness of the need for “Reduction, Reuse and Recycling”.

Some of the waste levy fund has been used to subsidise the emptying of the “Love NZ bins” which encourages recycling at litter bin points in the District.

Other funds were used for illegal dumping retrieval and also for a small amount of kerb side recycling collection.

Capital work:

- The Haast landfill site has had a hazardous substances shed placed on site.
- Butlers intermediate capping has not yet been undertaken. This has been carried over for the 2016/2017 financial year. There was delay in needing to carry out this work in Year 1 due to the lower than anticipated rate of waste tonnage to landfill. This reflects how successful the kerbside recycling system is.

### Current status of the landfills in the District:

<i>Name of landfill</i>	<i>Status</i>	<i>Comment</i>
Haast	Open	Current monitoring up to date, new cell required.
Butlers	Open	Weekly checks with additional lab analysis sampling, all current Annual Reporting up to date.
Franz Josef	Closed	Still has annual reporting requirement. Has an intermediate cap only, more capping required. A closure plan is being proposed and options are being investigated.
Hokitika	Closed	Closed & capped but monitoring still required to be undertaken. <i>* Refer to the additional notes below</i>
Kumara	Closed	Still has monitoring and annual reporting requirements. The capping is being monitored. One of the two consents surrendered.

These Landfills are closed and during the reporting year the resource consents either expired or have been surrendered:

Hannah’s Clearing, Neils Beach, Fox Glacier, Whataroa, Harihari, Ross and Otira. Most of these sites have been redeveloped as Transfer Stations.

\* The Hokitika Landfill was closed and capped in 2011. \$326,495 was spent on improvements at this site during the reporting year. Council considers that generally there is no concern with the current compliance status of the closed landfill and that the current maintenance systems are suitable.

Technically resource consent compliance limits for surface water have been breached at the Hokitika Landfill for several years. The retired landfill appears to be having a marginal effect on receiving surface water. However, it is unknown what effect the landfill is having on the local ground water - because there are other proven sources of contaminants from other industry activity in the area. The total levels of iron and copper that have been found in the monitoring samples are not at a level that is harmful to people or stock.

#### Monitoring:

Due to staff changes in this reporting period there was a lag in all of the landfill sites being monitored in accordance with the consent requirements. Council worked with the Regional Council to remedy the situation, by retrospectively showing that no serious breaches had occurred at the landfill sites during the unmonitored period. All consent monitoring is now up to date.

## Explanation of variances:

Solid waste			
	Actual 2015/16 \$000	Budget 2015/16 \$000	Variance \$000
Operating revenue	2,104	2,325	(221)
Operating expenditure	2,262	2,306	(43)
<b>Net operating cost of services - surplus/(deficit)</b>	<b>(158)</b>	<b>19</b>	<b>(177)</b>
Includes depreciation of	84	128	

The negative revenue variance is due to lower refuse fee income, due to less waste being taken to the site .

# Funding Impact Statement

For the year ended 30 June 2016

	2015/16 Actual \$000	2015/16 Long term plan \$000
<b>Sources of operating funding</b>		
General rates, uniform annual general charges, rates penalties	15	995
Targeted rates	715	717
Subsidies and grants for operating purposes	0	0
Fees and charges	1,038	657
Internal charges and overheads recovered	0	0
Interest and dividends from investments	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0
<b>Total operating funding (A)</b>	<b>1,768</b>	<b>2,369</b>
<b>Application of operating funding</b>		
Payments to staff and suppliers	1,757	1,757
Finance costs	117	128
Internal charges and overheads applied	279	336
Other operating funding applications	0	0
<b>Total applications of operating funding (B)</b>	<b>2,152</b>	<b>2,222</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(385)</b>	<b>147</b>
<b>Sources of capital funding</b>		
Subsidies and grants for capital expenditure	0	0
Development and financial contributions	0	0
Increase/(decrease) in debt	(346)	293
Gross proceeds from sale of assets	0	0
Lump sum contributions	0	0
Other dedicated capital funding	0	0
<b>Total sources of capital funding (C)</b>	<b>(346)</b>	<b>293</b>
<b>Application of capital funding</b>		
<b>Capital expenditure:</b>		
- To meet additional demand	0	0
- To improve the level of service	0	15
- To replace existing assets	333	425
Increase/(decrease) in reserves	(1,063)	0
Increase/(decrease) in investments	0	0
<b>Total applications of capital funding (D)</b>	<b>(730)</b>	<b>440</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>384</b>	<b>(147)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>(0)</b>	<b>(0)</b>

Note: The general rates for the Butlers Landfill have been accounted for under fees and charges.

## The level of service achieved in relation to the performance targets

Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
A reliable refuse and recycling collection service is provided	% of residents that receive the service are satisfied	100%	100%	88%	This percentage satisfied is similar to the comparison many other Councils rate and would be a national reading.
A reliable transfer station service	% of residents satisfied	95%	100%	64%	Whilst not meeting our target, this percentage is above the comparison Councils' rate and national readings.
Solid waste is managed appropriately	All necessary consents for solid waste activities and capital projects are applied for, held and monitored accordingly	100%	100%	Consents in place = 100% Monitoring of Butlers = 100% = Monitoring not 100% for other sites	Due to staff changes only the Butlers Landfill was monitored continually as per its resource consent requirements.  The other landfills had up to 3-months without all conditions of their resource consents being monitored, however no serious breaches of conditions were found to have occurred when retrospective checking was carried out.



Level of Service	Key Performance Measures	Last Year's performance (2014/15)	Annual Performance Target Years 1-3	Progress @ 30 June 2016	Explanation
Education about waste minimisation is provided to the community	Number of visits to schools and community groups	1 School per annum	3 schools, 3 groups per annum	3 different school groups have been taken to the transfer station and landfill. Handouts and informative narrative undertaken.	The Enviro schools programme is now in place and education for waste minimisation is being rolled out.

# INDEPENDENT AUDITOR'S REPORT