

# WESTLAND DISTRICT COUNCIL



Summary of the first Annual Report under  
Council's Long Term Plan 2015 -2025



ANNUAL REPORT 2015 / 2016



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This report summarises Council's financial and service delivery performance for the year ended 30 June 2016. It provides an overview of how we delivered against planned activities and budgets.

It has been prepared in accordance with FRS43 – Summary Financial Statements and was authorised for issue by the Mayor and Chief Executive on 21 November 2016.

Council's Annual Report has been prepared in observance of Local Government (Financial Reporting and Prudence) Regulations 2014 along with the Local Government Act 2002, which brings additional disclosure requirements. The 'whole story' is contained in the full Annual Report 2015/16 which was adopted and authorised for issue by Council on 31 October 2016. The Annual report is available from:

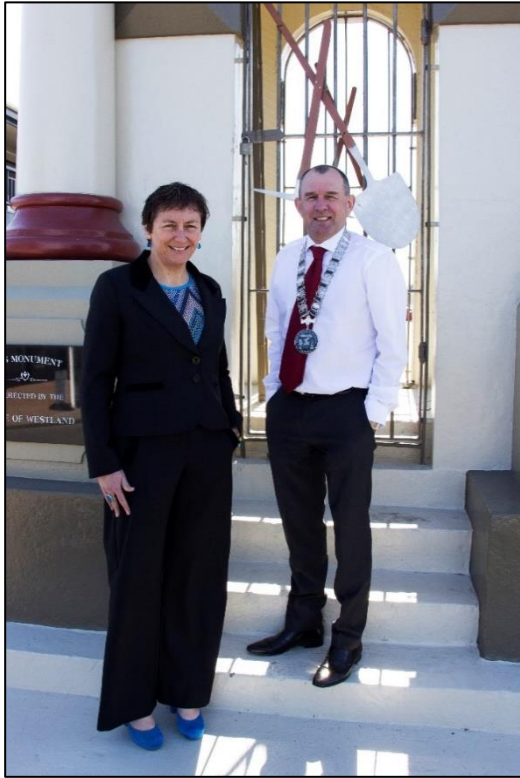
*Council's website: <https://www.westlanddc.govt.nz/Annual-Plans-Reports>*

*Council's Customer Service Centre, 36 Weld Street Hokitika*

## Some key facts

Population (@ last Census Night 2013)	11,136
Resident in District	8,307
Total Area	1,188,017 ha
Rateable Area	140,604 ha
No. of Rateable Assessments	6,642
No. of Non-rateable Assessments	656
Proportion of general rates to total income	29%
Average general rates per rateable property	\$1,010
Public debt (as a percentage of property, plant & equipment)	4%
Public debt (per rateable property)	\$2,650

## A few words from The Mayor and Chief Executive



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**

# Highlights from the year!

## Applying the new capital value based rating system

This was the first year of applying a new rating system. 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 resulting lessening debt shows how successful this has been.

## Completing the third year of our Austerity Depreciation Funding Policy

In 2015-16, 67% of depreciation costs were recovered through rates and subsidies. Recovering depreciation costs in this way funds the cost of assets renewals and reduces the reliance on debt. Council also completed a comprehensive review of the economic lives of its core infrastructure. This enable us to ensure that funding plans are in place for future asset renewals.

## Operating the new combined i-SITE and Customer Service Centre

One year of joined services between our Council Customer Services, Hokitika i-SITE and AA service 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.

## Achieving the first surplus in several years on the 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. 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.

## Opening the Hokitika to Ross section of the West Coast Wilderness Trail

Highlights of the year include Tour Aotearoa riders voting the West Coast Wilderness Trail as their favourite ride in NZ. There are five minor sections of the trail yet to be completed and these will be finished in 2016/17.

## Commissioning the upgrade to the Blue Spur Water Treatment Plant, and won a Local Government NZ highly commended award for this project

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.



### Adopting a Water Supply Bylaw 2106

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.

### Working collaboratively with other West Coast Councils

This year improved our approaches towards sharing staff and IT resources, we combined our transportation and resealing contracts and aligned our building control processes. We continued to forge our relationship with the three West Coast Public Libraries.

### Completing several public consultations

Council combined its Annual Plan consultation with two Statements of Proposal about the Food Act and Dog Control. We then extended the consultation about the funding the future Franz Josef Wastewater treatment facility. Discussion with the community was started about the type of Franz Josef wastewater facility to put in place and the Hokitika stormwater improvement programme.

### Seeing tangible results in the community from the distribution of Major District Initiative Funding

Four projects that Council that had allocated funding towards and had staff working alongside the project groups, were started in this financial year, one is completed and three will be completed in 2016/17. These are the completed Harihari Community Centre, the Fox Glacier Community centre, new RSA Hokitika and Ross Centennial Hall upgrade.

### Participating in the Franz Josef Working Group

This group was formed to progress the many projects that the Franz Josef/Waiau community have started and/or want to have investigated. It is made up of representatives of local groups and organisations, Makaawhio, New Zealand Transport Authority, the West Coast Regional Council, Department of Conservation and Westland District Council.

### Adopting the Annual Plan 2016/17 and the Annual Report 2015-16 within statutory timeframes

# Council's performance across all activities:

This is a summary of Council's performance in delivering services, measured against selected non-financial targets. The entire range of performance results is reported in the full Annual Report 2015/16.

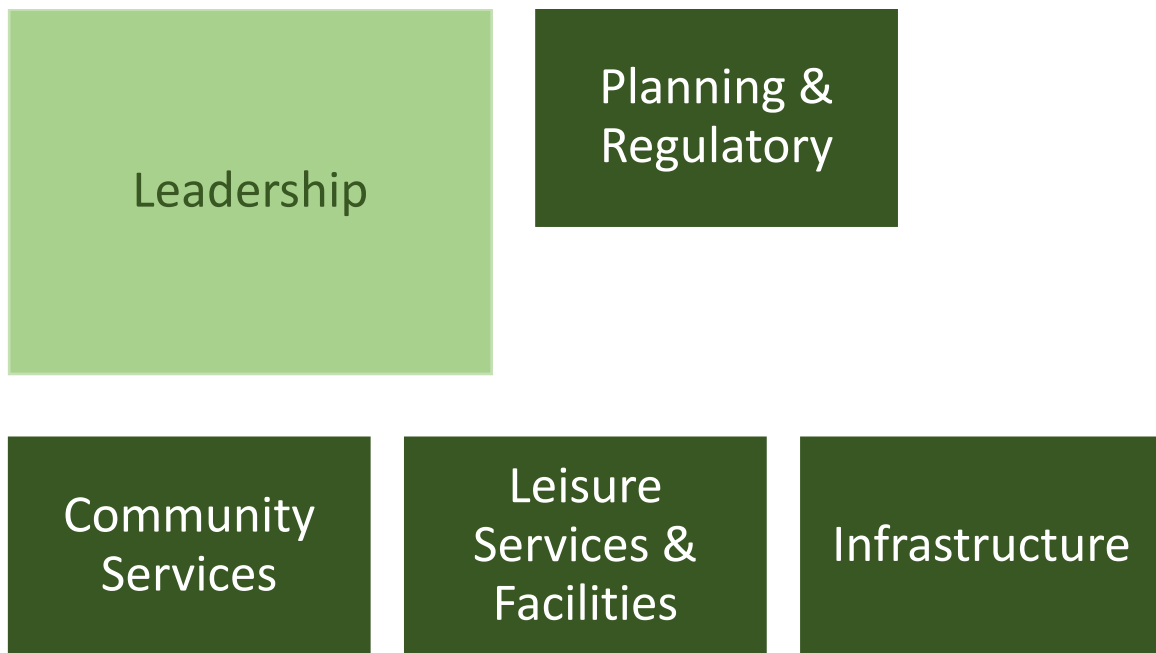
Council carried out a survey of residents during this financial year, which has allowed us to report on many of the non-financial targets that we set ourselves.

In addition, several of Council's departments conducted their own tailored surveys of their customers.

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

Other targets are industry specific or Local Government Association mandatory benchmarks.

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



*(Full details are in pages 95 – 105 in the Annual Report 2015/16)*

## DEMOCRACY

**OK**

Residents understand how Council makes decisions and rated the performance of the Mayor and Councillors as “fairly good” and “acceptable” **We could do better**

## CORPORATE SERVICES

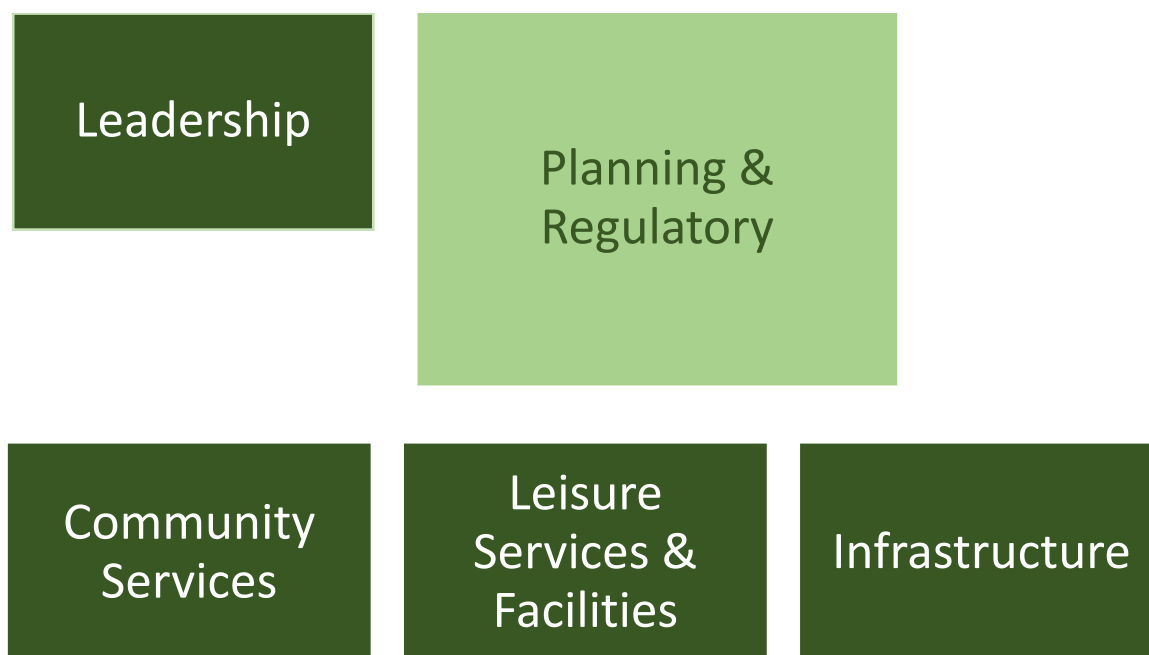


We are meeting our deadlines for corporate planning and reporting  
Our customers are very happy with the service from the new Customer Service Centre  
Council will be focusing on improving its consultation practices

## COUNCIL CONTROLLED ORGANISATIONS

**OK**

Hokitika Airport achieved all of its performance targets  
Westland Holdings achieved 15/19, Westland District Property 6/9 and Westroads 2/4 of their performance targets **We could do better**



*(Full details are in pages 106 – 116 in the Annual Report 2015/16)*

	INSPECTIONS & COMPLIANCE		Timely processing of building consents, coupled with high customer satisfaction with the building, planning and environmental services
*	RESOURCE MANAGEMENT		Did not meet the performance target however made an improvement from last years' service <b>We could do better</b>
*	EMERGENCY MANAGEMENT		Excellent training of staff and volunteers occurring More community response plans were developed <b>We could do better</b>
*	ANIMAL CONTROL		72% of residents that were surveyed said they are happy with the protection measures that Council offers from dogs and wandering stock <b>We could do better</b>

- 
- \* Council did not have a full complement of staff across some of its services for all of the year:  
The performance targets for the Planning, Environmental Health and Civil Defence activities were maintained, and in some instances improved from the previous year. However performance will be enhanced further once all of the vacant staff positions are filled.



*(Full details are in pages 117 – 121 in the Annual Report 2015/16)*

## COMMUNITY HALLS

**OK**

The 2016 Resident Survey raised a number of issues for Council to consider i.e. respondents stated that they did not know or understand the role of council in regard to many community halls  
Staff will be continuing to work with communities to clarify roles for ownership and management of all halls

**We could do better**

## + COMMUNITY DEVELOPMENT & ASSISTANCE

## + TOWNSHIPS

- 
- + Council does not have non-financial performance measures for these two activities, they are subject to financial accountability reporting.



*(Full details are in pages 122 – 141 in the Annual Report 2015/16)*

#### CEMETERIES



These facilities are important to our communities. Keeping the cemeteries well maintained and open to visitors is well received.

#### ELDERLY HOUSING



The Westland Property Company conducted a survey of the housing unit occupants and received excellent feedback about the quality of housing and the services offered to the tenants.

#### HOKITIKA MUSEUM



An increase in visitor numbers and excellent feedback from residents about this service.

#### HOKITIKA WILDFOODS FESTIVAL



Excellent response about the event from festival attendees.  
Attendance numbers meeting expectations (as an additional event of an “After Party” brought in people as well).

#### i-SITE



The success of the i-SITE being combined with the Customer Service Centre is one of our key customer service achievements.

## PARKS & RESERVES



87% of residents surveyed said they are satisfied with the parks and reserves in this District

## PUBLIC TOILETS



Notably the residents not satisfied with the local public toilets are in the southern ward, where these facilities are under high pressure from tourist and visitor usage Council responded to the feedback by increasing the cleaning budgets for the most highly used facilities  
**We could do better**

## SWIMMING POOLS



Low satisfaction results from the resident survey reflects that respondents stated they had not used the Hokitika Pool as they felt it was not an adequate facility The customer satisfaction feedback shows a different response, with regular users being “highly satisfied” with the swimming experience Council has already identified the need to consider the future of this facility, including the feasibility of it being either upgraded or combined with a purpose built leisure facility  
**We could do better**

## WEST COAST WILDERNESS TRAIL

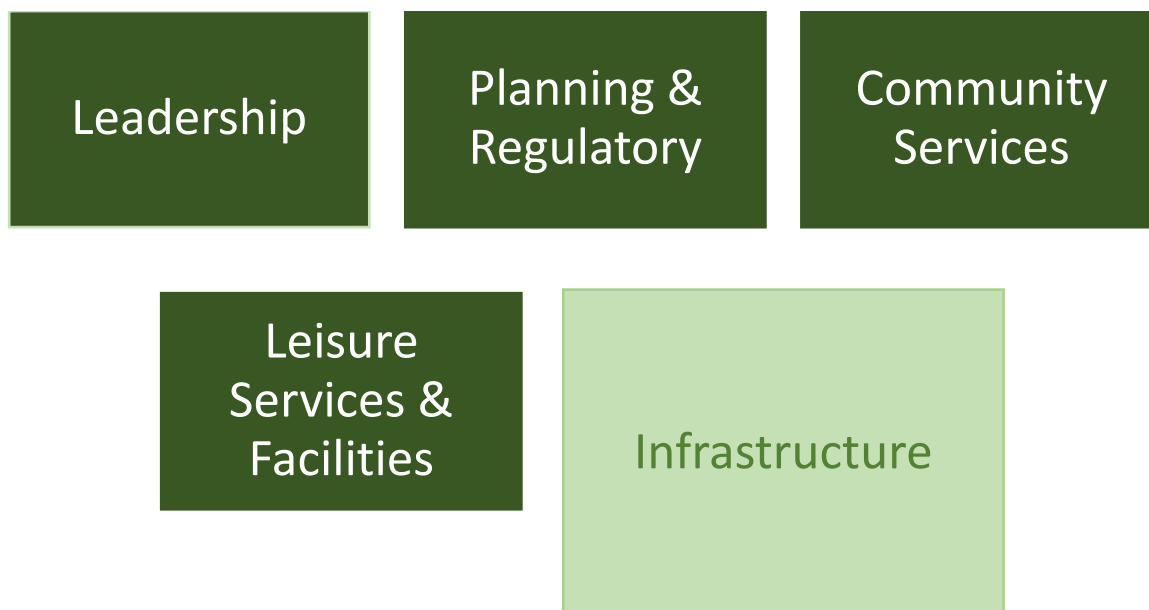


The trail is being well used Council had issues with its trail counters during this reporting period and as a result has invested in new equipment

## WESTLAND LIBRARY



The resident survey results indicate a 81% satisfaction The survey of actual users of the library produced a higher result of 95% customer satisfaction Council is using the feedback it received through both surveys to diversify its services



(Full details are in pages 142 – 167 in the Annual Report 2015/16)

## # TRANSPORTATION



Council road and footpath infrastructure performing well against targets on surface condition, road safety and resident satisfaction

## # WATER



There were a number of failures to meet bacteria compliance criteria  
 Council addresses this by issuing boil water notices and has not had a health incident  
 Council has commenced work to improve performance against bacterial compliance criteria going forward  
**Improvement is a priority**

## # WASTEWATER



Council had compliance issues with three of its plants during the financial year. One matter was resolved (Fox Glacier). Council is currently working with the West Coast Regional Council (WCRC) to identify long term solutions for both the Franz Josef and Haast wastewater treatment systems, the fold event in Franz Josef during the year intensified the compliance problems  
 Odour complaints were received about the Hokitika plant however no enforcement action was taken by the WCRC  
**Improvement is a priority**



## # STORMWATER

OK

Most performance measures met  
A flood event in June 2015 resulted in Council bringing forward a Hokitika Stormwater systems improvement programme, to commence it in 2016/17 year

**We could do better**

## SOLID WASTE MANAGEMENT



The percentage of residents satisfied with the refuse and recycling service is under Councils target, however it a similar satisfaction level to comparison Councils

Council was able to delay capping work at the Butlers landfill due to the lower than anticipated rate of waste tonnage which reflects how successful the kerbside recycling system is

Work was undertaken during the end quarter of the financial year to monitor all of Councils resource consents for the landfill facilities. Staff worked with Regional Council compliance staff to retrospectively show that no serious breaches had occurred at the landfill sites during the unmonitored period.

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# Council was unable to report adequately against performance measures in all of its infrastructure activities for “timely response to customer service requests”. This is because of faults in how Council and its contractors have been using its Customer Service Request system. This issue has been recognised and action is being taken.

# Our financial performance

This is an overview of the financial results for the year ended 30 June 2016. The information is extracted directly from the financial statements contained in the full audited Annual Report 2015/16. The audited financial statements comply with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The summary Financial Statements do not include all the disclosures that are provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements. For a complete understanding of Council's financial performance, financial position and cash flows; readers are encouraged to refer to the full Annual Report 2015-16.

The Group figures in these statements represent the consolidated financial statements for Council and the Group (which includes Westland Holdings, Westland District Properties, Westroads and Hokitika Airport). Figures are presented in New Zealand Dollars and rounded to the nearest thousand.

The full financial statements of the Council have been prepared in accordance with Tier 1 PBE Standards. The full financial statements comply with PBE Standards.

The Audit opinion is included in the Annual Report, it is an unqualified opinion. It states that the information in the Annual Report fairly presents Council's financial and non-financial performance and that Council's financial statements comply with generally accepted accounting practice in New Zealand.

Rates (General)	\$6,711,000
Net surplus/(deficit)	\$764,000
Working Capital	\$4,004,000
Public Debt	\$17,600,000
Total Assets	\$449,597,000

We have –

### An operating surplus of \$0.76 million:

This is \$1.1 million favourable against budget. The main variances are shown below:

Description	Amount \$
Grant revenue for West Coast Wilderness Trail	1,550,587
Subsidy revenue for Haast water treatment plant	209,661
Reduction in landfill aftercare provision	336,722
Net cost of flood reinstatement and recoveries	-388,000
Water treatment plant replacement membranes	-385,000
Loss on market value of derivatives	-385,595
Other revenue gains and cost savings	166,540
<b>Total</b>	<b>1,102,595</b>

### A healthy balance sheet:

Although public debt increased by \$0.94m the balance includes the remaining draw down of \$1.6m for the Hokitika water treatment plant upgrade, which means there was a net repayment of core debt.

The balance of accounts receivable included some of the grant revenue for the West Coast Wilderness Trail and the final quarterly amount for the specific rate associated with the Hokitika water treatment plant upgrade, which was paid in July. The underlying balance for accounts receivable was therefore below \$2.5 million. The balance of rates debtors is \$170,000 lower than in 2015 and the ageing profile has improved markedly.

### Equity and reserves:

The recovery of depreciation costs coupled with the use of alternative funding sources for major projects is reflected in an increase of \$1.1 million in asset renewal reserves. Over \$0.6 million in special funds and endowments was used to support community projects.

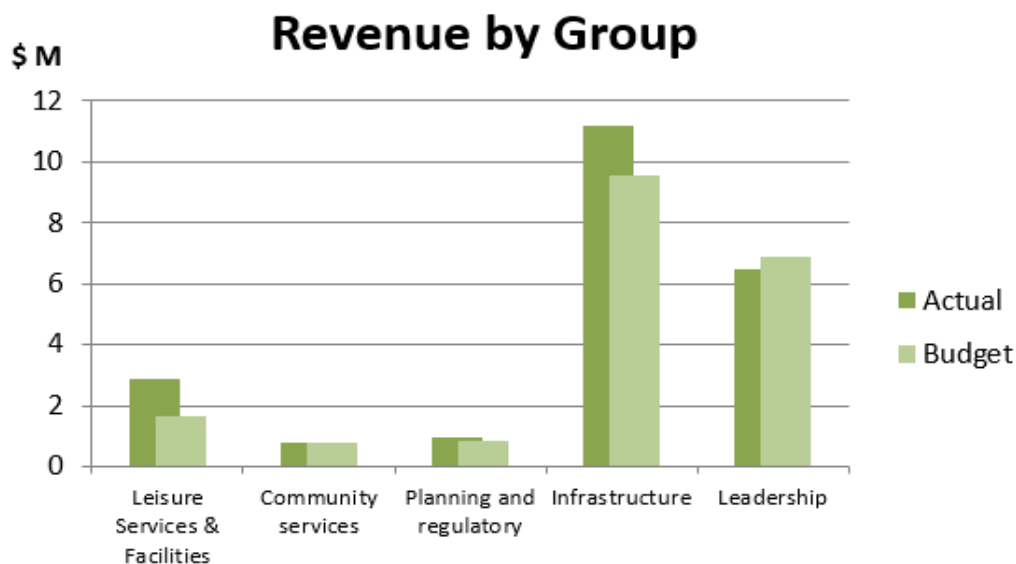
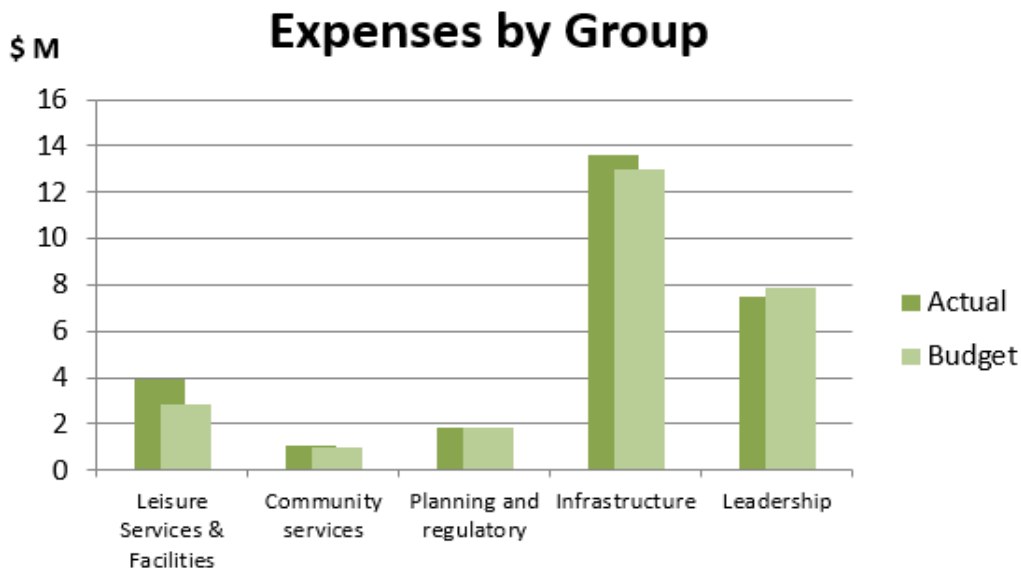
### A stocktake of our assets:

Council undertook revaluations of its significant and material fixed assets; three waters, transportation network and buildings. This realised a gain of \$29.8 million. Council has adequate insurance provisions in place to protect its key assets and operations.

# Comprehensive Revenue and Expense

For the year ended 30 June 2016

	Council			Group	
	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000	Actual 2016 \$000	Actual 2015 \$000
Total Revenue	23,373	20,094	17,934	38,114	30,959
Total expenses	22,609	20,435	19,869	37,318	32,428
Surplus/(deficit) after tax	764	(341)	(1,935)	796	(1,470)
Other comprehensive revenue & expense	29,814	3,730	23,525	29,814	23,525
Total comprehensive revenue & expense	30,578	3,389	21,590	30,610	22,055



## Financial Position

As at 30 June 2016

	Council			Group	
	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000	Actual 2016 \$000	Actual 2015 \$000
Current assets	6,639	4,820	8,237	10,104	11,251
Non-current assets	442,959	399,345	410,648	451,690	418,470
Total assets	449,597	404,165	418,884	461,794	429,720
Current liabilities	2,635	4,415	4,048	5,460	7,961
Non-current liabilities	19,680	18,415	18,663	25,780	22,365
Total liabilities	22,314	22,830	22,711	31,240	30,326
Equity	427,282	381,335	396,173	430,554	399,394

## Cash Flows

For the year ended 30 June 2016

	Council			Group	
	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000	Actual 2016 \$000	Actual 2015 \$000
Net cash flow from operating activities	4,709	5,553	5,160	6,872	6,781
Net cash flow from investing activities	(7,711)	(4,104)	(5,928)	(10,578)	(9,695)
Net cash flow from financing activities	940	(1,671)	1,900	1,866	3,900
Cash & cash equivalent 30 June 2016	1,875	2,584	3,937	2,369	4,209

# Auditor's Report

**AUDIT NEW ZEALAND**  
Mana Arotake Aotearoa

## **Independent Auditor's Report**

### **To the readers of Westland District Council and group's summary annual report for the year ended 30 June 2016**

The summary annual report was derived from the annual report of the Westland District Council and group for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 8 to 21:

- the summary statement of financial position as at 30 June 2016;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (referred to "Highlights from the 2015/16 year" and "Council's performance across all activities") of the Council and group.

We expressed an unmodified audit opinion on the Westland District Council and group's full audited statements in our report dated 31 October 2016.

### **Opinion**

In our opinion:

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

### **Basis of opinion**

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 31 October 2016 on the full audited statements.

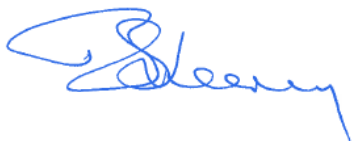
The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council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

## **Responsibilities of the Council and the Auditor**

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

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

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



**Bede Kearney**  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand  
21 November 2016