



A G E N D A

Finance, Audit and Risk Committee

**Hokitika-Westland RSA
24 Sewell Street
Hokitika**

**Thursday 26 January 2017
commencing at 9.15 am**

Deputy Mayor L.J. Martin – Chairperson
His Worship the Mayor R.B. Smith
Deputy Mayor Cr H.M. Lash
Crs D.L. Carruthers, R.W. Eatwell, D.M.J. Havill,
J.A. Neale, G.L. Olson, D.C. Routhan.



FINANCE, AUDIT AND RISK COMMITTEE

AGENDA FOR A MEETING OF THE FINANCE, AUDIT AND RISK COMMITTEE OF WESTLAND DISTRICT COUNCIL, TO BE HELD IN THE HOKITIKA-WESTLAND RSA, 24 SEWELL STREET, HOKITIKA ON THURSDAY 26 JANUARY 2017 COMMENCING AT 9.15 AM

Tanya Winter
Chief Executive

20 January 2017

COUNCIL VISION

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

This will be achieved by:

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

Purpose:

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

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

TERMS OF REFERENCE FOR THE FINANCE, AUDIT AND RISK COMMITTEE

REPORTING TO:	Council
CONSTITUTION:	Deputy Mayor Martin (Chairperson) All other elected members
MEETING FREQUENCY:	As required.
QUORUM:	Chairperson and any three members
OBJECTIVE:	

To assist the Council to discharge its responsibilities for:

1. the robustness of the internal control framework and governance practices;
2. the integrity and appropriateness of internal and external reporting and accountability arrangements;
3. the robustness of risk management systems, processes and practices;
4. the independence and adequacy of internal and external audit functions;
5. compliance with applicable laws, regulations, standards and best practice guidelines; and
6. the establishment and maintenance of controls to safeguard the Council's financial and non-financial assets.

SCOPE OF ACTIVITY:

All matters pertaining to good practice for Finance, Audit and Risk committees, including consideration of the following matters.

(a) Internal Control Framework

- i. Review whether management's approach to maintaining an effective internal control framework is sound and effective.
- ii. Review whether management has taken steps to embed a culture that is committed to probity and ethical behaviour.
- iii. Review whether there are appropriate systems, processes and controls in place prevent, detect and effectively investigate fraud.

(b) Internal Reporting

- i. Consider the processes for ensuring the completeness and quality of financial and operational information being provided to the Council.
- ii. Seek advice periodically from internal and external auditors regarding the completeness and quality of financial and operational information that is provided to the Council.

(c) External Reporting and Accountability

- i. Agree the appropriateness of the Council's existing accounting policies and principles and any proposed change.
- ii. Enquire of internal and external auditors for any information that affects the quality and clarity of the Council's financial statements and statements of service performance, and assess whether appropriate action has been taken by management in response to the above.
- iii. Satisfy itself that the financial statements and statements of service performance are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (i.e. letters of representation), and recommend signing of the financial statements by the Chief Executive/Mayor and adoption of the Annual Report or Long Term Plan.
- iv. Confirm that processes are in place to ensure that financial information included in the entity's Annual Report and Long Term Plan is consistent with the signed financial statements.

(d) Risk Management

- i. Review whether management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of the Council's significant risks.
- ii. Review Council's annual insurance renewal and ensure the appropriateness of the level of self-insured risk.
- iii. Consider whether appropriate action is being taken by Management to mitigate Council's significant risks.

(e) Internal Audit

- i. Review and approve the internal audit coverage and annual work plans, ensuring these plans are based on the Council's risk profile.
- ii. Review the adequacy of management's implementation of internal audit recommendations.
- iii. Review the internal audit charter to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place.

(f) External Audit

- i. At the start of each audit, confirm the terms of the engagement, including the nature and scope of the audit, timetable and fees, with the external auditor.

- ii. Receive the external audit report(s) and review action to be taken by management on significant issues and audit recommendations raised within.
- iii. Conduct a members-only session (i.e. without any management present) with external audit to discuss any matters that the auditors wish to bring to the Committee's attention and/or any issues of independence.
- iv. Consider any recommendation by management that the Office of the Auditor-General replace the external auditor.

(g) Compliance with Legislation, Standards and Good Practice Guidelines

- i. Review the effectiveness of the system for monitoring the Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and Good Practice Guidelines as applicable.

POWER TO ACT:

Council conveys the following delegations upon the Committee:

- a) Approve meeting minutes of the Committee.
- b) Approve insurance arrangements
- c) Approve Revisions to Risk Management and Fraud Prevention Policies
- d) Approve contractual arrangements within the framework of the Liability Management Policy, including swaps, and the Investment Policy.

Adopted by Council: 24 November 2016

1. MEMBERS PRESENT, APOLOGIES AND INTEREST REGISTER:

1.1 Apologies & Leave of Absence

Apology: Cr D.C. Routhan

1.2 Interest Register

2. GENERAL ITEMS:

2.1 Audit Management Report 2016

(Pages 4 - 6)

Bede Kearney, Audit Director for Audit New Zealand, will be in attendance for this part of the meeting.

2.2 Treasury Management Report

(Pages 32 - 34)

2.3 Quarterly Performance Report to 31 December 2016

(Pages 59 - 60)

3. ITEMS FOR DISCUSSION:

3.1 Committee Workplan

4. MATTERS TO BE CONSIDERED IN THE 'PUBLIC EXCLUDED SECTION'

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

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

4.1 Risk Register

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

Item No.	Minutes/ Report of	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
4.1	Risk Register	Confidential Update	Good reasons to withhold exist under Section 7	Section 48(1(a) & (d)

Report

DATE: 26 January 2017

TO: Finance, Audit and Risk Committee

FROM: Finance Manager and Corporate Planner

AUDIT MANAGEMENT REPORT YEAR ENDED 30 JUNE 2016

1 SUMMARY

- 1.1 The purpose of this report is to present the Audit Management Report (attached as **Appendix 1**) for the year ended 30 June 2016.
- 1.2 The report is written by Bede Kearney, Audit Director for Audit New Zealand and has been reviewed by Council management. Observations and comments from both are contained within the report.
- 1.3 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in September 2014, which will be set out in the next Long Term Plan 2015-25. These are stated on Page 2 of this agenda.
- 1.4 This report concludes by recommending that the Committee receive the Audit Management Report for the year ending 30 June 2016 and approves it for public release.

2 BACKGROUND

- 2.1 Audit Management Reports are provided annually to Council and provide commentary and recommendations on observations made by the audit team during the Annual Report audit process.
- 2.2 In the first instance, the Chief Executive receives a draft report for staff to provide a response to the comments. This then enables elected members to receive a full report on the issues and recommendations and the action being taken by staff to address them.

3 CURRENT SITUATION

- 3.1 The Audit Management Report for 30 June 2016 confirms that Council has continued to make substantial progress in many areas. The favourable commentary embellishes Council's drive for continuous improvement.
- 3.2 There are no items described as 'Urgent' in the report. Council has cleared or is already addressing most of the recommendations from this and previous audits.
- 3.3 The recommendations contained in the report will be incorporated into the development of Council's internal controls framework and risk management framework.
- 3.4 The report also reflects on the quality and completeness of Council's statements of service performance. The financial year ended 30 June 2016 is the first year of reporting against the performance measures contained in the Long Term Plan 2015-25 along with a tranche of new mandatory measures introduced by the Department of Internal Affairs.
- 3.5 Council has made progress in this area and some specific actions are noted.
- 3.6 Further detail is available in the Quarterly Report to 31 December 2016 that is included in the Agenda for the January 2017 Ordinary Council Meeting.

4 OPTIONS (WITH ANALYSIS)

- 4.1 The Committee can decide to receive or not receive the report. Should the Committee decide not to release the report to the community it would sacrifice the opportunity to provide a useful and objective perspective on how Council is discharging its obligations of financial stewardship and control over service delivery.

5 SIGNIFICANCE AND CONSULTATION

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

6 RECOMMENDATION

- A) **THAT** the Committee receives the Audit Management Report for the year ended 30 June 2016.

- B) **THAT** the Committee approves the public release of the Audit Management Report for the year ended 30 June 2016.

Karen Jury
Corporate Planner

Lesley Crichton
Finance Manager

Appendix 1: Audit Management Report 30 June 2016

Report to the Council on the audit of
Westland District Council
for the year ended 30 June 2016

Key messages

We have completed the audit for the year ended 30 June 2016. This report sets out our findings from the audit and where appropriate makes recommendations for improvement. It covers our findings from both the interim audit and the final audit.

Control environment

We updated our knowledge and understanding of the Westland District Council's (the District Council) control environment and assessed whether there were any significant changes since our prior year audit.

Overall, we concluded there are aspects of the control environment that we could rely on. Our findings are discussed in section 3 and 5 of this report.

We noted the continuation of monthly financial reporting to the Council and management throughout the financial year, and regular quarterly reporting of non-financial information. This reflects the continual improvement in the control environment.

Opinion

We issued an unmodified audit opinion on 31 October 2016. In forming our audit opinion we considered a variety of issues. Our key areas of particular focus were:

Asset Revaluations: This year the District Council revalued its infrastructure assets. The valuations resulted in a large net increase in the assets' values. These movements have been mainly driven by changes in cost indexes and better asset information since the last valuation (Refer to section 1.2).

Financial sustainability: The District Council has taken some significant steps to improving its financial position and its long-term financial sustainability over the past three years (Refer to section 2.1).

Performance reporting: The District Council reported against its 2015-25 Long Term Council Plan (LTP) in the 2015/16 year. While all performance measures had performance information reported against them, the District Council could not report against some of the new mandatory performance measures in the manner prescribed by the Department of Internal Affairs (DIA). (Refer to section 2.2).

Capacity and capability of the Finance team: The 2015/16 annual report process has been better than previous years, but there is still improvement needed. There were a number of audit adjustments to the draft financial statements.

We also encountered problems with version control. In particular the manual processes for updating from the Excel workings to the published Word version. This process is time consuming for District Council staff and introduces risk of error from being a manual process.

Most issues/errors noted during the process were in relation to disclosures not tying through to supporting information. These issues could easily be avoided with a better and more robust quality control review before an updated set of financial statements is given to us.

We believe that the prospects for continued improvement as new staff continue to develop in their roles is good. (Refer to section 2.3). We also note, when all Finance positions are filled, we expect to see further improvements in the District Council's processes and internal controls.

The issue of capacity and capability is not restricted to the Finance team. There are a number of roles that are currently vacant across the organisation. Several positions were vacant for most of the year, in planning, information services, human resources and business support. In addition, the Asset Management Planner left during the year. These capacity issues have impacted on the service performance reporting and the underlying systems' internal controls.

We note that the District Council has made some changes to its control environment to enhance budgetary control, segregation of duties and independent review. These changes include implementing an update module to the current Financial Information Management System (FIMS) to allow for automated online purchase ordering and approval. In addition the payroll payment function has been outsourced to an external provider and an online timesheet approval system has been implemented. These steps have provided management with greater assurance that authorisation protocols and delegations are adhered to and that risks associated with expenditure in sensitive areas are controlled.

Issues identified during the audit

The following table summarises our key recommendations and their priority:

Recommendation	Urgent	Necessary	Beneficial	Report section
Statement of Service Performance (SSP) Ensure that: <ul style="list-style-type: none"> systems are in place to report against all performance measures in the 2015-25 LTP; and there are continued enhancements in how the annual report tells a fuller and more comprehensive performance story. 		✓		2.2
Capacity and capability of the Finance team Implement better controls and review procedures when manually transferring information from the financial model to the annual report template.		✓		2.3

Findings from the review of the internal control environment

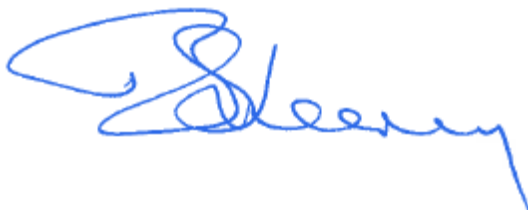
Recommendation	Urgent	Necessary	Beneficial	Report section
Rates Implement internal control checks to address areas where we have identified the lack of segregation of duties.		✓		2.5
Fraud risk management Undertake an annual review of areas susceptible to fraud and bring fraud procedures to up-to-date.		✓		3.3

There is an explanation of the priority rating system in Appendix 1.

Appendix 2 shows the status of recommendations made in previous reports.

Thank you

We would like to thank the council, management and the Finance team for the assistance received during the audit.



Bede Kearney
Audit Director
13 January 2017

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1 Our audit opinion

We issued an unmodified audit opinion on 31 October 2016. This means that we were satisfied that the financial statements and statement of service performance presented fairly in all material aspects the District Council's activity for the year and its financial position at the end of the year.

In forming our audit opinion, we considered the following matters.

1.1 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions. During the audit, we discussed with management any misstatements we found, other than those which were clearly trivial. All misstatements discussed with management were adjusted. We are satisfied that any uncorrected misstatements are individually and collectively immaterial.

1.2 Property, plant and equipment valuations

Property, plant and equipment (PPE) represents a substantial investment of the District Council's funds. These assets are the basis for it delivering key services and activities. The integrity of underlying information and the appropriate accounting treatment are important to the overall reliability of the District Council's financial statements. This information also acts as a base for the Council determining the level of its rates.

Improvements in the asset information led to the District Council deciding to revalue its assets again this year, despite it not being due to be revalued until 30 June 2018.

The District Council revalued its transport, three waters, solid waste and parks and reserves assets as at 30 June 2016. It had revalued its transport and three waters assets in the previous year.

The valuations resulted in a large net increase in the assets' values. These movements have been mainly driven by changes in cost indexes and better asset information since the last valuation.

We confirmed that the recognition and disclosures of the revaluations were fairly reflected and appropriately accounted for in the annual report.

1.2.1 Improvements made in 2016

During the 2016 financial year, the District Council decided the fixed asset register within the MagiQ system no longer meets user needs.

The District Council transferred its fixed asset information to a separate system outside of the MagiQ system. This new module has enabled the District Council to record its assets down to the component level, allowing for a more detailed and reliable calculation of depreciation expense.

2 Significant matters, issues, or risks considered in this audit

2.1 Financial sustainability

The District Council's financial situation has been an area of audit focus for several years. It incurred a large deficit of \$2.457 million in 2012/13. The District Council's ability to borrow more was becoming restricted as the loan facilities were getting near its limits. Since that point it has been working towards enhancing its financial sustainability by realising cost savings and reprioritising capital projects. Council has increased rates significantly over the past three years to more accurately reflect the cost of providing the service levels it has agreed on to the community, and as a result of the phased reinstatement of rating for depreciation.

The District Council achieved a surplus of \$764k for the 2015/16 year (\$1.935 million deficit in 2014/15). The main reasons for the surplus was the increase in rates income of \$2.420 million from the previous year (of which \$1.880 million related to the specific rate associated with the Hokitika Water Treatment Plant upgrade), plus \$919k increase in the fees and charges. There was a \$2.328 million increase in subsidies and grants from the previous year; including \$1.551 million that was the remaining receivable in respect of the West Coast Wilderness Trail; which has been offset by an increase in expenses of \$2.744 million.

The working capital position has been positive for the last three years. As at 30 June 2016, the District Council has three loan facilities available; \$9.5 million expiring on 1 July 2018, \$10 million expiring 1 July 2020 and \$4.6 million expiring 1 July 2017. The total borrowings as at 30 June 2016 were \$17.6 million. The District Council is able to pay its debts as they fall due.

The process of putting the District Council's finances on a more sustainable footing was initially addressed by the District Council through the funding approaches set out in the 2014/15 Annual Plan. This was followed up in the 2015-25 LTP. The District Council significantly increased its levels of rating so it could fully fund depreciation, maintain levels of service and start repaying debt. Debt levels are forecast to steadily decrease over the period of the 2015-25 LTP. As part of this move to be more financially sustainable the LTP forecasts small operating surpluses for nine of the ten years of the LTP.

The District Council has also shown a firm commitment to having more effective financial management processes and being financially sustainable.

2.2 Statement of Service Performance (SSP)

We reviewed the District Council's control environment, processes, and controls for developing its service performance objectives and targets, as well as reporting and monitoring on its performance. This was included in our audit of the 2015-25 Long Term Plan.

As part of our year-end audit of the District Council's reported service performance information, we focused on:

-
- the quality of the overall “story” the performance reporting tells;
 - the reliability/accuracy of the reporting against the performance measures in the long term plan, including the new mandatory measures;
 - the completeness of the reporting against the performance framework as outlined in the LTP; and
 - compliance with relevant legislation (in particular the Local Government Act 2002, Schedule 10).

Consistent with the prior year, while the Statement of Service Performance had some shortcomings, overall we were able to issue an unmodified audit opinion because the key performance measures were reported on. The narrative complemented this information by providing a reasonable “performance story”.

Findings

This was the first year that the District Council has had to report on the mandatory performance measures required by Department of Internal Affairs. While overall the systems and reporting were sufficiently reliable for audit purposes, there are areas identified where systems and reporting need to be improved. We discussed this with the District Council staff during the audit.

We confirmed the content of the statement of services performance (SSP), for each measure we considered significant. For these measures we found the information in the SSP to be complete, and a reasonable reflection of the Council’s performance during the year.

From our review, we noted that the District Council was unable to accurately report against the completion times for the mandatory services request performance measures. This affected three performance measures in the 3 waters and transport activities. This was largely due to staff capacity issues refer to section 2.3 below, training and system configuration.

As part of our testing we confirmed that the District Council was able to report reliably the number of requests. It has reported this information and has clearly disclosed the situation regarding response times against each measure.

Our testing of other performance measures identified a number of issues. These included the definition of the flooding event is not being consistent with DIA definition, the road safety measure was not reported on due to data not being available, footpath condition was not reported on, protozoal compliance for water supply was not reported, real water loss was not reported and water consumption was not reported.

Overall, we considered the District Council’s reporting against the performance measures in the 2015-25 LTP, combined with the supporting narrative (performance story), provided the reader with a reasonable perspective on its performance for the year.

Recommendations

Develop systems or source information that enables the District Council to report against all of the mandatory performance measures.

For these mandatory measures explore processes and controls that can be put into place to:

- record the time of notification and ensure all customer services requests are recorded in a consistent manner (i.e. record all calls/complaints about sewerage or drinking water supply are in the customer service request system at the time those calls are fielded). This should include after hours calls that are currently fielded by the contractor directly. The contractor may need live access to the service request module to achieve this;
- accurately record the time of attendance by the contractor - explore with the contractor options to record job data and auto-update the information in the service request system where they can record the time they attended a sewerage/drinking water supply call out. The District Council needs to consider what controls it can put in place to ensure that the attendance time recorded on the paper job card is transferred accurately into the service request system;
- accurately record the resolution time by the contractor. The same considerations need to be given to this as above for attendance times; and
- provide comprehensive training and develop comprehensive guidance material for the customer service officers that are fielding the calls in the first instance so that the classification for such events is accurate.

For those measures that were not reported, we recommend the District Council investigates ways of either improving systems and processes to be able to report against these measures or capturing other information that reports the performance story for these measures.

Management comment

- 1 *Staff have identified changes to its existing Customer Request System (MagiQ) which will enable Council to report against its transportation and 3 waters mandatory performance measures. These changes will be implemented during January 2017. There will be a transitional partial report for our third quarter (the January/February/March period), with the first comprehensive report available for the final quarter 2016/2017.*

The upgraded Customer Request System (CRS) will record:

- *the time of notification of the request, including afterhours calls fielded by contractors;*
- *the contractor's time of attendance; and*
- *the contractor's resolution time.*

It will have fields for staff and contractors to record job data, with prompts that align to the mandatory performance measures.

Both Council contractors and specific Council staff will be upskilled in order to fully enter, transfer and update information in the CRS.

2 *In addition, staff are currently investigating methods to report on these outstanding mandatory measures:*

- *Transportation, footpaths: AssetFinda is going to be used during 2016/17; and*
- *Water, reliable supply & demand management. Procedures are being developed (albeit Council will still only be in a position to report on some of Councils reservoirs).*

2.3 Capacity and capability of the Finance team

Due to on-going staff changes over the past three years, the District Council's Finance team has been stretched for some time. This was reflected in significant difficulties we encountered with the 2012/13 and 2013/14 audits. The quality of financial forecasts was also compromised and the 2012-22 LTP in particular had significant shortcomings.

Following the engagement of the new GM Corporate Services at the beginning of 2014 the 2014/15 Annual Plan incorporated substantial improvements and reflected a more financially sustainable picture. However further significant staffing changes within the Finance team during the 2013/14 financial year disrupted the annual reporting process and the District Council missed its 2014 annual report statutory deadline.

Since the new Finance Manager started at the end of 2014 there has been noticeable improvement, with regular management reporting now in place. The biggest issues we faced in 2016 was the infrastructure asset valuation and the fact that the audit of the Holding Company had not been completed. Neither of these reflects directly on the performance of the District Council's Finance team.

While the 2015/16 annual report process was better, there were a number of audit adjustments to the draft financial statements. These largely related to disclosures and not to the underlying financial information in the finance system. This indicates that information being processed in the financial system is more robust than in prior years.

Based on the progress in 2016, we believe there are prospects for continued improvement as staff grow into their roles.

2.4 Annual report preparation

The main problem we encountered in terms of process was version control, in particular in relation to the Word version of the annual report document. The manual processes for transferring information are time consuming for District Council staff and the amount of data entry required gives rise to a significant risk of error. Quality control over the transfer of information from the Excel working version to the

published Word version was not robust and we found errors in the various versions we reviewed. We encourage the District Council to review its publishing process and to implement and review effective quality review over the transfer of information into the Word document.

Recommendation

Review the process for transferring information from the financial model to the annual report template.

Management comment

Staff have reviewed the current process we have in place for transferring information from the financial model to the annual report Word document:

- *Council intends to utilise the MagiQ performance reporting system in the future, which will incorporate the above processes within one system. Until that time it intends to continue to utilise Excel and Word for completing Annual Planning and Reporting tasks.*
- *Staff suggest that Audit New Zealand undertake its auditing of Council's financial information using Councils Excel model and its auditing of Council's text/story using Councils Word document. Then for its final review, Council will merge the information (once) – for the Audit team to sight prior to sign-off.*

Further audit comment

We will undertake the Council suggested approach as part of next year's audit. As part of agreeing the timetable for the audit of the annual report, we will add a date for the information from the Excel model to be merged into the Word document.

2.5 Rate setting process

In our 2013/14 and 2014/15 management reports, we identified the following issue which is still outstanding.

- No independent review of the reconciliation between the rates information database (RID) and the QV information.

This year we also noted a lack of procedures to ensure that the provisions of the Rates Remissions Policy are followed.

Recommendation

Implement internal control checks in these areas.

Management comment

For the 2016/17 financial year a new process has been implemented which will allow for monthly reconciliations between the RID and QV information and the review thereof.

Provisions of the Rates Remissions Policy are followed and these are approved by category by Council. However, it is accepted that there has been no systemic process documented, this is being rectified during 2016/17 financial year.

2.6 Water by meter

The High Court recently considered the requirements of section 24 of the Local Government (Rating) Act 2002. Section 24 requires rates resolutions to specify the due dates for the payment of rates. In an interim judgment affecting the Northland Regional Council, the High Court stated a rates resolution should include calendar dates for the due dates for rates. It was not sufficient to define the due date by reference to some other document.

Based on the information received to date, we note the District Council has not specified calendar dates in its rates resolution for targeted rates for water supply, the resolution is silent on due dates for water by meter. Its rating resolution reads:

Instalments

Rates will be collected by four equal quarterly instalments due on the following dates. Payments will be applied to the oldest debt first.

<i>Instalments Number</i>	<i>Due Dates</i>
<i>One</i>	<i>31 August 2016</i>
<i>Two</i>	<i>30 November 2016</i>
<i>Three</i>	<i>28 February 2017</i>
<i>Four</i>	<i>31 May 2017</i>

We note that at present the District Council's metered water is either billed monthly or quarterly. These amounts are due by the 20th of the month following the invoice date.

Although the High Court did not specifically consider the issue of dates for targeted water rates, including volumetric or metered water rates, we believe there is a potential risk for the District Council to consider.

Recommendation

Review the rates resolution and, if appropriate, seek independent advice over whether its resolution meets the requirements of section 24 of the Local Government (Rating) Act 2002 in relation to payment dates for targeted water rates.

Management comment

This will be addressed in future resolutions. Does Audit New Zealand recommend that Council makes a supplementary resolution for 2016/17?

3 Assessment of the control environment

We performed an assessment of the control environment. This assessment was for the purpose of planning the most effective and efficient audit approach so we could express an audit opinion on the District Council's financial statements and non-financial information. We considered the overall attitude, awareness, and actions of the Council and management in establishing and maintaining effective procedures and internal controls.

In performing this assessment we consider both the "design effectiveness"¹ and "operational effectiveness"² of internal control. The explanation of these terms is outlined below. It is not the purpose of our assessment to provide you with assurance on internal control in its own right, therefore we provide no assurance that our assessment will necessarily identify and detect all matters in relation to internal control.

Overall, we concluded there are aspects of the control environment that we can rely on.

We note that monitoring against budget has improved in the current year, with the Council and management receiving monthly reports for the entire financial year. This is in addition to the detailed quarterly reports received in the prior year. The quality and reliability of the information reported has also improved progressively over the past two years.

Internal controls

We reviewed the internal controls in place for key financial and non-financial information systems, as detailed below. Internal controls are the policies and processes that are designed to provide reasonable assurance as to reliability and accuracy of financial and non-financial reporting, as well as compliance with significant legislative requirements. These internal controls are designed, implemented and maintained by the Council and management. Both "design effective" and "operationally effective" internal control is important to minimising the risk of either fraud or misstatement occurring. The ultimate responsibility for the effective design, implementation and maintenance of internal control rests with the Council.

In performing this assessment we identified areas where we believe the control environment can be improved. Potential improvements to internal controls within key financial and non-financial systems are reported at Section 5 of this report.

Below are areas of the broader control environment that we make specific comments based on our work carried during the year.

3.1.2 Risk Management

Risk management is an area where the District Council can make some improvements. At present there is a policy and a framework (which includes a corporate risk register) in place. However, these do not appear to have been updated since 2011.

¹ Control is effective to either prevent or detect a material error in either the financial statements and/or non-financial information. The control is "fit for purpose".

² Control has operated effectively throughout the period tested.

We are pleased to see monitoring against a risk register is now completed and this is reported to Council on a monthly basis.

Recommendation

Review risk management processes and keep the register up-to-date.

Management comment

A review commenced in July 2016 and will continue through 2017. Council's Finance, Audit and Risk Committee will be involved in the process.

3.2 Asset Management

The District Council has committed to improving its management of key infrastructural assets. As a first step it hired an additional staff member (Asset Management Planner). This role was to improve its existing knowledge of its assets included in the asset registers and then reflect this in the asset management plans (AMPs).

The Asset Management Planner resigned part way through the year, however, this did not significantly impact on progress in this area as a consultant was engaged to continue the work of improving the asset information.

This year the consultant has been engaged to review and update the information within the District Council's asset management system (Asset Finda). Through this process all infrastructure assets have been captured, allocated a condition rating (based on existing knowledge and visual inspections by the consultant), and the asset information has been recorded at a more detailed componentised level. The accounting fixed assets register (FAR) has been updated to reflect the updated asset information.

The District Council's current FAR within NCS system could not easily capture the required component level detail resulting from the asset review so it has moved the FAR to a spreadsheet module as an interim solution. The new spreadsheet module records the assets down to the component level, allowing for a more accurate calculation of depreciation expense.

Based on discussions with management, we understand AMPs are now in place for most of the District Council's asset-based groups of activities. Currently the parks and reserves AMP is being drafted. The Council has approved a budget of \$200k for maintenance and improvement of the condition assessments. Management has advised us that once the Parks and Reserves AMP has been completed, the next phase will be to improve these AMPs based on the deficiencies noted in the previous LTP round. The District Council is utilising the external consultants to draft/improve the AMPs.

We commend the steps that the District Council is taking to improve its asset information and processes. These steps will provide a much better base of asset knowledge, and from then a significantly better ability to forecast future asset needs, for the 2018-28 LTP.

We support the District Council commitment to progressing its efforts in this area. In particular in seeking a permanent solution for the FAR issue, updating and maintaining

its asset information, getting more reliable data on asset condition and getting its staff resourcing levels to an optimal level.

3.2.1 Renewals planned expenditure against actual expenditure

The whole of Council Funding Impact Statement (FIS) identifies that the spend on "replacing existing assets" was \$2,723k compared to the original budget of \$3,820k. This shows that renewals for the year are substantially less than budget. In the year ended 30 June 2016 this shortfall was primarily in the transportation activity. The approved NLTP (National Land Transport Programme) is a cumulative three year programme and any shortfalls or overruns can be accounted for within the three year period. In this case, it will be during 2016/17 and 2017/18. However, as noted in the LTP, the planned renewals may or may not be enough, as noted below. This puts further risk to the District Council's ability to maintain service levels. Given the nature of the assets, any impact from this risk will only reveal itself over time and this level of underspend is not indicative of an immediate problem in terms of asset performance.

The District Council's Infrastructure Strategy notes that a number of the district's assets are approaching or past their expected useful economic lives. Gap analysis identifies substantial gaps between optimal asset replacement and the capital expenditure contained in the financial forecasts in the ten years of this plan. However, over the course of the thirty year strategy the renewals programme is accelerated and these gaps close. The strategy acknowledges that there is an inherent risk of asset failure associated with a deferred renewals programme, but states that the District Council must balance this with affordability. Therefore the financial forecasts contain those projects that are deemed essential in the medium term.

This risk is compounded by a potential shortfall in depreciation funding. In 2013, the District Council adopted a policy of restricting the proportion of depreciation cost that was recovered through rates, while other more urgent funding gaps were addressed. This policy unwinds over a five year period, with the final three years being the first three of this Long Term Plan. This generates a deficit of \$1.4 million over the first two years of the 2015-25 LTP.

3.3 Fraud risk management

The District Council has a fraud policy, however, the policy has not been reviewed since 2006, other than being reviewed by the Executive Committee in a workshop ahead of its meeting with the Audit Director in August 2015. From enquires of both management and the Council we confirmed there are no known or suspected frauds this year. We did not identify any concerns or issues with the attitudes towards fraud of senior management or the Council.

While the District Council has not undertaken a review of areas susceptible to fraud during the year, we understand that this is an area the District Council plans to put time and resources into going forward.

Recommendation

Undertake an annual review of areas susceptible to fraud and work on bringing its fraud awareness and prevention procedures to up to date.

Management comment

Council will include controls specific to fraud prevention as it continues to develop its internal controls framework, including a formal review by its Finance, Audit and Risk Committee.

This will support policy review and development.

4 Areas of interest for all Local Government entities

We identified the following areas of focus in our audit arrangements letter. Our comment on items not already commented on in another part of this report:

4.1 Severance payments

There were no severance payments during the year.

One retirement payment was made during the year, we checked the calculation to confirm it was calculated within contractual entitlements. No issues were noted.

4.2 Elected members remuneration and allowances

We confirmed that council members were paid within the limits of the Determination and their remuneration was appropriately disclosed.

4.3 Council's governance role in completion of SOI's for CCO's

We reviewed the CCTO's SOIs and confirmed the District Council had been consulted as required.

In our audits of Hokitika Airport Limited and Westland District Properties Limited, we raised the question again of whether these companies were appropriately classified as CCTO's.

Given the Council's recent decision to consult on a proposal to disestablish Westland Holdings Limited and amalgamate these two companies, the status of the combined company should be considered as part of the changes.

4.4 Related party transactions and conflicts of interest

We reviewed a sample of related party transactions and confirmed the expenditure was reasonable and appropriately disclosed.

4.5 Legislative compliance

The Council does not have a formal mechanism in place for the identification of its legislative compliance obligation. Each manager is expected to monitor compliance with relevant legislation, however there are no formal processes in place to support them or ensure this is done.

We also confirmed the legislatively prescribed disclosures in the annual report were complete.

Recommendation

The Council should develop and adopt a formal legislative compliance policy and processes for the identification and monitoring of legislative compliance.

Management comment

Clarification sought – relevant legislation is demonstrably complied with in all Council plans, reports, policies and decision-making. Can Audit New Zealand provide illustration of a formal process?

5 Internal controls

Internal controls are the policies, procedures, and activities that are in place to provide reasonable assurance that financial and non-financial processes are effective and operate as designed. They are important because effective controls help minimise the risk of fraud or error. Refer to section 6 for the status of prior year internal control issues.

Our findings are as follows:

Core system	Findings	Management Comment
Statement of Service Performance (SSP)	<p>In addition to the recommendations identified in section 2.2.</p> <p>Transport</p> <p>Our review of the system for reporting the number of service requests found:</p> <ul style="list-style-type: none"> • Issues or faults in the transport network can be identified by the public, District Council staff, or the road maintenance contractor. • District Council only records and reports faults that are entered in to the service request system. • The service request system records only customer initiated faults. Faults identified by the contractor or by District Council staff do not usually go through the service request system and therefore are not captured in the reporting against this measure. • This means not all requests are recorded in the system. <p>Recommendation</p> <p>Investigate options for ensuring all requests are recorded in the service request system.</p>	Refer 2.2.
Revenue	Apart from our Rates recommendations in section 2.5 of this report, the key systems	

Core system	Findings	Management Comment
	and controls over the various revenue systems are operating as intended.	
Expenditure	The key systems and controls over the various expenditure systems are operating as intended.	
Sensitive expenditure	We reviewed a sample of credit cards and expense claims. No issues of performance waste and probity came to our attention during our testing of sensitive expenditure. As part of our review we noted the sensitive expenditure policy has not been updated since 2009. Recommendation Review and update the policy as appropriate.	<i>Will be undertaken in 2017.</i>
Payroll	Overall, the key processes and controls over payroll are operating as intended.	
Journals	Journals created by the Finance Manager are not always reviewed before posting. Recommendation Have all journals reviewed by an independent person before being posted.	<i>Journals are reviewed and signed by Group Manager: Corporate Services.</i>

6 Status of previous recommendations

The status of each matter that was outstanding in last year's report to the District Council is summarised in Appendix 2 (unless it is mentioned in the body of the report).

Summary of action taken against previous years' recommendations:

Number of recommendations from previous years' audits	Current status
8	Matters that have been resolved
9	Still outstanding

Appendix 1: Explanation of priority rating system

Our recommendations for improvement and their priority are based on our assessment of how far short the District Council is from a standard that is appropriate for the size, nature, and complexity of its business.

We have developed the following priority ratings for our recommended improvements:

<p>Urgent Major improvements required</p>	<p>Needs to be addressed <i>urgently</i> These recommendations relate to a significant deficiency that exposes the District Council to significant risk. Risks could include a material error in the financial statements and the non-financial information; a breach of significant legislation; or the risk of reputational harm.</p>
<p>Necessary Improvements are necessary</p>	<p>Address at the earliest reasonable opportunity, <i>generally within 6 months</i> These recommendations relate to deficiencies that need to be addressed to meet expected standards of good practice. These include any control weakness that could undermine the system of internal control or create operational inefficiency.</p>
<p>Beneficial Some improvement required</p>	<p>Address, <i>generally within 6 to 12 months</i> These recommendations relate to deficiencies that result in the District Council falling short of best practice. These include weaknesses that do not result in internal controls being undermined or create a risk to operational effectiveness. However, in our view it is beneficial for management to address these.</p>

Appendix 2: Status of previous recommendations

The recommendations raised in our previous management reports are still valid and are being progressed. Cleared issues and outstanding issues have been summarised below:

Matters that have been resolved

Issues	Outcome
Expenditure	
<p>Segregation of duties</p> <p>We found that currently it is possible for an employee to raise a purchase order, record goods as received, and approve the invoice for payment. When one person is able to perform all three of these tasks, there is a fraud risk. It is possible for that employee to purchase goods and services without an appropriate business purpose, and avoid detection. Someone independent from the person ordering the goods or services should record them as received and/or approve the invoice.</p> <p>Recommendation</p> <p>Separate responsibility for these functions so no employee is able to raise a purchase order, receive the goods, and approve the invoice.</p> <p>Creditors masterfile review</p> <p>The District Council runs a monthly creditor masterfile changes report, which is meant to be independently reviewed and checked to supporting documentation. The purpose of this control is to check that all changes made are appropriate. This is important because the information in the creditors masterfile is the basis of payments made to suppliers. During our testing, we found that this review has not been performed for most of the year.</p> <p>Recommendation</p> <p>Independently review the creditors masterfile changes audit report on a timely basis as a check that all creditor masterfile changes are appropriate.</p>	<p>This issue has been cleared after the introduction of the electronic purchase order system in February 2016.</p> <p>This issue has been cleared. The creditors masterfile changes audit report is being reviewed on a timely basis.</p>

Issues	Outcome
Sensitive expenditure	
<p>During our review, we found the Westland Milk Products water upgrade project contract was not signed off within delegated limits. From review of the Council minutes we identified that the District Council had delegated authority to the executive team to approve the project. Delegated approvals should be formally recorded and we expected to see a formal record of this approval and one member of the executive team to sign the contract on behalf of the District Council. This was not the case with the project being signed by the Engineer, Water Services.</p> <p>Recommendation Approve contracts in line with formal delegations.</p>	<p>This issue has been cleared. All contracts we reviewed were approved within delegation.</p>
Payroll	
<p>The reviewer of the payroll masterfile has access to the payroll module. To address the segregation risk we understand that someone else co-signs any reports where the reviewer has made any changes. We recommend the co-reviewer sign every report and not just reports where the reviewer has made changes. This will eliminate the risk that a report that should have been co-signed is missed.</p> <p>Recommendation The co-reviewer should sign every masterfile change report, as evidence of their review.</p>	<p>This issue has been cleared. Datacom performs all the data entry to the payroll masterfile, and the updated payroll masterfile is checked by Council staff.</p>
Rates	
<p>Our review of controls around rates identified the control weaknesses:</p> <ul style="list-style-type: none"> • No review of rates assessments and invoices for compliance with relevant legislation. • No evidence that the Rates Officers input of rates into RID is independently reviewed. A reconciliation of the rates revenue from the rates input into RID and the FIS is provided to the GM Corporate Services (which would identify erroneous rates input into RID) but his review (if any) is not evidenced. • No independent review of the properties identified as non-rateable and 50% rateable properties during the year. 	

Issues	Outcome
<p>Recommendation</p> <ul style="list-style-type: none"> • Rates assessments and invoices are reviewed for compliance with relevant legislation. • The GM Corporate Services signs the reconciliation of the rates revenue from the rates input into RID and the FIS. • Properties identified as non-rateable and 50% rateable properties are independently reviewed as part of the annual rates setting process. 	<p>This recommendation has been cleared. We have sighted the rates assessments and invoices that were checked by Council staff prior to the invoices being sent to ratepayers.</p> <p>This recommendation has been cleared. We sighted the email from the GM Corporate Services confirming his review of the reconciliation.</p> <p>This recommendation has been cleared. We have been provided with a listing of 50% rateable properties for the 2015/16 year. This has been independently reviewed by the Finance Manager.</p>
Statement of service performance	
<p>Solid waste</p> <p>Our review of the system in place for monitoring compliance with resource consents found that none of the five landfills have been actively monitored throughout the year for compliance with consents.</p> <p>We also note the monthly monitoring spreadsheet for waste reduction has not been updated during the year. We understand that this is due to staffing constraints during the year, with one staff member leaving during the year. We have been advised that a new full time staff member is currently being recruited.</p> <p>The District Council disclosed its lack of monitoring during the year when reporting against these measures.</p>	<p>The Council is now regularly monitoring compliance with resource consents.</p>

Matters still outstanding

Recommendation	Current status	Priority	Management's proposed action
Update Delegations Manual			
The manual is out of date and does not reflect actual practices.	Outstanding	Necessary	<i>Deferred until the new Council determines delegations it considers appropriate.</i>
Rates process			
Covered in section 2.5 of this report.	Outstanding	Necessary	See 2.5.
Legislative compliance			
Introduce a formal legislative compliance system.	Outstanding	Necessary	See 4.5.
IT Disaster Recovery Plan (DRP)			
Update the DRP plan to reflect the current situation.	Outstanding	Necessary	<i>Targeted for update by 30 June 2017.</i>
Review areas susceptible to fraud			
Covered in section 3.3 of this report.	Outstanding	Necessary	See 3.3.
Land fill provision calculation			
Provide information to support the landfill inputs.	Outstanding	Necessary	<i>The main inputs are related to the tonnages. These figures are supported by mFE database and verifiable. Had no comments this year from audit staff and we believe this matters stands resolved.</i>
Assets disposal			
<ul style="list-style-type: none"> Introduce formal process for disposed assets. Perform a physical stocktake. 	Outstanding	Beneficial	<i>Noted. Target 30 June 2017.</i> <i>This will be an ongoing process as part of asset management.</i>
Sale of Council assets to staff			
Establish formal processes.	Progress	Beneficial	<i>Part of asset disposal policy above.</i>

Recommendation	Current status	Priority	Management's proposed action
Receipt of year-end financial information from Council's CCO			
Request draft financial information from the CCOs at an earlier date.	Progress	Beneficial	<i>Discussions taken place. Regular intercompany reconciliations to be completed. May be affected by the restructure proposal.</i>

Appendix 3: Mandatory disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the District Council of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the District Council.</p>
Auditing standards	<p>We carry out our audit in accordance with generally accepted audit standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The District Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We confirm that, for the audit of the District Council's financial statements for the year ended 30 June 2016, we have maintained our independence in accordance with the requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.</p> <p>Other than the audit, we have not provided any engagements for the District Council during the year ended 30 June 2016. In addition, we have no relationships with, or interests in, the District Council.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the District Council during or since the end of the financial year.</p>
Unresolved disagreements	<p>We have no unresolved disagreements with management about matters that individually or in aggregate could be significant to the financial statements. Management has not sought to influence our views on matters relevant to our audit opinion.</p>

Report



DATE: 26 January 2017
TO: Finance, Audit and Risk Committee
FROM: Finance Manager

TREASURY MANAGEMENT

1 SUMMARY

- 1.1 The purpose of this report is to facilitate discussion by the Committee regarding its Liability Management Policy and Investment Policy in preparation for a formal review of these policies as part of the creation of the Long Term Plan 2018-28.
- 1.2 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in September 2014, which will be set out in the next Long Term Plan 2015-25. These are stated on Page 2 of this agenda.
- 1.4 This report concludes by recommending that the Committee receives the information and confirms its participation in a treasury management workshop on 23 February 2017.

2 BACKGROUND

- 2.1 Council is required under s102 of the Local Government Act 2002 to adopt a Liability Management Policy and an Investment Policy with the minimum scope of these prescribed by s104 and s105 respectively.
- 2.2 There are no statutory provisions concerning the frequency of their review. However, since they support the parameters set by the Revenue and Financing Policy, it is appropriate that Council undertakes this review as part of each triennial planning cycle.

- 2.3 Council's current policies are attached as **Appendix 1**. These have been in effect since 2012. The policies were reviewed in 2015, but were not updated because Council intended to further examine its external funding options and because there was a degree of uncertainty in respect of the funding requirements and timing for some of the major infrastructure renewals contained in the LTP 2015-25. The draft policies that Council considered are attached as **Appendices 2 and 3**.

3 CURRENT SITUATION

- 3.1 Council currently has debt of \$17 million and investments of \$1 million.
- 3.2 In recent years, interest rates have been low and Council has managed its debt prudently, including making provisions for repayment of legacy debt in its annual plans since 2014.
- 3.3 It is important that Council adopts policies that enable it to provide ratepayers with predictability and stability regarding funding and cash flows, particularly in times of economic volatility and when, as referenced in the Audit Management Report, it can be envisaged that Council's borrowing requirements may increase in the medium term to meet the requirements of its infrastructure strategy.
- 3.4 It is proposed that the Committee participates in a treasury management workshop on 23 February 2017, the day of the Ordinary Council Meeting. A draft agenda from Council's treasury advisor detailing the scope is attached as **Appendix 4**.

4.0 OPTIONS

- 4.1 The Committee can decide to receive or not receive the report; and whether to participate in a workshop. Should the Committee not wish to participate it will forego the opportunity to fully examine and understand the risks and opportunities associated with its ultimate review of these policies.

5.0 SIGNIFICANCE AND CONSULTATION

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

6.0 RECOMMENDATION

- A) **THAT** the Committee receives the information attached as **Appendices**
- B) **THAT** the Committee confirms its participation in a treasury management workshop on 23 February 2017.

Lesley Crichton
Finance Manager

- Appendix 1:** Current Liability Management Policy and Investment Policy
- Appendix 2:** Draft Liability Management Policy 2015
- Appendix 3:** Draft Investment Policy 2015
- Appendix 4:** Treasury Workshop Agenda for 23 February 2017

Liability Management Policy

1. General Policy

Council exercises its borrowing powers within the LGA 2002, S113 122. The borrowing programme is approved by Council when it approves the Annual Plan each year. Resolutions of Council are not required in the case of hire purchase, credit or deferred purchase of goods and services where:

- 1.1 There is a period of less than 3 months indebtedness.
- 1.2 The goods and services are obtained in the ordinary course of operations, on normal terms, for amounts not exceeding in aggregate an amount determined by resolution at Council i.e. approved financial delegations as documented in Councils Delegation Manual.

When borrowing is required it is generally used for the following main purposes:

- 1.3 General debt to fund Council's balance sheet and from time to time liquidity requirements.
- 1.4 To fund operational or infrastructural asset purchases that will benefit the Council and ratepayers over a long period of time.

Council may borrow through a variety of mechanisms comprising of the issue of stock, through accessing the capital markets or by direct bank borrowing. When evaluating any new borrowing the Manager Finance or Accountant take into account the following in relation to source, term size, and pricing;

- 1.5 The size and economic life of the project.
- 1.6 The impact any new debt will have on the borrowing limits.
- 1.7 Council's overall debt maturity profile
- 1.8 Interest rates prevailing relative to term for both stock issuance and bank borrowing.
- 1.9 Management's view, after consultation with qualified advisors, of future interest rate movements.
- 1.10 Term available from bank and stock issuance.
- 1.11 Legal documentation and financial covenants required.

From time to time the Council may wish to replace external borrowing with internal funding or to use internal funds for new projects. Council would require a return on its internal funding because it would have lost the opportunity to invest externally in the market place. Internally funded projects will be charged interest annually. The interest rate on internal borrowing will be the interest offered on 1st July for a 12 month investment plus a credit margin of 0.25 which Council would normally pay for a facility.

2. Objectives of this Policy

- 2.1 Ensure that Westland District Council (WDC) has an on-going ability to meet its debts in an orderly manner as when they fall due in both the short and long term, through appropriate liquidity and funding risk management
- 2.2 Arrange appropriate funding facilities for WDC ensuring they are at market related margins utilising bank debt facilities and/or capital markets as appropriate
- 2.3 Maintain lender relationships and WDCs general borrowing profile in the local debt and, if applicable, capital markets, so that WDC is able to fund itself appropriately at all times
- 2.4 Control WDC's cost of borrowing through the effective management of its interest rate risk, within the interest rate risk management limits established by the liability management policy
- 2.5 Ensure compliance with any financing/borrowing covenants and ratios

- 2.6 Maintain adequate internal controls to mitigate operational risks
- 2.7 Produce adequate and timely information that can be relied on by senior management and Council for control and exposure monitoring purposes in relation to the debt raising activities of WDC

3. Borrowing Limits

Council in managing borrowing adheres to the following limits:

- 3.1 Gross interest expense on all borrowing will not exceed 15% of total annual rates income, being total general rates, penalties and targeted rates levied.
- 3.2 Net cash inflows from operating activities exceed gross annual interest expense by two times.
- 3.3 Liquidity ratio of 1:1 which measures the ability of Council to quickly generate cash from current assets in order to meet its current obligations.
- 3.4 Average debt per rateable property not to exceed \$3,000

4. Liquidity and Credit Risk Management

To avoid a concentration of debt maturity dates Council will, where practicable, aim to have no more than 50% of debt subject to refinancing in any 12 month period. Council will only enter incidental arrangements with creditworthy counterparts. Credit worthy counterparties are selected on the basis of their current Standard & Poor’s rating which must be A or better. Westland District Council shall aim to maintain committed funding lines of not less than 110% of projected core debt. Core debt is defined as debt as explained in the accounting policies.

5. Interest Rate Risk Management

Any borrowing done by Council gives rise to exposure to interest rate movements. Council’s preference, to avoid adverse impact on interest rates, is to have a preference for a high percentage of long term fixed rates. The Manager Finance will manage the interest rate risk by ensuring a mix of fixed and variable rates are present in its debt portfolio. Fixed rate hedging percentages

The following interest rate risk management instruments may be used to manage the core debt of WDC:

- 5.1 Interest rate swaps
- 5.2 Swaptions (options on swaps)
- 5.3 Interest rate options, including collar type structures but only in a ration 1:1
- 5.4 Forward rate agreements

	Minimum fixed rate amount	Maximum fixed rate amount
0 – 2 years	50%	100%
2 – 5 years	30%	80%
5 – 10 years	0%	50%

The Manager Finance has the authority to manage the interest rate risks of WDC. Council may retain the services of an independent external consultant to assist in managing the interest rate risks of WDC

6. Security

Council will normally secure its borrowings against its rates revenue. Security may also be offered, with Council's approval, over specific Council assets. Council can also offer security on infrastructure assets where special rating provisions apply.

7. Repayment

Repayments of Council borrowing are made from asset sale proceeds, sinking funds, renewal loans or from general funds. Term of loan not to exceed the life of the asset to a maximum term of 20 years Debt will be repaid as it falls due. Rates are collected quarterly for loan funding from these sectors for which the loans were raised and are credited quarterly to the bank loans outstanding.

8. Financial Guarantees

Financial guarantees can be made from time to time, by Council, to organisations, groups or bodies for recreational and community purposes. Before guarantees are approved the latest financial reports and cash flow projections are reviewed by management. Appropriate conditions and controls will be established and documented, by Council, before the approval and provision of any financial guarantees.

Investment Policy

1. Purpose

Section 102(4) (c) of The LGA 2002 requires Council to adopt an investment policy which in terms of Section 105 must state Council's policies in respect of its investments, including:

- 1.1 The objectives in terms of which financial and equity investments are to be managed.
- 1.2 The mix of investments.
- 1.3 The acquisition of new investments.
- 1.4 An outline of the procedures by which investments are managed and reported on to Council.
- 1.5 An outline on how risks associated with investments are assessed and managed.

This investment policy has been developed as a guide to control all investments of Council and under section 102(6) an adopted Investment Policy can be amended only as an amendment to the long-term council community plan. Investments will be in investment grade fixed interest securities and call accounts within defined criteria designed to limit risk while providing an acceptable return to Council.

2. Objectives of this Policy

The objective of an investment policy is to ensure the portfolio is managed, in a prudent and competent manner, in terms of the governing legislation. Council's philosophy is to optimise investment value and returns in the long term while balancing risk and return considerations. As a responsible public authority any investments Council does hold should be low risk with preference being given to conservative investments particularly in the case of short term investments.

- 2.1 Safeguard WDC's financial market investments by establishing and regularly reviewing investing parameters and ensuring that all investment activities are carried out within these parameters
- 2.2 Ensure the integrity WDC's financial market investments by only investing in appropriately rated organisations and in appropriate financial market instruments as detailed in this policy
- 2.3 Produce accurate and timely information that can be relied on by senior management and Council for control and exposure monitoring purposes in relation to the investment activities of WDC

It also recognises that lower risk generally means lower returns. To achieve this aim Council primary strategies are as follows:

- 2.4 Protection of investment capital value and to minimise the risk of loss.
- 2.5 Optimise the investment value and return.
- 2.6 Ensure investments are of a type which provides Council with funds when required.
- 2.7 Diversify the mix of financial instruments

3. Investment Mix

Council may maintain investments in the following financial assets:

- 3.1 Equity investments (covered in Section 3.1)
- 3.2 Property investments including land holdings (covered in Section 3.2)
- 3.3 Forestry investments (covered in Section 3.3)
- 3.4 Infrastructural Asset Investments (covered in Section 3.4)
- 3.5 Financial investments (covered in Section 3.5)
- 3.6 Loan advances (covered in Section 3.6)

Any new investments will be assessed in terms of the strategic objectives of Council and this Policy.

4. Equity Investments

Council has equity investments in New Zealand Local Government Insurance Corporation Limited, T/A Civic Assurance, and Westland Holdings Limited.

5. Civic Assurance

The shares in Civic Assurance were acquired by virtue of Council being a local authority. The purpose of the company, in which most local authorities are shareholders, is to ensure that adequate insurance arrangements are available to local authorities at the lowest possible cost. The shares are not readily transferable. Annual reports are received and reviewed by management. Election of Directors takes place at the AGM held at the Local Government of New Zealand annual conference. Council normally votes by proxy.

Revenue in the form of interest is earned from the shares and included in general revenue. Council's policy is to review the performance of and commitment to the scheme on an annual basis.

6. Westland Holdings Limited

Westland Holdings Limited is a wholly owned Council Controlled Organisation (CCO) of Westland District Council formed on 24 July 2002. It holds 100% of the shares and assets of Hokitika Airport Limited and Westroads Limited. The statement of intent of WHL will be submitted to Council by 30 June each year for adoption ensuring that the financial targets and strategic direction of WHL are in line with Council aims and requirements. Council's policy is to support the directors of Westland Holdings Limited in the management of itself, Westroads Limited and Hokitika Airport Limited and to maximise the benefits to Council and the ratepayers of Westland.

7. Property Investments

Council is the holder of a significant portfolio of property, which is divided into the following categories:

7.1 Essential / Restricted Land and Buildings

Land and Buildings that are to be retained by Council to meet operational or strategic needs. The bulk of these holdings represent infrastructural assets on reserve land or land administered by Council under statutory restrictions. These properties are not covered under this Investment Policy.

7.2 Leased Land and Buildings

Council holds land holdings intended for resale, which include surplus land and leased land and buildings.

Property rentals are generally charged at commercial levels. Rentals on housing for the elderly are charged at a level sufficient to ensure that the properties are fully self-funding and that sufficient reserve funds are set aside for on-going maintenance and improvements.

Any disposal of property will be in such a manner, which maximises the value of the property.

Surplus property shall be disposed of in accordance with any statutory requirements placed on Local Authorities. Capital realised from the disposal of property shall be either reinvested in accordance with Council's Investment Policy or used for capital projects identified in the annual plan.

When considering new property investment Council must assess the benefits of ownership in comparison to other arrangements which could deliver the same results and assess what is the most financially viable method of achieving the delivery of Council services. Council's policy is to dispose of any excess land and buildings not considered essential to the provision of Council services or amenities to ratepayers.

Any investment in property will be evaluated by Council's Management Team and approved by Council. This requires specific authorisation.

7.3 Forestry

Council has several small forestry plantations. The holdings are valued at cost in the Council’s asset register and are managed in association with P F Olsen. Council may extend these holdings where considered appropriate. Council’s policy is to harvest the plantations on maturity and replant.

8. Infrastructural Asset Investment (Internal Loans)

Council may provide advances from existing funds for the building and development of infrastructural assets in the District as an alternative to raising an external loan for the project.

Council’s policy is to facilitate the establishment of infrastructural assets to improve services to the community. Council may therefore provide advances from existing funds, where available, for the building and development of infrastructural assets. The repayment of these advances will be made over time from rates or lump sum contributions.

Financial Investments

Council maintains financial investments for the primary reasons:

- 8.1 Invest proceeds from the sale of assets
- 8.2 Invest amounts allocated to general and separate funds
- 8.3 Invests funds set aside for approved future expenditure
- 8.4 Invest surplus cash holdings
- 8.5 Emergency requirements of \$1 million

The minimum cash and bond investment fund to be held at any time should equal the sum of Emergency Funds of \$1m

- 8.5.1 All Trusts and Bequest Balances
- 8.5.2 All Special Funds

Each quarter Council will report on the level of financial investments and whether they cover these areas

9. Authorised Financial Market Investment Criteria

The financial market investment activities of WDC are to be carried out in accordance with the criteria detailed in the following matrix:

Authorised Asset Classes	Overall Portfolio Limit as a Percentage of the Total Portfolio	Approved Financial Market Investment (must be denominated in NZ dollars)	Credit Rating Criteria – Standard and Poors (or Moody’s or Fitch equivalents)	Limit for each Issuer Subject to Overall Portfolio Limit for Issuer Class
New Zealand Government	100%	Government Stock Treasury Bills	Not applicable	Unlimited
Local Authorities where rates are used as security	70%	Promissory Notes Bonds / MTN’s / FRN’s	Not applicable	\$2.0 Million \$2.0 Million
New Zealand Registered Banks	100%	Call / Deposit / Bank Bills / Promissory Notes Bonds / MTN’s / FRN’s	Short term S&P rating of A1 or Better Long term S&P rating of A+ or better	\$7.5 Million \$2.5 Million
State Owned Enterprises	60%	Promissory Notes Bonds / MTN’s / FRN’s	Short term S&P rating of A1 or Better Long term	\$2.0 Million \$1.0 Million \$2.0 Million

			S&P rating of BBB+ or better	
			Long term S&P rating of A+ or better	
Corporates	60%	Promissory Notes Bonds / MTN's / FRN's	Short term S&P rating of A1 or Better	\$2.0 Million
			Long term S&P rating of A- or better	\$1.0 Million
			Long term S&P rating of AA or better	\$2.0 Million

10. Delegation to Approve Transactions

The Manager Finance and Accountant with the approval of the Chief Executive Officer, has the power to approve individual transactions provided they are within the scope of the recommended and approved general investment strategy as documented in this policy. These transactions are to be reported to Council's Audit and Finance Committee at the next meeting after the date of the transaction.

11. Interest Rate Risk Management

Council's investments give rise to direct exposure to changes in interest rates, which can impact on the return and capital value of its investments. The General Manager approves interest rate risk management strategy, as recommended by the Manager Finance and Accountant, who seek appropriate advice, including monitoring the interest rates available on a regular basis, evaluating the interest rate outlook and determine the interest rate profile to adopt for investments.

The Manager Finance and Accountant implement the interest rate risk management strategy by adjusting the average maturity of its investments in line with the interest rate risk management strategy.

12. Loan Advances

Loan advances include:

Loans to recreational and community organisations which further Council's community objectives and are approved by Council.

13. Loan Advances Criteria

- 13.1 Project meets Council approval
- 13.2 Security available
- 13.3 In all circumstances the advance will be formally documented and executed, setting out the nature and terms of the advance, securities, interest rate, repayment of principal and term of the advance.
- 13.4 Maximum of 15 years to repay
- 13.5 Entity can show its affordable and cash flow/ability to repay loan is assessed by Manager Finance

13.6 Annual balance sheet provided to Manager Finance

13.7 Market interest will be charged

The Manager Finance or Accountant will report to the quarterly Council meeting on the balance outstanding on each loan and all variations to the loan agreement to be approved by Council.

14. New Investment

Any acquisition of new investments must be made in accordance within the criteria and objectives contained in this policy.

15. Foreign Exchange Policy

Council has foreign exchange exposure through the occasional purchase of foreign exchange dominated plant, equipment and services and where it holds investments through managed funds in companies based overseas. The library also purchases some items from overseas mainly from Australia.

Generally, any significant commitments for foreign exchange are hedged using foreign exchange contracts, once expenditure is approved. Routine small payments are converted at the spot exchange rate on the date of payment. Council does not borrow or enter into incidental arrangements within or outside New Zealand in currency other than NZ dollars.

16. Management of Investments

A quarterly report will be prepared for Council showing the type, dollar value and percentages of money invested in and within the various sectors.

Where possible performance benchmark figures will be used as a comparison.

Surplus monies not immediately required are placed on call or term investments. Clear separation of operational, separate and trust funds is reflected in the general ledger accounts with interest earned pro-rated allocated across these accounts on an annual basis. The operating account, i.e. District Fund Account, is reconciled on a daily basis.

17. Specific Policies

17.1 Council does not have a committed bank overdraft facility but arranges overdraft limits as required

17.2 Council's cash flow requirements will be managed by the Manager Finance

18. Application of Income

18.1 Council will consider on an annual basis the application of income. Income can be allocated to Special Funds and Reserves

18.2 Westland County Fund

18.3 Medical Health Fund

18.4 Off-street Parking

18.5 Reserve Development

18.6 Foreshore Protection

18.7 Emergency Health

18.9 Museum assistance

18.10 Euphemia Brown

18.11 Mayors Trust

- 18.12 Three Mile Domain
- 18.13 Hokitika Community Pool Trust
- 18.14 Preston Bush Trust
- 18.15 Specific projects
- 18.16 General revenues of the district

Appendix 1

Westland District Council Prudential Limits and Guidelines

Approved Financial Instruments	Guideline maximum with any one entity
Investment cash portfolio <ul style="list-style-type: none"> • Government stock • Government securities • Local Authority stock • Bank deposits • Managed funds 	A minimum credit rating of A \$ 1 million \$ 1 million \$ 1 million \$ 1 million \$ 1 million
Bonds <ul style="list-style-type: none"> • NZ Government • State Owned Enterprises • Registered banks 	A minimum credit rating of A \$ 1 million \$ 1 million \$ 1 million
NZ Corporate	A minimum rating of A+ \$ 1 million
Equity	Any equity investment requires Council approval. This covers Civic Assurance and Westland Holdings only
Property	Any property investment requires Council approval
Forestry	Any forestry investment requires Council approval



DRAFT LIABILITY MANAGEMENT POLICY 2015

INTRODUCTION

Council's liabilities comprise of borrowings and various other liabilities. Council maintains borrowings in order to:

- Raise specific debt associated with projects and capital expenditures.
- Raise finance leases for fixed asset purchases.
- Fund assets whose useful lives extend over several generations of ratepayers.
- Council will not raise external debt to fund operating expenses, except where this relates to projects that will deliver economic benefits in excess of the total finance costs.

BORROWING LIMITS

Debt will be managed within the following limits:

Measure	Limit
Net Debt / Total Revenue	108%
Net Interest / Total Revenue	10%
Net Interest / Annual Rates Income	15%
Liquidity: (Liquid Investments + Term Debt + Available Facilities) / Term Debt	>110%

- Total Revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).
- Net debt is defined as total debt less liquid financial assets and investments.
- Liquidity is defined as external debt plus committed loan facilities plus liquid investments and cash divided by external debt.
- Net Interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period.
- Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other LGs for services provided and for which the other LGs rate.
- Financial covenants are measured on Council only not consolidated group.
- Disaster recovery requirements are to be met through the liquidity ratio.

ASSET MANAGEMENT PLANS

In approving new debt Council considers the impact on its borrowing limits as well as the economic life of the asset that is being funded and its overall consistency with Council's LTP.

BORROWING MECHANISMS

Council is able to borrow through a variety of market mechanisms including issuing stock/bonds, commercial paper (CP) and debentures, direct bank borrowing, LGFA, accessing the short and long-term wholesale/retail debt capital markets directly or indirectly, or internal borrowing of reserve and special funds. In evaluating strategies for new borrowing (in relation to source, term, size and pricing) the following is taken into account:-

- Available terms from banks, LGFA, debt capital markets and loan stock issuance.
- Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time.
- Prevailing interest rates and margins relative to term for loan stock issuance, LGFA, debt capital markets and bank borrowing.
- The market's outlook on future interest rate movements as well as its own.
- Ensuring that the implied finance terms and conditions within the specific debt (e.g. project finance) are evaluated in terms such as cost/tax/risk limitation compared to the terms and conditions Council could achieve in its own right.
- Legal documentation and financial covenants considerations.
- For internally funded projects, to ensure that finance terms for those projects are at least as equitable with those terms from external borrowing.
- Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration rights and obligations, redemption value and effective cost of funds.

Council's ability to readily attract cost effective borrowing is largely driven by its ability to rate, maintain a strong financial standing and manage its relationships with its investors, LGFA, and financial institutions/brokers.

SECURITY

Council's external borrowings and interest-rate risk management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Deed of Charge which is proposed to be changed to a Debenture Trust Deed. Under a Deed of Charge or Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Local Government (Rating) Act 2002. The security offered by Council ranks equally or pari passu with other lenders.

From time to time, and with Council approval, security may be offered by providing a charge over one or more of Councils assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. an operating lease, or project finance).
- Council considers a charge over physical assets to be appropriate.
- Any pledging of physical assets must comply with the terms and conditions contained within the security arrangement.

DEBT REPAYMENT

The funds from all asset sales and operating surpluses will be applied to the reduction of debt and/or a reduction in borrowing requirements, unless the Council specifically directs that the funds will be put to another use.

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate. The maximum period for any single tranche of external debt will be twenty years.

Council will manage debt on a net portfolio basis and will only externally borrow when it is commercially prudent to do so.

GUARANTEES/CONTINGENT LIABILITIES AND OTHER FINANCIAL ARRANGEMENTS

Council may act as guarantor to financial institutions on loans or enter into incidental arrangements for organisations, clubs, Trusts, or Business Units, when the purposes of the loan are in line with Council's strategic objectives.

Council is not allowed to guarantee loans to Council-controlled trading organisations under Section 62 of the Local Government Act.

Financial arrangements include:

- Rural housing loans
- Tenant contribution flats
- Rural water supply or waste water loans
- Advances to community organisations

Council will ensure that sufficient funds or lines of credit exist to meet amounts guaranteed. At any time aggregate guarantees will not exceed the Council's available liquidity capacity.

INTERNAL BORROWING OF SPECIAL AND GENERAL RESERVE FUNDS

Council maintains certain reserve funds for future asset replacements and other projects. Where funds are required for capital expenditure internal borrowing from these funds will be used for in preference to external borrowing. Accordingly Council maintains its funds in short term maturities emphasising counterparty credit worthiness and liquidity. The interest rate yield achieved on the funds therefore is a secondary objective. Notwithstanding, short term investments may be held in excess of those required by covenants should the interest yield exceed Council's cost of finance, and where maturity dates are synchronised.

Liquid assets will not be required to be held against special funds or reserve funds unless such funds are held within a trust requiring such. Instead, Council will manage these funds using internal borrowing facilities against general reserves.

Any internal borrowing of reserve funds used must be reimbursed for interest revenue lost. Interest on internally-funded loans is determined and charged annually, based on year-end loan balances at the agreed three-year fixed interest rate. Except where a specific rate has been approved for particular circumstances, the three-year rate is set annually at the start of the financial year, based on the three-year swap rate plus the funding margin of 25 basis points p.a.

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY (LGFA) LIMITED INVESTMENT

Notwithstanding other provisions of this Policy, the Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA. For example borrower notes
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required
- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.
- Subscribe for shares and uncalled capital in the LGFA.

INTEREST RATE EXPOSURE

Interest rate risk is the risk that funding costs (due to adverse movements in wholesale market interest rates) will materially exceed or fall short of projections included in the LTP and Annual Plan so as to adversely impact revenue projections, cost control and capital investment decisions, returns or feasibilities.

The primary objective of interest rate risk management is to reduce uncertainty relating to interest rate movements through fixing or hedging of interest costs. Certainty around interest costs is to be achieved through the active management of underlying interest rate exposures.

The following are approved instruments for managing this exposure:

- Forward rate agreements ("FRAs") on bank bills
- Interest rate swaps including:
 - Forward start swaps. Start date <24 months, unless linked to existing maturing swaps
 - Swap extensions and shortenings
- Interest rate options on:
 - Bank bills (purchased caps and one for one collars)
 - Interest rate swaptions (purchased swaptions and one for one collars only)

Interest Rate Risk Control Limits

Exposure to interest rate risk is managed and mitigated through the risk control limits below and will be only activated once 12 month forecast net debt exceeds \$10 million. Council net debt should be within the following fixed/floating interest rate risk control limit:

Minimum Fixed Rate: 55%
Maximum Fixed Rate: 90%

Fixed Rate is defined as an interest rate re-pricing date beyond 12 months forward on a continuous rolling basis.

Floating Rate is defined as an interest rate re-pricing within 12 months.

The percentages are calculated on the rolling 12 month projected net debt level.

Net debt is the amount of total debt net of cash or cash equivalent financial investments. This allows for pre-hedging in advance of projected physical drawdown of new debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to ensure compliance with the policy limits.

The fixed rate amount at any point in time should be within the following maturity bands:

Period	Minimum Hedge %	Maximum Hedge %
1 to 3 years	15%	60%
3 to 5 years	15%	60%
5 years plus	10%	60%

A fixed rate maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, maintaining a maturity profile beyond 90-days requires specific approval by Council.

- Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months.
- Any interest rate swap with a maturity beyond 10 years must be approved by Council.
- Interest rate options must not be sold outright. However, one for one collar option structures are allowed, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased) otherwise, both sides must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate in a gain position.
- Purchased borrower swaptions mature within 12 months.
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate hedge percentage calculation.
- The forward start period on swap/collar strategies to be no more than 24 months, unless the forward start swap/collar starts on the expiry date of an existing swap/collar and has a notional amount which is no more than that of the existing swap/collar.

LIQUIDITY AND FUNDING RISK

Cash flow deficits in various future periods based on long term financial forecasts are reliant on the maturity structure of cash, short-term financial investments, loans and bank facilities. Liquidity risk management focuses on the ability to access committed funding at that future time to fund the gaps.

Funding risk management centres on the ability to re-finance or raise new debt at a future time at the same or more favourable pricing (fees and borrowing margins) and maturity terms of existing loans and facilities.

The management of Council’s funding risks is important as several risk factors can arise to cause an adverse movement in borrowing margins, term availability and general flexibility including:

- Local Government risk is priced to a higher fee and margin level.
- Council’s own credit standing or financial strength as a borrower deteriorates due to financial, regulatory or other reasons.
- A large individual lender to Council experiences its own financial/exposure difficulties resulting in Council not being able to manage their debt portfolio as optimally as desired.
- New Zealand investment community experiences a substantial “over supply” of Council investment assets.
- Financial market shocks from domestic or global events.

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time so that if any of the above events occur, the overall borrowing cost is not unnecessarily increased and desired maturity profile compromised due to market conditions.

Liquidity and Funding Risk Control Limits

- External term loans and committed debt facilities together with available cash/cash equivalent investments must be maintained at an amount of 110% over existing external debt.
- Council has the ability to pre-fund up to 12 months forecast debt requirements including refinancing.

The maturity profile of the total committed funding in respect to all external debt / loans and committed debt facilities, is to be controlled by the following system when total external core debt exceeds \$10 million:

Period	Minimum %	Maximum %
0 to 3 years	15%	60%
3 to 5 years	15%	60%
5 years plus	10%	40%

A maturity schedule outside these limits will require specific Council approval.



DRAFT INVESTMENT POLICY 2015

INTRODUCTION

Council generally holds investments for strategic reasons where there is some community, social or economic benefit accruing from the investment activity, or because it is required to do so by covenant. Generating a commercial return on strategic investments is considered a secondary objective. Investments and associated risks are monitored and managed, and regularly reported to Council. Specific purposes for maintaining investments include:

- strategic purposes consistent with Council's Long Term Plan
- provide alternative funds to rates for future commitments
- retention of vested land
- holding short term investments for working capital requirements
- support inter-generational allocations
- provide liquid funds in the event of an emergency
- funding for Restricted Reserves and Council Created Reserves
- investing proceeds from the sale of assets

Council recognises that as a responsible public authority all investments held, should be low risk and that this generally mean lower returns.

OBJECTIVES

In its financial investment activity, Council's primary objective when investing is the protection of its investment capital and that a prudent approach to risk/ return is always applied within the confines of this policy. Accordingly, only approved credit-worthy counterparties are acceptable. The Council will act effectively and appropriately to:

- protect its investments
- ensure the investments benefit the community
- maintain a prudent level of liquidity and flexibility to meet both planned and unforeseen cash requirements

POLICY

The Council's general policy on investments is that:

- Council may hold financial, property, forestry, and equity investments if there are strategic or economic reasons
- Council will keep under review its approach to all major investments and the credit rating of approved financial institutions.
- Council will review its policies on holding investments at least once every three years.

ACQUISITION OF NEW INVESTMENTS

With the exception of financial investments, new investments are acquired if an opportunity arises and approval is given by the appropriate Council committee, based on advice and recommendations from Council officers. Before approving any new investments, Council gives due consideration to the contribution the investment will make in fulfilling Council's strategic objectives, and the financial risks of owning the investment.

The authority to acquire financial investments is contained within the delegation manual.

Performance of Council's investment portfolio is reported quarterly.

INVESTMENT MIX

Council may maintain the following mix of investments:

Equity investments

Council maintains equity investments in Council Controlled Organisations [CCOs] and other minor shareholdings. Council's equity investments fulfil various strategic, economic and financial objectives as outlined in the LTP.

Council seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature and purpose of the investment. Dividends received from CCOs and unlisted companies not controlled by Council are recognised when they are received in the consolidated revenue and expense account.

Any purchase or disposition of equity investments requires Council approval and any gain or loss arising from the sale of these investments is to be recognised in the Statement of Financial Performance.

Council may also acquire shares that are gifted or are a result of restructuring.

Unless otherwise directed by Council, the proceeds from the disposition of equity investments will be used firstly to repay any debt relating to the investment and then included in the relevant consolidated capital account.

Council recognises that there are risks associated with holding equity investments and to minimise these risks Council, or nominated Committee, monitors the performance of its equity investments on a twice yearly basis to ensure that the stated objectives are being achieved. Council seeks professional advice regarding its equity investments when it considers this appropriate.

New Zealand Local Government Funding Agency Limited

Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment.

The Council's objective in making any such investment will be to:

- Obtain a return on the investment.
- Ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a potential source of debt funding for the Council.

Due to these dual objectives, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments. If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA and act as guarantor.

As a borrower, Council's investment is recognised through shares and borrower notes. As an investor in LGFA shares and as a Guarantor, Council subscribes for uncalled capital in the LGFA.

Property investments

Council's overall objective is to only own property that is necessary to achieve its strategic objectives.

As a general rule, Council will not maintain a property investment where it is not essential to the delivery of relevant services, and property is only retained where it relates to a primary output of Council. Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements which could deliver the same results. This assessment is based on the most financially viable method of achieving the delivery of Council services. Council generally follows similar assessment criteria in relation to new property investments.

Council reviews the performance of its property investments on a regular basis. All income, including rentals and ground rent from property investments is included in the consolidated revenue account. All rented or leased properties will be at market rentals, except where Council has identified a level of subsidy that is appropriate.

Properties for sale are to be marketed in accordance with statutory requirements and in a manner that does not disrupt the market place, and in consultation with Community Boards and Committees where appropriate.

Any purchased properties must be supported by a current registered valuation, substantiated by management including a fully worked capital expenditure analysis.

Forestry investments

Forestry assets are held as long term investments on the basis of net positive discounted cash flows, factoring in projected market prices and annual maintenance and cutting costs.

All income from forestry is included in the consolidated revenue account.

Any disposition of these investments requires Council approval. The proceeds from forestry disposition are used firstly to repay related borrowings and then included in the relevant consolidated capital account.

Financial investments

Council's primary objectives when investing is the protection of its investment capital. Accordingly, Council may only invest in approved creditworthy counterparties. Credit ratings are monitored and reported quarterly to Council.

Council may invest in approved financial instruments as set out below:

Short Term (up to 90 days)

- Call and Short term bank deposits
- Bank registered certificates of deposit (RCDs)
- Treasury bills

Core investments

- LGFA borrower notes / CP / bills / bonds
- NZ Government, Local Authority stock or State Owned Enterprise (SOE) bonds
- Corporate bonds (senior)
- Promissory notes/Commercial paper (senior)

These investments are aligned with Council's objective of investing in high credit quality and highly liquid assets.

Council's investment portfolio will be arranged to provide sufficient funds for planned expenditure and allow for the payment of obligations as they fall due. Council prudently manages liquid financial investments as follows:

- Any liquid investments must be restricted to a term that meets future cash flow and capital expenditure projections.
- Interest income from financial investments is credited to general funds, except for income from investments for special funds, reserve funds and other funds where interest may be credited to the particular fund.
- Internal borrowing will be used wherever possible to avoid external borrowing.

Special funds and reserve funds

Liquid assets are not required to be held against special funds and reserve funds. Instead Council will internally borrow or utilise these funds wherever possible.

Trust funds

Where Council hold funds as a trustee, or manages funds for a Trust then such funds must be invested on the terms provided within the Trust. If the Trust's investment policy is not specified then this policy should apply.

Loan Advances

Council may provide advances to CCOs, CCTOs, charitable trusts and community organisations for strategic purposes only. New loan advances are by Council resolution only. Council does not lend money, or provide any other financial accommodation, to a CCO or CCTO on terms and conditions that are more favourable to the CCO or CCTO than those that would apply if Council were borrowing the money or obtaining the financial accommodation.

Council reviews performance of its loan advances on a regular basis to ensure strategic and economic objectives are being achieved. The GMCS monitors loan advances and reports to Council quarterly.

RISK MANAGEMENT

Investment Maturity/Interest Rate Risk Control Limits

Council's primary objective when investing is the protection of its investment. Accordingly, only high quality creditworthy counterparties are acceptable. Creditworthy counterparties (other than Government) are selected on the basis of their current Standard and Poor's (S&P) or equivalent rating (i.e. Fitch, Moody's).

Within the above credit constraints Council also seeks to:

- Ensure investments are negotiable and liquid
- Optimise investment return within policy maturity limits; and
- Manage potential capital losses if investments need to be liquidated before maturity.

The following operating principles capture Council's investment objectives as stated above and form the basis for its investment activity:

- Credit risk is minimised by placing maximum issuer and portfolio limits for each broad class of non-Government issuer and by limiting investments to strongly rated registered banks, local authorities, SOE's and corporates, and issuers secured by rates within prescribed amounts.
- Liquidity risk is minimised by ensuring that all negotiable investments must be capable of being liquidated in a readily available secondary market. Furthermore, Council must maintain at least 50% of its investments with a maturity of less than one year.

The following table details the investment maturity parameters within which Council must operate. Council does not use interest rate risk management instruments to protect its interest income:

Period	Minimum %	Maximum %
0 to 6 months	30%	80%
6 to 12 months	20%	70%
1 to 3 years	0%	50%
3 to 5 years	0%	30%

An important objective of the financial investment portfolio is to match the portfolio's maturity term to planned expenditure thereby ensuring that investments are available when required. Financial investments should be restricted to a term that meets future cash flow projections and be mindful of forecast debt associated with future capital expenditure programs as outlined within the LTP.

Counterparty Credit Risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into.

Credit risk will be regularly reviewed by the Council. Treasury related transactions would only be entered into with organisations specifically approved by the Council.

Counterparties and limits can only be approved on the basis of long-term Standard & Poor's, (S&P) credit ratings (or equivalent Fitch or Moody's rating) being A+ and above and/or short term rating of A-1 or above.

Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure.

The following matrix guide will determine limits:

Counterparty/Issuer	Minimum S&P long term/ short term credit rating	Investments maximum per counterparty (\$m)	Risk management instruments maximum per counterparty (\$m)	Total maximum per counterparty (\$m)
NZ Government	N/A	Unlimited	None	Unlimited
Local Government Funding Agency (LGFA)	AA-/A-1	30.0	None	30.0
NZ Registered Bank	A+/ A-1	2.0	8.0	10.0
Local Government/ SOE/Stock/Bonds/FRN/CP*	A+/ A-1	1.0	None	1.0
Corporate Bonds/ CP**	A+/ A-1	1.0	None	1.0

* Subject to a maximum exposure no greater than 10% of the portfolio being invested in Local Government debt at any one point in time. The maximum portfolio exposure limit does not apply to the LGFA.

**Subject to a maximum exposure no greater than 20% of the portfolio being invested in corporate debt securities at any one point in time.

In determining the usage of the above gross limits, the following product weightings will be used:

- Investments (e.g. Bank Deposits) – Transaction Principal x Weighting 100% (unless a legal right of setoff exists).
- Interest Rate Risk Management (e.g. swaps, FRAs) – Transaction Notional x Maturity (years) x 3%.
- Foreign Exchange – Transaction face value amount x square root of the Maturity (years) x 15%.

To avoid undue concentration of exposures, financial instruments should be used with as wide a range of approved counterparties as possible. Maturities should be well spread. The approval process must take into account the liquidity of the market and prevailing market conditions the instrument is traded in and re-priced from.

DEPARTURES FROM NORMAL POLICY

The Council may, in its discretion, depart from the Investment Policies where it considers that the departure would advance its broader social or other policy objectives. Any resolution authorising an investment under this provision shall note that it departs from the Council's ordinary policy and the reasons justifying that departure.

INVESTMENT MANAGEMENT AND REPORTING PROCEDURES

Council's investments are reviewed on a regular basis, with sufficient minimum immediate cash reserves and a cash buffer maintained. The daily cash position is monitored and managed. Long-term cash flow is managed through a rolling forecast. To maintain liquidity, Council's short and long-term investment maturities are matched with Council's known cash flow requirements.

The performance of Council investments is regularly reviewed to ensure Council's strategic objectives are being met. Both performance and policy compliance are reviewed. Internal investment reports are a vital management tool and are produced and reported to Council on a quarterly and annual basis.

Westland District Council

Treasury Management Workshop

23 February 2017

Draft Agenda

Estimated duration 2 hours

- 1. Introduction**
- 2. Liability and Investment Management Policies (1 hour)**
 - a. Reasons for new policies (LGFA, interest rate and funding limits, borrowing limits etc.**
 - b. Outline of Council financial market risks, key policy statements, reporting framework**
 - c. Outline of ongoing policy implementation, monitoring, managing reporting process**
- 3. Local Government Funding Agency (LGFA) (1 hour)**
 - a. Background**
 - i. why established**
 - ii. ownership, financial structure, cross- guarantee, credit rating, borrower notes**
 - iii. member participation (guarantee vs non guaranteeing borrower)**
 - b. Performance to date**
 - c. Membership types**
 - d. Security arrangements (Debenture Trust Deed) and Agency Agreement**
 - e. Joining LGFA**
 - i. Amend planning documents, authorisations and public consultation**
 - ii. LGFA due diligence and member application**
 - iii. Appointment agent and trustee company**
 - iv. Approve Liability and Investment Management Policies**
- 4. Summary**

Report



DATE: 26 January 2017
TO: Mayor and Councillors
FROM: Corporate Planner

QUARTERLY PERFORMANCE REPORT TO 31 DECEMBER 2016

1. SUMMARY

- 1.1 The purpose of this report is to inform Council of its financial and service delivery performance for the three months ended 31 December 2016 (Q2).
- 1.2 This issue arises from a requirement for a local authority to demonstrate accountability and exercise financial prudence in delivering on its commitments to the community.
- 1.3 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision which is set out in the Council's Long Term Plan 2015-25. These are stated on Page 2 of this agenda.
- 1.4 This report concludes by recommending that Council receives the Quarterly Performance Report to 31 December 2016, attached as **Appendix 1**.

2. BACKGROUND

- 2.1 In addition to a monthly financial report Council receives a more extensive quarterly report that is used as a progress check against the wider objectives contained in the Long Term Plan.

3. CURRENT SITUATION

- 3.1 The quarterly report examines Council's progress in delivering municipal services within its prescribed financial framework.
- 3.2 This is the second quarterly report for the 2016/17 financial year.
- 3.3 This quarterly report contains the following information:

- 3.3.1 Whole of Council Financial Summary.
- 3.3.2 Statements of Service and Financial Performance for each group and activity.
- 3.3.3 Projects and Carry Overs.
- 3.3.4 Treasury.
- 3.3.5 Reserve Funds.

4. OPTIONS

- 4.1 Receive the report.

5. SIGNIFICANCE AND CONSULTATION

- 5.1 This report is for information only.
- 5.2 The decision to receive the report is of low significance and requires neither consultation nor assessment of options.

6. RECOMMENDATION

- A) **THAT** Council receives the Quarterly Performance Report to 31 December 2016 attached as **Appendix 1**

Karen Jury
Corporate Planner

Appendix 1: Quarterly Performance Report to 31 December 2016



QUARTERLY PERFORMANCE REPORT 2 1 OCTOBER TO 31 DECEMBER 2016



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Whole of Council Financial Summary

WESTLAND DISTRICT COUNCIL	Year to December			Full year 2016-2017	
	Actual	Budget	Variance	FY Forecast	Budget
Operating revenue					
Rates (includes targeted rates and metered water)	7,532,451	7,360,541	171,910	14,639,864	14,721,081
User fees and charges	952,431	905,796	46,635	1,833,362	1,918,351
Grants and Subsidies	1,010,095	1,543,014	(532,919)	4,114,593	4,082,876
Other income	270,668	249,425	21,243	1,091,923	1,076,546
Overhead recoveries	2,912,131	3,375,865	(463,735)	6,358,010	6,751,733
Total revenue (A)	12,677,776	13,434,641	(756,865)	28,037,751	28,550,587
Operating expenditure					
Personnel costs	1,723,020	1,815,115	(92,096)	3,680,596	3,692,808
Administrative costs	342,497	314,349	28,149	565,553	583,305
Operating costs	4,974,703	4,916,804	57,899	10,316,812	9,801,863
Grants and donations	435,734	413,250	22,485	485,070	525,000
Overheads	2,886,659	3,398,029	(511,369)	6,240,494	6,796,057
Total operating expenditure (B)	10,362,613	10,857,546	(494,933)	21,288,525	21,399,033
Net operating cost of services - surplus/(deficit) (A - B)	2,315,163	2,577,095	(261,932)	6,749,227	7,151,554
Other expenditure					
Interest and finance costs	333,714	320,604	13,110	671,272	671,272
Depreciation	2,116,120	2,638,862	(522,743)	4,999,707	5,276,728
(Gain)/loss on investments	5,415	0	5,415	9,249	0
(Gain)Loss on swaps	(299,918)	(68,894)	(231,024)	(137,788)	(137,788)
(Gain)Loss on disposals	1,917	0	1,917	0	0
Total other expenditure (C)	2,157,248	2,890,572	(733,324)	5,542,440	5,810,211
Total expenditure (D = B + C)	12,519,861	13,748,118	(1,228,257)	26,830,965	27,209,244
Net cost of services - surplus/(deficit) (A - D)	157,915	(313,477)	471,392	1,206,787	1,341,343

Variance analysis:

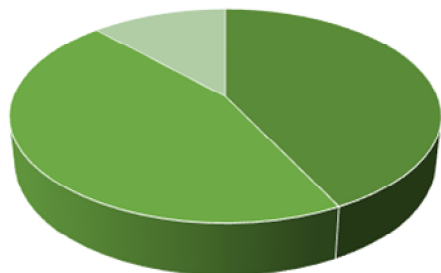
Operating Revenue

Rates revenue	Metered water charges higher than budgeted due to timing differences.
User fees and charges	<p>\$14k unbudgeted WCWT Partner contributions for 2016-17.</p> <p>Refuse site fees are \$35k higher than expected, however this is seasonal and is expected to balance out over the financial year.</p> <p>Building consent revenue is \$10k above budget.</p> <p>The below are expected to be timing differences: \$32k higher than anticipated cost recoveries for resource consents. \$15k higher than anticipated liquor licence revenue.</p> <p>Offset by \$28k lower revenue due to changes to the food fees by splitting registration, audit and monitoring fees. Registration fee will be charged in early 2017. \$7k lower revenue in dog registration as the registration process was delayed for new policy, expected to catch up in the next few months \$11k lower Museum revenue due to closure and some timing differences</p>
Grants and Subsidies	NZTA subsidy lower than budgeted at end of Quarter 2 due to budget phasing. Claim is made in arrears, December subsidy was accrued based on previous months.

Operating expenditure

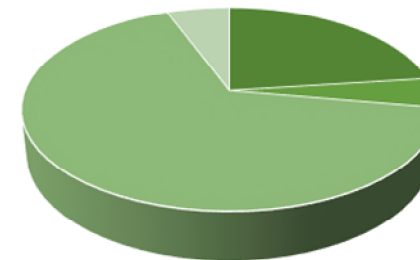
Personnel costs	Positive variance due to unfilled vacancies
Operating costs	Unbudgeted spend for the cost of Hokitika Swimming pool assessment and damage to culverts. Offset by lower than anticipated reactive maintenance.
Grants and Donations	\$150k Kumara endowment reserve funding for memorial gardens. Offset by council grants for toilet cleaning not yet requested and timing of the Glacier Grant.
Other expenditure	
Depreciation	Assets were revalued at the end of the financial year and asset lives and depreciation rates were updated to reflect this new information
(Gain)/Loss on Swaps	Swap values will change due to market conditions that is difficult to budget.

Operating revenue
Actual year to December



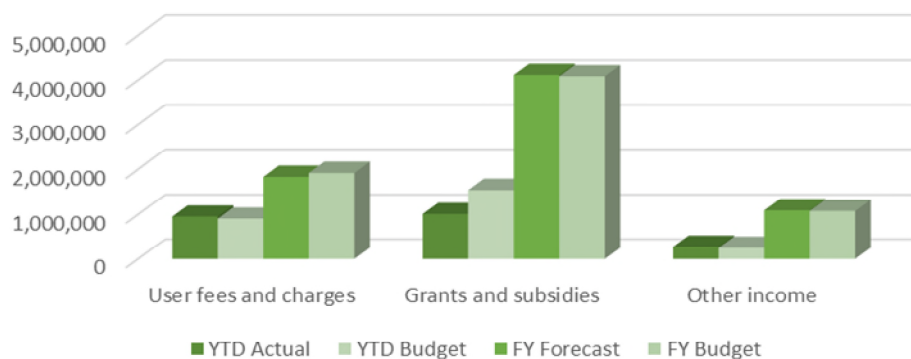
■ User fees and charges ■ Grants and subsidies ■ Other income

Operating expenditure
Actual year to December

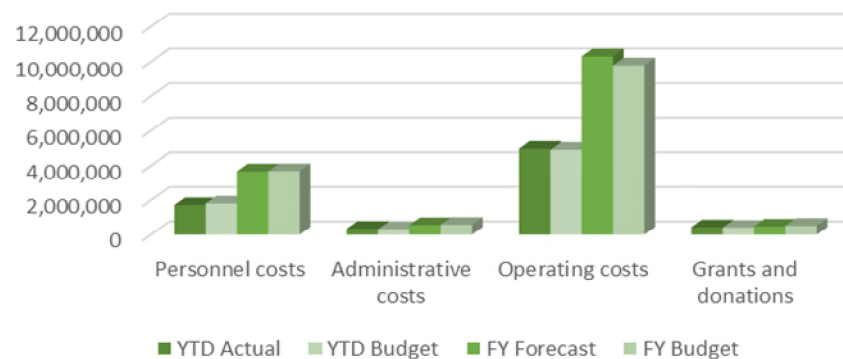


■ Personnel costs ■ Administrative costs ■ Operating costs ■ Grants and donations

Operating revenue



Operating expenditure



	User fees & Charges	Grants & Subsidies	Other Income
Actual YTD	952,431	1,010,095	270,668
Budget YTD	905,796	1,543,014	249,425
Variance	46,635	(532,919)	21,243
Forecast FY	1,833,362	4,114,593	1,091,923
Budget FY	1,918,351	4,082,876	1,076,546

	Personnel	Administration	Operating	Grants & subsidies
Actual YTD	1,723,020	342,497	4,974,703	435,734
Budget YTD	1,815,115	314,349	4,916,804	413,250
Variance	(92,096)	28,149	57,899	22,485
Forecast FY	3,680,596	565,553	10,316,812	485,070
Budget FY	3,692,808	583,305	9,801,863	525,000

Projects

Activity	Detail	Funded by	Approved \$	Actual \$	Forecast \$	Balance \$	Approved variance in 2016	Status	Year
Museum	Retail Development	Depreciation	17,000	23,249	23,249	6,249	Capital	Approved amount in LTP was \$30,000.	From 2015-16 Budget Year
Township Development	Upgrade footpaths and driveways over next three years	Depreciation	5,000	4,154	5,000	-	Capital	<i>Community projects?</i>	From 2015-16 Budget Year
Township Development	Repairs and Maintenance to Hokitika Statues	Depreciation	5,000	-	5,000	-	Capital	Discussion with contractor and Heritage Hokitika taking place in New Year	From 2015-16 Budget Year
Water Supply	Replace Water meters (on-going) - Hokitika	Depreciation	190,000	-	190,000	-	Capital	Initial scoping done. Now in detailed scoping. The budget is for Franz and Hokitika. Currently Fox is in progress on meters replacement.	From 2015-16 Budget Year
Water Supply	Replacement of Water Meters - Fox Glacier	Depreciation	5,712	20,954	20,954	15,242	Capital	Work is in progress.	From 2015-16 Budget Year
		Total depreciation funded carryovers	222,712	48,358	244,203	21,491			

Continued on next page

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Activity	Detail	Funded by	Approved \$	Actual \$	Forecast \$	Balance \$	Approved variance in 2016	Status	Year
Museum	Museum Donations - for Exhibitions	Donations	10,871	-	10,871	-	Operating adverse	Plus \$5,000 donated July 2016.	From 2015-16 Budget Year
		Total donations carryovers	10,871	-	10,871	-			
Community Development	SPARC Travel Grant	External Grant	1,117	1,117	1,117	-	Operating adverse		From 2015-16 Budget Year
Community Development	Creative Communities Grant	External Grant	7,573	4,932	7,573	-	Operating adverse		From 2015-16 Budget Year
Community Development	Taxi Chits	External Grant	600	00	600	-	Operating adverse		From 2015-16 Budget Year
		Total external grant funded carryovers	9,290	6,649	9,290	-			
WCWT	Completion of Trail	Subsidy	479,000	42,765	479,000	-		Project Plan approved by MBIE, Project Manager appointed, Project on track	
			479,000	42,765	479,000				

Continued on next page

APPENDIX ONE

Activity	Detail	Funded by	Approved \$	Actual \$	Forecast \$	Balance \$	Approved variance in 2016	Status	Year
Solid Waste	Landfills - Butlers -Shed - Hazardous Washdown Facility	Loan Funding	15,000	-	15,000	-	Capital	Budgets seem to be not fitting the estimates for the works. Rescoping the works now.	From 2015-16 Budget Year
Solid Waste	Intermediate Capping for Butlers	Loan Funding	50,000	-	50,000	-	Capital	More than likely that capping will be towards the end of the financial year.	From 2015-16 Budget Year
Solid Waste	Landfill- Haast Digout new Cell	Loan Funding	10,000	6,260	10,000	-	Capital	Works in progress now.	From 2015-16 Budget Year
Solid Waste	Haast intermediate cap current cell	Loan Funding	10,000	-	10,000	-	Capital	Works in progress now.	From 2015-16 Budget Year
Solid Waste	Franz Josef Landfill	Loan Funding	25,000	-	25,000	-	Capital	On-hold pending future direction on Franz River issues.	From 2014-15 Budget Year
Parks & Reserves	Cass Square - Turf Upgrades	Loan Funding	120,000	117,829	120,000	-	Capital	Works in Progress - Last Stage of completion	
		Total loan funded carryovers	230,000	124,089	230,000	-			

Continued on next page

Activity	Detail	Funded by	Approved \$	Actual \$	Forecast \$	Balance \$	Approved variance in 2016	Status	Year
Parks & Reserves	Repairs and Maintenance to Hokitika Statues	Rates YE 2014	2,709	-	2,709	-	Capital	\$1,000 committed to Oscar Bottom memorial	From 2013-14 Budget Year
Parks & Reserves	Repairs and Maintenance to Hokitika Statues	Rates YE 2015	5,000	-	5,000	-	Capital	Discussion with contractor and Heritage Hokitika taking place in New Year	From 2014-15 Budget Year
Museum	Research Development Centre	Rates YE 2016	22,000	-	22,000	-	Capital	Started, approximately \$8,000 spent	From 2015-16 Budget Year
		Total rates funded carryovers	29,709	-	29,709	-			
Township Development	Franz Josef Urban Revitalisation plan	Recreation Contributions	100,000	-	100,000	-	Capital	Awaiting further work with community, regional council and central government on a "master plan" for the township before this revitalisation work takes place. Possible some spend could occur this FY, but very likely that partial or complete carryover required.	From 2015-16 Budget Year
Waterfront carry forward	Hokitika Waterfront Development	Recreation Contributions	25,240	12,034	25,240	-	Capital	Expecting working drawings on the project by December end. Possibly looking for procurement to commence in New Year - 2017	From 2015-16 Budget Year






Continued on next page











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Activity	Detail	Funded by	Approved \$	Actual \$	Forecast \$	Balance \$	Approved variance in 2016	Status	Year
Franz Josef Cycle Trail	Franz Josef Cycle Trail	Recreation Contributions	48,000	15,885	48,000	-	Operating adverse	Franz Josef Community Council responsible for this project now.	From 2013-14 Budget Year
		Total recreation contribution carryovers	173,240	27,919	173,240	-			
Township Development	Harihari Township Development fund	Reserves	8,971	5,000	8,971	-	Operating adverse	To be held until Harihari decides what they want to spend it on.	From 2013-14 Budget Year
		Total reserves funded carryovers	8,971	5,000	8,971	-			
West Coast Wilderness Trail	Cycle Trail - Partner Programme Revenue	Stakeholder Contribution 2015-16	13,275	-	13,275	-	Operating adverse	This money has been transferred to the WCWT Trust	From 2014-15 Budget Year
		Total stakeholder contribution carryovers	13,275	-	13,275	-			
			1,177,068	254,780	1,198,559	21,491			















Further information about Council's projects on next page

As at 30/12/2016

		Legend - Key		
Forecast on Budget			Project Delayed - Will not be completed by 30th June 2017	
Forecast over Budget			Project on-Track - Will be completed by 30th June 2017	
			Project Complete - 100% Progress	

Project / Activity	YTD exp	2016-17	Forecast	Budget Track	Progress / Track	Progress comments
	\$0	\$0	\$0			
Corporate Services						
Corporate Services - Replacement Councillors tablets	13,268	10,000	13,268			Complete, overspend due to upgraded specification
Council HQ - Roof over skylights	-	20,000	20,000			
Information Management - Shelving	-	10,000	10,000			Review continuing
Information Management - DMS	-	200,000	200,000			Scoping and discovery phase to commence January 2017
Council website	-	35,000	35,000			Discovery complete, work to commence January 2017
	13,268	275,000	278,268			

Library						
Kotui Library system	62,691	70,000	62,691			Complete
Library - Audio/Visual Resource	244	4,000	4,000			eBooks and Junior audios to be purchased before 30.06.17
Library - Free Adult Books	7,977	13,000	13,000			Spending on track
Library - Adult Non Fiction	8,561	17,500	17,500			Spending on track
Library - Junior Publications	5,450	11,500	11,500			Spending on track
Library - Large Print Books	2,356	6,000	6,000			Spending on track
	87,279	122,000	114,691			

WATER SUPPLY						
Kumara - Water treatment plant	1,405	420,000	420,000			Tenders advertised - Approval report on 26 Jan Council meeting
Kumara - Water treatment plant - seismic valves	-	30,000	30,000			Tenders advertised - Approval report on 26 Jan Council meeting
Hokitika - Pumps Replacement	-	50,000	50,000			Project will commence after Hokitika SW Capital Project.
Hokitika - River Intake	15,588	0	15,588			This project now on hold - To be included in 2017/18 AP.
Ross - Mains Upgrade	490	0	490			Pothole for location and size of Ross water main
Whataroa - Water treatment plant	3,105	220,000	220,000			Tenders advertised - Approval report on 26 Jan Council meeting
Whataroa - Seismic valves	-	20,000	20,000			Reassessing the need of the project
	20,588	740,000	756,078			

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As at 30/12/2016

Legend - Key			
Forecast on Budget			Project Delayed - Will not be completed by 30th June 2017
Forecast over Budget			Project on-Track - Will be completed by 30th June 2017
			Project Complete - 100% Progress

Project / Activity	YTD exp	2016-17	Forecast	Budget Track	Progress / Track	Progress comments
WASTEWATER						
Hokitika - Mains upgrade	11,146	150,000	150,000			Scheduled to commence in Feb/March 2017
Franz Josef - New WWTP	103,890	200,000	200,000			Final invoices yet to be included.
Fox Glacier - WWTP upgrade	-	100,000	100,000			Not started as yet. Partial De-sludging
Haast - Mains upgrade	-	20,000	20,000			Scoping in progress
Haast - De-sludge oxidation ponds	-	150,000	150,000			Not started as yet. Partial De-sludging
	115,036	620,000	620,000			
STORMWATER						
Sewell Street Pump	83,886	-	83,886			Previous year emergency Work.
Hokitika - Tancred, Bealey and Rolleston street upgrades	43,032	769,000	769,000			The expenditure is related to previous year...
	126,918	769,000	852,886			
CEMETERIES						
Cemetery - Hokitika upgrade & expansion	-	10,000	10,000			Works in Feb/March 2017
Cemetery - Hokitika improvements	4,254	25,000	25,000			Works in Feb/March 2017
	4,254	35,000	35,000			
Community Township Development						
Sunset Point remedial work	1,685	-	-			Unbudgeted spend
New footpaths - Franz	-	25,000	25,000			To be disussed with Community
Footpath upgrades - Hokitika	-	27,000	27,000			Part of NZTA program
Footpath upgrades - Kumara	-	5,000	5,000			Using carry forward first
Footpath upgrades - Franz	-	15,000	15,000			To be disussed with Community
	1,685	72,000	72,000			

Continued on next page

As at 30/12/2016

				Legend - Key		
Forecast on Budget					Project Delayed - Will not be completed by 30th June 2017	
Forecast over Budget					Project on-Track - Will be completed by 30th June 2017	
					Project Complete - 100% Progress	
Elderly Housing						
Elderly Housing - Roof repairs	14,760	40,000	39,760			Completed in January 2017
Information Services						
IT equipment Renewals	4,996	30,000	30,000			Committed
Office Equipment						
Inspection Administration	2,150	-	2,150			Upgrades to workstations and screens
Resource Management	3,433	-	3,433			Upgrades to workstations and screens
Emergency Management	475	-	475			Upgrades to workstations and screens
In House Professional Services	5,975	-	5,975			Upgrades to workstations and screens
Events Coordination	566	-	566			Upgrades to workstations and screens
Corporate Services	2,135	-	2,135			Upgrades to workstations and screens
Chief Executive	2,948	-	2,948			Upgrades to workstations and screens
Operations Administration	1,193	-	1,193			Upgrades to workstations and screens
	18,875	0	18,875			
Motor Vehicles						
Ford Kuga JFF992	3,184	-	3,184			Civil Defence equipment
Wildfoods Festival						
Replacement of promotional assets	-	20,000	20,000			
Land & Buildings						
Carnegie Building	17,446	-	17,446			Unbudgeted works - lighting
Ross Memorial Hall	93,136	-	93,136			Last year expenditure
Land & Buildings - carparking	-	15,000	15,000			
	110,582	15,000	125,582			

Continued on next page

As at 30/12/2016






				Legend - Key	
Forecast on Budget				Project Delayed - Will not be completed by 30th June 2017	
Forecast over Budget				Project on-Track - Will be completed by 30th June 2017	
				Project Complete - 100% Progress	





















Parks & Reserves						
Reserves - Cass Square - Repairs to Statues	-	5,000	5,000			Using carry forward first
Reserves - Cass Square - Grandstand	-	30,000	30,000			Scoping in progress. - Off-season works after Wild foods event
Reserves - Cass Square - Playground equipment upgrade	-	25,000	25,000			Scoping in progress. - Off-season works after Wild foods event
Reserves - Marks Road Reserve	-	10,000	10,000			Funds are for recreation purpose. Not scoped as yet.
Reserves - Hokitika Waterfront Development	-	100,000	100,000			Using carry forward first
Reserves - Hokitika Heritage trail signs	-	3,500	3,500			Staff currently liaising with Heritage Hokitika members.
	0	173,500	173,500			

Transportation						
Unsealed Pavement Maintenance	391	-	391			Annual Road Maintenance program. On-Track
Routine Drainage Mtce	17,350	-	17,350			Annual Road Maintenance program. On-Track
Environmental Maintenance	10,720	-	10,720			Annual Road Maintenance program. On-Track
Traffic Services Mtce	1,460	-	1,460			Annual Road Maintenance program. On-Track
4th Street Kumara	23,280	-	23,280			Costs are from the previous year - Complete works
Unsealed Road Metalling	89,461	278,000	278,000			Annual Road Maintenance program. On-Track
Sealed Road Resurfacing	2,828	875,500	875,500			Annual Road Maintenance program. On-Track
Maintenance - Drainage Renewals	65,089	154,500	154,500			Annual Road Maintenance program. On-Track
Structures Component Replace	24,474	206,000	206,000			Annual Road Maintenance program. On-Track
Traffic Services Renewals	9,237	123,500	123,500			Annual Road Maintenance program. On-Track
Routine Drainage Maintenance	10,080	-	10,080			Annual Road Maintenance program. On-Track

Continued on next page

As at 30/12/2016

				Legend - Key	
Forecast on Budget			Project Delayed - Will not be completed by 30th June 2017		
Forecast over Budget			Project on-Track - Will be completed by 30th June 2017		
			Project Complete - 100% Progress		

Sealed Road Resurfacing	-	154,500	154,500			Annual Road Maintenance program. On-Track
Drainage Renewal	-	26,000	26,000			Annual Road Maintenance program. On-Track
Structures Component Replace	85,879	51,500	51,500			Annual Road Maintenance program. On-Track
Traffic services renewals	641	10,500	10,500			Annual Road Maintenance program. On-Track
Minor Improvements	-	184,500	184,500			Annual Road Maintenance program. On-Track
Minor Improvements	-	28,000	28,000			Annual Road Maintenance program. On-Track
Sealed Road Pavement Rehabilitation	-	300,000	300,000			Annual Road Maintenance program. On-Track
Associated Improvements	-	1,000,000	1,000,000			Annual Road Maintenance program. On-Track
Whitcome valley road widening, seal and extention	24,951	500,000	500,000			Annual Road Maintenance program. On-Track
Ross Hall car park seal	-	35,000	35,000			Ross Car Park - Community has undertaken some works. Works to be completed by Feb 2017.
	365,842	3,927,500	3,990,781			
Total	887,267	6,839,000	7,130,605			

Treasury Report

Summary

The purpose of this section of the Quarterly Report is to provide an update on Council's Treasury Position **as at 31 December 2016**.

This section shows the Council's position for the following items:

- Loans

Other Borrowings (if any)

Swaps

- Internal borrowing

Cash Investments

Deposits

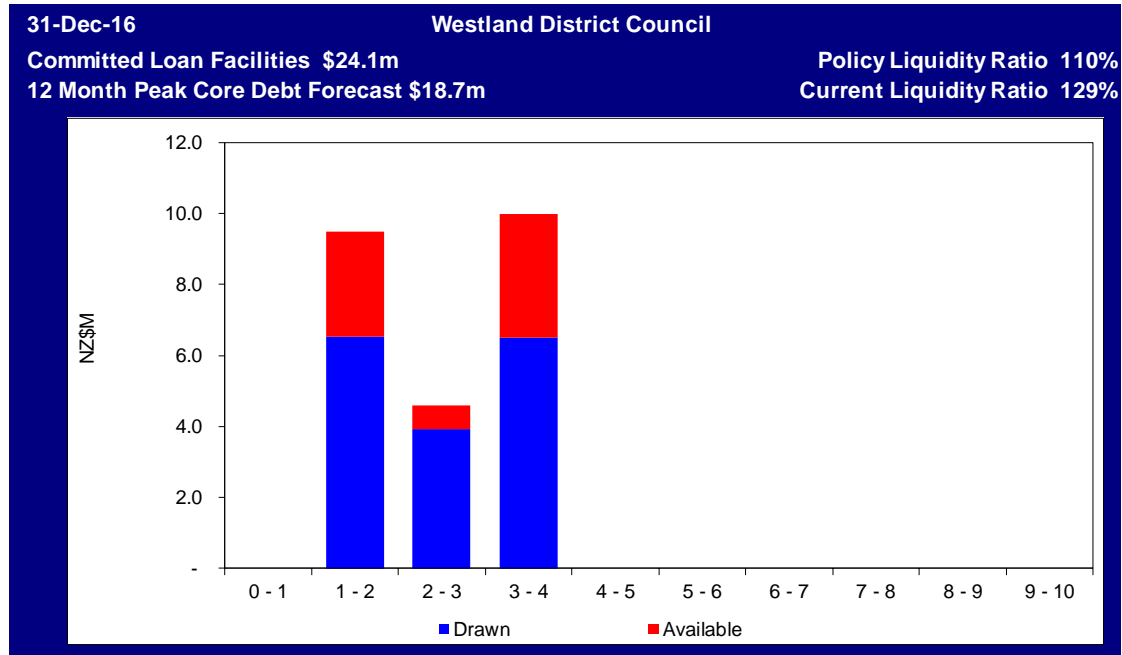
Bonds

Debtors

Council has contracted PWC as an independent treasury adviser.

Loans

This chart illustrates the Council’s position in relation to the debt facility:



Council’s policies require that we have liquidity cover of 110% of forecast debt. There are now three facilities in place, one with a borrowing limit of \$9.5m, a second has a borrowing limit of \$4.6m which the maturity has been extended from 2017 to 2019, and the third has a borrowing limit of \$10m, providing a total facility of \$24.1m. The forecast debt for the current year is \$18.7m with liquidity coverage at 129%.

As at 31 December, the Money Market Lending Statement shows:

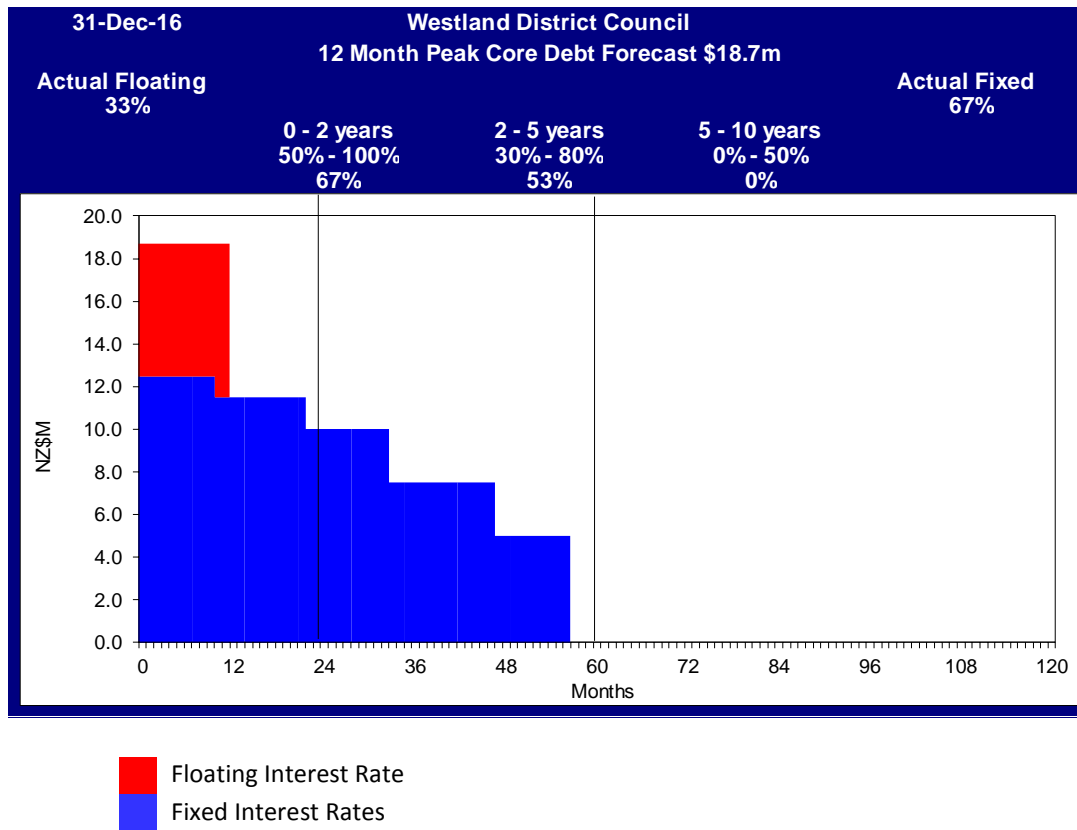
MOCL Facilities		
Amount	Rate	Maturity
\$6,543,353	1.915%	1/07/2018
\$3,940,000	1.765%	1/07/2019
\$6,057,000	1.915%	1/07/2020
\$450,000	1.915%	1/07/2020
\$16,990,353	Total	

This does not include the 0.9% to 1.05% margins charged by the bank

Swaps in place to protect against fluctuating interest rates are as follows:

Amount	Rate	Maturity
\$5,000,000	4.10%	1/10/2021
\$2,500,000	4.77%	17/09/2019
\$2,500,000	3.55%	17/11/2020
\$1,500,000	2.23%	17/09/2018
\$1,000,000	2.28%	18/09/2017
\$12,500,000	Total	

The following shows our current debt position and the amount of debt protected by interest rate swaps:



There have been no changes in swaps in Quarter 2. Council policy requires interest rate risk management within the ranges specified in the chart.

Internal Borrowing

Kaniere Sewerage \$149,778.93

Cash Investments

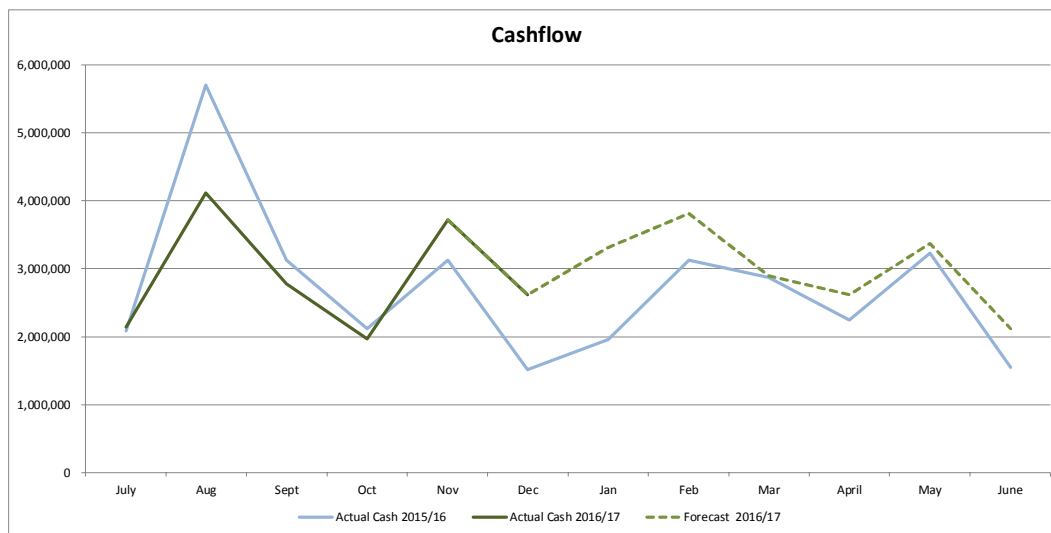
Cash Deposits as at 31 December 2016

Cashflow is managed on a weekly basis. The highest spend is expected over the next two quarters with many operational projects scheduled for the summer months.

The following analysis excludes bond monies.

Closing balance of WDC Operational Account: \$1,693,955

Savings account balance of: \$919,120



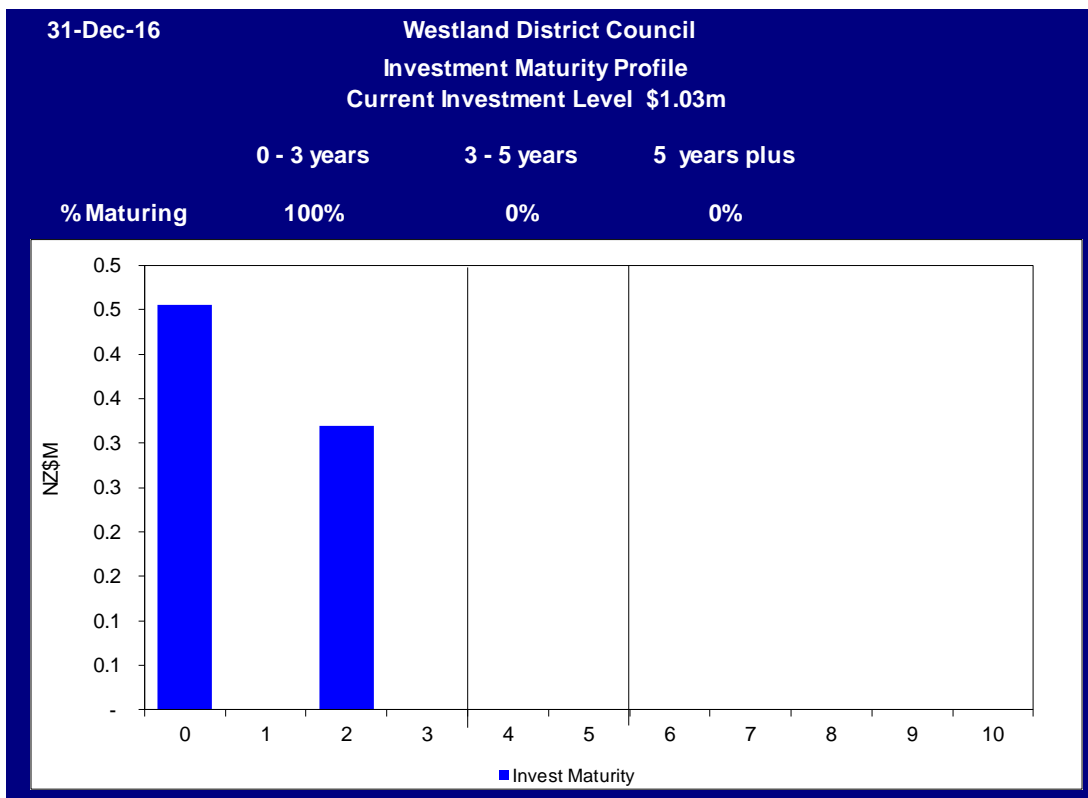
Bonds

WDC Westpac Bond Portfolio valued at \$1,033,810 as at 31 December 2016. This is made up of \$0.775m in bonds and \$0.259m in cash from matured bonds.

Westland District Council Investment Counterparty Credit Limits				
Minimum Credit Rating is A-1/A (A+ for corporates)				
Counterparty Credit Risk	Credit Rating	Policy Limits NZD\$m	Counterparty Exposure NZD\$m	Policy Compliance
ANZ	AA-	1.00	0.10	Y
ASB	AA-	1.00	0.00	Y
Auckland Council	AA	1.00	0.10	Y
Auckland Int Airport	A-	1.00	0.00	N
BNZ	AA-	1.00	0.21	Y
Rabobank	BBB	1.00	0.25	N
Rabobank	A+	1.00	0.00	Y
Westpac	AA-	1.00	0.10	Y
TOTAL			0.77	

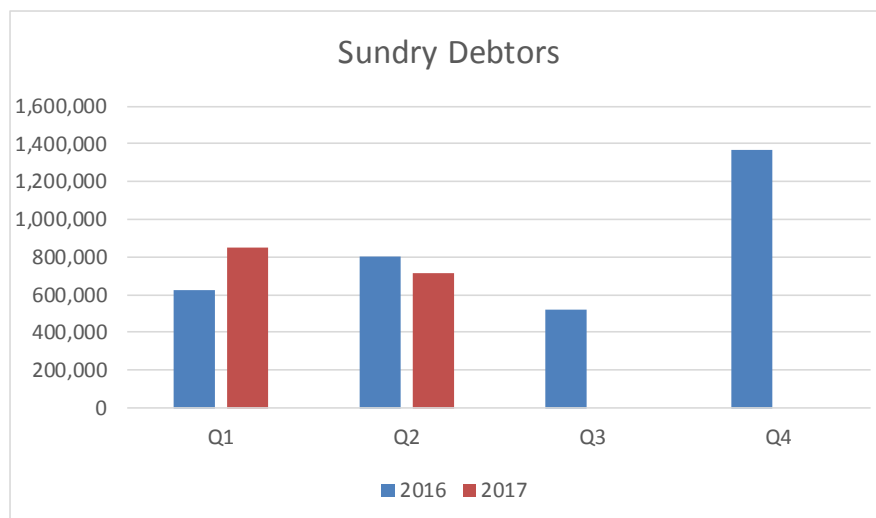
The policy requires that bond investments are with parties that have a credit rating of S&P A or better. Two bonds have rating below this limit. Council resolution decided to retain the bonds in the portfolio until maturity due to the high yields. The policy also has a limit of \$1m exposure per entity; all exposures are within this limit.

The following chart illustrates the maturity profile of the WDC investment portfolio:

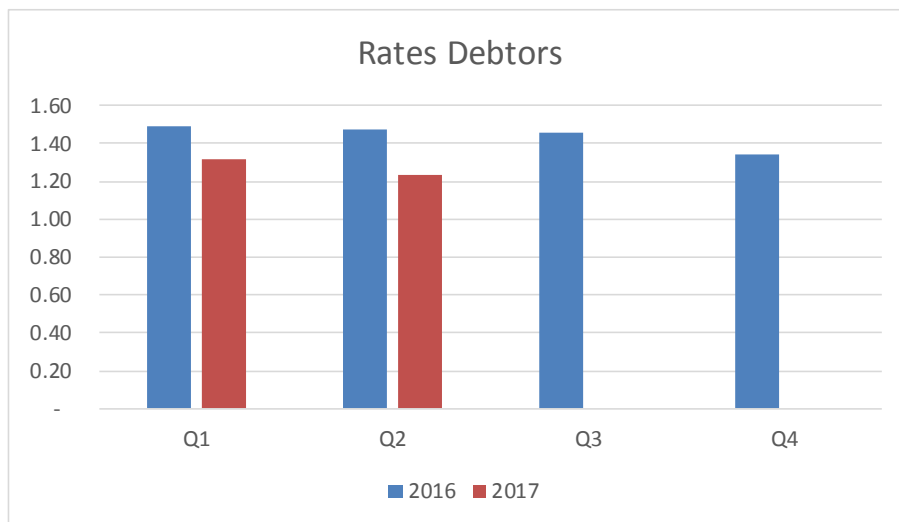


Debtors

Outstanding Sundry debtors as at 31 December 2016 total \$713,303. Which is 11.3% less than Q2 2016.



At 31 December 2016, rates debtors figure is \$1,235,506 which is 16.2% less than Q2 2016, and 7.8% less than at 30 June 2016.



Debt Collection

Prior to the end of the quarter, 224 penalty letters were sent out. A list of debts totalling \$90,342 was sent to credit recoveries during the quarter. Further notices are to be sent at the beginning of quarter 3.

Credit Recoveries performance as at 31 December for active debt:

Credit Recoveries Table

Active debt

Date Debt Sent	Original Debt	Collected	Recovery Rate
Pre-2013	197,234.72	72,189.19	37%
2013	66,773.23	18,224.94	27%
2014	221,022.99	93,107.66	42%
2015	119,367.10	51,569.06	43%
2016	192,240.96	42,705.12	22%

A new process has been put in place where reminders and referrals are being dealt with more quickly. It is expected that the recovery rate will rise when new debts are received.

Automated Debt Recovery system will make the collection of debts and timely handling of delinquent debts more efficient.

The relationship between Council and the debt recovery agency is being actively managed with regular meetings and direction from Finance. This proactive approach has assisted in the success of the debt management process.

Further debts will be handed over to debt recovery during Q3.

Reserve Funds Report

Summary

Reserves are divided into two categories:

Restricted Reserves: These reserves can only be used for the purpose as set out in either legislation or by the funder.

Council Created Reserves: These reserves exist solely at the discretion of Council, as a matter of good business practice.

Financial Management Principles for Reserve Funds

- There are no reserves that are required to be represented by specific cash funds. Council therefore takes a portfolio approach to treasury management.
- Reserves are funded by interest income from investments and available borrowing capacity.
- Reserve balances will grow by interest calculated at the weighted average 90 day bill rate, transferred quarterly into the reserve.
- During 2016/17 new depreciation reserves will grow quarterly. Interest will be earned on those reserves calculated based on the average 90 day bill rate. This will be funded from external interest revenue (or deficit reserves – internal borrowing) for 2016/17.
- Interest will be charged on any reserve in deficit at Council's weighted average cost of asset term debt.
- No funds shall be withdrawn from the Westpac Bonds or any reserve unless provided for in the Annual Plan or by Council resolution.

Restricted Reserve Funds

Reserve	Purpose of each reserve fund	Balance 1 July 2016	Transfers into fund	Transfers out of fund	Balance 31 December 2016
		\$000	\$000	\$000	\$000
Offstreet Parking	Collected from developments in town to pay for off-street parking. Imposed by RMA/District Plan	31	0	0	31
Reserve Development	Monies collected from developments. Imposed by RMA/District Plan	513	48	0	561
Museum Assistance Fund	Originally the Museum Bequest Fund (\$8,458) & Carnegie Furnishings (\$3,929)	20	0	0	20
Kumara Endowment Fund	Proceeds from sale of Endowment land. Our brief research has not identified the specific terms of the endowment.	482	3	0	485
Euphemia Brown Bequest	Interest earned on funds administered by Public Trust Offices for the estates of Euphemia & William E Brown.	23	0	0	23
Mayors Trust Funds	Contributions from James & Margaret Isdell Trust; Coulston Herbert Trust;	19	0	0	19
Three Mile Domain	To fund three mile domain costs.	196	1	0	197
Ross Endowment Land	Various endowment land parcels in Ross sold over time.	89	1	0	90
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)	0
Taxi Chits	Grant funding Received	1	1	(0)	1
Hokitika War Memorial		24	0	0	24
Total Restricted Reserves		1,398	54	(1)	1,451

Council Created Reserve Funds

Reserve	Purpose of each reserve fund	Balance	Transfers	Transfers	Balance
		1 July 2016	into fund	out of fund	31 December 2016
		\$000	\$000	\$000	\$000
2016					
Kumara Township Fund	Township funding for the purpose of community related projects	0	7	(14)	(7)
Harihari Township Fund	Township funding for the purpose of community related projects	10	7	(5)	13
Whataroa Township fund	Township funding for the purpose of community related projects	2	7	(5)	4
Ross Township Fund	Township funding for the purpose of community related projects	0	7	0	7
Haast Township Fund	Township funding for the purpose of community related projects	(3)	7	0	4
Franz Township Fund	Township funding for the purpose of community related projects	1	18	0	19
Fox Township Fund	Township funding for the purpose of community related projects	1	17	(35)	(16)
Kokatahi/Kowhitirangi Community Rate	Allowing the community to have funds for various community related projects	0	4	0	4
Foreshore Protection Fund	Foreshore Protection for groin replacement on the foreshore.	26	0	0	26
Glacier Country Promotions	Targeted rates collected from Glacier Country to provide funding for marketing projects.	(3)	33	(26)	4
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.	9	0	(0)	8
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.)	126	1	0	127
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.	0	0	0	0
Cycle Partner Contributions	Contributions from commercial partners towards upkeep of the Wilderness Trail	43	14	(41)	16
Emergency Contingency Fund	Rates collected to support Westland in a Civil Defence emergency.	50	1	0	50
Transportation Asset Renewal	For funding the renewal of roads and bridges.	0	362	(131)	232
Water Renewal	For funding the renewal of water supplies networks	849	409	(40)	1,218
Waste Water Renewal	For funding the renewal of sewerage and sewage networks	815	179	(11)	983
Stormwater Renewal	For funding the renewal of stormwater systems	646	80	0	726
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	57	46	(4)	99
Buildings Renewal	Asset Renewal	257	71	0	328
Administration Renewal	For renewal of all Council operational buildings.	146	82	(29)	199
Library Book Renewals	For renewal of office equipment, furniture, technical equipment, vehicles and technology	61	64	(87)	38
Total Council created reserves	To replace library books	3,095	1,417	(428)	4,084
Total Reserves		4,493	1,471	(429)	5,535

Statements of Service Provision

The following section of the Quarterly Report contains:

- A summary of revenue and expenditure in this reporting period by Activity Group
- Commentary about Councils activity within each Group
- A summary of revenue and expenditure for the individual Activity
- Councils non-financial performance for each activity, measured against a set of 'key performance measures' that are in the Long Term Plan 2015 -2025.

Note:

Where a LOS performance measure is “% of residents satisfied”, Council holds results from the last survey of residents which was carried out in March 2016. The next survey of residents will be undertaken in the first quarter 2018.

A full explanation of the 2016 Resident Survey results is contained in Councils Annual Report 2015/16 and the survey itself can be obtained from the Council.

Leadership Group

- Democracy
- Corporate Services
- Council Controlled Organisations

	LEADERSHIP ACTIVITY GROUP					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
Revenue	8,418,664	8,224,914	4,342,381	4,885,670	(543,290)	(u)
Expenditure	8,615,168	8,099,134	4,256,377	4,387,540	(131,163)	f
Surplus/(Deficit)	(196,504)	125,780	86,004	498,130	(412,126)	(u)

Commentary

Democracy

The local body elections were held on 8 October 2016 and a new Mayor and seven new Councillors elected for Westland. The inaugural Council meeting was held on 25 October 2016 where elected members were sworn in. Two Deputy Mayors were appointed - Cr Latham Martin and Cr Helen Lash - and two standing Committees established. A portfolio system was also implemented.

Corporate Services

i-SITE and Customer Services:

Note – These activities are a part of the Corporate Services function. The commentary and service performance tables for this activity are however included in the “Leisure Services & Facilities” section of this report.

Information Technology:

An Information Support Officer commenced 5th December 2016.

Council’s website development project is progressing well – staff are currently at design stage.

New mobile devices have been distributed to all Elected Members. Aged PC’s are being upgraded throughout Council and upgrades to Window 10.

Corporate Planner:

The Annual Report 2015/16 was completed in this period, with an unqualified Audit opinion and was then adopted by Council.

The funding mechanism for the Franz Josef wastewater treatment facility was confirmed by the new Council as being a targeted rate method, supported by the introduction of other targeted (fee/charge) types of funding mechanisms.

The Commercial rating review recommenced, with 'stage 2' letters being generated. This correspondence will go out to parties that appear to be operating a commercial activity but not being rated accordingly.

The radio advertising and Westland Matters contracts were carried over for 2017. Some work is being done on the LGNZ creative campaign, utilising the Hokitika Wildfoods Festival as a first example.

Work commenced on the draft Annual Plan for 2017/18.

The Corporate Planner is working with staff to review Councils Service Request system, so it will better report on mandatory performance indicators.

Council Controlled Organisations*Westland District Property Limited:*

Business as usual during this reporting period and all areas managed for Council ran smoothly.

Reroofing of the pensioner units is continuing with 42 of the 46 flats completed.

A number of beams on the lower wharf at Jackson Bay have been replaced and the main deck area cleaned.

WDPL staff are working with Hokitika Airport Management and staff to ensure a smooth transition of operations following the decision by Council to merge the two Companies.

Democracy

	Democracy					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	1,092,079	968,678	516,507	516,977	(470)
Expenditure	1,062,451	968,678	487,833	526,997	(39,164)	f
Surplus/(Deficit)	29,627	-	28,674	(10,020)	38,694	f

The favourable expenditure variance is mainly due to lower than expected overhead charges.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
Responsible leadership	% of residents satisfied with Council's leadership	31%	65%	Not yet measured	The next Residents survey will be undertaken in the first quarter 2018
The community understands what Council does	% of residents who understand how Council makes decisions	69%	50%	Not yet measured	The next Residents survey will be undertaken in the first quarter 2018

Corporate Services

	Corporate Services					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	7,320,519	7,230,986	3,825,873	4,368,693	(542,820)
Expenditure	7,420,002	6,983,730	3,699,601	3,777,590	(77,989)	f
Surplus/(Deficit)	(99,484)	247,256	126,272	591,104	(464,832)	(u)

The unfavourable revenue is mainly due to lower than anticipated overhead recoveries. The favourable expenditure variance is due to timing differences in expenditure and budgeted vacancies not yet filled.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
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	The Annual Plan 2016/17 was adopted on time. The Annual Report 2015/16 was also adopted on time, at a special Council Meeting on 31 October 2016.	
A comprehensive Customer Service Centre	% of residents satisfied with the service they receive	Not measured	75%	Not yet measured	The next Residents survey will be undertaken in the first quarter 2018
Effective engagement of the community during public decision-making opportunities	% of residents that believe they have been consulted appropriately	New measure	60%	Not yet measured	The next Residents survey will be undertaken in the first quarter 2018

Council Controlled Organisations

	Council Controlled Organisations					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	6,067	25,250	3,034	22,217	(19,183)
Expenditure	132,714	146,726	68,943	82,954	(14,011)	f
Surplus/(Deficit)	(126,647)	(121,476)	(65,909)	(60,737)	(5,172)	f

The unfavourable revenue variance is due to insurance recoveries now being classified through the balance sheet, this is offset with the favourable expenditure variance where the insurance costs are also being classified through the balance sheet.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
CCOs comply with their Statements of Intent	All performance measures in the CCO Statement of Intent are met, as reported in half yearly and annual reports	84.5%	100%	No information to date	We will not receive this information until half year

Planning and Regulatory Group

- Inspections and Compliance
- Resource Management
- Animal Control
- Emergency Management & Rural Fire

	PLANNING, COMMUNITY & ENVIRONMENT ACTIVITY GROUP SUMMARY					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	1,976,833	1,781,345	1,064,690	1,021,812	42,877
Expenditure	2,000,170	1,805,918	1,000,162	964,794	35,368	(u)
Surplus/(Deficit)	(23,337)	(24,573)	64,528	57,018	7,510	f

Commentary

Inspections and Compliance

Building:

Consent numbers were steady for this reporting period. Consents issued -

October	19
November	20
December	17

Food Premises:

All food premises operators needing to have a Food Control Plan in place by March 2017 under the new Food Act 2014 have been visited, inspected and been given advice about the new requirements regarding food control plans

Liquor:

Applications for two new licensed premises, being Kumara Racing Club and the Glacier Hot Pools have been processed.

Resource Management

The resource consent workload has also been steady. Achievement of statutory timeframes has been hampered by two staff vacancies that were only just filled (November 2016).

Animal Control

We currently have 90% of all known dogs registered for the current 2016/2017 dog registration year. This was not unexpected due to the delay in the start of the dog registration this year after the introduction of two new categories of dog ownership (normal year dog registrations due 31 July but this year dog registrations were due 30 September). Estimate 100% dog registration by the end of March.

Emergency Management*Civil Defence:*

A new 0.5FTE Emergency Management Officer (EMO) was appointed on 17 October 2016.

Training and support focused on maximising training opportunities for staff and volunteers by planning a training schedule for 2017.

The capability and depth of our Emergency Operation Centre (EOC) was strengthened, partly through 1:1 schedule of meetings with existing or interested EOC staff to support ongoing involvement. A core EOC team has been identified to be on standby when events are forecast.

The Emergency Management Officer:

- Visited various local communities were to familiarise residents with existing plans and to update these plans with the new (Nov 2016) Civil Defence and Emergency Management Group Plan and recent educational material and emphasis on tsunami and earthquake preparedness. This work also involved developing Community Response Plans for the first time for some communities.
- Worked with the WDC library staff to develop a Civil Defence and Emergency Management display, with specific themes / activities planned (for school groups) throughout the year.
- Assisted in the roll out of the Ministry of Social Development funding 'Youth in Emergency Services Programme' (YES Programme) for 15 students to engage in a six month programme to increase awareness and experience of emergency services and take part in voluntary work.

Rural Fire:

No incidences in the Westland District during this reporting period.

Inspections and Compliance

	Inspections & Compliance					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	876,571	790,900	436,216	437,696	(1,481)
Expenditure	891,986	814,440	462,263	439,365	22,898	(u)
Surplus/(Deficit)	(15,415)	(23,540)	(26,047)	(1,669)	(24,379)	(u)

The unfavourable revenue variance is due to timing differences on the building consent processing fees.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
Timely processing of Building Consents	% of building consents processed within 20 working days as per the requirements of the Building Act	98%	100%	96%	
Provide appropriate advice to customers	% of users satisfied with the quality of the advice provided on building consent, environmental health and Liquor Licensing matters	Result for Building Consents: 92% user satisfaction Result for Environmental Health: 92% Result for Liquor Licensing: 70%	85%	Not yet measured	This performance target is covered by an in-house user satisfaction survey. The next results will be available about June 2017.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
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	84.5% of food premises inspected.	100%	30% of the total of yearly food and licensed premises inspections have been completed, to date. i.e. 38 inspections/site visits out of the 118 premises.	

Resource Management

	Resource Management					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	701,123	652,882	382,190	339,561	42,629
Expenditure	713,997	653,884	353,874	324,341	29,533	(u)
Surplus/(Deficit)	(12,874)	(1,002)	28,317	15,221	13,096	f

The favourable revenue variance is due to timing differences between the actual and budgeted revenue, the unfavourable expenditure variance is due to budgeted planner vacancies not yet filled offset by higher expenditure related to the higher than anticipated revenue.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
Resource consents processed in accordance with the Resource Management Act	% of resource consents processed within statutory timeframes	91%	100%	62%	Ability to deliver to statutory timeframes has been compromised by staff vacancies which have only recently been filled.
Provide appropriate advice to customers	% of users satisfied with the quality of the advice provided on resource management matters	82%	85%	Not yet measured	This performance target is covered by an in-house user satisfaction survey. The next results will be available about June 2017.

Animal Control

	Animal Control					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	188,764	179,894	137,082	143,382	(6,300)
Expenditure	185,152	180,309	91,419	93,488	(2,069)	f
Surplus/(Deficit)	3,612	(415)	45,663	49,894	(4,231)	(u)

The unfavourable revenue variance is due to the delay in dog registration fees. The remainder is expected during Q3 and Q4.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
Keep the public safe from dogs and wandering stock	% of residents satisfied with the protection provided	72%	90%	Not yet measured	The next Residents survey will be undertaken in the first quarter 2018

Emergency Management

	Emergency Management					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	210,375	157,669	109,202	101,172	8,030
Expenditure	209,036	157,285	92,606	107,600	(14,994)	f
Surplus/(Deficit)	1,339	384	16,596	(6,428)	23,023	f

Favourable expenditure variance is due timing difference of licence fees for repeater and bandlink.

Civil Defence:

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
Effective natural hazard readiness	Suitable emergency response training has occurred <ul style="list-style-type: none"> - Emergency Management personnel meet CIMs 4 and EOC standards - Volunteers are offered at least 2 training opportunities per annum - Number of trained volunteers increases by 10% 	100%	100%	ONTRACK First Aid training was delivered to some staff in December 2016, with another scheduled prior to 1 July 2017. Welfare CD training was provided to volunteers from Franz Josef and Fox Glacier in December 2016. WDC EOC staff attended Foundation Training.	

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
				1:1 meetings held with the staff identified as EOC staff, to offer greater support and guidance by newly appointed EMO.	
Suitable response systems are in place	Community emergency response plans are in place for all Westland townships	80%	90 - 100%	ON TRACK Considerable work required to update and refresh some Community Response Plans – and update them in line with updated Group CDEM Plan. Good progress with Haast and plans underway for Kumara and Otira.	

Rural Fire:

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
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	100%	At beginning of fire season and prior to the at Christmas holiday break	On track	

Community Services Group

- Community Development and Assistance
- Community Halls
- Townships (the development fund & improvement projects)

	COMMUNITY SERVICES ACTIVITY GROUP SUMMARY					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	1,016,389	955,067	632,827	506,312	126,515
Expenditure	957,010	1,003,591	683,868	645,787	38,081	(u)
Surplus/(Deficit)	59,378	(48,524)	(51,041)	(139,475)	88,434	f

Commentary

Community Development and Assistance

District Economic Stimulus Fund (DESF):

Expressions of Interest were called for in 'Round 2' by 23 November 2016. Thirteen expressions of Interest were received. Council agreed at their 24 November meeting to forward all expressions to Development West Coast (DWC) for their consideration. DWC then asked for all groups to submit full commercial applications back to Council.

Receipt of grant:

In December 2016, Council was successful in receiving a grant of \$30,000 from the Ministry of Youth Development (MYD) for a youth mentoring and connections programme to run at Westland High School and South Westland Area School in 2017. WestREAP will be subcontracted to run the programme.

Safer communities:

The Safe Communities Foundation of New Zealand have advised that Westland District has now met the criteria for accreditation. The Accreditation Ceremony is planned for Thursday 23 February 2017.

Awards 2016:

The Community Development Advisor assisted with the judging of the New Zealander of the Year Awards and Local Hero Awards.

Community Halls

The Fox Glacier Community Centre is very nearly finished and the last of their Major District Initiative (MDI) Funding has been uplifted for the project.

The interior of the new RSA building in Sewell Street is finished.

St John at Haast are fundraising for their new facility which will contain a room for community use.

The Ross Memorial hall had its carpark prepped and resurfaced to a pleasing level of finish.

Townships (the development fund & improvement projects)

The Franz Josef Community Council and the Glacier Country Tourism Group (GCTG) have signed their funding agreements for 2016/2017.

Franz Josef want to upgrade their community centre and the GCTG want to use their annual grant for administrative purposes.

Community Development and Assistance

	Community Development and Assistance					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	441,841	423,329	338,612	225,670	112,941
Expenditure	403,407	429,805	251,141	278,945	(27,804)	f
Surplus/(Deficit)	38,434	(6,476)	87,471	(53,275)	140,745	f

The favourable revenue and expenditure variances are due to timing differences between actual and budget.

There are no non-performance financial measures for this activity.

Community Halls

	Community Halls					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	133,423	131,626	67,947	65,785	2,162
Expenditure	123,022	137,090	66,965	69,070	(2,105)	(u)
Surplus/(Deficit)	10,401	(5,464)	983	(3,284)	4,267	f

The favourable expenditure variance is mainly due to maintenance work not yet required to be carried out, maintenance costs are expected to meet budget by end of the financial year.

Activity	Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
Community Halls	Provide safe and useful community halls	% of residents satisfied with the standard of their local hall	67%	80%	Not yet measured	The next Residents survey will be undertaken in the first quarter 2018

Community Township Development

	Township Development					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
Revenue	441,125	400,112	226,268	214,856	11,411	f
Expenditure	430,581	436,696	365,762	297,772	67,990	(u)
Surplus/(Deficit)	10,543	(36,584)	(139,494)	(82,916)	(56,579)	(u)

The unfavourable expenditure variance is due to Council resolution of \$150k for Kumara residents trust offset by timing differences on payment of the Township Development Funds.

There are no non-performance financial measures for this activity.

Leisure Services & Facilities Group

- 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

	LEISURE & CULTURAL ACTIVITY GROUP SUMMARY					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
Revenue	3,093,413	2,813,652	1,454,791	1,383,912	70,878	f
Expenditure	3,336,731	2,878,562	1,556,329	1,541,815	14,514	(u)
Surplus/(Deficit)	(243,318)	(64,910)	(101,539)	(157,903)	56,364	f

Commentary

Cemeteries

The Sextons shed at the Hokitika cemetery has been broken into multiple times this year. Additional security measures are being installed to reduce the likelihood of continued issues.

Elderly Housing

Note - An update about the Elderly Housing function is contained within the Council Controlled Organisations section of this report (CCO's).

Museum

The results of an assessment of the seismic strength of the buildings led to the closure of the Museum to visitors on 22 September 2016. Currently Council are considering the options and obtaining cost estimates for strengthening work.

Hokitika Museum staff have moved to temporary premises where they are continuing to respond to research enquiries (which are only nine per cent down on last year's figures despite the closure) and taking the opportunity to work through the very large backlog of collection cataloguing work, which will be a big step towards improving public access to the collection.

There is also a considerable amount of work being undertaken in the collection store with the installation of new shelving (funded by Heritage Hokitika), rehousing collection items and retrieving and boxing objects from the displays in the Carnegie Building.

Hokitika Wildfood Festival

The Event Manager-Hokitika Wildfoods Festival has recommenced full time employment with Westland District Council in this quarter.

Forward planning for the 28th annual Hokitika Wildfoods Festival is well underway ahead of Saturday 11th March 2017. The driver of #BiggerBetterWilder is again at the forefront of staffs minds as the push to continue the positive financial and ticketing results of 2016 is a priority.

i-SITE

Resumed tracking of Customer Service Centre Statistics began in October 2016. This showed some substantial increases in phone call and door traffic, compared with previous years.

Whilst bookings figures are comparatively similar, the income realised both from advertising and retail are down. For the former, it is suggested that this is a result of a number of operators going out of business as well as advertisers choosing other platforms. The retail figures show a large decline as it was decided at the end of the 2015-16 year to reduce the amount of retail offered.

Several challenges face the CSC:

Security

An incident in September 2016 which resulted in the assault of a staff member has prompted a review of security. It has been proposed to increase security cameras, offer a 'safe room' should an incident occur, offer alternative meeting arrangements, and encourage Council Officers to be aware of their own vulnerability when meeting clients in a one-to-one situation. A Serious Incident Reporting procedure has been developed.

Council and i-SITE visitors

Records have shown that both phone calls and visitor traffic has increased. There are differences in requirements between Council visitors and i-SITE visitors. Proposals have been made to enable both sets of visitors to feel comfortable in the one environment.

Visitor traffic and financial return

Whilst visitor numbers have increased in October and November, that increase has not been reflected in sales growth. There are several reasons for this, from bookings made in advance to a pattern of visitors gleaning information concerning accommodation and activities at the i-SITE and then choosing to make bookings themselves.

Retail

A decision was made in 2015-16 to reduce the amount of retail offered. This was made in order to increase the space in the CSC to allow both functions be carried out as well as the amount of time taken for stock take etc. This has follow on effects in terms of revenue achieved.

Staffing

Currently the CSC and i-SITE enjoy the services of part-time and full time staff. A review is underway to analyse the service requirements and corresponding staffing of the area.

Community awareness of CSC

Anecdotal evidence has shown community awareness of the i-SITE increasing, both through regular radio slots and radio advertising.

Land and buildings

Detailed seismic assessments have been completed on 7 buildings throughout the district.

The Carnegie building was defined as earthquake prone, a 124 certificate was issued by the building regulatory authority and the building was vacated by staff and closed to the public. Staff are now working in a temporary location on Revell street while upgrade plan costings and project planning commences with the anticipation of the Carnegie building being strengthened to a minimum of 67%NBS.

The Hokitika Swimming Pool changing sheds and entrance building, Ross swimming pool change shed and Cass Square changing sheds have all been defined as earthquake prone, a notice has been installed to the front of the building informing users of the buildings status. Upgrade design, planning and costings are being prepared.

Parks and Reserves

The existing contract with Westroads remains ongoing.

Major Capital works remain as Cass Square and redevelopment of the playing surface by GSL and Westroads. There has been issues with the grass growth, however this is being addressed by contractors. Cass Square is expected to be opened in the 3rd week of February.

Public toilets

Council decided to add another clean to the Franz Josef public toilets to keep on top of the peak of the tourist season. These toilets are now cleaned four times a day in an effort to keep the facilities sparkling.

The Franz toilets have been experiencing issues with the automatic door opening system and Fox have had troubles with blockages.

West Coast Wilderness Trail

Trail data has been of poor quality to date, with erroneous monthly counts occurring due to logger faults. Two new magnetic counters have been procured and will be installed late-January 2017.

A Rider Survey has been prepared to assist with understanding the types of riders and trail sections ridden on a daily basis, rather than only collecting a monthly count.

A Project Completion Plan has been presented to the Ministry of Business Innovation & Employment (MBIE). Work has progressed on identified 'priority projects and physical works', commencing with creating the new off road track at Taramakau State Highway.

Planning was completed for the Golf Links Rd SH6 project and consents and heritage applications were lodged for the Hokitika-Kaniere Tramway part of the trail.

A new trail shelter was installed at Kawaka and two new Gangers sheds on the Ross section.

Westland District Library*Library Talks*

On 2 November, the library began hosting talks from members of the community who have a passion for sharing their stories about an interesting job, hobby or an amazing travel experience. Talks will take place every two months. Sue Norris, from Greymouth, was our inaugural speaker who entertained approximately 40 people with tales from her time teaching English and living in Laos for several years.

Book Launch

Approximately 45 children and parents helped Lynda Murphy launch her children's picture book 'Chips of Hokitika' on Saturday 3 December. Chips was a popular dog in Hokitika in the late 19th Century and more information is available from Hokitika Museum staff.

Summer Reading Challenge

The Library Manager and the Youth Librarian visited St Mary's, Ross, Kaniere, Kokatahi and Kaniere schools to promote the 2016 Summer Reading Challenge. The Challenge runs from 19 December 29 January 2017. It is an incentive-based programme and the top prize is an iPad Air worth \$650. Funding from The Lion Foundation (\$1500), and the West Coast Community Trust (\$1100) ensure the success of the programme. Westland District Council also provides financial support for the programme.

Code Club

This Club runs weekly during the school term, for upper primary/intermediate aged children interested in computer programming. The library works in conjunction with Westland High School to provide Code Club. The library provides the venue and the school provides the tutor and the Google Chromebooks each week. On 23 November, all the children who participated in Code Club visited the Greymouth Techspace to meet up with other like-minded children, and experience VR (virtual reality) technology. As the programme has been so popular, the library hopes to continue running the Code Club in 2017.

Stepping Up Computer Classes

The free Stepping Up Computer Classes run weekly every Tuesday 2.00pm- 4.00pm in the History Room at the Library. These classes, run in conjunction with 20/20 Communications Trust, help people feel more comfortable in the digital world. On 29 November 'How to Manage Digital Photos' was the final class for 2017. Classes include 'How to Use your Tablet', 'Google and the Internet', 'Email' and 'How to use Social Media'. The classes will start again on 14 February 2017.

Cemeteries

	Cemeteries					
	Forecast FYR	Budget FYR	Actual YTD	Budget YTD	Variance	f/(u)
	\$	\$	\$	\$	\$	
Revenue	157,121	186,878	77,786	78,378	(592)	f
Expenditure	156,757	159,233	75,760	79,091	(3,331)	f
Surplus/(Deficit)	364	27,645	2,026	(713)	2,738	f

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
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%	On target On target On target	

Elderly Housing

	Elderly Housing					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	-	-	-	-	-
Expenditure	56,915	69,915	31,629	34,958	(3,329)	f
Surplus/(Deficit)	(56,915)	(69,915)	(31,629)	(34,958)	3,329	f

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
A safe and efficient service	Occupancy is maximised	100%	100%	100%	We continue to be fully occupied
	% tenants satisfied with the service	100%	>95%	100%	The annual satisfaction survey was conducted in September 2016 and 100% satisfaction was recorded.

Hokitika Museum

	Hokitika Museum					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	357,007	385,190	184,757	190,489	(5,732)
Expenditure	392,470	371,979	183,460	211,405	(27,946)	f
Surplus/(Deficit)	(35,462)	13,211	1,297	(20,917)	22,214	f

The unfavourable revenue variance is due to the museum closure. The closure of the museum is also reflected in expenditure.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
A quality museum experience	Visitor numbers are showing an upward trend	13,753	An increase of 5% each year	2,266	Figure is until Museum closure on 22 September 2016
	% of residents satisfied with their museum experience	99%	85%	Not yet measured	The next Residents survey will be undertaken in the first quarter 2018

Hokitika Wildfoods Festival

	Hokitika Wildfoods Festival					
	Forecast FYR	Budget FYR	Actual YTD	Budget YTD	Variance	f/(u)
	\$	\$	\$	\$	\$	
Revenue	360,442	374,057	42,308	46,599	(4,291)	(u)
Expenditure	341,137	376,148	42,874	65,547	(22,672)	f
Surplus/(Deficit)	19,305	(2,091)	(566)	(18,947)	18,381	f

The favourable expenditure variance is due to timing differences, most expenditure is budgeted around the festival period in March.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
A quality attendee experience	% of attendees satisfied (post event satisfaction survey)	90%	85%	N/A	
	Growth is experienced annually (to a limit of 10,000)	6,620 Festival 1,270 Afterparty	8,500	N/A	

i-SITE

	i-SITE					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	443,272	336,332	216,363	226,179	(9,816)
Expenditure	485,149	347,890	237,215	227,297	9,919	(u)
Surplus/(Deficit)	(41,877)	(11,558)	(20,852)	(1,118)	(19,734)	(u)

The unfavourable revenue variance is due to lower than anticipated advertising sales. The unfavourable expenditure variance is due to higher than budgeted costs for the Customer Service Centre, this is offset in Corporate Services Admin expenditure.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
A quality customer experience	i-SITE NZ and Qualmark standards are met	83%	80%	Qualmark standards met for 2016/17.	Qualmark is accessed yearly by a Qualmark representative visit.
Increase resident population knowledge about what the i-SITE has to offer locals	Bookings made by local population	i-SITE decrease of 5% AA NZ increase of 6%	Maintain or Increase	Bookings made by the local population were 9.2% of all bookings, maintaining the rate of last year's booking figures.	

Land and Buildings

	Land and Buildings					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	148,580	140,854	74,290	74,290	0
Expenditure	140,425	141,651	51,948	71,758	(19,811)	f
Surplus/(Deficit)	8,154	(797)	22,342	2,531	19,811	f

The favourable expenditure variance is due to timing differences of legal and survey fees.

There are no non-performance financial measures for this activity.

Parks and Reserves

	Parks and Reserves					
	Forecast FYR	Budget FYR	Actual YTD	Budget YTD	Variance	f/(u)
	\$	\$	\$	\$	\$	
Revenue	401,787	247,742	232,446	169,046	63,400	f
Expenditure	342,706	258,810	140,758	173,165	(32,407)	f
Surplus/(Deficit)	59,080	(11,068)	91,687	(4,119)	95,807	f

The favourable revenue variance is due to higher than anticipated reserves contributions from developers and an unbudgeted donation of \$10k towards relocating the Pioneer statue. The favourable expenditure variance is due to timing of maintenance costs.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
Reserves are pleasant, enjoyable and safe places	% of residents satisfied with parks and reserves	87%	90%	Not yet measured	The next Residents survey will be undertaken in the first quarter 2018

Public Toilets

	Public Toilets					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	252,342	252,342	126,171	126,171	(0)
Expenditure	251,429	247,870	89,636	135,271	(45,635)	f
Surplus/(Deficit)	913	4,472	36,535	(9,100)	45,635	f

The favourable revenue variance is mainly due to the council grants for toilet cleaning not yet been requested.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
Provide public toilets throughout the district	% of residents satisfied with the service	66%	100%	Not yet measured	The next Residents survey will be undertaken in the first quarter 2018
	Facilities are available for use during the day	100%	100%	100%	

Swimming Pools

	Swimming pools					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	270,657	256,846	135,329	135,329	0
Expenditure	319,078	276,928	161,289	160,721	567	(u)
Surplus/(Deficit)	(48,420)	(20,082)	(25,960)	(25,393)	(567)	(u)

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
A quality swimming or exercise experience at the Hokitika Pool	% of residents satisfied	58%	85%	Not yet measured	The next Residents survey will be undertaken in the first quarter 2018
	Maintain Pool Safe Accreditation	100%	100%	The pool has Pool Safe certification	

West Coast Wilderness Trail

	West Coast Wilderness Trail					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	93,395	79,533	53,628	39,766	13,862
Expenditure	261,551	100,415	206,386	53,166	153,220	(u)
Surplus/(Deficit)	(168,156)	(20,882)	(152,757)	(13,400)	(139,358)	f

The favourable revenue variance is due to unbudgeted partner contributions, this is offset the expenditure variance. The unfavourable expenditure variance is also due to higher depreciation charges, depreciation is only funded on the structures on the cycle trail which amounts to approximately 17% and the cost of the project manager employed to complete the project.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
The cycle trail is well used	Numbers using the trail as measured by trail counters	8,753	10,000 per annum	Partial 6 month count was 3,281	We are still having problems with the trail counters, two new magnetic counters have been procured and will be installed late-January 2017.

Westland District Library

	Westland District Library					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	590,649	553,878	293,551	297,666	(4,115)
Expenditure	572,743	553,878	304,657	313,412	(8,755)	f
Surplus/(Deficit)	17,906	-	(11,107)	(15,746)	4,640	f

The favourable expenditure variance is mainly due to timing differences of the maintenance costs.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
Provide quality library services in the District	% of residents satisfied	81%	95%	Not yet measured	The next Residents survey will be undertaken in the first quarter 2018. A survey of <i>library customers</i> was undertaken in November 2015 which indicated 95% customer satisfaction.
	% of residents who are library members	43%	42%	45%	

Transportation Group

	TRANSPORTATION					
	Forecast	Budget	Actual	Budget	Variance	
	FYR	FYR	YTD	YTD		f/(u)
	\$	\$	\$	\$	\$	
Revenue	5,787,037	4,809,476	1,827,089	2,390,895	(563,806)	(u)
Expenditure	5,355,666	5,818,439	2,409,968	2,824,621	(414,653)	f
Surplus/(Deficit)	431,371	(1,008,963)	(582,879)	(433,726)	(149,153)	(u)

The unfavourable revenue variance is due to timing on spend and claiming of NZTA subsidy. The unfavourable expenditure variance is due to unbudgeted spend of \$277k on damaged culverts offset by timing differences of maintenance spend.

Commentary

Westland District Council Staff attended the NZTA "REG R6" Workshop – Top of the South / West Coast Regions at St Arnaud, Nelson Lakes. Training and roll out of the One Network Road Classification system is in progress.

The Business case for the Whitecombe Valley Road (Hokitika Gorge) is being jointly funded by NZTA and the Westland District Council. Funding for the construction of this project is to be applied for under the NZTA Investment Funding Process as part of the Visitor Driver programme.

Westroads, Council's roading maintenance contractor has undertaken to start electronically entering maintenance information in the field into the "Ramm Contractor" system. This will start building up a database of roading maintenance costs.

Road safety, State Highway accidents, Overseas Visitors - Westroads have reported 10 accidents over a 5 day period at Christmas in the Franz Josef Area On the State Highway network. The majority of these accidents involved overseas visitors.

The joint reseals contract with the Grey District Council will commence in January 2017.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
The transportation network is safe for all users in Westland District	Road safety: The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	No known fatalities to date.	Less than the previous year [2016- 2017 No Fatal accidents in the Westland District Councils roading network]	No known fatalities on local roads within this reporting period.	
The surface condition of roads in Westland is of good quality	Road condition: The average quality of ride on a sealed local road network, measured by smooth travel exposure	NAARA index not measured recently so the trend shown for last year is the most recent.	>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, but investigating use of a phone app to log this data more frequently with assistance from other road users such as Westland Milk Products.
	Residents are satisfied with the standard and safety of Council's unsealed roads	70%	50% of residents are satisfied with Council's unsealed roads	No information to date	The next Residents survey will be undertaken in the first quarter 2018
The surface condition of roads in Westland is maintained to a high standard	Road maintenance: The percentage of the sealed local road network that is resurfaced	Target met	>7%	0% within this reporting quarter	The joint GDC/WDC reseals contract commenced in January 2017 i.e. after this reporting period

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
Footpaths are maintained in good condition and are fit for purpose	<p>Footpaths:</p> <p>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)</p>	<p>Measure not yet determined.</p> <p>No known exceedances for deliverable standards.</p>	90%	No known exceedances for deliverable standards.	<p>Audit inspection required and data for some asset types may be transferred to AssetFinda.</p> <p>Additional field inspection resource required.</p> <p>Scheduling required of future footpath programme.</p> <p>Field inspection required, Possible Engineering student holiday position</p>
Response to service requests are dealt with promptly	<p>Customer service requests:</p> <p>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.</p>	No known timeline exceedances for response from NCS database.	100%	Ongoing	The service request system and process with the contractor is not currently aligned to adequately monitor this measure.

Water Supply Group

	WATER SUPPLY					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	4,097,756	3,857,955	2,286,111	2,046,146	239,966
Expenditure	2,974,250	3,164,034	1,279,917	1,625,473	(345,556)	f
Surplus/(Deficit)	1,123,506	693,921	1,006,195	420,673	585,522	f

The favourable revenue variance is due to recovery of water connection cost and timing differences of metered water, the favourable expenditure variance is due to costs that are expected to be realised later in the financial year.

Commentary

There were 92 water related service requests recorded between 1 July 2016 and 31 December 2016. 49 of the 92 water related service requests were associated with jobs reported in Hokitika. The remaining service requests were associated with jobs identified in Kumara, Arahura, Ross, Harihari, Whataroa, Franz Josef, Fox Glacier and Haast. The service requests received during this timeframe can be broken down into the following categories:

Category	No. of Service Requests		
	QUARTER 1	QUARTER 2	Total
	1 July – 30 September 2016	1 October – 31 December 2016	
Leaks	19	17	36
Operational Matters	11	6	17
Other Fault (e.g. toby fault, missing toby lids etc.)	10	6	16
Water Quality, Supply or Pressure Complaint	2	4	6
Other Complaints	0	2	2
Service Locate	2	4	6
New Water Connections	2	1	3
General Enquiry	1	1	2
Private Issues	1	3	4
TOTAL	48	44	92

The following service performance table includes a measure about response times for addressing the above service requests.

Council has tendered for the planned upgrades of both the Kumara and Whataroa Water Treatment Plants. The physical works are to be completed this financial year. Both upgrades will result in improvements to drinking water quality for both supplies and improve compliance with the Drinking-water Standards for New Zealand 2005 (Revised 2008).

An open day session for public to view the existing water supplies is scheduled for January in Whataroa and Kumara.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
Council supplied potable water is safe to drink	<p>Safety of drinking water:</p> <p>The extent to which the local authority's drinking water supply complies with:</p> <p>(a) part 4 of the drinking-water standards (bacteria compliance criteria), and</p> <p>(b) part 5 of the drinking-water standards (protozoal compliance criteria).</p>	<p>a) 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>Years 1-3 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 These drinking water schemes will comply with parts (a) and (b) of the key performance measure: Kumara, Whataroa</p> <p>Years 2-3 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 full explanation about the status of Councils water supplies is contained in the recent Annual Report.</p> <p>We are unable to report further on this measure until the completion of the Annual Drinking Water Survey for 2016-17. This is undertaken in July-August 2017 with confirmed results available later in 2017.</p>	
Requests for service are dealt with promptly	<p>Fault response times:</p> <p>Where the local authority attends a call-out in response to a fault or unplanned</p>		<p>(a) 100%</p> <p>(b) 100%</p> <p>(c) 100%</p> <p>(d) 100%</p>	<p>No update. We are working with our contractor and through our internal processes</p>	<p>Audit NZ highlighted to Council that we need to improve our use of the Customer Service System to record response</p>

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
	<p>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> <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</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):</p>		<p>to begin reporting this measure over the coming months.</p>	<p>times. We are working with our contractor and through our internal processes to rectify this.</p>

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
	personnel confirm resolution of the fault or interruption. (72 hours)	<i>Unable to report accurately</i>			
Council supplied water is reliable	Maintenance of the reticulation network: The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).	Will not be measured	Council does not intend to measure this as it will impose an unreasonable cost	Not measured	
	Demand management: The average consumption of drinking water per day per resident within the territorial authority district.	Not measured in 2015/16	The average water consumption per person per day is < 500l/day	Not measured	Not measured
Customers are generally satisfied with the Council supplied water	Customer satisfaction: The total number of complaints received by the local authority about any of the following: (a) drinking water clarity (a) drinking water taste (b) drinking water odour (c) drinking water pressure or flow (d) continuity of supply, and	(a) 2 (b) 1 (c) 1 (d) 5 (e) 5 (f) 0 Total number of complaints = 14	Type and number of complaints received (25 per 1000 connections)	Total number of service connections = 2684 a) 3 b) 1 c) 0 d) 1 e) 1 f) 0 Total number of complaints = 6	

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
	(e) the local authority's response to any of these issues Expressed per 1000 connections to the local authority's networked reticulation system.	Complaints per 1000 connections = 5		Complaints per 1000 connections = 2	

Wastewater Group

	WASTE WATER					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
Revenue	1,029,076	1,005,115	483,211	506,443	(23,232)	(u)
Expenditure	1,064,554	1,035,660	575,749	537,854	37,895	(u)
Surplus/(Deficit)	(35,478)	(30,545)	(92,537)	(31,411)	(61,126)	(u)

The unfavourable revenue variance is due to timing differences, the unfavourable expenditure variance is due to unbudgeted legal fees and consultants costs for the Franz Josef Wastewater treatment plan.

Commentary

There were 11 wastewater related service requests recorded between 1 July 2016 and 30 September 2016. 10 of the 11 wastewater related service requests were associated with jobs identified by the public or Council staff. One service request was an enquiry regarding Otira which has a private wastewater scheme that is not managed by Council. The service requests received during this timeframe can be broken down into the following categories:

Category	No. of Service Requests (1 July – 30 September)
Operational Matters	4
Service Locate	2
Private Issues	2
Complaint	2
New Sewer Connections	1
TOTAL	11

The following service performance table includes a measure about response times for addressing the above service requests.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
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.	Currently unable to measure service requests related specifically to dry weather overflows	Number: 10 per 1000	Total number of service connections = 2007 Total number of dry weather overflows = 0 Dry weather overflows per 1000 connections = 0	
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.	(a) 0 (b) 0 (c) 3 (d) 0	100%	(a) 0 (b) 0 (c) 1 (d) 0	Enforcement order for continuation of breach of consent conditions at the Franz Josef Wastewater Treatment Plant.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
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>	Unable to measure accurately using information in our existing service request system.	100%	No update. We are working with our contractor and through our internal processes to begin reporting this measure over the coming months.	We are working with our contractor and through our internal processes to begin reporting this measure over the coming months.
	<p>Customer satisfaction:</p> <p>The total number of complaints received by the territorial authority about any of the following:</p> <p>(a) sewage odour</p> <p>(b) sewerage system faults</p> <p>(c) sewerage system blockages, and</p> <p>(d) the territorial authority's response to issues with its sewerage system,</p> <p>Expressed per 1000 connections to the territorial authority's sewerage system.</p>	<p>(a) 11</p> <p>(b) Unable to measure at present.</p> <p>(c) 4</p> <p>(d) 0</p> <p>Key performance measure condition has been met:</p> <p>Complaints per 1000 connections = 8</p>	25 per 1000	<p>Total number of service connections = 2007</p> <p>a) 2</p> <p>b) 0</p> <p>c) 4</p> <p>d) 1</p> <p>Total number of complaints = 7</p> <p>Complaints per 1000 connections = 3.5</p>	

Stormwater Group

	STORMWATER					
	Forecast FYR	Budget FYR	Actual YTD	Budget YTD	Variance	f/(u)
	\$	\$	\$	\$	\$	
Revenue	465,717	465,717	232,859	232,859	(0)	f
Expenditure	446,594	596,518	206,227	252,262	(46,035)	f
Surplus/(Deficit)	19,123	(130,801)	26,632	(19,403)	46,034	f

The favourable expenditure variance is due to lower than budgeted depreciation costs. These assets were revalued at the end of the 2015-16 financial year and expected lives and depreciation rates have been adjusted.

Commentary

There were 41 stormwater related service requests recorded between 1 July 2016 and 31 December 2016. 38 of the 41 water related service requests were associated with jobs reported in Hokitika. The remaining service requests were associated with jobs identified in Ross and Fox Glacier. The service requests received during this timeframe can be broken down into the following categories:

Category	No. of Service Requests		
	QUARTER 1	QUARTER 2	Total
	1 July – 30 September 2016	1 October – 31 December 2016	
Complaint	11	11	22
Operational Matters	3	5	8
Private Issues	2	3	5
New Stormwater Connections	2	0	2
General Enquiry	1	1	2
Other Faults (e.g. manhole lids)	0	2	2
TOTAL	19	22	41

Council is currently out to tender for the works associated with the Hokitika stormwater upgrade. Upgrade works in the Bealey, Rolleston and Tancred Street catchments are due for completion this financial year.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
Council Stormwater systems have the capacity to resist major storms and flooding events.	<p>System adequacy:</p> <p>(a) The number of flooding events that occur in a territorial authority district.</p> <p>(b) For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.)</p>	<p>(a) 0</p> <p>(b) 0</p>	<p>(a) 2</p> <p>(b) 10 per 1000</p>	<p>(a) 0</p> <p>(b) 0</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>	<100%	100%	No flooding events during reporting period.	
	<p>Customer satisfaction:</p> <p>The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.</p>	<p>Key performance measure condition has not been met:</p> <p>Total number of connections = 455</p> <p>Total number of complaints = 33</p> <p>Complaints per 1000 connections = 73</p>	10 per 1000	<p>Total number of connections = 457</p> <p>Total number of complaints = 22</p> <p>Complaints per 1000 connections = 48</p>	

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
Council stormwater systems protect the natural environment	Discharge compliance: Compliance with the territorial authority's resource consents for discharge from its stormwater 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.	(a) 0 (b) 0 (c) 0 (d) 0	100%	(a) 0 (b) 0 (c) 0 (d) 0	

Solid Waste Management Group

	SOLID WASTE					
	Forecast FYR \$	Budget FYR \$	Actual YTD \$	Budget YTD \$	Variance \$	f/(u)
	Revenue	2,300,837	2,369,056	1,418,706	1,143,967	274,739
Expenditure	2,214,763	2,316,192	977,654	1,101,121	(123,467)	f
Surplus/(Deficit)	86,074	52,864	441,052	42,845	398,206	f

The favourable revenue variance is due to higher waste revenues due to more waste being taken to the landfills. The favourable expenditure variance is mainly due to timing differences.

Commentary

This last quarter has seen steady progress with keeping the Solid Waste Service up to date.

Butler's landfill:

Monitoring at Butlers has been continuing with the weekly, three weekly, quarterly sample taking and visual checks undertaken as required. The macroinvertebrate survey has been completed at the Butlers and Hokitika sites and the reports are due to follow. Sprinkler maintenance has been completed at Butler's landfill for the leachate field.

Haast, Franz and Kumara transfer stations:

Haast, Franz and Kumara are being monitored as required. The transfer stations have been operating well and there has not been any complaints brought to Council's attention in relation to the Contractors. In general the level of service is performing as required.

Waste minimisation programme:

This programme is required by legislation. It has been running smoothly and the spending and cost return has been provided to the Ministry within the allotted period.

Surrender of consents:

Resource Consents have been surrendered for historic landfill sites. This will greatly reduce the monitoring costs associated with the consents.

The refuse and recycling collection service:

In response to Councils last resident survey (March 2016), some respondents asked for a glass collection service to be provided. This has not been directly factored into new budgets by staff and if it is supported by elected members then an opportunity presents itself in the Annual Plan preparations for 2017/18.

Fees at gate:

In response to Councils last resident survey (March 2016), some respondents stated that gate fees at transfer stations are "too high". Staff note that rates do not currently cover the whole cost of the Councils waste management service, so additional user-charges (fees) are necessary. In addition, evidence shows that residents have been removing recyclables from their general waste, in order to reduce additional costs of dumping. This is a positive impact as it will prolong the life of the landfill sites.

Level of Service	Key Performance Measures	Last Year's performance (2015/16)	Annual Performance Target Years 1-3	Progress @ 31 December 2016	Explanation about any variances
A reliable refuse and recycling collection service is provided	% of residents that receive the service are satisfied	100%	100%	No information to date	The next Residents survey will be undertaken in the first quarter 2018
A reliable transfer station service	% of residents satisfied	95%	100%	No information to date	The next Residents survey will be undertaken in the first quarter 2018
Solid waste is managed appropriately	All necessary consents for solid waste activities and capital projects are applied for, held and monitored accordingly	<p>Consents in place = 100%</p> <p>Monitoring of Butlers = 100%</p> <p>= Monitoring was not 100% for other sites</p>	100%	<p>All consents that are required at this time are in place and current.</p> <p>All monitoring is up to date for the landfills.</p> <p>Consents that are no longer required have been surrendered.</p> <p>Capital projects are tracking along as required.</p>	
Education about waste minimisation is provided to the community	Number of visits to schools and community groups	3 different school groups have been taken to the transfer station and landfill. Handouts and informative narrative undertaken.	3 schools, 3 groups per annum	<p>Schools have been visited as required and visits to the landfill have been ongoing to educate the community to the advantages of waste reduction.</p> <p>Paper for trees has been run successfully with 12 District schools, resulting with a significant amount of material being diverted from the landfill.</p>	