



# **A G E N D A**

## **Extraordinary Council Meeting**

**Council Chambers**

**31 October 2017  
commencing at 3.30 pm**

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



# EXTRAORDINARY COUNCIL MEETING

**EXTRAORDINARY MEETING OF THE WESTLAND DISTRICT COUNCIL,  
TO BE HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA  
ON TUESDAY 31 OCTOBER 2017 COMMENCING AT 3.30 PM**

## 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.

## **1. MEMBERS PRESENT, APOLOGIES AND INTEREST REGISTER:**

### **1.1 Apologies & Leave of Absence**

Apologies:

Crs D.L. Carruthers and R.W. (G) Eatwell.

### **1.2 Interest Register**

## **2. AGENDA ITEM FOR DECISION:**

### **2.1 Adoption of Annual Report 2016-2017**

**(Pages 4-8)  
Plus Draft Annual Report**

*The final Annual Report will be tabled at the meeting.*

**Date of next Ordinary Council Meeting  
23 November 2017  
commencing at 11.00 am**

# Report



**DATE:** 31 October 2017

**TO:** Mayor and Councillors

**FROM:** Group Manager: Corporate Services

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## ADOPTION OF ANNUAL REPORT 2016-17

### 1 SUMMARY

- 1.1 The purpose of this report is to present the Annual Report 2016-17 for adoption.
- 1.2 This issue arises from the requirements of the Local Government Act 2002.
- 1.3 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by Council as part of the Long Term Plan 2015-25. These are stated on Page 2 of this agenda.
- 1.4 This report concludes by recommending that Council adopt the Annual Report 2016-17 as provided in **Appendix 2**.

### 2 BACKGROUND

- 2.1 Section 98 of the Local Government Act 2002 requires the Annual Report to be formally adopted by Council, within 4 months after the end of the financial year to which it relates.
- 2.2 Council met the statutory deadline for adoption of an Annual Report for the first time in 4 years in 2015, Council again met the statutory deadline in 2016.
- 2.3 The purpose of the Annual Report is to inform the community on Council's financial performance and service delivery, compared to objectives contained in the Annual Plan and Long Term Plan.

### 3 CURRENT SITUATION

- 3.1 The Draft Annual Report 2016-17 is attached with the agenda as **Appendix 1**. Although no material changes are anticipated, at the time of publishing the agenda it is subject to final audit review. The Final Annual Report 2016-17, complete with Audit Opinion will be provided to Council for the meeting as **Appendix 2**.
- 3.2 This Annual Report measures performance against the Annual Plan and second year of the Long Term Plan 2015-25.
- 3.3 Council and the Group meet the criteria as a Tier 1 entity under the Public Benefit Entity Accounting Standards, and the Annual Report 2016-17 has been prepared in accordance with Tier 1 reporting requirements.
- 3.4 Summary:

- 3.4.1 Council reports a deficit of \$2,117million, which is \$3.5 million unfavourable to budget. The variance includes the following items:

Description	Amount (\$ 000)	Cash (\$ 000)	Non-Cash (\$ 000)
NZTA Subsidy	-743	-743	
Museum admission fees	-47	-47	
Unbudgeted operating costs	-575	-575	
Council approved unbudgeted costs	-290	-290	
Grants and Donations	-150	-150	
Depreciation	-523		-523
Landfill provision	-838		-838
All other revenue and expenditure variances	-290	-290	
<b>Total Variance to budget</b>	<b>-3,457</b>	<b>-2,095</b>	<b>-1,362</b>

- 3.4.2 The NZTA subsidy was not received in full due to bad weather at the start of the year, this resulted in budgeted work not being completed. The subsidy is part of a three-year plan and subsidy not claimed can be carried over to the third and final year of the plan (2017/18).
- 3.4.3 Unbudgeted operating costs were due to a number of unforeseen failures that cannot be budgeted for, it is hoped that with better information on asset lives from updated Asset management plans, Council staff will be able to budget for renewals before failures occur.
- 3.4.4 Council approved unbudgeted expenditure includes \$192,000 for remedial work at Sunset Point, \$50,000 for PH correction at the Blue Spur Water Treatment plant and \$13,000 for management of the Carnegie building.
- 3.4.5 Assets were revalued at the end of the 2015/16 financial year, however budgets had already been prepared. With the revised valuations of assets,

depreciation is higher than had been budgeted. In 2016/17 this had no impact on ratepayers as this was unbudgeted and unfunded.

- 3.4.6 The landfill provision is an Accounting entry for Councils estimate of aftercare required on the landfills. With the updated Asset management plans, Council staff have better information and have updated the assumptions that form the basis of the provision. The landfill provision is offset by budgeted work each year on the landfills. The landfill provision is unbudgeted and unfunded.
- 3.4.7 Public debt has decreased by a net \$0.81 million. This is made up of debt repayments of \$1.8 million and further drawdown of debt funding of \$0.99m
- 3.4.8 Debtors and other receivables, and creditors and other payables are not significantly different from budgeted, and are expected to be timing differences. The balance of rates debtors is \$209,000 lower than in 2016, and the ageing profile has improved markedly.
- 3.4.9 Cash and Cash receivables are \$1.6m lower than budget, this is due to unbudgeted/unfunded expenditure using up cash reserves.
- 3.4.10 The Annual Report also contains Statements of Service Performance (SSP) for each activity, with KPIs assessed against the measures that were included in the Long Term Plan 2015-25
- 3.4.11 Council achieved 65% (2016: 55%) of its targets in service delivery. This is a 10 per cent increase on last year. However, this outcome continues to be compromised by a number of KPIs that could not be reliably measured, particularly in Transportation, Water Supply and Wastewater.
- 3.4.12 Where comparable measures were used 9, (2016: 5) activities demonstrated improvements against performance in 2015-16. These were:
  - 3.4.12.1 Increased user satisfaction for Environmental Health and Liquor Licensing; increased inspection rates for food and liquor premises.
  - 3.4.12.2 Increase in Elderly Housing tenant satisfaction; increase in Library membership.
  - 3.4.12.3 Increase in number of drinking water schemes achieving bacterial compliance; increase in stormwater, wastewater and drinking water satisfaction levels (measured through decreased number of complaints); and increase in wastewater

system compliance (achieved through decrease in number of abatement and infringement notices and enforcement orders received).

- 3.4.12.4 Where comparable measures were used 4, (2016: 2) activities demonstrated decreases against performance in 2015-16. These were:
- 3.4.12.5 Decrease in user satisfaction regarding building consents; decrease in resource management consent processing timeframes; decrease in satisfaction with resource consents; and a decrease in Wildfoods Festival attendance.
- 3.4.12.6 It should be noted that our Resource Management/Planning team were significantly under-resourced during this period with numerous vacancies, and that Central Government have introduced a new tool, called AlphaOne that new building consents must be logged through, that is not particularly user-friendly for lay people, and that inclement weather was a factor in the decrease in Wildfoods Festival attendance.

## 4 OPTIONS

4.1 The following options are available to Council:

- 4.1.1 Do nothing.
- 4.1.2 Adopt the final Annual Report 2016-17 as provided, **Appendix 2**.
- 4.1.3 Defer adoption until Council has taken time to consider the Audit Opinion and further review the report.
- 4.1.4 Adopt the Annual Report 2016-17 subject to editorial changes recommended by Council.

## 5 SIGNIFICANCE AND ENGAGEMENT

- 5.1 The adoption of an Annual Report is administrative and of low significance.
- 5.2 No public consultation is required. The Annual Report is intended to inform the community.

## 6 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)

6.1 There are no direct financial implications for any of the options

6.1.1 Do nothing:

Adoption of an Annual Report is a statutory requirement.

6.1.2 Adopt the final Annual Report 2016-17 as provided in Appendix 2

Council will meet the statutory deadline for adoption.

6.1.3 Defer adoption until Council has taken time to consider the Audit Opinion and further review the report.

The Annual Report as presented has been subject to rigorous review and material misstatements are unlikely. The report is the aggregation of activities and decisions undertaken by Council throughout the year and departures and variances have been explained.

By deferring adoption Council would miss the statutory deadline.

6.1.4 Adopt the Annual Report 2016-17 subject to changes recommended by Council

Council may wish to amend or edit the report in light of new information, observations or recommendations. Material amendments would require further audit work and a deferred adoption.

## 7 PREFERRED OPTION AND REASONS

7.1 The preferred option is 2: Adopt the final Annual Report 2016-17 as provided, **Appendix 2**. Council would meet the statutory deadline for adoption and the community would be informed about Council's performance and financial position in a timely manner.

## 8 RECOMMENDATION

A) **THAT** Council adopts the Annual Report 2016-17 as provided in **Appendix 2**.

**Lesley Crichton**

**Group Manager: Corporate Services**

**Appendix 1:** Attached to agenda: Draft Annual Report 2016-17

**Appendix 2:** Presented separately: Annual Report 2016-17