

West Coast Regional Council

Annual Report
1 July 2013 to 30 June 2014



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Chairman's Report

I am pleased to introduce you to the West Coast Regional Council's Annual Report for the year to 30 June 2014.

The operating surplus for the year was \$372,000 compared to the budgeted \$765,000.

Council faced some unexpected costs at its Camelback Quarry which affected the actual surplus compared to that budgeted.

Highlights included the following:

- Council constructed a seawall to protect Hokitika township from sea erosion. The net cost to property owners was \$1,500,000 and that will be repaid over 20 years by a targeted rate on properties within the scheme boundaries.
- A further 100 properties were insulated under the Council Warm West Coast scheme. In total 272 properties were insulated during the two years to 30 June 2014. The scheme is now scaled back to just the Reefton airshed area from 1 July 2014.
- Regional Policy Statement review. In December 2013 Council undertook public consultation via a discussion document and roadshow on the Regional Policy Statement (RPS) review. Council received feedback from 233 people on the document. The majority of those supported the issues put forward in the document. Council have taken this feedback into account in drafting the RPS. Council will look to notify the RPS for formal submissions in early 2015.
- Appeals on the Land & Water Plan were resolved.

Andrew Robb
Chairman

Directory & Councillors

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The Council has seven Councillors, representing the following constituencies:

Buller Constituency

Neal Clementson - Councillor

Terry Archer - Councillor

Grey Constituency

Peter Ewen – Council Deputy Chair, Resource Management Committee Chair

Andrew Robb – Council Chair

Allan Birchfield - Councillor

Westland Constituency

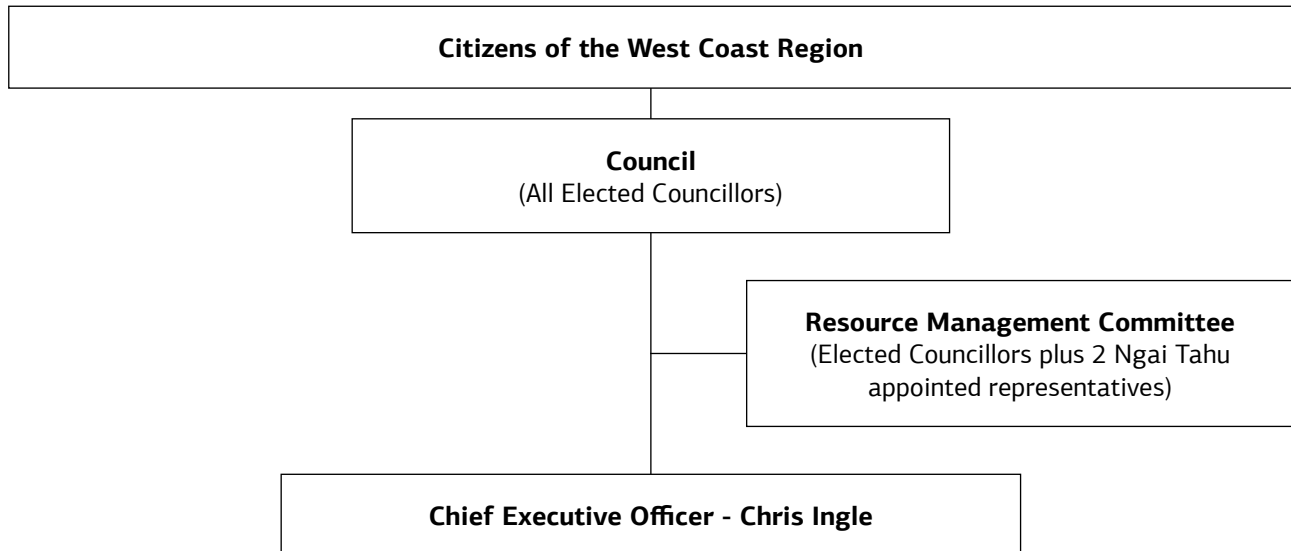
Peter McDonnell – Councillor

Stuart Challenger - Councillor



Left to Right: Terry Archer, Neal Clementson, Stuart Challenger, Andrew Robb, Peter McDonnell, Allan Birchfield, Peter Ewen

Council Organisation Structure



Division	Manager	Functions
CEO's Office	Chris Ingle	Civil Defence Emergency Management Regional Transport Planning
Corporate Services	Robert Mallinson	Accounting Services Corporate Planning Rating Administration Information Technology
Consents & Compliance	John (Jackie) Adams	Resource Consent Processing Compliance Monitoring & Enforcement Environmental Incident Complaints Pollution Response
Planning & Environmental	Michael Meehan	RMA Plan Preparation and Review State of Environment Monitoring Flood Warning & Natural Hazards Quarry & Rating District Management Oil Spill Response
VCS Business Unit	Randal Beal	Service delivery of vector (possum) control on contract to Animal Health Board A variety of other smaller work areas related to the environmental or pest management
Total Staff		48.69

Community Outcomes

In the Long Term Plan 2012-2022 the West Coast Regional Council identified the following three high-level Community Outcomes:

Economy: A thriving, resilient and innovative economy is promoted, which creates many opportunities for growth, wealth generation and employment.

Environment: The high quality and distinctive character of our environment is retained.

Safety: A region that is a safe place to live, with strong community spirit and cohesion.

The Council activities set out in this Annual Report relate to the achievement of the above outcomes as follows:

Activity Area	Community Outcomes
Governance	Economy, Environment and Safety
Resource Management Activities	Economy, Environment and Safety
Regional Transport Planning	Economy, Environment and Safety
Hydrology & Flood Warning Services	Economy, Environment and Safety
Civil Defence Emergency Management	Economy, Environment and Safety
River, Drainage & Coastal Protection Works: Rating Districts & Quarries	Economy, Environment and Safety
Vector Control Services Business Unit	Economy, Environment and Safety

Measurement of Progress towards achievement of Community Outcomes

Schedule 10 – clause 23 (c) of the Local Government Act 2002 requires Council to report the results of any measurement undertaken during the year of progress towards the achievement of community outcomes.

Council has not undertaken any such measurement during the year.

Report on Activities Undertaken to Provide Opportunities for Maori to Contribute to Decision Making Processes

(Local Government Act 2002, Schedule 10, Clause 35)

Council has continued to invite representation on its Resource Management Committee from representatives of both local Runanga, Te Runanga o Ngati Waewae and Te Runanga o Makaawhio.

Statement of Compliance and Responsibility

Compliance

The Council and management of the West Coast Regional Council confirm that all the statutory requirements of the Local Government Act 2002 have been complied with.

Responsibility

1. The Council and management of the West Coast Regional Council accept responsibility for the preparation of the annual financial statements and the judgements used in them.
2. The Council and management of the West Coast Regional Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
3. In the opinion of the Council and management of the West Coast Regional Council, the annual financial statements for the year ended 30 June 2014 fairly reflects the financial position and operations of the West Coast Regional Council.



A Robb
Chairperson



C. Ingle
Chief Executive Officer



R.J. Mallinson
Corporate Services Manager

Dated: 14 October 2014

Report by Audit New Zealand



Independent Auditor's Report

To the readers of West Coast Regional Council's annual report for the year ended 30 June 2014

The Auditor-General is the auditor of West Coast Regional Council (the Regional Council). The Auditor-General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the Regional Council that comprise:
 - the statement of financial position as at 30 June 2014 on page 24;
 - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014 on pages 22, 23 and 25;
 - the funding impact statement of the Regional Council on page 69;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the Regional Council on pages 70 to 77; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 13 to 21; 26 to 46 and 86 to 88;
- the statement of service provision of the Regional Council on pages 47 to 68 and the funding impact statements in relation to each group of activities of the Regional Council on pages 70 to 77; and
- the disclosures of the Regional Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 78 to 85.

In addition, the Auditor-General has appointed me to report on whether the Regional Council's annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - reserve funds on pages 38 and 39;
 - each group of activities carried out by the Regional Council on pages 47 to 68;
 - remuneration paid to the elected members and certain employees of the Regional Council on page 40;

- employee staffing levels and remuneration on pages 40 and 41;
- severance payments on page 41;
- rating base units on page 46; and
- insurance of assets on page 46.
- a report on the activities undertaken by the Regional Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 6; and
- a statement of compliance signed by the chairperson of the Council, and by the Regional Council's chief executive on page 7.

Opinion

Audited information

In our opinion:

- the financial statements of the Regional Council on pages 13 to 46 and 86 to 88:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Regional Council's financial position as at 30 June 2014; and
 - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the Regional Council on page 69, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the Regional Council on pages 70 to 77, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the Regional Council's long-term plan or annual plan.
- the statement of service provision of the Regional Council on pages 47 to 68:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Regional Council's levels of service for the year ended 30 June 2014, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the Regional Council on pages 70 to 77, fairly reflects by each group of activities, the amount of

funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's long-term plan.

- the disclosures on pages 78 to 85 represent a complete list of required disclosures and accurately reflects the information drawn from Regional Council's audited information.

Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the Regional Council's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 14 October 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the statement of service provision. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Regional Council's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Regional Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported statement of service provision within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result we do not express an audit opinion on the Regional Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and the statement of service provision that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the Regional Council's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to forecast;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's annual plan;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the Regional Council's long-term plan or annual plan; and
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

The Council's responsibilities arise under the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the *Other Requirements* of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out this audit, which includes our report on the *Other Requirements*, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the *Other Requirements*, we have no relationship with, or interests, in the Regional Council.



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

Statement of Accounting Policies for year ended 30 June 2014

Reporting Entity

The West Coast Regional Council (WCRC) is a regional local authority governed by the Local Government Act 2002.

The primary objective of WCRC is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, WCRC has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of WCRC are for the year ended 30 June 2014. The financial statements were authorised for issue by Council on 14 October 2014.

Basis of preparation

The financial statements of WCRC have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets and financial instruments (including derivative instruments). The financial statements are presented in New Zealand dollars. The functional currency of WCRC is New Zealand dollars.

Changes in Accounting Policies

- NZ IAS 24 *Related party Disclosures* (revised 2009) replaces NZ IAS 24 *Related Party Disclosures* (issued 2004). The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminates inconsistencies from the definition. Council adopted NZ IAS 24 as from 1 July 2011.

Standards and interpretation issued and not yet adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to West Coast Regional Council include:

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council will be eligible to apply the reduced disclosure regime (Tier 2 reporting entity) of the public sector Public Benefit Entity Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. Therefore, the Council will transition to the new standards in preparing its 30

June 2015 financial statements. The Council has not assessed the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Investment in associate

An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount in the Council's financial statements is assessed, at the end of each reporting period, for any indications that its value is impaired. If there are indications that its value is impaired then a full assessment is undertaken and its carrying value reduced by the amount of the impairment.

Revenue

Revenue is measured at the fair value of consideration received.

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Other revenue

WCRC receives government grants from the New Zealand Transport Agency, which subsidises part of WCRC costs in carrying out its land transport responsibilities. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided. Interest income is recognised using the effective interest method. Dividends are recognised when the right to receive payment has been established.

Borrowing costs

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

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the commencement of the lease term, WCRC recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether WCRC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

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

Cash and cash equivalents

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

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment of receivables is established when there is objective evidence that WCRC will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Inventories

Inventories held for consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and net realisable value. The write down from cost to current replacement cost or net realisable value is recognised in the surplus or deficit.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the surplus or deficit.

Derivative financial instruments and hedge accounting

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The associated gains or losses of derivatives that are not hedge accounted are recognised in the surplus or deficit. The Council designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- Hedges of highly probable forecast transactions (cash flow hedge).

The Council documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current if the remaining maturity of the hedged item is less than 12 months.

The full fair value of a non-hedge accounted foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise, foreign exchange derivatives are classified as non-current. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non-current.

Fair value hedge

The gain or loss from re-measuring the hedging instrument at fair value, along with the changes in the fair value on the hedged item attributable to the hedged risk, is recognised in the surplus or deficit. Fair value hedge accounting is only applied for hedging fixed interest risk on borrowings.

If the hedge relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the surplus or deficit over the period to maturity.

Cash flow hedge

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of finance costs.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive income are reclassified into the surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects the surplus or deficit. However, if it is expected that all or a portion of a loss recognised in other comprehensive income will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to the surplus or deficit.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains and losses that were recognised in other comprehensive income will be included in the initial cost or carrying amount of the asset or liability.

If a hedging instrument expires or is sold, terminated, exercised, or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective will remain separately recognised in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective is reclassified from equity to the surplus or deficit.

Other Financial assets

WCRC has two classifications for its financial assets:

- Financial assets at fair value through surplus or deficit.
- Loans and receivables.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. Council fund manager Forsyth Barr Ltd obtains independent verified market prices from third parties such as trading banks, broking houses and originating companies for all assets/securities. Managed funds are valued at the value date price used as the exit price at month end and can be deemed to be fair value. Westpac valuations use the redemption unit price to value init trust products. The value of a unit is based on the net value of the relevant fund.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. WCRC uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The two categories of financial assets that apply to WCRC are:

1) Financial assets at fair value through surplus or deficit

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for

trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit. Financial assets in this category include derivatives and Council's investment portfolio. WCRC has foreign exchange contracts which are used to manage currency risk for those Investments denominated in foreign currencies. WCRC does not hold or issue derivative financial instruments for trading purposes. WCRC has adopted the provisions for hedge accounting.

(2) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Loans and receivables are classified as "trade and other receivables" in the statement of financial position.

Impairment of financial assets

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

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment

Property, plant and equipment consists of:

Operational assets - These include land, buildings, plant and equipment, and motor vehicles. *Infrastructure assets* - Infrastructure assets are the river, drainage and coastal protection systems owned by WCRC. They include rock protection work and stopbanks.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to WCRC and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

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

Subsequent costs

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

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and river protection systems, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Due to the nature of the river systems and the structural composition of river protection works, no decline in service potential occurs.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Item	Estimated life	Rate
Buildings (non-component items)	50 – 67 years	1.5% - 2%
Portable buildings	10 years	10%
Building components	6.7 – 20 years	5% - 15%
Plant and Equipment	4 - 6.7 years	15% - 25%
Truck	6.7 years	15%
Motor Vehicle	6 - 7 years	15 %

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

Revaluation

Those asset classes that are revalued are valued on a three yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Operational land:

This is revalued on a cyclical 3-year basis at fair value as determined from the most recent market based rating valuations. Valuations are as at 1 September 2012 (Grey District area land), 1 September 2011 (Westland District area land), and 1 September 2013 (Buller District area land).

Infrastructural asset classes: River, Drainage and Coastal Protection Assets

At fair value determined on a replacement cost basis by a staff member and peer reviewed by an independent river control engineer. At balance date, WCRC assesses the carrying value of its infrastructural assets to ensure that they do not materially differ from the assets' fair values. The most recent valuation was carried out by staff engineer Mr W. Moen (NZCE) and was peer reviewed by Mr R. E. Reid (BE). The valuation date was as at 31 December 2012.

Accounting for revaluations:

WCRC accounts for revaluations of property, plant and equipment on a class of asset basis. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset and other comprehensive income. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset and other comprehensive income.

INTANGIBLE ASSETS

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

Mining rights

Mining rights are recognised at cost on acquisition. Mining rights potentially have an indefinite life and are not amortised, but are instead tested for impairment annually.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

	Estimated life	Rate
Computer Software	3.3 – 10 years	10% - 30%

Impairment of non-financial assets

Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows. If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus or deficit.

Investment property

Property leased or intended to be leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Investment property is measured initially at cost, including transaction costs. After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of the investment property are recognised in the surplus or deficit.

Employee benefits

Short-term benefits

Employee benefits that WCRC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months.

Long-term benefits:

Long service leave.

Entitlements that are payable beyond 12 months, such as long service leave have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information;

Superannuation schemes.

Defined contribution schemes

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

Provisions

WCRC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event. It is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Equity

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

- Retained earnings;
- Restricted reserves; and
- Asset revaluation reserves.

Restricted and Council created reserves

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

WCRC's objectives, policies and processes for managing capital are described in note 34.

Goods and Services Tax (GST)

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

Budget figures

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

Cost allocation

WCRC has derived the cost of service for each significant activity of WCRC using the cost allocation system outlined below. Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Critical accounting estimates and assumptions

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

- **Quarry aftercare provision**

Note 32 discloses an analysis of the exposure of WCRC in relation to the estimates and uncertainties surrounding the future Quarry restoration liability.

Statement of Comprehensive Income for Year ended 30 June 2014

2013 Actual	Cost of Services	Notes	2014 Actual	2014 Budget
356,865	Governance		437,481	420,929
2,705,516	Resource Management		3,164,265	2,832,792
125,305	Transport		142,888	179,755
433,113	Hydrology & Floodwarning Services		446,164	413,585
138,704	Emergency Management		132,142	135,615
1,540,405	River, Drainage & Coastal Protection		2,630,918	1,327,890
762,207	Regional Share of Vector Controls		746,027	852,110
3,065,621	Vector Control services Business Unit		2,983,319	1,927,233
0	Other		170,848	51,926
9,127,736		5,6,7	10,854,052	8,141,835
	Less Income			
3,706,192	Rates	1	3,978,983	3,754,103
57,548	Penalties		54,018	60,000
704,534	Subsidies & Grants	2	350,487	149,300
1,230,011	Investment Income	2	935,947	934,734
0	Emergency Management		17,262	17,000
1,107,629	Resource Management		917,528	1,232,130
465,561	River, Drainage & Coastal Protection		1,075,931	280,800
3,417,490	Vector Control Services Business Unit	2	3,895,849	2,427,233
	Other		0	51,926
10,688,965		1,2	11,226,005	8,907,226
1,561,229	Net Surplus / (Deficit) for year		371,953	765,391
3,003,718	Property, Plant & Equipment Revaluation Gains	13	0	0
83,743	Movement in Cash Flow Hedge Reserve	24 (g)	79,296	0
4,648,690	Total Comprehensive Income		451,249	765,391

(Refer Page 86 for explanation of variances)

The accompanying notes and accounting policies form part of these financial statements.

Statement of Changes in Equity for Year Ended 30 June 2014

2013 Actual	Notes	2014 Actual	2014 Budget
62,727,137	Balance 1 July	67,375,827	67,654,496
4,648,690	Comprehensive Income	451,249	765,391
67,375,827	Balance 30 June	67,827,076	68,419,887

The accompanying notes and accounting policies form part of these financial statements

Statement of Financial Position as at 30 June 2014

Actual 2013		Notes	Actual 2014	Budget 2014
	ASSETS			
	Current Assets			
84,789	Cash & Cash equivalents	9	225,145	152,671
2,209,437	Receivables	10	2,430,603	1,500,000
813,359	Inventories	11	987,046	100,000
38,883	Loan Advances	12	68,229	32,998
1,740,388	Other Financial Assets	12	1,456,350	1,500,000
0	Derivative Financial Assets	21	0	0
4,886,856	Total Current Assets		5,167,373	3,285,669
	Non-Current Assets			
56,334,966	Property, Plant & Equipment	13	58,455,142	56,226,124
312,507	Intangible Assets	14	279,155	506,687
263,672	Investment Property	15	691,908	0
457,525	Loan Advances	12	732,282	735,670
490,000	Investment in Associate	22	575,099	0
180,000	Investment in Council Controlled Company	23	206,212	0
10,465,502	Other Financial Assets	12	10,712,281	13,445,612
68,504,172	Total Non-Current Assets		71,652,079	70,914,093
73,391,028	Total Assets		76,819,452	74,199,762
	LIABILITIES			
	Current Liabilities			
887,733	Borrowings	20	12,559	266,812
1,559,331	Payables	18	1,946,085	1,300,000
292,723	Employee Benefit Liabilities	19	329,572	285,000
0	Derivative Financial Liabilities	21	0	0
2,739,787			2,288,216	1,851,812
	Non-Current Liabilities			
15,788	Employee Benefit Liabilities	19	1,874	15,000
3,012,200	Borrowings	20	6,534,156	3,843,063
177,426	Derivative Financial Liabilities	21	98,130	0
70,000	Future Quarry Restoration	32	70,000	70,000
3,275,414			6,704,160	3,928,063
6,015,201	Total Liabilities		8,992,376	5,779,875
	EQUITY			
19,703,993	Ratepayers Equity	24(a)	18,980,384	19,170,344
1,333,665	Rating Districts	24(b)	1,810,269	2,424,005
35,299,357	Revaluation Reserve	24(c)	35,299,357	35,216,638
-177,426	Hedge Accounting Reserve	24(g)	0	0
120,332	Tb Special Rate	24(f)	226,336	92,890
308,446	Quarry Account	24(e)	-11,751	319,403
10,111,000	Investment Growth Reserve	24(d)	10,743,000	10,402,607
676,460	Catastrophe Fund	24(h)	779,481	794,000
67,375,827	Total Equity		67,827,076	68,419,887
73,391,028	Total Liabilities and Equity		76,819,452	74,199,762

The accompanying notes and accounting policies form part of these financial statements

Statement of Cash Flows for the Year Ended 30 June 2014

2013 Actual		Notes	2014 Actual	2014 Budget
	Cashflow from Operating Activities			
	Cash was provided from:			
3,651,591	Rates		3,945,871	3,754,103
4,997,720	Other Income		6,288,695	4,218,389
3,450	Other Investment Income		11,248	934,734
<u>8,652,761</u>			<u>10,245,814</u>	<u>8,907,226</u>
	Cash was Disbursed to:			
8,774,386	Payments to Suppliers & Employees		10,093,361	7,616,895
192,975	Interest Paid		313,505	204,890
-72,476	Net GST Movement		87,346	0
<u>8,894,885</u>			<u>10,494,212</u>	<u>7,821,785</u>
<u>-242,124</u>	Net Cash Flow from Operations	25	<u>-248,398</u>	<u>1,085,441</u>
	Cashflow from Investing Activities			
	Cash was provided from:			
1,348,084	Redemption of Investments		961,879	0
62,242	Sale of Fixed Assets		47,807	47,392
<u>1,410,326</u>			<u>1,009,686</u>	<u>47,392</u>
	Cash was Disbursed to:			
732,419	Purchase of Fixed assets		2,460,649	308,800
0	Investment Property		428,235	0
0	Investment in Associates		74,809	0
721,697	Investments Purchased		0	610,612
<u>1,454,116</u>			<u>2,963,693</u>	<u>919,412</u>
<u>-43,790</u>	Net Cash Flow from Investing		<u>-1,954,007</u>	<u>-872,020</u>
	Cashflow from Financing Activities			
	Cash was provided from:			
1,401,690	Loan Raised		3,310,000	400,000
0	Loans repaid by Borrowers		91,885	0
<u>1,401,690</u>			<u>3,401,885</u>	<u>400,000</u>
	Cash was Disbursed To:			
496,408	Loans Advanced		395,906	400,000
605,770	Loan Principal Repaid		663,218	160,750
<u>1,102,178</u>			<u>1,059,124</u>	<u>560,750</u>
<u>299,512</u>	Net Cash Flow from Financing		<u>2,342,761</u>	<u>-160,750</u>
13,598	Total Increase in Cash Held		140,356	52,671
71,191	Opening Balance of Cash Resources		84,789	100,000
<u>84,789</u>	Closing Balance of Cash Resources	9	<u>225,145</u>	<u>152,671</u>

The accompanying notes and accounting policies form part of these financial statements

Notes to the Financial Statements

1	Actual 2013	Rates Revenue	Actual 2014
	2,031,822	General Rates	2,076,271
		Targeted Rates attributable to activities:	
	971,103	River, Drainage & Coastal Erosion	1,116,093
	652,643	Tb Pest Management	665,524
	0	Warm West Coast	71,043
	50,624	Regional Emergency Management	50,052
	<u>3,706,192</u>	Total Rates Revenue	<u>3,978,983</u>
	0	Rates Remissions	-4,819
	<u>3,706,192</u>	Rates Revenue net of remissions	<u>3,974,164</u>
2	Actual 2013	Other Revenues	Actual 2014
		Investment Income:	
	464,712	Realised Gains/-Losses (Price)	191,880
	471,884	Unrealised Gains/-Losses(Price)	474,732
		Income from Associate	16,499
	-14,528	Exchange Rate Variations	0
	194,252	Interest	202,528
	113,691	Dividends	50,308
	<u>1,230,011</u>	Total Investment Income	<u>935,947</u>
		Other Income:	
	522,208	User Charges	1,167,660
	58,354	Subsidies & Grants – NZ Transport Agency.	69,071
	0	Subsidies & Grants – Ministry for Environment	196,633
	76,452	Subsidies & Grants – Department of Conservation	54,783
	569,728	Subsidies & Grants – Ministry Civil defence & Emergency Mgmt	30,000
	0	Other Local Authority contributions	17,262
	3,417,490	Animal Health Board	3,895,849
	1,018,228	Regulatory	714,265
	90,302	Infringements, Fines	165,552
	0	Other	0
	<u>6,982,773</u>		<u>7,247,022</u>

3 Reclassification of Income

Council has changed the presentation of items within income to comply with the new presentation requirements of the Local Government (Financial Reporting) regulations 2011. The effect of these changes are shown as follows;

	< reclassification	reclassification	Budget 2013/14 > reclassification
Rates	2,060,000	1,694,103	3,754,103
Penalties	60,000		60,000
Subsidies & Grants	0	149,300	149,300
Investment income	934,734		934,734
Resource Management	1,282,130	-50,000	1,232,130
Transport	99,300	-99,300	0
Emergency Management	67,000	-50,000	17,000
River, Drainage, Coastal	1,274,903	-994,103	280,800
Regional share Vector Controls	650,000	-650,000	0
Other	51,926		51,926
Vector Control Services Business Unit	2,427,233		2,427,233
	<u>8,907,226</u>	<u>0</u>	<u>8,907,226</u>

The following table is a reconciliation of the Statement of Comprehensive Income lines to the Cost of Service Statement revenue lines.

	< reclassification	reclassification	Actual 2013/14 > reclassification
Rates	2,076,271	1,902,712	3,978,983
Penalties	54,018		54,018
Subsidies & Grants	0	350,487	350,487
Investment income	935,947		935,947
Resource Management	1,168,944	-251,416	917,528
Transport	69,071	-69,071	0
Emergency Management	97,314	-80,052	17,262
River, Drainage, Coastal	2,192,024	-1,116,093	1,075,931
Regional share Vector Controls	665,524	-665,524	0
Other	71,043	-71,043	0
Vector Control Services Business Unit	3,895,849	0	3,895,849
	<u>11,226,005</u>	<u>0</u>	<u>11,226,005</u>

4	Actual 2013	Other –Gains /Losses	Actual 2014
	-52,909	Disposal of property, plant, equipment	-12,955
	<u>-52,909</u>	Total	<u>-12,955</u>

5	Actual 2013	Employee Benefit Expenses	Actual 2014
	3,559,426	Salaries and wages	3,644,069
	0	Employer contributions to multi-employer defined benefit plans	0
	-4,427	Increase in Annual Leave liability	11,960
	1,276	Increase in Long Service Leave provision	-3,576
	1,063	Increase in Alternative Holidays Provision	3,283
	3,200	Increase in Time in Lieu Liability	1,492
	5,140	Increase in accrued payroll	9,777
	<u>3,565,678</u>		<u>3,667,005</u>

6	Actual 2013	Other Expenses	Actual 2014
		Fees paid to Auditor (Audit NZ)	
	66,100	Fees for Financial statement audit	67,100
	27,442	Impairment of receivables	19,936
	5,600	Minimum Lease payments Operating Leases	12,600
	5,322,850	Other Operating expenses	6,773,906
	<u>5,421,992</u>		<u>6,873,542</u>
7	Actual 2013	Finance Costs	Actual 2014
	192,975	Interest on borrowings	313,505
	<u>192,975</u>		<u>313,505</u>
8	Actual 2013	Tax Expense	Actual 2014
	0	Current tax expense	0
	0	Adjustments to current tax in prior years	0
	0	Deferred tax expense	0
	<u>0</u>	Income Tax expense	<u>0</u>
		Reconciliation	
	1,561,229	Surplus / (deficit) before tax	371,953
	437,144	Tax @ 28%	104,147
	-437,144	Tax Effect of Non-taxable income	-104,147
		Prior year adjustment	0
	<u>0</u>	Income Tax expense	<u>0</u>
9	Actual 2013	Cash & Cash Equivalents	Actual 2014
	84,789	Cash at bank and in hand	-41,931
	0	Short term deposits maturing 3 months or less from date of acquisition	267,076
	<u>84,789</u>		<u>225,145</u>

The carrying value of short term deposits with maturity dates of 3 months or less approximates their fair value

10	Actual 2013	Trade and Other Receivables	Actual 2014
	348,589	Rates Receivables	324,157
	442,639	Other Receivables	1,560,775
	809,144	Other Receivables accrued	121,367
	98,410	Prepayments	122,172
	551,097	Unbilled revenue	362,510
	<u>2,249,879</u>		<u>2,490,981</u>
	-40,442	Less provision for impairment of receivables	-60,378
	<u>2,209,437</u>		<u>2,430,603</u>
	0	Non-current	0
	<u>2,209,437</u>	Current	<u>2,430,603</u>
	2,209,437		2,430,603
		Ageing Profile	
	1,804,681	Current	2,000,831
	41,042	30 days past due	87,777
	8,758	60 days past due	6,393
	9,171	90 days past due	16,334
	386,227	> 90 days past due	379,646
	<u>2,249,879</u>		<u>2,490,981</u>
	-40,442	Provision for impairment	-60,378
	<u>2,209,437</u>		<u>2,430,603</u>

The major concentration of credit risk is with the Animal Health Board Inc. receivables which amounted to \$1,268,199 @ 30 June 2014 (\$164,862 @ 30 June 2013). These amounts were subsequently paid in the ordinary course of business.

The carrying value of trade and other receivables approximates their fair value. As at 30 June 2014 all overdue receivables have been assessed for impairment and appropriate provisions applied. Council has recourse under the Local Government (Rating) Act 2002 to recover overdue rates. However, provision has been made for specific rates debts that may be unenforceable under section 65 of the Local Government (Rating) Act 2002. With regard to non-rates receivables, WCRC holds no collateral as security over receivables that are either past due or impaired. The impairment provision has been calculated based on a review of specific debtors.

Movements in the provision for impairment of receivables are as follows

Actual 2013		Actual 2014
13,000	@ 1 July	40,442
27,442	Additional provision made during year.	19,936
0	Receivables written off during period.	0
40,442	@ 30 June	60,378

11 Actual 2013	Inventories	Actual 2014
206,114	Poison and pest supplies	293,926
590,346	Rock in Quarries	671,004
16,899	Stationery and Office supplies	22,116
813,359		987,046

All these inventories are held for consumption in the provision of services and are carried at the lower of cost or current replacement cost.

12 Actual 2013	Other Financial Assets	Actual 2014
	Current	
1,740,388	Financial Assets at fair value through profit or loss	1,456,350
0	Financial Assets at fair value through equity	0
0	Held to maturity investments	0
38,883	Loans and receivables	68,229
1,779,271		1,524,579
	Non-Current	
10,465,502	Financial Assets at fair value through profit or loss	10,712,281
0	Financial Assets at fair value through equity	0
0	Held to maturity investments	0
457,525	Loans and receivables	732,282
10,923,027		11,444,563
12,702,298	Total Current and Non-Current	12,969,142

Actual 2013	By Asset Class	Actual 2014
6,745,906	Fixed Interest	7,077,391
1,852,541	Australasian Equities	1,602,503
2,412,634	International Equities	2,238,031
496,408	Loans	800,511
616,448	Property Equities	521,023
578,361	Alternative Asset Classes	729,683
12,702,298	Total	12,969,142

There was no impairment provision for Other Financial Assets.

These Investments are held by Council in accordance with its Investment policy to create income to be able to be used to fund Council activities and to be able to be reinvested to ensure portfolio growth over time.

13 Property, Plant and equipment - Council Operational Assets

2014	Cost/ Revaluation 1 July 13	Accumulated depreciation/ impairment 1 July 13	Carrying amount 1 July 13	Current year additions	Current year disposals	Current year impairment	Transfer depreciation on disposal	Current year depreciation	Revaluation surplus	Cost/ revaluation 30 June 14	Accumulated depreciation/ impairment 30 June 14	Carrying amount 30 June 14
Land	1853000	0	1853000	0	0	0	0	0	0	1853000	0	1853000
Quarry Development	0	0	0	433402	0	0	0	0	0	433402	0	433402
Buildings	1538774	-331841	1206933	0	0	0	0	-36154	0	1538774	-367995	1170779
Plant & equipment	1931587	-1462529	469058	106159	-143767	0	143767	-136621	0	1893979	-1455383	438596
Vehicles	809179	-246279	562900	94902	-110254	0	75403	-125543	0	793827	-296419	497408
	6132540	-2040649	4091891	634463	-254021	0	219170	-298318	0	6512982	-2119797	4393185
Council Infrastructure Assets - River, Drainage & Coastal Protection Assets												
Canavans Knob	340471	0	340471	0	0	0	0	0	0	340471	0	340471
Coal Creek	2208011	0	2208011	0	0	0	0	0	0	2208011	0	2208011
Franz Josef	3167209	0	3167209	0	0	0	0	0	0	3167209	0	3167209
Inchbonnie	2795023	0	2795023	0	0	0	0	0	0	2795023	0	2795023
Kaniere	391690	0	391690	0	0	0	0	0	0	391690	0	391690
Karamea	3556633	0	3556633	0	0	0	0	0	0	3556633	0	3556633
Kongahu Swamp	600531	0	600531	0	0	0	0	0	0	600531	0	600531
Kowhitirangi	4070895	0	4070895	0	0	0	0	0	0	4070895	0	4070895
Lower Waiho	1974789	0	1974789	0	0	0	0	0	0	1974789	0	1974789
Matainui Creek	51275	0	51275	0	0	0	0	0	0	51275	0	51275
Nelson Creek	2282268	0	2282268	0	0	0	0	0	0	2282268	0	2282268
Raft Creek	280674	0	280674	0	0	0	0	0	0	280674	0	280674
Redjacks	536005	0	536005	0	0	0	0	0	0	536005	0	536005
Taramakau Settlement	8294321	0	8294321	0	0	0	0	0	0	8294321	0	8294321
Vine Creek	1712287	0	1712287	0	0	0	0	0	0	1712287	0	1712287
Waitangitanga	2163321	0	2163321	0	0	0	0	0	0	2163321	0	2163321
Wanganui	14686983	0	14686983	0	0	0	0	0	0	14686983	0	14686983
Okuru	779925	0	779925	0	0	0	0	0	0	779925	0	779925
Hokitika South Bank	905359	0	905359	0	0	0	0	0	0	905359	0	905359
Punakaki	1445405	0	1445405	0	0	0	0	0	0	1445405	0	1445405
Hokitika Seawall	0	0	0	1818882	0	0	0	0	0	1818882	0	1818882
	52243075	0	52243075	1818882	0	0	0	0	0	54061957	0	54061957
TOTAL	58375615	-2040649	56334966	2453345	-254021	0	219170	-298318	0	60574939	-2119797	58455142

2013	Cost/ revaluation 1 July 12	Accumulated Depreciation/ Impairment 1 July 12	Carrying amount 1 July 12	Current year additions	Current yr disposals	Current yr impairment	Transfer Depreciation on disposal	Current year depreciation	Revaluation surplus	Revaluation 30 June 13	Cost/ depreciation/ impairment 30 June 13	Carrying amount 30 June 13
Land	1912000	0	1912000	0	0	0	0	-36707	-59000	1853000	0	1853000
Buildings	1538774	-295134	1243640	0	0	0	0	-175629	0	1538774	-331841	1206933
Plant & equipment	1884660	-1410580	474080	170607	-123680	0	123680	-115841	0	1931587	-1462529	469058
Vehicles	659810	-152216	507594	180480	-31111	0	21778	-115841	0	809179	-246279	562900
	5995244	-1857930	4137314	351087	-154791	0	145458	-328177	-59000	6132540	-2040649	4091891
Council Infrastructure Assets – River, Drainage & Coastal Protection Assets												
Canavans Knob	339169	0	339169	0	0	0	0	0	1302	340471	0	340471
Coal Creek	1977682	0	1977682	0	0	0	0	0	230329	2208011	0	2208011
Franz Josef	3011316	0	3011316	0	0	0	0	0	155893	3167209	0	3167209
Inchbonnie	2604257	0	2604257	0	0	0	0	0	190766	2795023	0	2795023
Kaniere	367150	0	367150	0	0	0	0	0	24540	391690	0	391690
Karamea	3349323	0	3349323	0	0	0	0	0	207310	3556633	0	3556633
Kongahu Swamp	600531	0	600531	0	0	0	0	0	0	600531	0	600531
Kowhitirangi	4044232	0	4044232	0	0	0	0	0	26663	4070895	0	4070895
Lower Waiho	1818689	0	1818689	0	0	0	0	0	156100	1974789	0	1974789
Matainui Creek	51275	0	51275	0	0	0	0	0	0	51275	0	51275
Nelson Creek	2141651	0	2141651	0	0	0	0	0	140617	2282268	0	2282268
Raft Creek	278200	0	278200	0	0	0	0	0	2474	280674	0	280674
Redjacks	468968	0	468968	0	0	0	0	0	67037	536005	0	536005
Taramakau Settlement	7888210	0	7888210	0	0	0	0	0	406111	8294321	0	8294321
Vine Creek	1624830	0	1624830	0	0	0	0	0	87457	1712287	0	1712287
Waitangitaona	1861210	0	1861210	0	0	0	0	0	302111	2163321	0	2163321
Wanganui	13970780	0	13970780	0	0	0	0	0	716203	14686983	0	14686983
Okuru	709239	0	709239	0	0	0	0	0	70686	779925	0	779295
Hokitika South Bank	765285	0	765285	0	0	0	0	0	140074	905359	0	905359
Punakaiki	1308360	0	1308360	0	0	0	0	0	137045	1445405	0	1445405
	49180357	0	49180357	0	0	0	0	0	3062718	52243075	0	52243075
TOTAL	55175601	-1857930	53317671	351087	-154791	0	145458	-328177	3003718	58375615	-2040649	56334966

	Cost 1 July 2013	Accumulated Amortisation/ Impairment 1 July 2013	Carrying Amount 1 July 2013	Current year additions	Current year disposals	Current year impairment	Current year Amortisation on disposal	Transfer Amortisation on disposal	Current year amortisation	Revaluation Surplus	Revaluation 30 June 2014	Cost/ Revaluation 30 June 2014	Accumulated Amortisation/ Impairment 30 June 2014	Carrying Amount 30 June 2014
Intangible Assets 2014														
Computer Software	369742	-57235	312507	0	0	0	0	0	-33352	0	369742	-90587	279155	
Intangible Assets 2013														
Computer Software	524115	-208893	315222	204824	-359197	0	-172675	0	-21017	0	369742	-57235	312507	

Council holds mining licences acquired at nil cost. As at balance date (30 June 2014) these mining licences had a fair value of \$987,000.

15	Actual 2013	Investment Property	Actual 2014
	0	1 July	262,372
	262,372	Additions from acquisitions	429,536
	0	Disposals	0
	0	Transfer to inventory	0
	0	Fair value gains / (losses) on valuation	0
	<u>262,372</u>	30 June	<u>691,908</u>
16	Actual 2013	Depreciation and Amortisation Expense by Groups of Activities (Required by Local Government (Financial Reporting) Regulation 2011)	Actual 2014
	14,758	Resource Management	13,924
	55,520	Hydrology & Floodwarning Services	50,604
	4,804	Emergency Management	1,848
	5,958	River, Drainage & Coastal Protection	846
	85,228	Vector Control Services Business Unit	86,290
	<u>166,268</u>		<u>153,512</u>
	182,925	Corporate not directly related to Groups of Activities	178,159
	<u>349,193</u>		<u>331,671</u>

17 Statement of Significant Capital Acquisitions

Actual 2013	Group of Activities	Classification	Description	Actual 2014	Budget 2014
0	Res Mgmt	Improve levels of service	Plant	5,174	0
52,568	Res Mgmt	Replace existing assets	Plant	43,858	60,000
0	Res Mgmt	Improve levels of service	Other		
139,367	VCS Business Unit	Replace existing assets	Vehicles		30,000
10,188	VCS Business Unit	Replace existing assets	Plant	14,036	0
0	River	Improve levels of service	Quarry development	433,402	0
3,558	Drainage, Coastal protection	Replace existing assets	Plant Protection infrastructure	1,818,881	0
<u>205,681</u>				<u>2,315,351</u>	<u>90,000</u>
Not directly related to Groups of Activities					
46,009	Corporate	Replace existing assets	IT	32,611	40,000
0	Corporate	Improve levels of service	IT	0	55,000
0	Corporate	Replace existing assets	Phones	0	26,738
204,824	Corporate	Improve levels of service	Software		
58,284	Corporate	Replace existing assets	Furn. & Fttgs	2,851	0
41,113	Corporate	Replace existing assets	Plant	7,629	1,300
350,230	Corporate	Replace existing assets	Vehicle	94,902	112,500
				<u>137,993</u>	<u>245,538</u>
<u>555,911</u>	TOTAL			<u>2,454,344</u>	<u>335,538</u>

18	Actual 2013	Trade and Other Payables	Actual 2014
	817,187	Trade Payables	916,212
	496,277	Deposits and bonds	665,675
	183,358	Accrued Expenses	227,967
	0	Other Revenue in Advance	32,731
	62,509	Rates in advance	103,500
	0	Due to related parties	0
	<u>1,559,331</u>		<u>1,946,085</u>

Trade and other payables are non-interest bearing and are normally settled on monthly terms, therefore the carrying value of trade and other payables approximates their fair value

19	Actual 2013	Employee Benefit Liabilities	Actual 2014
	60,752	Accrued payroll	70,529
	213,597	Annual Leave	225,556
	15,788	Long Service Leave	12,212
	13,220	Time in Lieu	14,712
	5,154	Alternative Holidays	8,437
	0	Sick Leave	0
	<u>308,511</u>		<u>331,446</u>
	292,723	Current	329,572
	15,788	Non-Current	1,874
	<u>308,511</u>		<u>331,446</u>
20	Actual 2013	Borrowing Reconciliation	Actual 2014
		Opening Balance 1 July	
	21,669	Lease Liabilities	48,258
	857,000	Westpac Short Term Loan	400,000
	64,423	Inchbonnie	44,535
	1,993,267	Greymouth Floodwalls	1,934,660
	167,654	Punakaiki Seawall Loan	122,480
	0	Warm West Coast	600,000
		Strategic Investments	750,000
	<u>3,104,013</u>		<u>3,899,933</u>
		Borrowed	
	600,000	Warm West Coast	250,000
	750,000	Strategic Investments	0
	0	Westpac short term loans	1,300,000
	0	Hokitika Seawall	1,500,000
	0	Lower Waiho	260,000
	51,690	Lease Liabilities	0
	<u>1,401,690</u>		<u>3,310,000</u>
		Repaid	
	-25,101	Lease Liabilities	-11,150
	-457,000	Westpac short term loans	-400,000
	-58,607	Greymouth Floodwalls	-62,475
	0	Warm West Coast	-60,000
	-19,888	Inchbonnie	-21,434
	0	Strategic Investments	-22,462
	0	Hokitika Seawall	-37,500
	-45,174	Punakaiki Seawall Loan	-48,198
	<u>-605,770</u>		<u>-663,219</u>
		Closing Balance 30 June	
	48,258	Lease Liabilities	37,108
	400,000	Westpac short term loans	1,300,000
	1,934,660	Greymouth Floodwalls	1,872,185
	44,535	Inchbonnie	23,101
	122,480	Punakaiki Seawall Loan	74,282
	600,000	Warm West Coast	790,000
	0	Hokitika Seawall	1,462,500
	0	Lower Waiho	260,000
	750,000	Strategic Investments	727,538
	<u>3,899,933</u>		<u>6,546,714</u>

Actual 2013	Current	Actual 2014
48,174	Punakaiki Seawall	0
62,475	Greymouth Floodwalls	0
21,434	Inchbonnie	0
400,000	Westpac short term loans	0
60,000	Warm West Coast	0
284,500	Strategic Investments	0
0	Lower Waiho	0
0	Hokitika Seawall	0
11,150	Lease Liabilities	12,558
<u>887,733</u>		<u>12,558</u>
	Non-Current	
74,306	Punakaiki Seawall	74,281
0	Westpac working capital	1,300,000
1,872,185	Greymouth Floodwalls.	1,872,185
23,101	Inchbonnie	23,101
540,000	Warm West Coast	790,000
0	Lower Waiho	260,000
0	Hokitika Seawall	1,462,500
465,500	Strategic Investments	727,538
37,108	Lease Liabilities	24,551
<u>3,012,200</u>		<u>6,534,156</u>
<u>3,899,933</u>	Total Borrowings	<u>6,546,714</u>
	Fixed Rate Debt	
48,258	Lease liabilities for whole term of Lease	37,108
122,480	Punakaiki Seawall Loan	74,282
834,681	Greymouth Floodwall. Interest Rate Swap Agreement for 5 years	809,439
929,971	Greymouth Floodwall. Interest Rate Swap Agreement for 10 years	902,735
44,535	Inchbonnie Rating District. Interest Rate Swap Agreement for 5 years	23,101
0	Hokitika Seawall. Interest Rate Swap Agreement for 5 years	1,462,500
600,000	Warm West Coast. Interest rate swap agreement for 5 years	540,000
0	Lower Waiho. Fixed rate for 5 years	260,000
<u>2,579,925</u>	Total Fixed Rate	<u>4,109,165</u>
	Floating Rate debt	
170,008	Greymouth Floodwalls	160,012
750,000	Strategic Investments	727,537
0	Warm West Coast	250,000
400,000	Westpac short term loans	1,300,000
<u>1,320,008</u>		<u>2,437,549</u>

Security

All bank borrowing is secured to Westpac NZ by a general Deed of Charge over rates income. Finance Lease Liabilities are effectively secured as the rights to the leased asset revert to the Lessor in the event of default.

Maturity Analysis and effective interest rates		
887,733	< 1 Year	12,558
4.41%	weighted average interest rate	11.95%
3,012,200	> 1 year	6,534,156
6.45%	weighted average interest rate	5.54%
<u>3,899,933</u>	Total	<u>6,546,714</u>
3,012,200	Fair Value of non-current borrowings	6,534,156

Analysis of Finance Lease Liabilities		
Actual 2013	Minimum Lease Payments Due	Actual 2014
16,319	Not later than 1 year	16,319
43,518	Later than 1 year: not later than 5	27,199
0	Later than 5 years	0
<u>59,837</u>		<u>43,518</u>
-11,579	Less: Future finance charges	-6,410
<u>48,258</u>	Present value of minimum lease payments	<u>37,108</u>
	Present value of minimum lease payments payable	
11,150	Not later than 1 year	9,909
37,108	Later than 1 year: not later than 5	27,199
0	Later than 5 years	0
<u>48,258</u>		<u>37,108</u>
11,150	Current	9,909
<u>37,108</u>	Non-Current	<u>27,199</u>
<u>48,258</u>		<u>37,108</u>

WCRC enters into finance leases for various items of plant and equipment. The net carrying amount of the leased items within each class of property, plant and equipment is included in note 13. These Finance Leases can be renewed at WCRC option, with rentals set by reference to current market rates for items of equivalent age and condition. WCRC does not have an option to purchase these assets at the end of the lease term. There are no restrictions placed on WCRC by any of the finance lease arrangements.

21 Derivative Financial Instruments

Actual 2013	Current Assets	Actual 2014
0	Foreign Exchange Hedges	0
0	Non-Current assets	0
<u>0</u>	Total Derivative Financial Instrument Assets	<u>0</u>
	Current Liabilities	
0	Foreign Exchange Hedges	0
	Non-Current Liabilities	
177,426	Interest Rate Swaps – Cash Flow Hedges	98,130
<u>177,426</u>	Total Derivative Financial Instrument Liabilities	<u>98,130</u>

These liabilities are classified as Level 2 under the NZ IFRS 7 Fair value Hierarchy

Fair Value Hierarchy under NZ IFRS 7 Financial Instruments: Disclosures

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

- Level 1. Quoted Market Values. Financial Instruments with quoted prices for identical instruments in active markets.
- Level 2. Valuation techniques using observable inputs. Financial Instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3. Valuation techniques with significant non-observable inputs. Financial instruments are valued using models where one or more significant inputs are not observable.

Fair value

Interest rate swaps

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

Forward foreign exchange contracts

The fair values of forward foreign exchange contracts have been determined using a discounted cash flows valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from instrument prices.

Interest rate swaps

The notional principal amounts of the four outstanding interest rate swap contracts for the Council @ 30 June 2014 were;

- \$899,479 fixed interest rate 6.69%
- \$831,174 fixed interest rate 6.36%
- \$550,000 fixed interest rate 3.88%
- \$1,462,500 fixed interest rate 4.62%

Total \$3,743,153 (2013 \$2,405,640)

Council currently has no fair value hedges.

Forward foreign exchange contracts

There were no outstanding forward foreign exchange contracts as at 30 June 2014.

(2013 nil)

22	2013	Investment in Associate @ 30 June	2014
	1,000,000	Assets @ 31 March 2014	1,095,091
	0	Liabilities @ 31 March 2014	-61,419
	<hr/>	Net Assets @ 31 March 2014	<hr/>
	1,000,000		1,033,672
	0	Surplus / (deficit)	33,672
	<hr/>	Council share 49%	<hr/>
	490,000		506,499
	0	Plus capital contribution 26 May 2014	68,600
	<hr/>		<hr/>
	490,000		575,099
	<hr/>	Council share of surplus	<hr/>
	0		16,499
23	2013	Investment in Council Controlled Organisation @ 30 June	2014
	4,657,692	Assets @ 30 June 2014	5,430,258
	-157,692	Liabilities @ 30 June 2014	-274,953
	4,500,000	Net Assets@ 30 June 2014	5,155,305
	<hr/>		<hr/>
	180,000	Council share 4%	206,212
	<hr/>		<hr/>

24 Equity

Actual 2013		Actual 2014
(a) Ratepayers Equity		
19,004,722	Balance 1 July	19,703,993
1,561,229	Surplus transferred	371,953
-70,534	Net Transfers (to) / from Rating District Equity	-476,604
-80,988	Transfers (to) / from Tb Targeted Rate Balance	-106,004
	Transfer (to) from Derivatives Hedge Reserve	-98,130
30,312	Transfers (to) / from Quarry Account	320,197
-634,000	Transfers (to) / from Investment Growth Reserve	-632,000
-106,748	Transfers (to) / from Catastrophe Fund	-103,021
19,703,993	Balance 30 June	18,980,384
(b) Rating District Equity (River, Drainage & Coastal Protection Schemes)		
1,263,132	Balance 1 July	1,333,665
1,201,637	Revenue	2,185,713
-1,015,532	Expenditure	-1,483,708
0	Capital Expenditure	-1,818,881
0	Loan raised	1,760,000
5,209	Other movements	0
-120,781	Loan Principal repaid	-166,520
1,333,665	Balance 30 June	1,810,269
Rating District Equity represents the unspent credit balance with regard to the 26 River, Drainage & Coastal Protection Rating Districts. These balances were originally raised by targeted rates can only be spent within these Rating Districts		
(c) Asset Revaluation Reserves		
Infrastructural Assets		
31,481,638	Opening Balance	34,544,357
3,062,719	Revaluation gains / (losses)	0
34,544,357		34,544,357
Land		
814,000	Opening Balance	755,000
-59,000	Revaluation gains / (losses)	0
755,000		755,000
35,299,357	Total Revaluation Reserve	35,299,357
(d) Investment Growth Reserve		
9,477,000	Balance 1 July	10,111,000
634,000	Transfer (to) / from Ratepayers Equity	632,000
10,111,000	Balance 30 June	10,743,000
This reserve represents the balance of the managed funds portfolio, less amounts attributable to rating district balances. These funds are invested in accordance with Council Investment Policy with the objectives of generating income and capital growth.		
(e) Quarry Account		
338,758	Balance 1 July	308,446
-30,312	Transfer (to) / from Ratepayers Equity	-320,197
308,446	Balance 30 June	-11,751
This reserve represents the accumulated profits (and losses) of the Council Quarry activities.		

Actual 2013		Actual 2014
(f) Tb Pest Management		
39,344	Balance 1 July	120,332
80,988	Transfer (to) / from Ratepayers Equity	106,004
<u>120,332</u>	Balance 30 June	<u>226,336</u>
<p>This reserve is the credit balance of the TB Pest Management rate. These balances were originally raised by targeted rates and can only be spent on funding the Council's regional share of the cost of vector controls undertaken by Tbfree New Zealand Ltd.</p>		
(g) Derivatives Hedge Reserve		
-261,170	Balance 1 July	-177,426
0	Movement in interest rate hedge	79,296
83,744	Transfers (to) / from Ratepayers Equity	98,130
<u>-177,426</u>	Balance 30 June	<u>0</u>
(h) Catastrophe Fund		
569,713	Balance 1 July	676,460
106,747	Transfer (to) / from Ratepayers Equity	103,021
<u>676,460</u>	Balance 30 June	<u>779,481</u>

This reserve is fully funded by investments and was created when Council withdrew from the LAPP Fund.

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

Actual 2013		Actual 2014	
(i)	1,561,229	Reported Surplus (Deficit) for the year	371,953
(ii)		Add non-cash items:	
	349,194	Depreciation and Amortisation	331,670
	0	Unrealised Foreign Exchange –Gains/Losses	0
	0	Unrealised Price –Gains/Losses	0
	0	Share of Surplus - Associate	-36,502
	0	-Gains/Losses on sale of assets included in Investing Activities	-12,956
	1,275	Movement in employee entitlements (non-current)	-13,914
	-53,411	Item Classified as Investing activity – Movement in capital creditors	-8,400
	<u>-1,226,561</u>	Portfolio interest, dividends & gains	<u>-924,699</u>
	-929,503		-664,801
(iii)		Movements in working capital items	
		current assets	
	-217,497	Accounts receivable & accruals	-265,725
	230,268	Inventories	-173,687
		current liabilities	
	-886,621	accounts payable and accruals	483,862
	<u>-873,850</u>		<u>44,450</u>
	<u>-242,124</u>	Net Cash flows from Operating Activities	<u>-248,398</u>

26	Actual 2013	Capital Commitments and operating leases.	Actual 2014
	0	Capital expenditure contracted for at 30 June but not yet incurred for property, plant and equipment.	701,007
	<u>0</u>		<u>701,007</u>
		Non-cancellable operating leases as lessee:	
	4,000	not later than 1 year	4,000
	0	Later than 1 year but not later than 5 years	0
	<u>0</u>	Later than 5 years	<u>0</u>
	4,000		4,000

27 Contingencies

Actual 2013	Contingent Liabilities	Actual 2014
0		0
Actual 2013	Contingent Assets	Actual 2014
0		0

28 (a) Key Personnel Remuneration Disclosures in accordance with NZ IAS 24 and Local Government Act 2002, schedule 10, clause 32 (1), (a), (b), (c)

Ye 30/6/13		Salaries	Superannuation	Vehicle	ye 30/6/14
	Councillors				
0	N Clementson	21,422			21,422
0	P McDonnell	21,422			21,422
0	P Ewen	24,639			24,639
0	S Challenger	21,422			21,422
67,995	R Scarlett	19,923			19,923
33,025	B Chinn	9,677			9,677
26,959	D Davidson	7,899			7,899
26,959	A Robb	55,954			55,954
26,959	T Archer	29,321			29,321
26,959	A Birchfield	29,321			29,321
26,959	I Cummings	7,899			7,899
<u>235,815</u>		<u>248,899</u>			<u>248,899</u>
200,347	Chief Executive	186,135	5,541	14,030	205,706
<u>480,855</u>	4 Second Tier Managers	<u>476,584</u>	<u>16,708</u>	<u>11,492</u>	<u>504,784</u>
<u>917,017</u>		<u>911,618</u>	<u>22,249</u>	<u>25,522</u>	<u>959,389</u>

The above remuneration comprises salaries and other short term benefits.

28 (b) Banded Remuneration Disclosures Pursuant to clause 32A, Schedule 10, Local Government Act 2002

@ 30/6/13		@ 30/6/14
23.16	< \$60,000	25.69
14.00	>\$60,000 < \$80,001	11.00
5.00	> \$80,000 <\$100,001	6.00
6.00	> \$100,000 <\$220,001	6.00
<u>48.16</u>		<u>48.69</u>
45.00	Full time employees (either on 37.50 or 40.00 hour / week contracts)	46.00
3.16	Part time employees (based on full time equivalents "fte's")	2.69
<u>48.16</u>	Total fte's	<u>48.69</u>
6.00	Head count of part time employees	5.00
45.00	Head count of full time employees	46.00

29 Related Party Transaction

Payments to elected Councillor T Archer acting as Hearing Commissioners amounted to \$650. These amounts are in addition to the amounts paid to elected Councillors disclosed in Note 28 (a) above.

(2013 \$11,625).

Payment to Sewell Peak Farm Ltd (Councillor A Robb) land rental \$115 (2013 nil).

30 Severance Payments

Severance payments totaling \$5,881 were made during the year to 30 June 2014.

(2013 nil)

31 Events After Balance Date of 30 June 2014.

Investment Portfolio Returns 1 July 2014 to 31 August 2014

The Westpac portfolios earned \$247,509 for the two months to 31 August 2014.

Greymouth Floodwall

In late 2010 the upgrade to the Greymouth Floodwall was completed which included the raising of existing floodwalls using both earth bunds and a concrete floodwall. This was a significant cost to the community, but ensured that the town and surrounding areas were adequately protected from flooding.

In June 2011 Council was alerted to visual cracking around the joints on the concrete floodwall at Blaketown Lagoon. Council immediately assessed these and undertook a visual inspection of all joints along the entire structure.

It noted cracking and spalling of joints at various locations along the concrete floodwall. Council sought advice from the designer and supervisor of the works as to the causation and potential remediation work required.

Council had concerns regarding the adequacy of this advice and so engaged a construction dispute resolution specialist with concrete works experience to investigate the causation of the cracking, obtain and collate information from various experienced industry suppliers, contractors and consultants and provide a suitable solution to the problem.

This has led to recent successful joint repairs trials being undertaken.

Investigations to date give Council concerns over the joint design, concrete specification and adherence to industry guidelines in the design and construction of the floodwall.

It is very important to note that the floodwall will protect the town in the event of a flood. The problems identified potentially affect the lifetime of the wall and the maintenance requirements in the future.

Council is still working through a legal process to rectify the issues highlighted to ensure that the community receives value for their significant investment.

32 Future Quarry Restoration Liability at 30 June 2014

Assessed liability as at 30 June 2014 \$70,000.

This liability is calculated using a net present value approach to discounting future cash flows.

(2013 \$70,000)

33 Financial Instrument Risks

WCRC has policies to manage the risks associated with financial instruments. WCRC is risk averse and seeks to minimize exposure from its financial activities. There are Council approved borrowing and Investment policies.

(a) Market Risk

Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. WCRC is exposed to equity securities price risk on its Investments, which are classified as financial assets held at fair value through surplus or deficit. This price risk arises due to market movements in listed securities and is managed by diversification of WCRC's investment portfolio in accordance with the limits set out in the Statement of Investment Policies and Objectives (SIPO).

Currency Risk

This is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. WCRC holds some Investments in foreign currency holdings and part of these holdings are hedged in accordance with the SIPO.

Fair value interest rate risk

Interest rates payable on WCRC borrowings are disclosed in note 16. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate in value due to changes in market interest rates.

WCRC borrows to:

- (i) Help finance the construction of river, drainage and coastal protection works.
- (ii) Fund Warm West Coast Scheme.
- (iii) Fund strategic investments.

As per Note 20,

- (i) \$4.11 million of Council borrowings is at fixed rates for fixed terms so as to provide some certainty to the ratepayer groups that are rated to repay this borrowing.
- (ii) \$2.44 million is on floating rate terms.

Cash flow interest rate risk

This is the risk that cash flows from a financial instrument will fluctuate due to changes in market interest rates. The SIPO helps WCRC mitigate this risk by ensuring Council is invested in a diversified portfolio including Cash, Bonds, Equities etc.

Management of interest rate cash flow risk.

Council's most recent and largest long term borrowing is at floating rates which have effectively been converted into fixed rates using interest rate swaps with Westpac NZ. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if Council borrowed at fixed rates directly. Under the interest rate swap agreements, Council agrees with Westpac to exchange at specific intervals the difference between fixed contract rates and floating rate interest amounts calculated by reference to agreed notional principal amounts.

(b) Credit Risk

This is the risk that a third party will default on its obligations. WCRC invests funds with its fund manager Westpac Bank. The SIPO limits the amount of credit exposure to various institutions. Council Investment policy permits direct investments with NZ registered banks.

(c) Liquidity Risk

This is the risk that WCRC will encounter difficulty raising funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash and credit facilities. WCRC manages its borrowings in accordance with its borrowing policy which was adopted as part of its Long Term Plan (LTP). WCRC has overdraft facilities available to \$500,000 with its banker and a multi option credit line amounting to \$7,500,000 (\$6,435,000 utilised @ 30 June 2014). The maturity profile of WCRC borrowings are disclosed in note 16.

(d) Financial Instruments

Actual 2013	Financial Assets	Actual 2014
	Fair Value Through Profit and Loss – Held for trading Categories	
0	Derivative Financial Asset	0
	Other Financial Assets	
6,745,906	Fixed Interest	7,077,391
1,852,541	Australasian Equities	1,602,503
2,412,634	International Equities	2,238,031
616,448	Property Equities	521,023
578,361	Alternative Asset Classes	729,683
<u>12,205,890</u>	Total Financial Assets at Fair Value Through Profit & Loss	<u>12,168,631</u>
	Loans and Receivables	
84,789	Cash & cash Equivalents	225,146
496,408	Loans	800,511
<u>2,209,437</u>	Debtors & Other Receivables	<u>2,430,603</u>
<u>2,790,634</u>		<u>3,456,260</u>
0	Held to Maturity	0
0	Fair Value Through Equity	0
<u>14,996,524</u>	Total Financial Assets	<u>15,624,891</u>
	Financial Liabilities	
0	Fair Value Through Profit and Loss –Held for Trading	0
0	Derivative Financial Liabilities	0
	Financial Liabilities at Amortised Cost	
1,559,331	Creditors & Other Payables	1,946,085
	Borrowings	
3,851,675	Term Loans	6,509,606
48,258	Finance Lease Liabilities	37,108
<u>5,459,264</u>	Total financial Liabilities at Amortised Cost	<u>8,492,799</u>
<u>5,459,264</u>	Total Financial Liabilities	<u>8,492,799</u>
	Maximum Exposure to Credit Risk	
	Financial Instruments	
84,789	Cash at Bank Westpac	-41,931
0	Cash on Call Deposits Westpac	267,077
2,209,437	Debtors & Other Receivables	2,430,603
496,408	Loans	800,511
6,745,906	Fixed Interest	7,077,391
<u>9,536,540</u>		<u>10,533,651</u>

(e) Counterparties with Credit Ratings (Standard & Poor's)

Actual 2013		Actual 2014
	Fixed Interest	
1,246,121	AA+	1,203,296
341,589	AA	213,306
4,341,674	AA-	4,873,826
486,591	A+	468,771
105,915	A	101,896
224,016	A-	216,296
0	BBB+	0
0	Unrated – no prior defaults	0
<u>6,745,906</u>		<u>7,077,391</u>
	Cash at bank	
<u>84,789</u>	A-1+	<u>-41,931</u>
	On call Deposit Account	
<u>0</u>	A-1+	<u>267,077</u>

(f) Sensitivity of Financial Instrument Risk

Interest Rate Risk

As at 30 June 2014 it is estimated that a two percentage point increase / decrease in market interest rates would increase the Council's surplus by approximately \$223,658.

This calculation is based on a reassessment of the fair values of financial assets that are held for trading (30 June 2013 \$267,000).

Currency Risk

The Council is exposed to currency risk on its investment portfolio to the Australian \$. It is estimated that a ten percent increase/decrease in the value of the New Zealand dollar against the Australian \$ would decrease/increase the Council's surplus by approximately \$28,803 (30 June 2013 \$223,000).

(g) Contractual Maturity Analysis of Financial Liabilities

Council 2014	Carrying Amount	Contractual Cash Flows				
			< 1 year	1-2 years	2-5 years	> 5 years
Creditors & Other Payables	1,946,085	1,946,085	1,946,085			
Westpac Short Term Advance	1,300,000	1,300,000	1,300,000			
Net Position of Derivative Financial Liabilities	98,131	98,131	15,588	-9,620	6,423	85,740
Term Loans	5,209,606	7,756,775	1,122,560	546,430	1,506,141	4,581,644
Finance Lease Liabilities	37,109	43,518	16,319	16,319	10,880	
Total Financial Liabilities	8,590,931	11,144,509	4,400,552	553,129	1,523,444	4,667,384

Council 2013	Carrying Amount	Contractual Cash Flows				
			< 1 year	1-2 years	2-5 years	> 5 years
Creditors & Other Payables	1,559,331	1,559,331	1,559,331			
Westpac Short Term Advance	400,000	400,000	400,000			
Net Position of Derivative Financial Liabilities	177,426	177,426	0	46,719	1,915	128,792
Term Loans	3,451,675	5,274,516	683,155	408,799	987,148	3,195,414
Finance Lease Liabilities	48,258	59,837	16,319	16,319	27,199	
Total Financial Liabilities	5,636,690	7,471,110	2,658,805	471,837	1,016,262	3,324,206

(h) Fair Value Hierarchy under NZ IFRS 7 Financial Instruments: Disclosures

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

- Level 1. Quoted Market Values. Financial Instruments with quoted prices for identical instruments in active markets.
- Level 2. Valuation techniques using observable inputs. Financial Instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3. Valuation techniques with significant non-observable inputs. Financial instruments are valued using models where one or more significant inputs are not observable.

30 June 2014	Total	Level 1	Level 2	Level 3
Fixed Interest	7,077,391	2,973,067	4,104,324	
Australasian Equities	1,602,503		1,602,503	
International Equities	2,238,031		2,238,031	
Property Equities	521,023		521,023	
Alternative Asset Classes	729,683		729,683	
Total Financial Assets	12,168,631	2,973,067	9,195,564	

30 June 2013	Total	Level 1	Level 2	Level 3
Fixed Interest	6,745,906	4,466,748	2,279,158	0
Australasian Equities	1,852,541	1,969	1,850,572	0
International Equities	2,412,634	0	2,412,634	0
Property Equities	616,448	0	616,448	0
Alternative Asset Classes	578,361	0	578,361	0
Total Financial Assets	12,205,890	4,468,717	7,737,173	0

(i) **Contractual Maturity Analysis of Financial Assets**

30 June 2014	Total	< 1 year	1-2 years	2-5 years	> 5 years
Fixed Interest	7,077,391	4,227,877	468,771	1,794,425	586,318
Australasian Equities	1,602,503	1,602,503			
International Equities	2,238,031	2,238,031			
Property Equities	521,023	521,023			
Alternative Asset Classes	729,683	729,683			
Derivative Hedge asset	0	0			
	12,168,631	9,319,117	468,771	1,794,425	586,318
Cash & Cash Equivalents	225,146	225,146			
Loans	800,511	62,703	66,038	219,947	451,823
Debtors & Other Receivables	2,430,603	2,430,603			
Total Financial Assets	15,624,891	12,037,569	534,809	2,014,372	1,038,141

30 June 2013	Total	< 1 year	1-2 years	2-5 years	> 5 years
Fixed Interest	6,745,907	3,971,683	128,483	1,487,055	1,158,686
Australasian Equities	1,852,541	1,852,541			
International Equities	2,412,634	2,412,634			
Property Equities	616,448	616,448			
Alternative Asset Classes	578,360	578,360			
Derivative Hedge asset	0	0			
	12,205,890	9,431,666	128,483	1,487,055	1,158,686
Cash & Cash Equivalents	84,789	84,789	0	0	0
Loans	496,408	38,883	40,951	112,162	304,412
Debtors & Other Receivables	2,209,437	2,209,437	0	0	0
	14,996,524	11,764,775	169,434	1,599,217	1,463,098

34 Capital Management

WCRC capital is its ratepayer's funds which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (LGA 2002) requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. LGA 2002 requires the Council to make adequate provision in its LTP and Annual Plans to meet the expenditure needs identified in those plans. The sources and levels of funding of activities are set out in the funding and financial policies in Council's LTP.

WCRC has the following Council created reserves:

- Investment Growth Fund;
- Quarry Account;
- Catastrophe Fund.

WCRC has reserves for different areas of benefit where there is a discrete set of ratepayers funding the activities being rated for. Any surplus or deficit relating to these separate areas of benefit are retained within the specific reserves. WCRC has the following reserves of this nature:

- Rating Districts Equity (River, Drainage and Coastal protection schemes);
- Tb Pest Management.

35 Rating Base Information Required to be disclosed pursuant to the Local Government 2002 Amendment Act 2014

(a)	The number of rating units within the West Coast region as at 30 June 2013	22,444
(b)	The total capital value of these rating units as at 30 June 2013	\$7,329,527,000
(c)	The total land value within the West Coast Region as at 30 June 2013	Not able to be calculated

36 Information regarding Insurance of Assets as at 30 June 2014

(a)	The total value of all assets of the West Coast Regional Council that are covered by insurance contracts.	
	Land & Buildings, Plant & equipment, Motor Vehicles. Values included in Statement of Financial Position.	\$3,096,500
	Buildings are insured for replacement values Plant & Equipment are insured for indemnity value Motor Vehicles are insured for market value Inventory is insured for indemnity value	\$5,247,500 \$800,000 \$640,000 \$200,000
(b)	Total value of assets that are covered by risk sharing arrangements	nil
(c)	Total value of assets that are self-insured River, Drainage & Coastal protection infrastructure with a value in the Statement of Financial Position totaling	\$54,062,000
	Total value of separately invested Catastrophe Fund as at 30 June 2014	\$779,481

Governance

Governance covers the costs of operating the democratic function of the Council. Elected Councillors determine policies, and monitor the achievement of these.

Key Changes from the 2012/2022 Long Term Plan: None.

Levels of Service	Measure	Performance Target	Achievement																																				
Maintain a Council of elected representatives in accordance with statutory requirements and in a manner that promotes effective decision-making, transparency, and accountability to the West Coast regional community.	Number of public meetings held and individual Councillor attendance.	Conduct eleven monthly meetings of Council and the Resource Management Committee, plus other scheduled meetings and scheduled workshops during the year with at least 80% attendance by all Councillors.	<table border="1"> <thead> <tr> <th>Councillor</th> <th>Number attended</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Scarlett</td> <td>3 out of 4</td> <td>75%</td> </tr> <tr> <td>Chinn</td> <td>4 out of 4</td> <td>100%</td> </tr> <tr> <td>Davidson</td> <td>4 out of 4</td> <td>100%</td> </tr> <tr> <td>Cummings</td> <td>4 out of 4</td> <td>100%</td> </tr> <tr> <td>Robb</td> <td>13 out of 13</td> <td>100%</td> </tr> <tr> <td>Birchfield</td> <td>13 out of 13</td> <td>100%</td> </tr> <tr> <td>Archer</td> <td>12 out of 13</td> <td>100%</td> </tr> <tr> <td>Ewen</td> <td>9 out of 9</td> <td>100%</td> </tr> <tr> <td>Challenger</td> <td>8 out of 9</td> <td>89%</td> </tr> <tr> <td>McDonnell</td> <td>9 out of 9</td> <td>100%</td> </tr> <tr> <td>Clementson</td> <td>9 out of 9</td> <td>100%</td> </tr> </tbody> </table>	Councillor	Number attended	%	Scarlett	3 out of 4	75%	Chinn	4 out of 4	100%	Davidson	4 out of 4	100%	Cummings	4 out of 4	100%	Robb	13 out of 13	100%	Birchfield	13 out of 13	100%	Archer	12 out of 13	100%	Ewen	9 out of 9	100%	Challenger	8 out of 9	89%	McDonnell	9 out of 9	100%	Clementson	9 out of 9	100%
	Councillor	Number attended	%																																				
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Challenger	8 out of 9	89%																																					
McDonnell	9 out of 9	100%																																					
Clementson	9 out of 9	100%																																					
Compliance with statutory timeframes.	Prepare and notify the Council's Annual Plan or LTP Statement of Proposal by 31 May each year, and the Annual Report by 31 October, in accordance with the procedures outlined in the Local Government Act 2002.	Achieved. The audited Annual Report to 30 June 2013 was adopted by Council on 31 October 2013. The 14/15 Annual Plan Statement of Proposal was notified in April 2014.																																					
Timing and number of newsletters, and internet website based information related to public consultation processes.	Publish an informative Council newsletter twice a year to be circulated to all ratepayers, with their rate demand, in March and September and ensure required information is posted on the Council website when Council invites submissions on a new or revised policy document.	Achieved. The October 2013 and March 2014 rates instalments both contained a Council newsletter. The Council website is updated when submissions are invited on a new or revised policy document.																																					
Continue to support the contribution our two West Coast Runanga make to Council's decision-making processes; and continue to seek contributions from other Maori.	Attendance of Iwi appointees at Resource Management Committee meetings.	Continue to invite attendance of Makaawhio and Ngati Waewae representatives as appointees to the Council's resource management committee, to enable Maori participation in resource management decision-making.	Achieved. In 2013/14 both Runanga were invited to attended committee meetings.																																				

Actual 2012/13	Cost of Services Statement for year ended 30 June 2014	Actual 2013/14	Budget 2013/14
Governance			
Operating Expenditure			
338,865	Governance	419,481	400,811
18,000	Community Consultation	18,000	20,118
<u>356,865</u>	Total Operating Expenditure	<u>437,481</u>	<u>420,929</u>
<u>0</u>	Operating Revenue	<u>0</u>	<u>0</u>
Funding Requirements			
-356,865	Operating Surplus / -Deficit to be funded	-437,481	-420,929
<u>0</u>	Capital Expenditure	<u>0</u>	<u>0</u>
<u>-356,865</u>	Total Funding Required	<u>-437,481</u>	<u>-420,929</u>
Funded by:			
356,865	General Rates and Investment Income	437,481	420,929
<u>356,865</u>	Total Funding	<u>437,481</u>	<u>420,929</u>

Resource Management Activities

Background

The Resource Management Act 1991 (RMA) requires regional councils to have certain RMA Plans to provide certainty to resource users on when consents are required.

The plans enable activities with no more than minor adverse effects to be carried out without needing resource consent, and also provide policy guidance on assessing activities with greater potential effects. The Council also has a Pest Plant Strategy to take a strategic and prioritised approach to managing pest plants in the region. All Plans are required to be reviewed within the ten year period by law, by inviting public submissions.

The Council also makes submissions and responds to other resource management documents or proposed government policies or standards where these may affect the West Coast. This is in order to advocate for the interest of the West Coast communities.

Council monitors the state of our environment to detect trends in environmental quality and to detect emerging issues. This information is fundamental for assessing the effectiveness of resource management policies and plans. It assists Council to make decisions based on sound factual and up to date information.

Resource consents allow activities that are otherwise restricted by the RMA. Our Consents team processes over 500 individual resource consents each year, on average. This level of demand is not expected to change significantly over the next ten year period.

Compliance monitoring and enforcement involves monitoring the exercise of resource consents, permitted activity dairy shed discharges and mining permits. Where non-compliance is detected the Council's Enforcement Policy guides decisions around enforcement actions. This is a critical element of resource management that underpins the integrity of the regional plans and consents issued under them.

Under the Maritime Transport Act 1994 the Regional Council is responsible for responding to marine oil spills within the territorial waters of the West Coast.

RMA Staff are also trained to respond to terrestrial hazardous substance spills, assisting the responsible party to clean up spills in order to minimise environmental impacts.

Key Changes from the Long Term Plan for 2012/22: None

Levels of Service	Measure	Performance Target	Achievement
To maintain or enhance water quality in the West Coast's rivers.	Ammoniacal nitrogen, periphyton, clarity, turbidity and faecal coliforms are measured quarterly at 38 river sites. These parameters characterise the water quality of West Coast rivers and have been measured since 1996.	Improvement of these parameters, when compared with a baseline of 1996 data on water quality.	Achieved. Monitoring results from the last ten years show significantly improving trends for clarity, turbidity, periphyton, faecal coliforms and ammoniacal nitrogen.
	The number of compliant or non-compliant point source discharges to water, or discharges likely to enter water; and council's response to any non-compliance.	All significant consented discharges ¹ are monitored at least annually, and all dairy sheds at least bi-annually depending on each individual compliance record. All non-compliances publicly reported to the Resource Management Committee and responded to using Council's Enforcement Policy.	Achieved. All significant discharges have been inspected and 100% of Dairy farms with consented discharges have been inspected. All non-compliances have been publicly notified with 35 infringement notices issued for the period.
To maintain or enhance the water quality in Lake Brunner.	The trophic state of Lake Brunner is measured by the Trophic Level Index (TLI) which combines clarity, nutrient and algal measures. The rolling 5-year mean is compared with a 2002-2006 baseline mean.	The annual (rolling 5-year mean) TLI of Lake Brunner is less than the 2002-2006 TLI baseline mean of 2.79.	Not yet achieved. The current TLI rolling 5 year mean (2009 – 2014) is 2.84 is still greater than 2.79 baseline mean. Work underway in the catchment is expected to result in positive change soon. (TLI @ 31 March 2013 was 2.9)

¹ Significant Consented Discharge includes: any consented discharge from a municipal sewage scheme or landfill, any consented discharge from a working mine site, any consented discharge of dairy effluent to water, and any large scale industrial discharge (WMP, Kokiri).

Levels of Service	Measure	Performance Target	Achievement
To maintain or enhance the life supporting capacity and amenity value of the West Coast's rivers.	Instream macroinvertebrate community health (SQMCI) scores are measured at 29 river sites. The values for each site are calculated using five year rolling means and comparing them to baseline means calculated from data from 2005-2009.	Macroinvertebrate health index ² (SQMCI) mean is higher, or no more than 20% lower, than the baseline mean.	Achieved: 2013 mean SQMCI scores at all sites were either higher than, or not more than 20% lower than, their baseline scores.
	16 swimming sites are sampled, ten times per summer season (fortnightly) for E coli (moderate-high risk > 550) or Enterococci (moderate-high risk > 280).	Scheduled swimming sites do not exceed the moderate-high risk threshold more than once during the summer sampling season.	Not achieved: Two sites have exceeded the moderate-high risk threshold more than once over summer 2014. Buller River at Marrs Beach and Hokitika Beach. A report was completed looking into potential sources of contamination at the Buller River sites, with a similar investigation planned for the Hokitika site.
To protect human health from adverse impacts of poor groundwater quality.	28 Wells are monitored at least twice annually, 24 of which are used for human consumption. The guideline of 11.3mg/L of nitrate is used to protect human health, particularly for babies. The data from the year is averaged before comparing against the 11.3mg guideline.	In wells used for human consumption, nitrate levels remain below the health guideline of 11.3 mg/L.	Achieved. In all 24 wells used for human consumption, nitrate levels remained below the health guideline of 11.3 mg/L.

² This macroinvertebrate index uses comparative samples of aquatic invertebrates to evaluate water quality, based on the type of invertebrates (bugs) found at that site and how those communities of invertebrates may change over time. Some bug species are pollution tolerant while others are pollution sensitive, so the mix of species tells us a lot about the water quality at the site.

<p>To protect human health from any adverse impacts of poor air quality in Reefton.</p>	<p>Reefton's air is monitored in accordance with the National Environmental Standard (NES) for air quality by measuring PM₁₀ (airborne particles smaller than ten micrometers, which affect human respiration). The threshold is a 24hr mean PM₁₀ of 50 micrograms/m³.</p>	<p>NES Requirement: 24hr PM₁₀ values do not exceed the NES threshold more than three times in one year, between 2016 & 2020; whereas after 2020 only 1 exceedance per year is allowed.</p>	<p>There were 15 exceedances of the NES for air quality in Reefton in the 2013 winter (ending August 2013). For winter 2014 there have been 17 exceedances up to the end of July. The Reefton Airshed Committee has recommended to Council several provisions for the new Air Plan to reduce PM₁₀ emissions in Reefton, including installation of ESP filters on all domestic burners and open fires.</p>
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Levels of Service	Measure	Performance Target	Achievement
<p>Compliance with the consent processing timeframes in the RMA and mining legislation.</p>	<p>Compliance with discounting regulations and mining timeframes.</p>	<p>Process all resource consent applications without incurring any cost to Council due to the RMA discounting regulations; and process at least 95% of mining work programmes³ within 20 working days of receipt.</p>	<p>Not achieved: Council has incurred costs for 5 Consent applications during this period. 73 Work programs have been received during the period and have been processed within the twenty day time frame.</p>
<p>Respond to all genuine incident complaints received by the Council and take enforcement action where needed.</p>	<p>Number of complaints received and number of enforcement actions resulting from these.</p>	<p>Operate a 24-hour complaints service, assess and respond to all genuine complaints within 24 hours where necessary.</p>	<p>Achieved: 157 complaints and incidents have been responded to during the period. As a result of these complaints Council has issued 33 abatement notices, 35 infringement notices and 36 formal warnings.</p>

³ This target assumes the work programme is submitted with all necessary information provided.

Levels of Service	Measure	Performance Target	Achievement
Complete current regional plans to operative stage, and review them to maintain their community acceptability.	Statutory requirements for review.	Compliance with statutory requirements for the review of Council's plans and strategies.	Achieved: Statutory requirements met. Regional Policy Statement review underway with discussion document feedback received showing strong support from the community. Appeals on Land and Water Plan resolved. Following the Reefton Airshed Committee's recommendations to Council, we have begun drafting changes to the Air Quality Plan.
Advocate for the West Coast interests when external environmental policymaking may affect the West Coast.	Number of submissions made and number of successful advocacy outcomes.	Submit on all central or local government discussion documents, draft strategies, policies or Bills that may impact on West Coast interests, within required timeframes.	Achieved: Submissions have been made on various strategies and policy statements. The most notable submissions have been on the Freshwater National Policy Statement Amendments and the Proposed Environmental Reporting Bill.
Respond to marine oil spills in coastal waters in accordance with the Tier 2 Oil Spill Response Plan and maintain readiness for spill response.	Timing of responses & number of trained staff.	Respond within 4 hours to all spills, using Council or MNZ spill equipment to contain spills; plus ensure at least 25 staff are trained responders.	Achieved. We have 26 trained staff. No oil spills occurred during the period.

Actual 2012/13	Cost of Services Statement for year ended 30 June 2014	Actual 2013/14	Budget 2013/14
Resource Management			
<u>Operating Expenditure</u>			
988,159	Resource Consents	952,957	937,369
24,358	Building Act – Dams	18,552	14,761
544,059	Compliance Monitoring	670,624	628,078
90,133	Dairy Farm Monitoring	81,292	95,758
125,265	Complaints	164,967	122,657
49,965	Enforcement	98,651	73,091
32,373	Hazardous Substance Spill Response	47,730	29,998
225,246	Regional Plans	299,568	482,619
115,200	Lake Brunner Projects	225,034	0
129,247	Wetlands	179,602	50,000
348,083	Surface & Groundwater monitoring	383,325	366,641
7,738	Air Quality monitoring	5,992	14,773
25,690	Sites Associated with Hazardous Substances	35,971	17,047
<u>2,705,516</u>		<u>3,164,265</u>	<u>2,832,792</u>
<u>Operating Revenue</u>			
1,107,629	User Charges	917,528	1,232,130
76,452	Subsidies	251,416	50,000
0	Targeted Rates	0	0
<u>1,184,081</u>		<u>1,168,944</u>	<u>1,282,130</u>
<u>Funding requirements</u>			
-1,521,435	Operating Surplus / -Deficit to be funded	-1,995,321	-1,550,662
-6,774	Capital Expenditure	-13,437	0
<u>-1,528,209</u>		<u>-2,008,758</u>	<u>-1,550,662</u>
Funded by			
1,521,435	General Rates & Investment Income	1,995,321	1,550,662
6,774	Depreciation Funds	13,437	0
<u>1,528,209</u>		<u>2,008,758</u>	<u>1,550,662</u>

Regional Transport Planning

Background

The Council primarily has a co-ordinator and administrator role in relation to transport issues so that funding can be effectively accessed from the New Zealand Transport Agency. In order to obtain that funding the Council must adhere to the Land Transport Act 1998 and the Land Transport Management Act 2003.

Council must appoint a Regional Transport Committee, with membership to include local authorities, funding agencies and other transport stakeholders who then prepare a Regional Land Transport Strategy (RLTS). The Committee also prepare a Land Transport Programme to implement the RLTS.

Section 35 of the Land Transport Management Act 2003 requires that the needs of persons who are transport disadvantaged be considered in land transport programmes. To implement this function, Council administers subsidies for transport for those with limited mobility through the Total Mobility Programme. The Regional Council also participates on the regional Road Safety Committee as an organisation with transport interests, and oversees the Road Safety Co-ordinator.

Key Changes from the Long Term Plan for 2012/22: None.

Levels of Service	Measure	Performance Target	Achievement
Continue to fund the Total Mobility Programme according to New Zealand Transport Agency (NZTA) requirements.	User satisfaction, by 2 yearly survey.	Implement the total mobility programme where taxi services exist, ensuring at least 90% of users rate the overall service and value for money as good, very good or excellent.	Achieved: While NZTA no longer require the total mobility survey to be undertaken as part of the Annual Achievement report, no reports have been received from the public regarding any dissatisfaction with the provision of the service in the three districts.
Maintain a Regional Land Transport strategy that delivers Council's transport functions in compliance with relevant legislation and is acceptable to our West Coast community.	An operative Regional Land Transport Strategy	Compliance with statutory requirements for the preparation, review and implementation of the Regional Transport strategy and programme.	Achieved. Strategy remained current. No strategy review was required during 2013/14.

Actual 2012/13	Cost of Services Statement for the year ended 30 June 2014	Actual 2013/14	Budget 2013/14
Transport			
<u>Operating Expenditure</u>			
5,879	Total Mobility Admin	3,431	16,422
67,038	Total Mobility	72,725	76,000
28,062	Regional Land Transport Admin	42,257	49,326
6,873	Passenger Transport Admin	8,198	8,409
17,453	Safety Programme	16,277	29,598
<u>125,305</u>	Total Operating Expenditure	<u>142,888</u>	<u>179,755</u>
<u>Operating Revenue</u>			
	User Charges		
58,354	Subsidies	69,071	99,300
0	Targeted Rates	0	0
<u>58,354</u>	Total Operating Revenue	<u>69,071</u>	<u>99,300</u>
<u>Funding Requirements</u>			
-66,951	Operating Surplus / -Deficit to be funded	-73,817	-80,455
0	Capital Expenditure	0	0
<u>-66,951</u>	Total Funding Required	<u>-73,817</u>	<u>-80,455</u>
Funded by:			
66,951	General Rates & Investment Income	73,817	80,455
0	Depreciation Funds	0	0
<u>66,951</u>	Total Funding	<u>73,817</u>	<u>80,455</u>

Hydrology and Flood Warning Services

Background

Section 35 of the RMA requires councils to monitor the state of the environment. Hydrology monitoring records trends in water levels in key rivers and can also detect emerging issues. This information assists Council to make decisions based on sound factual and up to date information.

Flood warning provides information to civil defence, police and local communities that enables them to assess risk of flood events, so appropriate action can be taken.

Key Changes from the Long Term Plan for 2012/22: None.

Level of Service	Measure	Performance Targets	Achievement
Continue to provide flood warning to assist communities to assess risk of impending floods, for the five rivers (Karamea, Buller, Grey, Hokitika, and Waiho).	Availability of information about high flow events and the staff response to those.	Provide a continuous flood monitoring service for the five rivers monitored and respond in accordance with the flood-warning manual, ensuring real time data on river levels is available on the Council website.	<p>Not Achieved:</p> <p>Warning service continues to provide response in accordance with flood manual. Web site has been improved and is working well (updated 12 hourly; or 3 hourly during floods)</p> <p>Karamea River @ Gorge flood event on 23/5/14 was not notified within the specified time range as per the flood warning manual. Ringing of contacts as per manual was 30 minutes over the specified notification time. The protocols around flood alarms have been changed to improve this service.</p>
	Complete the decision making on whether or not to install new warning system.	Assess the practicalities of installing a new flood warning system on the Mokihinui River, by July 2013, to warn those that live in Seddonville of impending river floods.	<p>Achieved:</p> <p>The site has been assessed with a report to the April 2014 Council meeting outlining the options available resulting in a decision to proceed. Staff are now working with Buller District Council civil defence staff on how the warning system would work at their end.</p>

Actual 2012/13	Cost of Services Statement for year ended 30 June 2014	Actual 2013/14	Budget 2013/14
Hydrology & Floodwarning			
<u>Operating Expenditure</u>			
433,113	Hydrology	446,164	413,585
<u>433,113</u>	Total Operating Expenditure	<u>446,164</u>	<u>413,585</u>
<u>Operating Revenue</u>			
0	User Charges	0	0
0	Subsidies	0	0
0	Targeted Rates	0	0
<u>0</u>	Total Operating Revenue	<u>0</u>	<u>0</u>
<u>Funding Requirements</u>			
-433,113	Operating Surplus / -Deficit to be funded	-446,164	-413,585
-45,794	Capital Expenditure	-35,595	-60,000
<u>-478,907</u>	Total Funding Required	<u>-481,759</u>	<u>-473,585</u>
Funded by:			
433,113	General Rates & Investment Income	446,164	413,585
45,794	Depreciation Funds	35,595	60,000
<u>478,907</u>	Total Funding	<u>481,759</u>	<u>473,585</u>

Emergency Management

Background

The Council is part of the Civil Defence Emergency Management (CDEM) Group, along with the region's District Councils. The Group is made up of the Council Mayors and Regional Council Chair; while the coordinating Executive Group (CEG) which is the main working group of civil defence in the region. It is made up of the CEOs of the Councils plus emergency services and health representatives. The CEG generally reports to the CDEM Group quarterly. There is also an engineering lifelines group which provides advice.

The functions of the CDEM Group include the co-ordination of civil defence emergency management planning, delivering CDEM programmes and CDEM activities across the region, and carrying out risk management.

The Regional Council is the administering authority for the West Coast CDEM Group. The West Coast CDEM Group Plan was prepared in 2005, was reviewed in 2010, and is due for another review in 2015.

The LTP levels of service and performance targets reflect only this Council's role in the CDEM work. District Council LTP's and Annual Plans will have CDEM targets related more to community readiness and response activities, whereas the regional council role is regional co-ordination.

Level of Service	Measure	Performance Targets	Achievement
Maintain a Civil Defence Plan that delivers efficient and effective management of the region's civil defence functions in compliance with the legislation and is acceptable to West Coast community desires.	Civil Defence Plan always operative.	Compliance with statutory requirements for the preparation, review and implementation of the Group CDEM Plan.	Achieved. The Group Plan is operative.
	Number of trained staff.	Ensure at least 30 Council staff are trained as Emergency Operations Centre (EOC) personnel so that we have three shifts of EOC staff trained and exercised in case of a regional emergency.	Achieved: Staff participated in a comprehensive exercise in 2013. Training for new staff on the Emergency Management Information System has been provided.

Key Changes from the Long Term Plan for 2012/22: None.

Actual 2012/13	Cost of Services Statement for year ended 30 June 2014	Actual 2013/14	Budget 2013/14
Emergency Management			
<u>Operating Expenditure</u>			
126,713	Civil Defence Response	132,142	122,151
11,991	Natural Hazards	0	13,464
<u>138,704</u>	Total Operating Expenditure	<u>132,142</u>	<u>135,615</u>
<u>Operating Revenue</u>			
0	User Charges	17,262	17,000
34,103	Subsidies	30,000	0
50,624	Targeted Rates	50,052	50,000
<u>84,727</u>		<u>97,314</u>	<u>67,000</u>
<u>Funding Requirements</u>			
-53,977	Operating Surplus / -Deficit to be funded	-34,828	-68,615
0	Capital Expenditure	0	-1,300
<u>-53,977</u>	Total Funding Required	<u>-34,828</u>	<u>-69,915</u>
Funded by			
53,977	General Rates & Investment Income	34,828	68,615
0	Depreciation Funds	0	1,300
<u>53,977</u>	Total Funding	<u>34,828</u>	<u>69,915</u>

River, Drainage and Coastal Protection Works

Background

The Soil Conservation and Rivers Control Act 1941 requires the Regional Council to prevent and mitigate soil erosion, and prevent damage by floods. To carry out these functions, the Council manages existing protection works for Rating Districts throughout the Region, participates on the Joint Greymouth Floodwall Committee, and rates for structural maintenance of the Greymouth Floodwall.

River cross-section studies and aerial photography of some riverbeds and coastal areas are carried out to monitor gravel build-up and changing patterns in river systems. This assists to identify what, if any, maintenance or additional protection is needed for Rating Districts. This work will be done as needed depending on the urgency: for example, if gravel build-up increases the risk of flooding and harm or damage to people and property. The work will be done according to recognised engineering standards and practices and according to the affordability to the local community who are funding the work needed.

The Council Rating Districts all have different levels of flood protection according to the history of the works and the affordability issues for the funding community. The following section sets out the levels of flood protection or 'levels of service' for each scheme.

The Council manages quarries to ensure security of supply of rock for rating district protection works. This work has traditionally run at a small loss due to low and unpredictable volumes of rock sales, although for the past few years the quarries have performed better than break-even.

Management plans have been prepared for each rock quarry. The speed of quarry development is driven by demand for rock, therefore the performance targets focus on the process for managing the quarries. There generally appears to be sufficient rock in the existing quarries to supply the anticipated level of maintenance or additions to existing protection works in the existing Rating Districts, however there are not always rock sources close by to the flood and river protection works that need repair or maintenance.

The cost of any additional quarries, or maintenance of existing ones, will be paid for either on a user pays basis, or based on quantities of rock used.

Key Changes from the Long Term Plan for 2012/22: The construction of the Hokitika Seawall at a cost of \$1.818 million was not foreseen in the LTP.

Levels of Service for Quarries	Measure	Performance Targets	Achievement
Ensure efficient and effective management and safe operation of Council's quarries, delivering rock to any customers within ten working days with priority given to Council rating district customers.	Timing of delivering on rock requests.	Deliver on requests for rock within two weeks, and ensure sufficient stockpiled rock is available where practical.	Achieved. Development work continues to ensure sufficient rock is available.
	Number of site inspections to monitor contractor health and safety and performance.	Visit each active quarry site at least twice a year, when contractors are working the quarry (where possible), to ensure Health and Safety standards and other permit requirements are being adhered to.	Achieved. The quarries are visited more regularly and health and safety requirements are the number one priority.

Other Levels of Service	Measure	Performance Targets	Achievement
Meet or exceed the flood protection, drainage or erosion protection levels as described in the 'levels of service – background' section above.	Completion of rating district works and annual consultation meetings.	Complete all rating district meetings, and perform all repair and maintenance works as agreed at those meetings.	Achieved. Works are either completed or underway in those Rating Districts requiring works, following the Annual meetings in September 2013.
	Proportion of schemes performing to their agreed service level.	Monitor all rating district infrastructural assets to ensure they perform to the service level consistent with the Asset Management Plan of each Rating District, or whatever level the community has decided is an acceptable risk.	Achieved. All assets are monitored on an annual basis. 2014 monitoring commenced in July. <u>Rating district inspections:</u> Each year Council engineering staff inspect the various assets in all the rating districts that it administers. The inspections are generally undertaken with the spokesperson for the rating district, or in some cases with the full committee. During these inspections future works are discussed and incorporated into proposals which are then discussed at the annual meeting of the rating district. <u>Hokitika Seawall:</u> Severe erosion was threatening Beach street and the houses and businesses along the beachfront. Council surveyed the affected community with options to protect the town. The community overwhelmingly supported options to construct a seawall along the beachfront.
	Meet timeframes for plan review	Review Rating District Asset Management Plans and update registers that were not reviewed or updated within the last 3 years.	In progress. The Asset Management Plan review is well underway, the GIS mapping of the assets is nearly completed and is on target for completion by October 2014 for the annual Rating District meetings.

Actual 2012/13	Cost of Services Statement for year ended 30 June 2014	Actual 2013/14	Budget 2013/14
River, Drainage & Coastal Protection			
Operating Expenditure			
989,782	Works Within Rating Districts	1,435,522	815,899
191,589	Rating District Management	241,645	166,897
11,643	Asset Management Plans	10,938	12,910
10,320	Inspections	7,761	13,410
14,124	Technical Services	1,135	20,564
299,805	Quarries	910,322	256,597
23,142	River Cross Sections	23,595	41,613
<u>1,540,405</u>	Total Operating Expenditure	<u>2,630,918</u>	<u>1,327,890</u>
Operating Revenue			
196,068	User Charges Rating Districts	485,806	24,800
269,493	User Charges Quarries	590,125	256,000
535,625	Subsidies	0	0
971,103	Targeted Rates	1,116,093	994,103
<u>1,972,289</u>	Total Operating Revenue	<u>2,192,024</u>	<u>1,274,903</u>
Funding Requirements			
431,884	Operating Surplus / -Deficit to be funded	-438,894	-52,987
-3,558	Capital Expenditure	-1,818,881	0
-713,014	Transfers to Rating District Reserves	-107,496	-202,407
	Transfers to Quarry Account Reserves	0	0
<u>-284,688</u>	Total Funding Required	<u>-2,365,271</u>	<u>-255,394</u>
Funded by:			
0	Transfers from Rating District Reserves		0
30,312	Transfers from Quarry Account Reserves	320,197	0
0	Loan Raised	1,760,000	0
3,558	Depreciation Funds	0	0
250,818	General Rates & Investment Income	285,074	255,394
<u>284,688</u>	Total Funding	<u>2,365,271</u>	<u>255,394</u>

Vector Control Services Business Unit

Background

The VCS business unit was set up in December 2004 and is still developing. The Council has traditionally had a pest control operational unit and it was decided in 2004 to operate that unit using a business model. Operating a business unit enables Council's service delivery functions to be carried out efficiently and effectively in accordance with sound business practices.

VCS competes on the open market for possum control work. VCS has the capability to compete for any other contract work, as appropriate, to maintain a profitable business and provide a financial return to the Council. The VCS business unit also ensures the Council has suitably trained staff and equipment at short notice for emergency work.

A new initiative was implemented in 2012 is the developments of a new RMA contracting service which is expected to attract clients that require assistance with meeting their RMA responsibilities

Key Changes from the Long Term Plan for 2012/22: None.

Levels of Service	Measure	Performance Targets	Achievement
To produce a financial surplus (to offset general rates) by tendering for, winning and delivering on vector control contracts.	Achieve or exceed budgeted financial return.	Tender for, and win, sufficient contracts to provide or exceed the annual budgeted return to Council.	Achieved. Final surplus of \$912,530 exceeds that budgeted of \$500,000.
To provide marine oil spill and terrestrial hazardous substance spill support, and biosecurity response services for the MNZ, MPI and the Regional Council.	Availability of trained staff.	Have staff available as a response unit for marine and terrestrial pollution spill events as per the MOU dated 11 November 2005.	Achieved. Staff are trained and available.
	Availability of trained staff.	Have 4 staff plus a vehicle available for biosecurity emergencies, as per the National Biosecurity Capability Network agreement 2011.	Achieved. Staff and a vehicle are available to assist with a national biosecurity emergency.

Actual 2012/13	Cost of Services Statement for year ended 30 June 2014	Actual 2013/14	Budget 2013/14
Vector Control Services Business Unit			
Operating Expenditure			
3,065,621	External expenditure	2,983,319	1,927,233
10,123	Internal expenditure	20,105	0
<u>3,075,744</u>	Total Operating Expenditure	<u>3,003,424</u>	<u>1,927,233</u>
Operating Revenues			
3,417,490	External Revenue	3,895,849	2,427,233
10,123	Internal Revenue	20,105	0
<u>3,427,613</u>	Total Operating Revenues	<u>3,915,954</u>	<u>2,427,233</u>
Funding Requirements			
351,869	Operating Surplus / -Deficit to be funded	912,530	500,000
-351,869	Transfer to Retained earnings	-912,530	-500,000
-149,554	Capital Expenditure	-14,036	-30,000
<u>-149,554</u>	Total Funding required	<u>-14,036</u>	<u>-30,000</u>
Funded by:			
149,554	Depreciation Funds	14,036	30,000
0	Transfer from Retained earnings	0	0
<u>149,554</u>	Total Funding	<u>14,036</u>	<u>30,000</u>

Funding Impact Statements Pursuant to the Local Government

(Financial Reporting) Regulations 2011

Annual Plan 2012/13	Annual Report 2012/13		Annual Report 2013/14	Annual Plan 2013/14
		West Coast Regional Council Sources of Funding		
2,020,000	2,031,822	General Rates	2,076,271	2,060,000
70,000	57,549	Rates Penalties	54,018	60,000
1,681,061	1,674,370	Targeted Rates	1,902,712	1,746,029
109,500	704,534	Subsidies & Grants	350,487	99,300
3,342,750	4,900,377	Fees & Charges	5,741,018	4,007,163
904,500	1,230,011	Income from Investments	0	934,734
0	90,302	Fines, Infringement Fees & Other Receipts	165,552	0
8,127,811	10,688,965	Total Operating Funding (A)	10,290,058	8,907,226
		Applications of Operating Funding		
6,884,170	8,585,568	Payments to staff and suppliers	10,208,876	7,616,894
170,919	192,975	Finance costs	313,505	204,890
		Other operating funding applications		
7,055,089	8,778,543	Total Applications of operating funding (B)	10,522,381	7,821,784
1,072,722	1,910,422	Surplus (deficit) of Operating Funding (A) - (B)	-232,323	1,085,442
		Sources of Capital Funding		
		Subsidies and Grants	0	
		Development and Financial Contributions	0	
-31,601	795,920	Increase (decrease) in debt	2,646,781	-130,748
	62,242	Gross Proceeds Sale assets	47,805	
		Lump sum contributions	0	
-31,601	858,162	Total Sources of capital funding (C)	2,694,586	-130,748
		Applications of capital funding		
302,000	204,824	Capital expenditure-additional demand	1,818,881	
293,500	614,759	Capital expenditure-improved levels of service	438,576	50,000
0	1,057,568	Capital expenditure-replace existing assets	195,887	285,538
445,621	891,433	Increase (decrease) in investments	428,136	0
1,041,121	2,768,584	Increase (decrease) in reserves	-419,217	619,156
-1,072,722	-1,910,422	Total applications of capital funding (D)	2,462,263	954,694
0	0	Surplus (Deficit) of Capital Funding (C) - (D)	232,323	-1,085,442
		Funding Balance (A - B) + (C - D)	0	0

LTP 2012/13		Annual Report 2013/14	LTP 2013/14
	Governance		
	Sources of Funding		
283,799	General Rates	262,585	313,386
9,835	Rates Penalties	6,832	10,496
	Targeted Rates		
	Subsidies & Grants		
	Fees & Charges		
	Internal Charges & Overheads Recovered		
	Fines, Infringement Fees & Other Receipts		
<u>293,634</u>	Total Operating Funding (A)	<u>269,417</u>	<u>323,882</u>
	Applications of Operating Funding		
344,642	Payments to staff and suppliers	405,801	384,029
	Finance costs	2,775	
32,790	Internal charges and overheads applied	27,190	34,380
	Other operating funding applications		
<u>377,432</u>	Total Applications of operating funding (B)	<u>435,765</u>	<u>418,409</u>
-83,798	Surplus (deficit) of Operating Funding (A) - (B)	-166,349	-94,527
	Sources of Capital Funding		
	Subsidies and Grants		
	Development and Financial Contributions		
	Increase (decrease) in debt	20266	
	Gross Proceeds Sale assets	1,090	
	Lump sum contributions		
<u>0</u>	Total Sources of capital funding (C)	<u>21,356</u>	<u>0</u>
	Applications of capital funding		
	Capital expenditure-additional demand		
	Capital expenditure-improved levels of service		
	Capital expenditure-replace existing assets	3,146	
-83,798	Increase (decrease) in reserves	-148,139	-94,527
<u>-83,798</u>	Total applications of capital funding (D)	<u>-144,993</u>	<u>-94,527</u>
83,798	Surplus (Deficit) of Capital Funding (C) - (D)	166,348	94,527
0	Funding Balance (A - B) + (C - D)	0	0

LTP 2012/13		Annual Report 2013/14	LTP 2013/14
	Transport		
	Sources of Funding		
44,584	General Rates	44,306	50,546
1,545	Rates Penalties	1,153	1,693
	Targeted Rates		
87,500	Subsidies & Grants	69,071	99,300
	Fees & Charges		
	Internal Charges & Overheads Recovered		
	Fines, Infringement Fees & Other Receipts		
<u>133,629</u>	Total Operating Funding (A)	<u>114,530</u>	<u>151,539</u>
	Applications of Operating Funding		
109,647	Payments to staff and suppliers	94,086	118,444
	Finance costs	1,984	
37,147	Internal charges and overheads applied	43,857	48,342
	Other operating funding applications		0
<u>146,794</u>	Total Applications of operating funding (B)	<u>139,926</u>	<u>166,786</u>
-13,165	Surplus (deficit) of Operating Funding (A) - (B)	-25,396	-15,247
	Sources of Capital Funding		
	Subsidies and Grants		
	Development and Financial Contributions		
	Increase (decrease) in debt	14,488	
	Gross Proceeds Sale assets	779	
	Lump sum contributions		
<u>0</u>	Total Sources of capital funding (C)	<u>15,267</u>	<u>0</u>
	Applications of capital funding		
	Capital expenditure-additional demand		
	Capital expenditure-improved levels of service		
	Capital expenditure-replace existing assets	2,249	
-13,165	Increase (decrease) in reserves	-12,378	-15,247
<u>-13,165</u>	Total applications of capital funding (D)	<u>-10,129</u>	<u>-15,247</u>
13,165	Surplus (Deficit) of Capital Funding (C) - (D)	25,396	15,247
0	Funding Balance (A - B) + (C - D)	0	0

LTP 2012/13		Annual Report 2013/14	LTP 2013/14
	Resource Management		
	Sources of Funding		
1,085,391	General Rates	1,197,626	1,102,521
37,613	Rates Penalties	31,158	36,927
	Targeted Rates	71,043	
	Subsidies & Grants	251,416	
1,073,500	Fees & Charges	751,976	1,107,500
	Internal Charges & Overheads Recovered		
	Fines, Infringement Fees & Other Receipts	165,552	
<u>2,196,504</u>	Total Operating Funding (A)	<u>2,468,771</u>	<u>2,246,948</u>
	Applications of Operating Funding		
1,214,499	Payments to staff and suppliers	1,108,998	1,234,324
	Finance costs	78,103	
1,302,490	Internal charges and overheads applied	1,871,276	1,345,178
	Other operating funding applications		
<u>2,516,989</u>	Total Applications of operating funding (B)	<u>3,058,377</u>	<u>2,579,502</u>
-320,485	Surplus (deficit) of Operating Funding (A) - (B)	-589,605	-332,554
	Sources of Capital Funding		
	Subsidies and Grants		
	Development and Financial Contributions		
	Increase (decrease) in debt	760,464	
	Gross Proceeds Sale assets	30,681	
	Lump sum contributions		
<u>0</u>	Total Sources of capital funding (C)	<u>791,145</u>	<u>0</u>
	Applications of capital funding		
	Capital expenditure-additional demand		
10000	Capital expenditure-improved levels of service	5,174	0
0	Capital expenditure-replace existing assets	96,827	0
-330,485	Increase (decrease) in reserves	99,539	-332,554
<u>-320,485</u>	Total applications of capital funding (D)	<u>201,540</u>	<u>-332,554</u>
320,485	Surplus (Deficit) of Capital Funding (C) - (D)	589,605	332,554
0	Funding Balance (A - B) + (C - D)	0	0

LTP 2012/13		Annual Report 2013/14	LTP 2013/14
	Hydrology & Floodwarning Services		
	Sources of Funding		
246,712	General Rates	267,797	256,071
8,549	Rates Penalties	6,967	8,577
	Targeted Rates		
	Subsidies & Grants		
	Fees & Charges		
	Internal Charges & Overheads Recovered		
	Fines, Infringement Fees & Other Receipts		
<u>255,261</u>	Total Operating Funding (A)	<u>274,764</u>	<u>264,648</u>
	Applications of Operating Funding		
168,922	Payments to staff and suppliers	144,467	176,026
	Finance costs	10,222	
159,186	Internal charges and overheads applied	225,634	165,861
	Other operating funding applications	0	0
<u>328,108</u>	Total Applications of operating funding (B)	<u>380,323</u>	<u>341,887</u>
-72,847	Surplus (deficit) of Operating Funding (A) - (B)	-105,559	-77,239
	Sources of Capital Funding		
	Subsidies and Grants		
	Development and Financial Contributions		
	Increase (decrease) in debt	74,663	
	Gross Proceeds Sale assets	4,016	
	Lump sum contributions		
<u>0</u>	Total Sources of capital funding (C)	<u>78,679</u>	<u>0</u>
	Applications of capital funding		
	Capital expenditure-additional demand		
	Capital expenditure-improved levels of service		
71,500	Capital expenditure-replace existing assets	47,186	61,925
-144,347	Increase (decrease) in reserves	-74,067	-139,164
<u>-72,847</u>	Total applications of capital funding (D)	<u>-26,881</u>	<u>-77,239</u>
72,847	Surplus (Deficit) of Capital Funding (C) - (D)	105,560	77,239
0	Funding Balance (A - B) + (C - D)	0	0

LTP 2012/13		Annual Report 2013/14	LTP 2013/14
	Emergency Management		
	Sources of Funding		
37,347	General Rates	20,904	40,472
1,294	Rates Penalties	544	1,356
50,000	Targeted Rates	50,052	52,000
22,000	Subsidies & Grants	30,000	0
	Fees & Charges	17,262	17,000
	Internal Charges & Overheads Recovered		
	Fines, Infringement Fees & Other Receipts		
110,641	Total Operating Funding (A)	118,762	110,828
	Applications of Operating Funding		
67,962	Payments to staff and suppliers	72,205	69,487
	Finance costs	2,361	
53,706	Internal charges and overheads applied	52,203	53,549
	Other operating funding applications		0
121,668	Total Applications of operating funding (B)	126,768	123,036
-11,027	Surplus (deficit) of Operating Funding (A) - (B)	-8,006	-12,208
	Sources of Capital Funding		
	Subsidies and Grants		
	Development and Financial Contributions		
	Increase (decrease) in debt	17,244	
	Gross Proceeds Sale assets	927	
	Lump sum contributions		
0	Total Sources of capital funding (C)	18,171	0
	Applications of capital funding		
	Capital expenditure-additional demand		
	Capital expenditure-improved levels of service		
	Capital expenditure-replace existing assets	2,677	
-22,936	Increase (decrease) in reserves	7488	-12,208
-22,936	Total applications of capital funding) (D)	10,165	-12,208
22,936	Surplus (Deficit) of Capital Funding (C) - (D)	8,006	12,208
11,909	Funding Balance (A - B) + (C - D)	0	0

LTP 2012/13		Annual Report 2013/14	LTP 2013/14
	River, Drainage & Coastal Protection		
	Sources of Funding		
171,783	General Rates	171,107	177,203
5,953	Rates Penalties	4,452	5,935
981,061	Targeted Rates	1,116,093	918,144
	Subsidies & Grants	0	
274,000	Fees & Charges	1,075,931	280,800
	Internal Charges & Overheads Recovered		
	Fines, Infringement Fees & Other Receipts		
1,432,797	Total Operating Funding (A)	2,367,583	1,382,082
	Applications of Operating Funding		
879,519	Payments to staff and suppliers	2,071,718	960,863
163,950	Finance costs	206,731	154,944
193,409	Internal charges and overheads applied	329,380	200,782
	Other operating funding applications		
1,236,878	Total Applications of operating funding (B)	2,607,829	1,316,589
195,919	Surplus (deficit) of Operating Funding (A) - (B)	-240,246	65,493
	Sources of Capital Funding		
	Subsidies and Grants	0	
	Development and Financial Contributions		
-120,743	Increase (decrease) in debt	1,699,366	-128,999
	Gross Proceeds Sale assets	5,861	
	Lump sum contributions		
-120,743	Total Sources of capital funding (C)	1,705,227	-128,999
	Applications of capital funding		
	Capital expenditure-additional demand	1,818,881	
0	Capital expenditure-improved levels of service	433,402	
0	Capital expenditure-replace existing assets	16,918	
75,176	Increase (decrease) in reserves	-804,220	-63,506
75,176	Total applications of capital funding (D)	1,464,981	-63,506
-195,919	Surplus (Deficit) of Capital Funding (C) - (D)	240,246	-65,493
0	Funding Balance (A - B) + (C - D)	0	0

LTP 2012/13		Annual Report 2013/14	LTP 2013/14
	Regional Share of Controls		
	Sources of Funding		
150,385	General Rates	111,945	149,799
5,211	Rates Penalties	2,912	5,017
650,000	Targeted Rates	665,524	675,000
	Subsidies & Grants		
	Fees & Charges		
	Internal Charges & Overheads Recovered		
	Fines, Infringement Fees & Other Receipts		
805,596	Total Operating Funding (A)	780,382	829,816
	Applications of Operating Funding		
887,144	Payments to staff and suppliers	746,027	883,450
	Finance costs		
	Internal charges and overheads applied		
	Other operating funding applications		
887,144	Total Applications of operating funding (B)	746,027	883,450
-81,548	Surplus (deficit) of Operating Funding (A) - (B)	34,355	-53,634
	Sources of Capital Funding		
	Subsidies and Grants		
	Development and Financial Contributions		
	Increase (decrease) in debt		
	Gross Proceeds Sale assets		
	Lump sum contributions		
0	Total Sources of capital funding (C)	0	0
	Applications of capital funding		
	Capital expenditure-additional demand		
	Capital expenditure-improved levels of service		
	Capital expenditure-replace existing assets		
-81,548	Increase (decrease) in reserves	34,355	-53,634
-81,548	Total applications of capital funding (D)	34,355	-53,634
81,548	Surplus (Deficit) of Capital Funding (C) - (D)	-34,355	53,634
0	Funding Balance (A - B) + (C - D)	0	0

LTP 2012/13		Annual Report 2013/14	LTP 2013/14
	Vector Control Services Business Unit		
	Sources of Funding		
	General Rates		
	Rates Penalties		
	Targeted Rates		
	Subsidies & Grants		
1,995,250	Fees & Charges	3,895,849	2,279,098
	Internal Charges & Overheads Recovered		
	Fines, Infringement Fees & Other Receipts		
<u>1,995,250</u>	Total Operating Funding (A)	<u>3,895,849</u>	<u>2,279,098</u>
	Applications of Operating Funding		
1,340,074	Payments to staff and suppliers	2,916,035	1,623,284
	Finance costs	11,330	
100,000	Internal charges and overheads applied	100,000	100,000
	Other operating funding applications		
<u>1,440,074</u>	Total Applications of operating funding (B)	<u>3,027,365</u>	<u>1,723,284</u>
555,176	Surplus (deficit) of Operating Funding (A) - (B)	868,484	555,814
	Sources of Capital Funding		
	Subsidies and Grants		
	Development and Financial Contributions		
	Increase (decrease) in debt	60,290	
	Gross Proceeds Sale assets	4,451	
	Lump sum contributions		
<u>0</u>	Total Sources of capital funding (C)	<u>64,741</u>	<u>0</u>
	Applications of capital funding		
	Capital expenditure-additional demand		
	Capital expenditure-improved levels of service		
45,000	Capital expenditure-replace existing assets	26,883	30,962
	Increase in Investments	428,136	
510,176	Increase (decrease) in reserves	478,205	524,852
<u>555,176</u>	Total applications of capital funding) (D)	<u>933,224</u>	<u>555,814</u>
-555,176	Surplus (Deficit) of Capital Funding (C) - (D)	-868,484	-555,814
0	Funding Balance (A - B) + (C - D)	0	0

Local Government (Financial Reporting and Prudence) Regulations 2014

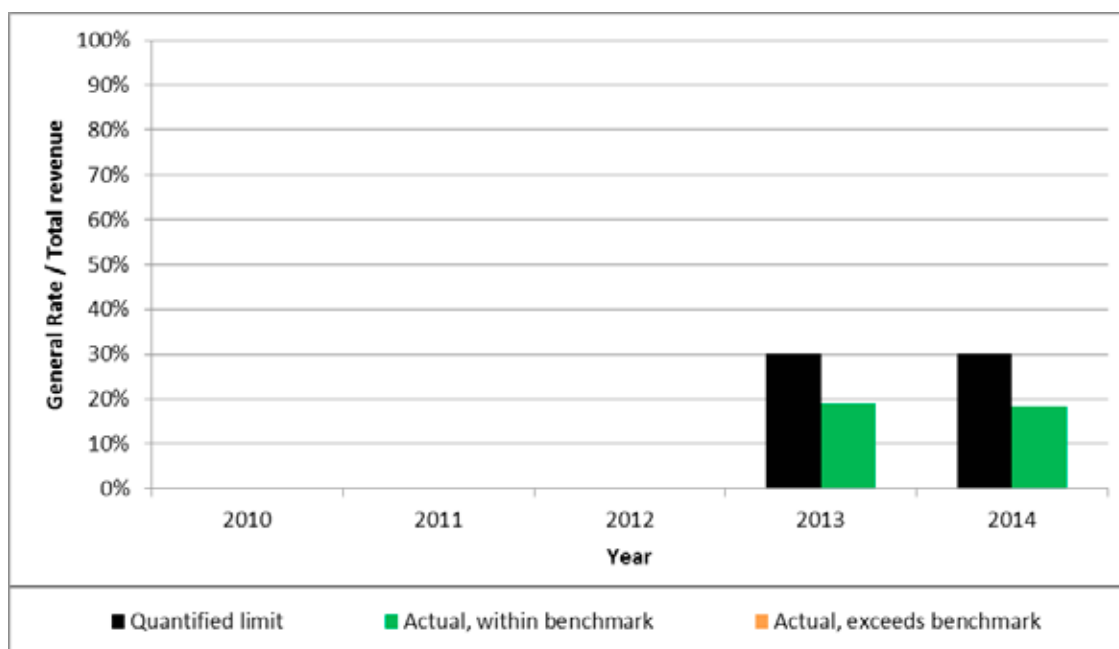
Council is required to include these statements in its Annual Report in accordance with these regulations.

RATES AFFORDABILITY BENCHMARKS

Council meets the various Rates affordability benchmarks if its actual rates income is equal to or less than the quantified limit.

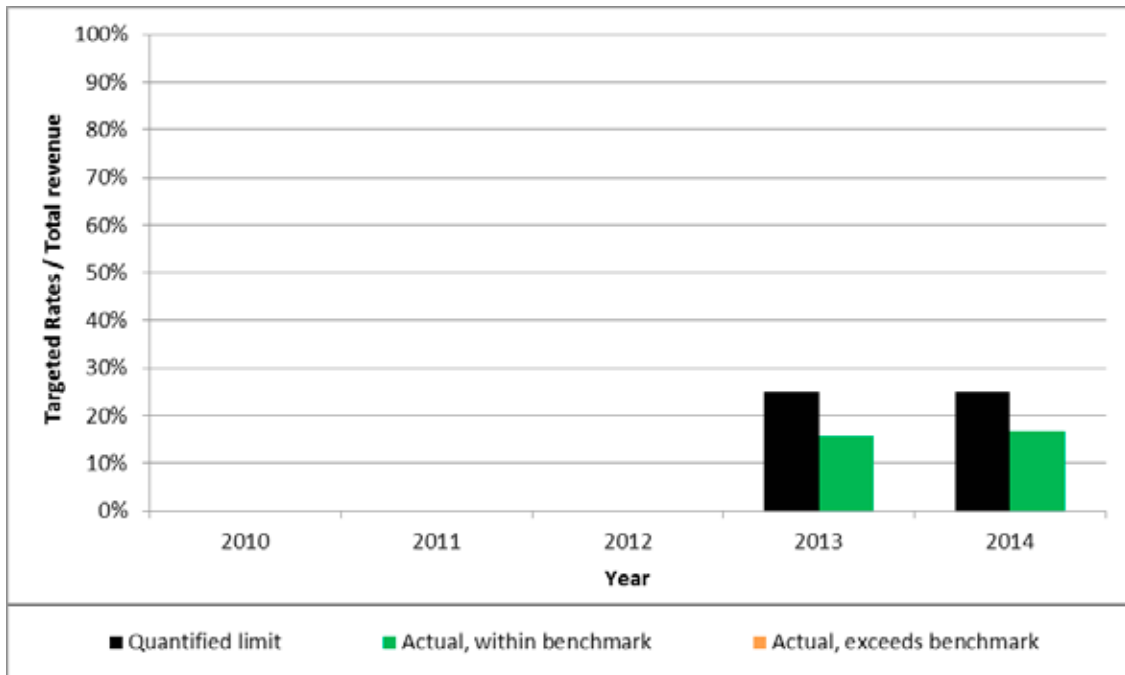
1. The first benchmark, (included by Council in the Financial Strategy contained in the 2012/22 Long Term Plan).

General Rates will not exceed 30% of Total Revenue



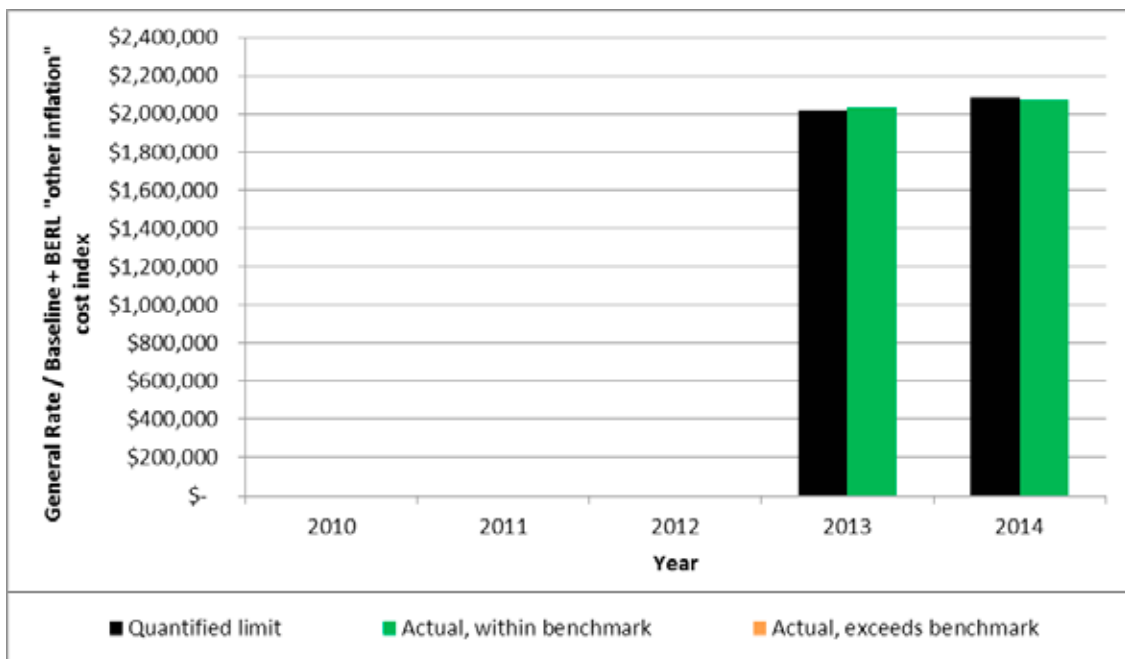
- The second benchmark, (included by Council in the Financial Strategy contained in the 2012/22 Long Term Plan).

Targeted Rates will not exceed 25% of Total Revenue



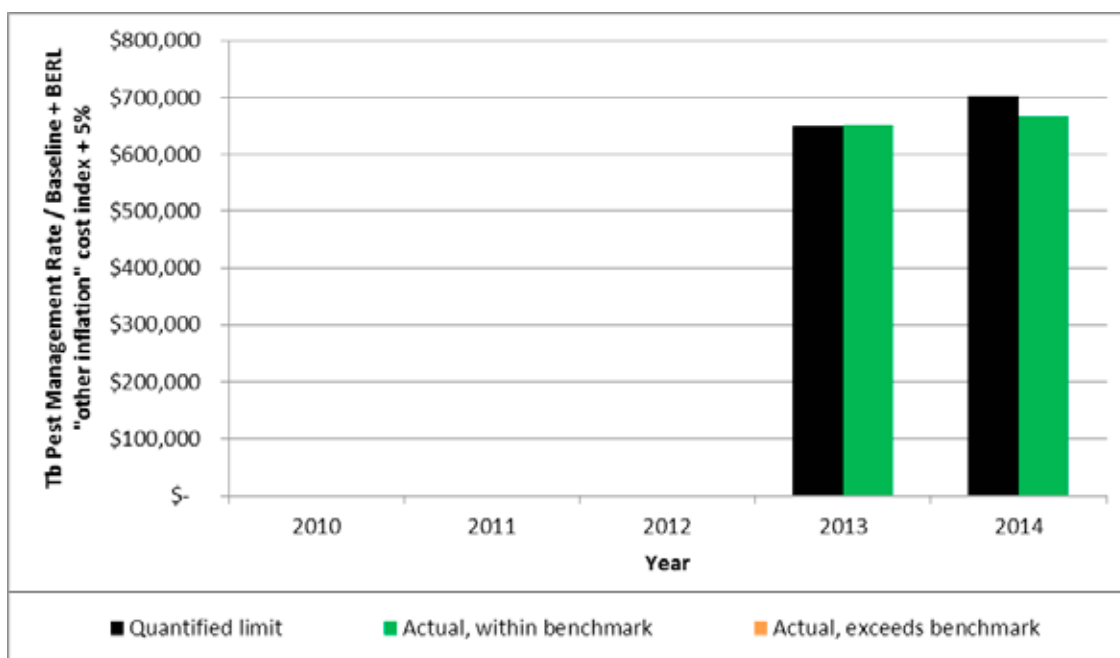
- The third benchmark, (included by Council in the Financial Strategy contained in the 2012/22 Long Term Plan).

The General Rate will not exceed the Business and Economic Research Ltd (BERL) "Other Inflation" cost index produced in 2012 (2012/13 baseline \$2,020,000 + index movements 13/14 3.2%) (Cap = \$2,085,000)



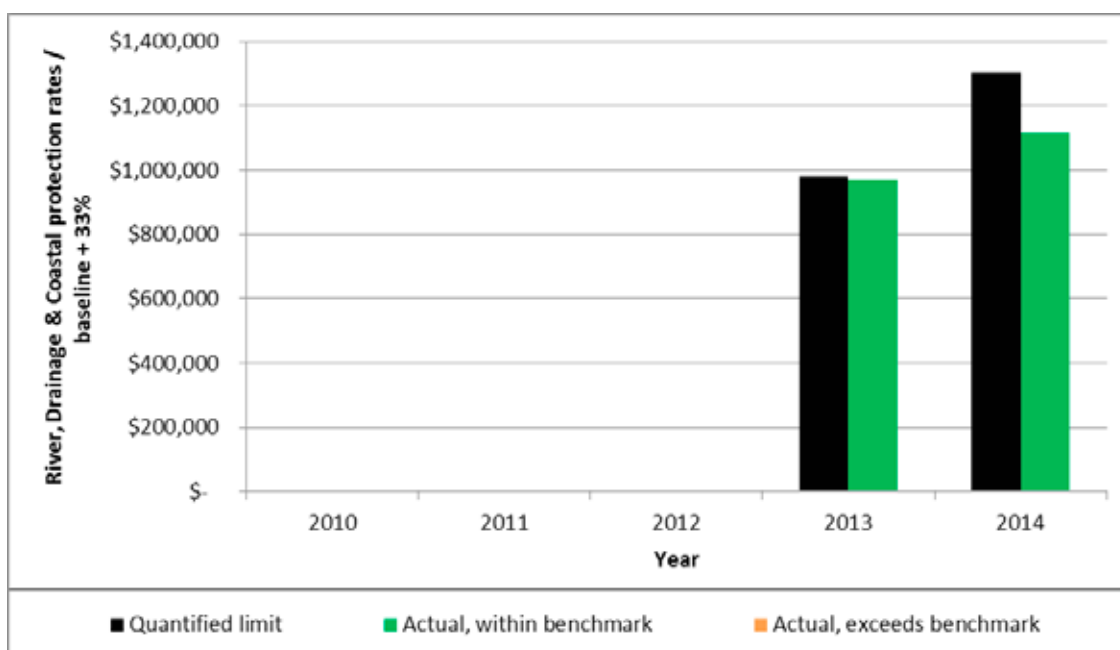
4. The fourth benchmark, (included by Council in the Financial Strategy contained in the 2012/22 Long Term Plan)

The Tb Pest Management Rate will not exceed the Business and Economic Research Ltd (BERL) "Other Inflation" cost index produced in 2012 (2012/13 baseline \$650,000 + index movements 13/14 3.2% + 5%) (Cap = \$703,000)



5. The fifth benchmark, (included by Council in the Financial Strategy contained in the 2012/22 Long Term Plan).

The River, Drainage & Coastal protection Rates will not exceed the sustainable level of annual maintenance expenditure identified in the relevant asset management plan +33%. 2012/13 baseline = \$981,000 (Cap = \$1,308,000)

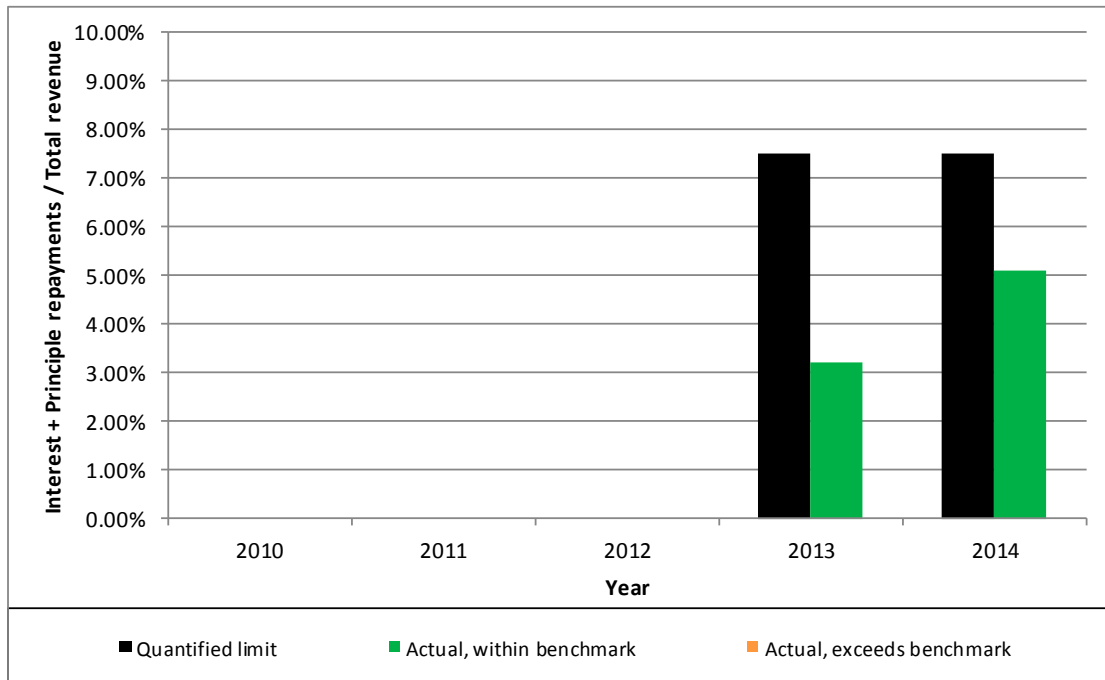


DEBT AFFORDABILITY BENCHMARKS

Council meets the various debt affordability benchmarks if its actual borrowing is within each quantified limit on borrowing.

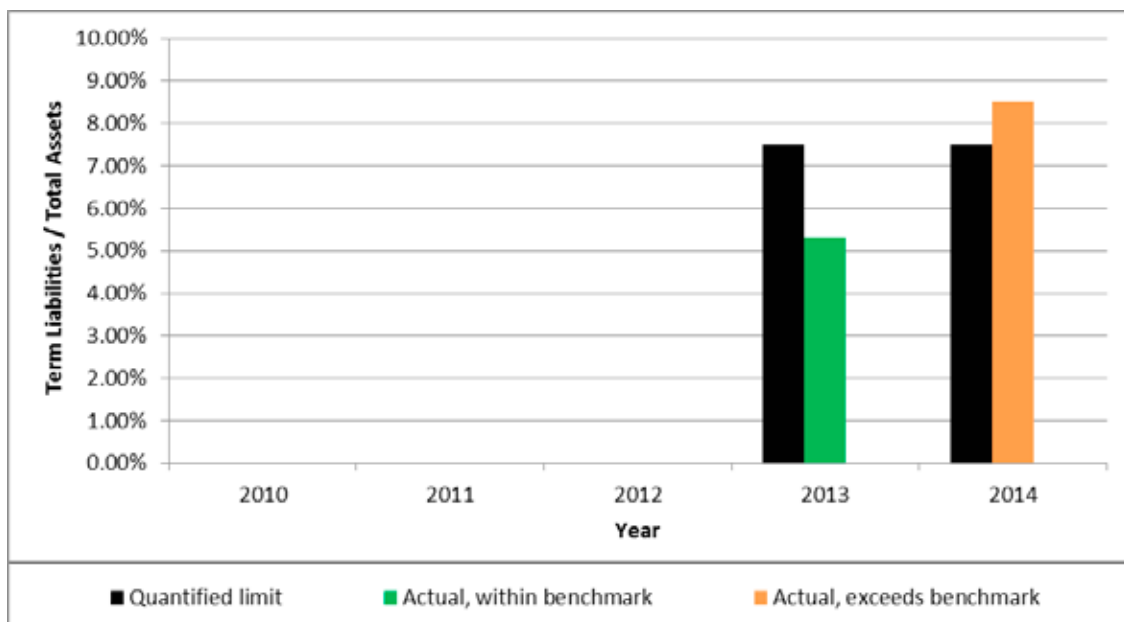
1. The first benchmark, (included by Council in the Financial Strategy contained in the 2012/22 Long Term Plan).

Interest + Principle repayments do not exceed 7.50% of Total Revenue



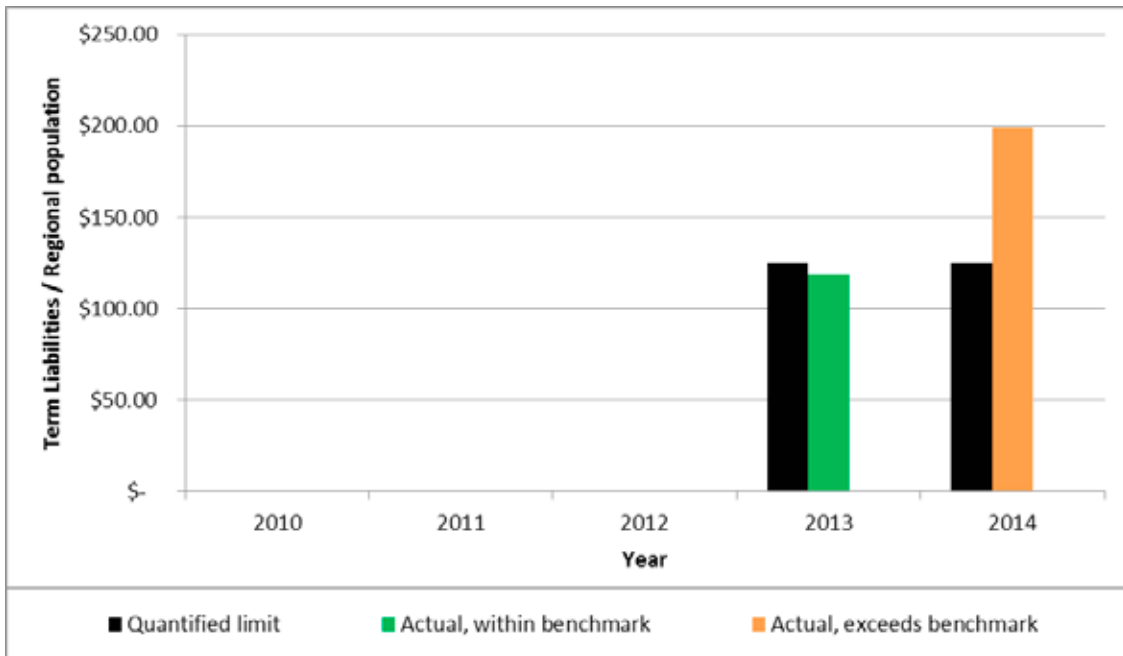
2. The second benchmark, (included by Council in the Financial Strategy contained in the 2012/22 Long Term Plan).

Term Liabilities will not exceed 7.50% of Total Assets



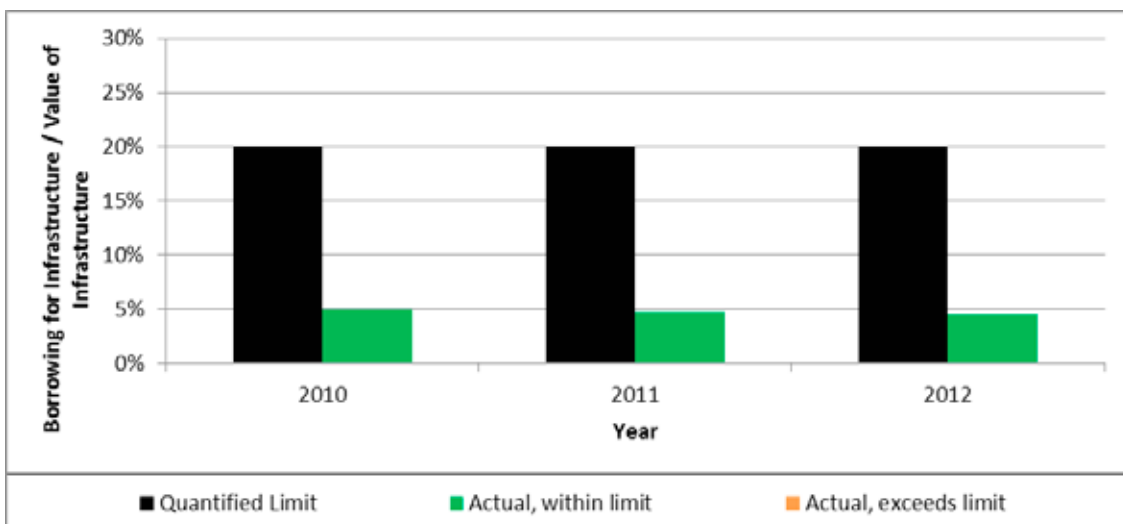
- The third benchmark, (included by Council in the Financial Strategy contained in the 2012/22 Long Term Plan).

Term Liabilities will not exceed \$125 / head of regional population (32,900)



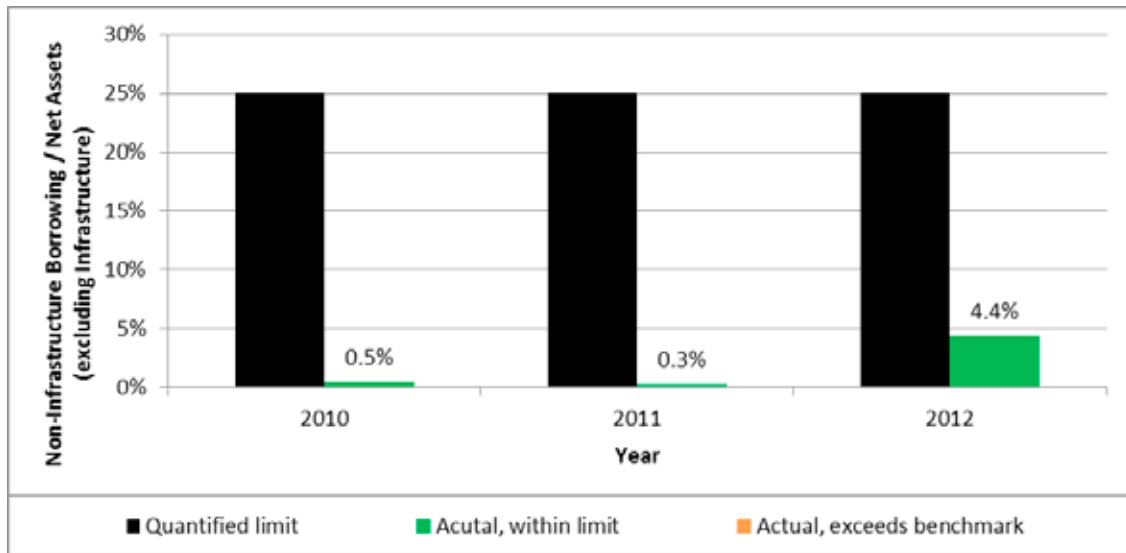
- The fourth benchmark, (included by Council in the Borrowing Policy contained in the 2009/19 Long Term Council Community Plan). This benchmark only applies to the 2101, 2011 and 2012 years.

Borrowing for Infrastructure will not exceed 20% of the value of Infrastructure Assets (River, Drainage & Coastal Protection Assets)



- The fifth benchmark, (included by Council in the Borrowing Policy contained in the 2009/19 Long Term Council Community Plan). This benchmark only applies to the 2101, 2011 and 2012 years.

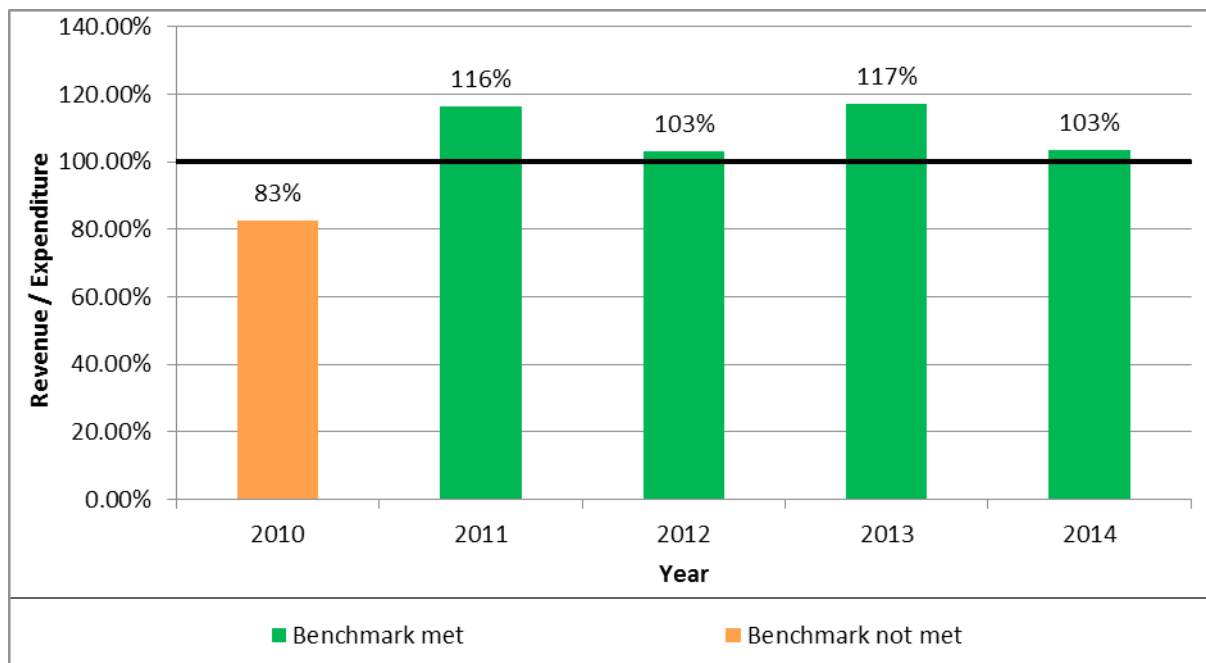
Total no-infrastructure related borrowing will not exceed 25% of Net Assets (excluding the Infrastructure Assets (River, Drainage & Coastal Protection Assets))



MANDATORY BENCHMARKS AS PRESCRIBED BY THE REGULATIONS

Balanced Budget Benchmark

Council meets this benchmark if its revenues equal or exceed its operating expenses.



Essential Services Benchmark

Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Network services means infrastructure related to:

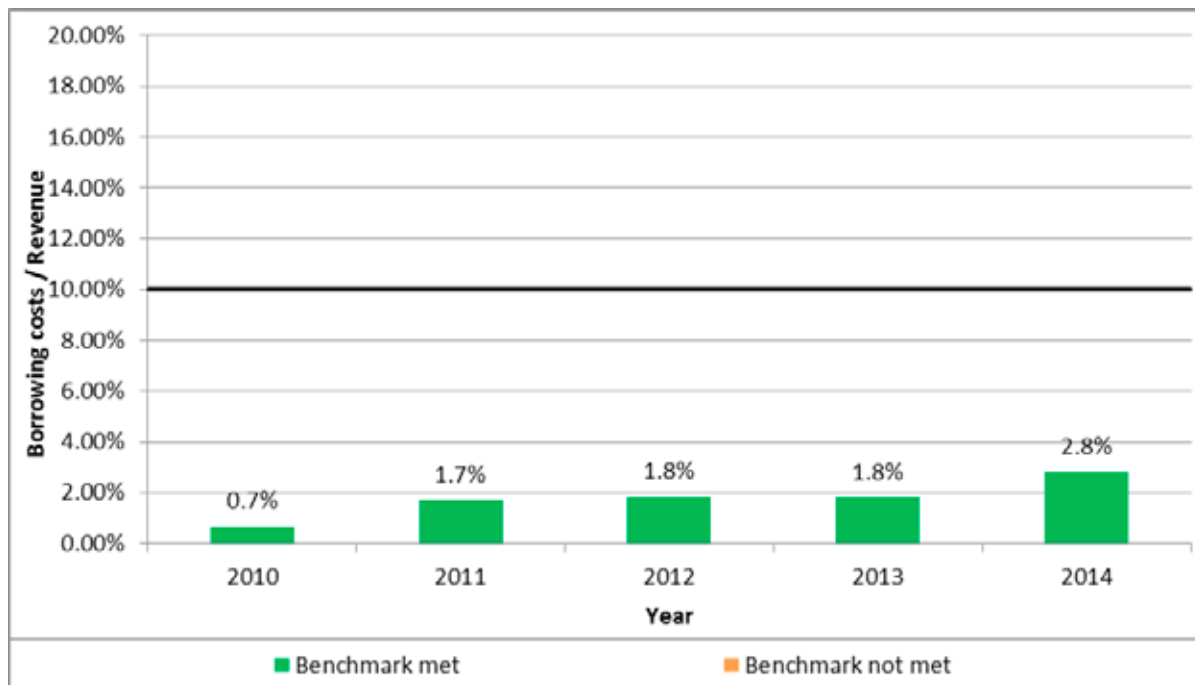
- (a) Water Supply;
- (b) Sewerage and the treatment and disposal of sewage;
- (c) Stormwater drainage;
- (d) Flood protection and control works; or
- (e) Provision of roads and footpaths.

Council's only network services relate to flood protection and control works. Council does not provide any other network services. These network services are in the form of assets such as rock protection, stopbanks, seawalls etc. These assets are not subject to depreciation. Council's capital expenditure on flood protection and control network assets will always be equal to or greater than the depreciation expense.

As there is no depreciation, the graph required by schedule 5 of the Local Government (Financial Reporting and Prudence) Regulations 2014 cannot be produced."

Debt Servicing Benchmark

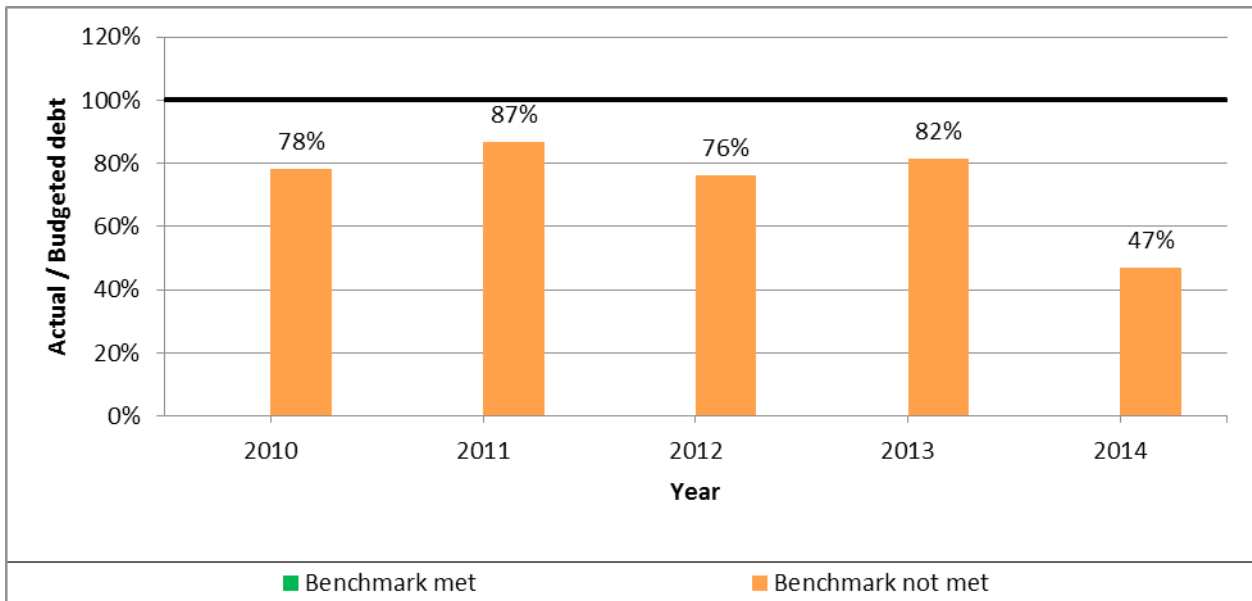
Council meets this benchmark if its borrowing costs are equal to or less than 10% of its revenue (excluding development or financial contributions, vested assets, gains on derivative financial instruments, revaluations of property, plant & equipment).



Debt Control Benchmark

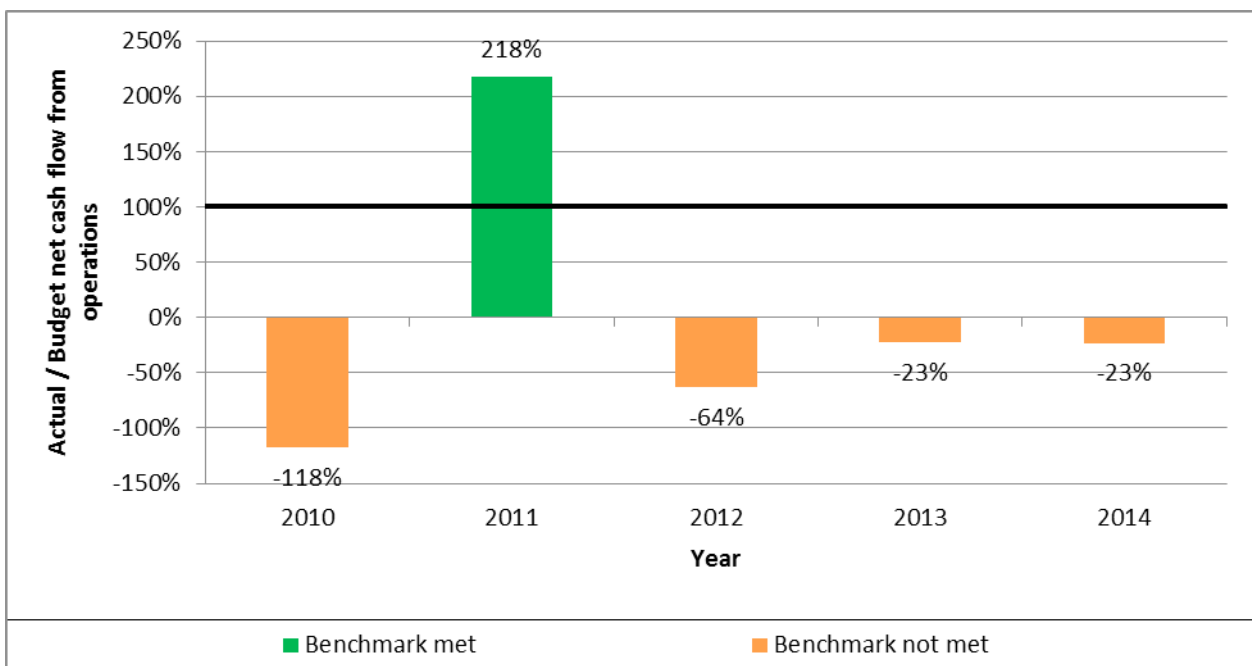
Council budgets to have to have net assets, (financial assets (excluding Trade & Other Receivables) exceeds its debt).

Council meets this benchmark if its actual net financial assets t is equal to or is more its planned net assets.



Operations Control Benchmark

Council meets this benchmark if its actual net cash flow from operations for the year is equal to or greater than its planned net cash flow from operations for the year.



Major Budget Variations

	2014 Actual \$	2014 Budget \$	Variance \$	%	Note
Cost of Services					
Governance	437,481	420,929	16,552	4%	
Resource Management	3,164,265	2,832,792	331,473	12%	1
Transport	142,888	179,755	(36,867)	-21%	
Hydrology & Floodwarning Services	446,164	413,585	32,579	8%	
Emergency Management	132,142	135,615	(3,473)	-3%	
River, Drainage & Coastal Protection	2,630,918	1,327,890	1,303,028	98%	2
Regional Share of Vector Controls	746,027	852,110	(106,083)	-12%	3
Vector Control services Business Unit	2,983,319	1,927,233	1,056,086	55%	4
Other	170,848	51,926	118,922		5
	10,854,052	8,141,835	2,712,217	33%	
Less					
Income					
Rates	3,978,983	3,754,103	224,880	6%	6
Penalties	54,018	60,000	(5,982)	-10%	
Subsidies & Grants	350,487	149,300	201,187	135%	7
Investment Income	935,947	934,734	1,213	0%	
Emergency Management	17,262	17,000	262	2%	
Resource Management	917,528	1,232,130	(314,602)	-26%	8
River, Drainage & Coastal Protection	1,075,931	280,800	795,131	283%	9
Vector Control Services Business Unit	3,895,849	2,427,233	1,468,616	61%	10
Other	0	51,926	(51,926)		
	11,226,005	8,907,226	2,318,779	26%	
Net Surplus / (Deficit) for year	371,953	765,391			

Statement Of Financial Position @ 30 June 2014

Current Assets

Total Current Assets	5,167,373	3,285,669	1881704	57.3%	11
Non-Current Assets					
Property, Plant & Equipment	58,455,142	56,226,124			
Intangible Assets	279,155	506,687			
Loan Advances	732,282	735,670			
Investment Property	691,908				
Investment in Associate	575,099				
Investment in CCO	206,212				
Other Financial Assets	10,712,281	13,445,612			
Total Non-Current Assets	71,652,079	70,914,093	737986	1.04%	
Total Assets	76,819,452	74,199,762			

Liabilities

Current Liabilities	2,288,216	1,851,812	-436404	-23.6%	12
Non-Current Liabilities	6,704,160	3,928,063	-2776097	-70.7%	13
Total Liabilities	8,992,376	5,779,875			

Equity	67,827,076	68,419,887	592811	0.9%	
Total Liabilities and Equity	76,819,452	74,199,762			

Note	Commentary
1	Resource Management expenditure exceeded budget due to unbudgeted cost of Land Management projects, Lake Brunner projects and wetlands.
2	River, drainage and coastal protection expenditure was much higher than expected due to unexpected expenditure at Camelback quarry and high demand for other Rating District maintenance expenditure.
3	Regional share of Vector Controls expenditure was lower than expected due to TbFree NZ scaling back the size of the programme in the West Coast region.
4	VCS Business Unit expenditure was higher than expected due to the actual volume of aerial contracts carried out compared to the budgeted volume.
5	Other expenditure included Warm West Coast loan interest, expenditure on discontinued activities and professional fees and other costs involved in the commercial property investment.
6	Budgeted rates revenue was less than actual due to the Hokitika seawall rate not being included in the original Annual Plan budget. This rate was set outside of the normal Annual Plan process.
7	Subsidies and grants revenue was more than budgeted due to revenue received from the Department of Conservation and Ministry for the Environment for Lake Brunner and wetlands projects.
8	Resource management revenue was down on budgeted due to the downturn in the volume and mix of resource consent applications. That resulted in chargeable hours being substantially less than expected.
9	River, drainage and coastal protection revenue substantially exceeded budget due to; <ul style="list-style-type: none"> • Quarry revenue exceeding budget due to demand for quarry rock for new Hokitika seawall. • High demand for Rating District maintenance expenditure requiring a property owner contribution.
10	VCS Business Unit revenue was higher due to volume of aerial contracts carried out compared to the budgeted volume. Refer also comments in 4 above.
11	Current Assets of \$5.167 million exceeded budgeted \$3.285 million due to; <ul style="list-style-type: none"> • Inventories +\$887,000 • Receivables + \$930,000 (Tbfree and Department of Conservation aerial income).
12	Current Liabilities of \$2.288 million exceeded budgeted \$1.851 million due to; <ul style="list-style-type: none"> • Trade Payables exceeded budgeted amount by \$645,000. This was mostly due to purchasing for TBfree and DOC aerial contracts. • Current portion of term borrowings being \$255,000 less than budgeted. This was due to a reassessment to exclude any amounts borrowed under the Westpac Multi Option Credit Line which was extended to 1 July 2017. • Current portion of Employee Benefit Liabilities exceeding budgeted amount by \$45,000.
13	Non-Current Liabilities of \$6.704 million exceeded budgeted \$3.928 million due to; <ul style="list-style-type: none"> • Total borrowing during year exceeding budgeted amounts due to borrowing for the Hokitika seawall construction which had not been anticipated (\$1.5 million); borrowing for Lower Waiho (\$260,000) that hadn't been anticipated; and additional net borrowing for working capital from Westpac bank (\$0.900 million)



West Coast Regional Council

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