



THE WEST COAST REGIONAL COUNCIL

West Coast Regional Council

Summary Annual Report for the year ended 30 June 2021

Notes to the readers of these summarised financial statements

1. The specific disclosures included in this Summary Annual Report have been extracted from the complete Annual Report for the Year to 30 June 2021, which together with the audit report from Audit New Zealand was adopted by Council on 14 June 2022.
2. This Summary Annual Report has been examined by Audit New Zealand for consistency with the complete Annual Report, and their report on this Summary Annual Report is included in this Summary.
3. This Summary Annual Report cannot be expected to provide as complete an understanding as provided by the complete Annual Report of the financial and service performance, financial position and cash flows of the West Coast Regional Council.

Complete copies of the Annual Report are available on Council's website www.wcrc.govt.nz, or by contacting Council Freephone 0508 800 118.

4. The Audit Opinion was issued on 14 June 2022 by Audit New Zealand.
5. This Summary Annual Report was approved for release by Council's Chief Executive on 14 June 2022.
6. These summary financial statements are presented in New Zealand dollars and rounded to the nearest \$.
7. These summary financial statements have been prepared in accordance with Public Benefit Entity (PBE) Financial Reporting Standard 43: Summary Financial statements.
8. The Council is a Tier 2 "Public Benefit Entity". Council states explicitly and unreservedly that its full financial statements were prepared in compliance with New Zealand Tier 2 Public Benefit Entity Accounting Reduced Disclosure Regime Standards, and other applicable financial reporting standards, as appropriate for Public Benefit Entities.

Chairman's Report

I am pleased to present the West Coast Regional Council's 2020/2021 Summary Annual Report.

It has been a turbulent year as our communities have started to work through what the long-term impacts of Covid-19 mean for us here on the West Coast. These impacts will continue to be felt for the foreseeable future and will remain challenging for many of our people and businesses. As a Council, we remain committed to supporting our people and their livelihoods, as well as to our work in sustainably managing the environment for our future West Coast generations.

The signing of the Mana Whakahono ā Rohe Arrangement with Te Rūnanga o Ngāti Waewae, Te Rūnanga o Makaawhio and Te Rūnanga o Ngāi Tahu at the Arahura Marae has been a particular highlight for Council. The first of its kind in New Zealand, the Arrangement strengthens the ties we have had with Poutini Ngāi Tahu for many years now and sends a strong signal to central government of regional alignment and strategic collaboration between Council and Iwi.

At the end of the financial year, Council realised an unexpectedly large surplus of \$16.6 million. This was mainly due to taking over ownership of the Greymouth Floodwall, which had recently been valued at \$15.6 million, from the Grey District Council. Successful applications to the Infrastructure Resilience Group also resulted in \$0.9 million of grant income in this financial year to fund flood resilience projects across the Hokitika, Greymouth and Westport Rating Districts. Additional grant income will be received over the next two years. The funding significantly reduces the contribution required from the respective rating districts and increases the affordability of the works required.

The inclusion of the Greymouth Floodwall has increased the value of total infrastructure assets to \$103.7 million (excluding work in progress). This class of assets continues to dominate Council's balance sheet. These are arguably one of the region's most important assets protecting our communities as well as providing for our economic, social and cultural wellbeing. The 24 rating districts encompass some \$5,624,324,250 of capital value (based on property valuations as at 30 June 2020).

The sale of the Whataroa Quarry was concluded in this financial year, as well as Council's interest in Pest Control Research LP.

I recognise the commitment of my fellow Councillors and the work they have undertaken over this past year, helping to manage the upheavals through diligence and sound governance. On behalf of Councillors, I would also like to acknowledge the efforts and achievements of staff during the year. They have worked tirelessly through these challenges and realised a high level of achievement for both the organisation and the community we work for.



Allan Birchfield
Chairman, West Coast Regional Council

Independent Auditor's Report

To the readers of West Coast Regional Council's summary of the annual report for the year ended 30 June 2021

The summary of the annual report was derived from the annual report of the West Coast Regional Council (the Regional Council) for the year ended 30 June 2021.

The summary of the annual report comprises the following summary statements on pages 5 to 10:

- the summary statement of financial position as at 30 June 2021;
- the summaries of the statement of comprehensive revenue and expenses, statement of movements in equity and statement of cash flows for the year ended 30 June 2021;
- the explanatory information to the summary financial statements; and
- the summary information on key performance targets, measures and achievements.

Opinion

In our opinion:

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

However, the comparative year financial information in the summary financial statements includes a limitation in scope to the equivalent extent as the full audited financial statements in relation to the comparative financial information of an associate. This matter is explained below in "*The full annual report and our audit report thereon*" section.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed a qualified audit opinion on the Regional Council's full audited financial statements and an unmodified audit opinion on the Regional Council's other audited information in the full annual report for the year ended 30 June 2021 in our report dated 14 June 2022. The basis for the qualified audit opinion on the financial statements is explained below.

The Regional Council has included in the comparative year financial statements information relating to a former investment in an associate, Pest Control Research Limited Partnership (the associate). The Regional Council's statement of comprehensive revenue and expense for the year ended 30 June 2020 includes the share of the associate's surplus of \$124,490 and associate investment impairment of \$696,611. The statement of financial position as at 30 June 2020 includes an investment in the associate balance of \$414,248 and loan advances to the associate of \$374,783. The Regional Council sold its interest in the associate on 4 December 2020. Further information about the associate is disclosed in note 16 to the full financial statements.

The associate's auditor issued a disclaimer of opinion on the associate's financial statements for the year ended 31 March 2020. This was because the auditor was unable to obtain sufficient appropriate audit evidence to form an opinion whether the application of the going concern assumption in the preparation and presentation of the associate's financial statements was appropriate.

We issued a qualified audit opinion on the 30 June 2020 financial statements. This was because of the effects of the above matter we were unable to obtain sufficient appropriate audit evidence to support the financial information relating to the associate for the year ended 30 June 2020. This includes the investment in associate, impairment of associate, share of the associate's surplus/(deficit), loan advance, and any possible impairment of loan advances. Any misstatement of this financial information could affect the Regional Council's comparative year statement of financial position and statement of comprehensive revenue and expense.

Our auditor's report on the full annual report also includes a paragraph acknowledging that our audit was completed later than required by section 98(7)(a) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in the Regional Council.

A handwritten signature in black ink, appearing to be 'Chantelle Gernetzky', written in a cursive style.

Chantelle Gernetzky
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
14 June 2022

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES FOR YEAR ENDED 30 JUNE 2021

2020		Notes	2021	2021
Actual	Cost of Services		Actual	Budget
634,965	Governance		862,301	642,132
16,580	Economic development		-	-
4,495,784	Resource management		4,413,442	4,758,954
196,639	Transport		189,167	154,484
778,807	Hydrology and floodwarning Services		995,292	1,051,096
1,559,389	Emergency management		1,348,685	1,147,494
3,025,791	River, drainage and coastal protection		2,848,902	1,796,285
6,004,850	Vector Control Services Business Unit		4,135,762	4,404,954
696,611	Impairment of Associate		-	-
14,462	Loss on Investment in Other Entities		-	-
46,670	Other		1,159	29,426
4,104	Warm West Coast Scheme		2,845	3,385
<u>17,474,652</u>		4	<u>14,797,556</u>	<u>13,988,210</u>
	<u>Less</u>			
	<u>Less Income</u>			
6,129,088	Rates		6,163,900	6,098,298
497,074	Investment Income	3	1,502,671	823,680
9,337,312	User Fees and Charges		6,470,939	6,743,350
1,877,597	Subsidies and Grants	2	1,265,755	116,199
947,994	Insurance recoveries		236,394	-
16,707	Gains/-Losses disposal Assets		3,196	-
-	Gain / (loss) on disposal of associate		(35,011)	-
124,490	Income from Associate		-	245,000
96,183	Commercial Property Rental		96,183	-
106,000	Commercial Property Revaluation		44,000	-
-	Vested land and infrastructure assets		15,648,000	-
<u>19,132,445</u>		1	<u>31,396,026</u>	<u>14,026,527</u>
<u>1,657,793</u>	Net Surplus / (Deficit) for year		<u>16,598,470</u>	<u>38,317</u>
<u>13,625,074</u>	Revaluation Reserve Movement		<u>0</u>	<u>-</u>
<u>15,282,867</u>	Total Comprehensive Revenue & Expense		<u>16,598,470</u>	<u>38,317</u>

SUMMARY STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

Actual		Actual	Budget
2020		2021	2021
80,909,776	Balance 1 July	96,192,643	84,801,787
1,657,793	Comprehensive Income	16,598,470	38,317
<u>13,625,074</u>	Revaluation Reserve movement	<u>0</u>	<u>250,000</u>
<u>96,192,643</u>	Balance 30 June	<u>112,791,113</u>	<u>85,090,104</u>

SUMMARY STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2021

Actual 2020		Notes	Actual 2021	Budget 2021
	Assets			
5,256,444	Current Assets	5	5,902,190	3,106,684
105,266,822	Non-Current Assets	7,8	124,020,170	94,079,960
<u>110,523,266</u>	Total Assets		<u>129,922,361</u>	<u>97,186,644</u>
	Liabilities			
7,287,821	Current Liabilities	6	11,570,897	4,896,251
7,042,802	Non-Current Liabilities		5,560,351	7,200,289
<u>14,330,623</u>	Total Liabilities		<u>17,131,248</u>	<u>12,096,540</u>
	Equity			
20,519,395	Ratepayers Equity		32,874,113	23,759,520
2,476,438	Rating Districts		2,901,633	1,823,829
63,381,828	Revaluation Reserve	9	63,381,828	49,756,755
9,581,000	Investment Growth Reserve		12,611,093	9,000,000
233,982	Catastrophe Fund		1,022,446	750,000
<u>96,192,643</u>			<u>112,791,113</u>	<u>85,090,104</u>
<u>110,523,266</u>	Total Liabilities and Equity		<u>129,922,361</u>	<u>97,186,644</u>

SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

2020 Actual		2021 Actual	2021 Budget
2,382,877	Cash flows from Operating Activities	4,596,095	(220,957)
(3,192,587)	Cash flow from Investing Activities	(3,139,374)	(542,359)
980,004	Cash flows from Financing Activities	(721,733)	720,000
<u>170,294</u>	Total Increase/Decrease in Cash Held	734,988	(43,316)
(305,783)	Opening Cash Balances	(135,489)	100,000
<u>(135,489)</u>	Closing Cash Balances	<u>599,499</u>	<u>56,684</u>

Notes and explanations of major variances

1	Revenue was greater than budgeted by \$17.4 million due mainly to Council taking over the Greymouth floodwall from Grey District Council. The floodwall was recently valued at \$15.6 million, and this valuation was the vested income recognised by Council.
2	Subsidies and grant revenue was greater than budgeted by \$1.1 million due to higher than expected funding from central government for infrastructure projects.
3	Investment income was greater than budgeted by \$679,000 as a result of both higher levels of investment and better than budgeted investment returns during the year.
4	Expenditure was greater than budgeted by \$809,000 due mainly to unbudgeted spend on infrastructure projects, in particular arising from \$452,000 of costs associated with modelling of the Westport flood warning forecast. This cost was funded by the increased central government infrastructure funding notes above.
5	Receivables are \$1.5 million greater than budget due to unbudgeted infrastructure projects and the timing of some commercial activity being later than expected.
6	Payables and deferred revenue are \$5.9 million greater than budget, largely due to an unforeseen \$1.5 million increase in bond deposits and \$1.9 million increase in revenue in advance over the prior year.
7	Other financial assets are greater than budget by \$2.7 million, due in part to an unforeseen \$1.5 million increase in bond deposits and a \$700,000 increase in investment income.
8	Property, plant and equipment was \$29.0 million greater than budgeted, largely due to the unbudgeted vesting of the \$15.6 million Greymouth floodwall from Grey District Council.
9	The unbudgeted revaluation of infrastructure assets also resulted in revaluation reserves being greater than budget by \$15.4 million.

Significant post balance date events

Westport Flooding

In July 2021 there was a flood event that had a significant impact on the Westport community, however the event did not damage any of Council's flood or erosion protection infrastructure assets.

Franz Josef floodwall upgrade

On 5 August 2021 it was announced that a funding agreement between Council and Kānoa – Government's Regional Economic Development and Investment Unit had been signed. The agreement will fund an upgrade of the northern flood protection assets, and three critical assets on the southside, on the Waiho River, Franz Josef. The funding will also be used to upgrade protection for State Highway 6 and the bridge across the Waiho. Kānoa agreed to fund up to \$9,218,597 of the total work programme of \$12,291,463. The remaining \$3,072,866 is to be co-funded by community stakeholders.

February Flooding

In February 2022 there was a flood event that had a significant impact on the West Coast region and caused damage to Council's flood and erosion protection assets. The total cost for repairs and replacement of assets is not fully evident, as Council continues to assess the damage caused, but of those assets assessed Council expects a cost of \$437,000 for their repairs and replacement as a direct result of this event. Council expects to be able to claim some of the damage from the insurance provided by the National Emergency Management Agency.

Key performance targets, measures and achievements

There are 29 service level performance targets which are expected to be achieved across the various functions of Council. These measures are key indicators and chosen to allow performance to be meaningfully assessed each year. Overall, the year-end result for the 2020/21 performance targets is 80% (23 of 29) achieved, with 20% (6 of 29) not achieved.

The following is a cross section of the targets, the full list can be found in the Annual Report 2021.

Freshwater management

Improvement of clarity, turbidity, faecal coliforms and ammoniacal nitrogen parameters at 38 river sites, when compared with a baseline of 1996 data on water quality.	NOT ACHIEVED			
		% sites improving	% sites declining	% sites no change
	Ammonia-N	48.6	0	51.4
	Clarity	21.6	18.9	59.5
	Faecal Coliforms	8.1	24.3	67.6
	Turbidity	21.6	8.1	70.3
	<p>Notes: Ammoniacal nitrogen, clarity, turbidity and faecal coliform trends are assessed using seasonal Kendal trend testing (four seasons beginning in March; no medians).</p> <p>Only 20 sites with 2 or more data points will be considered for this assessment.</p> <p>An important change is one that has a P value of less than 0.05, and a percent annual change of the median of more than 1%. The whole data record is used for each site.</p>			
All significant consented discharges 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 Compliance and Enforcement Policy.	<p>ACHIEVED</p> <p>All mining operations have been inspected throughout the reporting period. This amounts to 229 mine site inspections. Alluvial mines are inspected 6 monthly and coal mines 3 monthly.</p> <p>The dairy target has been achieved with 290 inspections undertaken within the 20/21 milking season.</p> <p>All non-compliances have been dealt with in line with the Compliance and Enforcement Policy and reported to the Resource Management Committee. There were 17 infringement notices, 10 formal warnings and 15 abatement notices issued.</p>			
In-stream macroinvertebrate health index (SQMCI) is higher or no more than 20% lower than the baseline mean.	<p>NOT ACHIEVED</p> <p>Four out of 29 sites have not met the criteria and have declined (in 2019 this was five, in 2020 this was three).</p> <p>Macroinvertebrate data is collected twice a year in spring and autumn.</p> <p>Macroinvertebrates are to an extent dynamic and respond to many environmental factors such as climate variability, habitat and water quality. It is possible that a reduction in habitat and water quality has led to deterioration in stream health. The magnitude of change and the duration it occurs at will be informative.</p>			
The annual (rolling 5 year mean) Tropic Level Index (TLI) of Lake Brunner which combines clarity, nutrient and algal measures is less than the 2002-2006 baseline mean of 2.79	<p>NOT ACHIEVED</p> <p>The TLI for April 2016 – April 2021 (latest results) is 2.82. (The TLI for Jan2015 – Dec 2019 was 2.78)</p>			
Scheduled swimming sites do not exceed the moderate-high risk threshold no more than 10% of sampling occasions.	<p>NOT ACHIEVED</p> <p>Four out of 18 sites have not met the target (in 2019 this was two and in 2020 this was four).</p>			

	<p>During the 2020-2021 season Hokitika Beach, Seven Mile Creek@SH6 Rapahoe and Shingle Beach exceeded the moderate-high risk category more than 10% of the time.</p> <p>E. Coli comes from all land, whether urban, agricultural or forest. Urban and agricultural land use normally lead to higher concentrations.</p> <p>Higher E. Coli concentrations will always occur during wet weather. The region, having high rainfall, is prone to E. coli exceedances. Anthropogenic sources of E. Coli (e.g. livestock and urban stormwater) are the most likely sources of exceedances, however there are examples when water birds in large congregations have led to E. Coli spikes.</p>
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Air quality

Reefton air quality PM 10 values do not exceed the National Environmental Standard threshold of 50 micrograms/m ³ more than once per year.	<p>ACHIEVED</p> <p>There have been no exceedances of the National Environmental Standard for Air Quality so far in Winter 2021 (in 2019-2020 year there were two exceedances).</p>
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Consenting and Compliance

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 programmes within 20 working days of receipt.	<p>NOT ACHIEVED – but substantially accomplished</p> <p>Discounting was applied to one resource consent. This was a historic application which has now been resolved. All other consent applications (230, including variations) were processed within the RMA timeframes.</p> <p>100% of the 69 mining work programmes received were processed within the 20-day timeframe.</p>
Operate a 24 hour complaints service, assess and respond to all genuine complaints within 24 hours where necessary.	<p>ACHIEVED</p> <p>Council's 24 hours' complaint service has operated throughout the reporting period and all complaints received and enforcement actions resulting from them reported to the Resource Management Committee.</p> <p>There were 17 infringement notices, 15 abatement notices and 10 formal warnings issued throughout the reporting period.</p>

Hydrology and floodwarning services

Provide a continuous flood monitoring service for the six rivers monitored and respond in accordance with the flood-warning manual.	<p>ACHIEVED</p> <p>The flood monitoring service was provided for the rivers monitored (Karamea Buller, Mokihinui, Grey, Hokitika, Waiho. Calls were made alerting necessary parties as required by the respective Flood Warning Manuals.</p>
Ensure data on river levels (Karamea, Buller, Grey, Hokitika, Waiho, Mikohonui) is available on Council website (updated 12 hourly, or 3 hourly during flood events) > 90% of the time.	<p>ACHIEVED</p> <p>As part of the hydrology monitoring system data is automatically updated on the Council website for the Karamea, Buller, Mokihinui, Grey, Hokitika and Waiho key flood warning sites at intervals more frequent than 12 hourly or 3-hourly during flood events.</p>

Emergency management

Compliance with statutory requirements for the preparation, review and implementation of the Group CDEM Plan.	<p>ACHIEVED</p> <p>The West Coast is due to commence a review of its Plan in October 2021. Groups are advised to hold off any significant review until the work on reviewing legislation, National Plans and strategies is completed. In the meantime, work is commencing on the Risk Profile section of the CDEM Group Plan.</p>
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River, drainage and coastal protection infrastructure

Monitor all rating district infrastructure to ensure it performs to the service level consistent with the Asset Management Plan of each rating district, or whatever level of	<p>ACHIEVED</p> <p>Infrastructure is re-inspected following heavy rainfall events to ensure it will perform to agreed levels of service.</p>
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risk the community has decided is an acceptable risk.	
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Vector Control Business Unit

Tender for and win sufficient contracts to provide or exceed the annual budgeted return to Council.	<p>ACHIEVED</p> <p>The budgeted financial return was \$520,896 (income of \$4,925,850 less expenditure of \$4,404,954).</p> <p>The actual return was \$754,663 (income of \$4,890,425 less expenditure of \$4,135,762)</p>
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