



# THE WEST COAST REGIONAL COUNCIL

## West Coast Regional Council

Summary Annual Report for the year ended 30 June 2022

## 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 2022, which together with the audit report from Ernst & Young was adopted by Council on 14 February 2023.
2. This Summary Annual Report has been examined by Ernst & Young 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](http://www.wcrc.govt.nz), or by contacting Council Freephone 0508 800 118.

4. The Audit Report was issued on 14 February 2023 by Ernst & Young.
5. This Summary Annual Report was approved for release by Council's Chief Executive on 14 February 2023.
6. These summary financial statements are presented in New Zealand dollars and rounded to the nearest whole dollar.
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

Our communities have again faced a challenging year through the impact of severe weather events and the continued effects of Covid on our businesses across the West Coast and in South Westland particularly.

Protection of our communities, and their economic viability, through the management of our 23 rating districts remains a key priority for Council. We are currently undertaking a significant programme of infrastructure works and have stood up a new Project Delivery Team to oversee and deliver these projects. In Council's Long-term Plan 2021-31, Council agreed to fund \$10.2m spend on a flood protection scheme for Westport. As a result of a significant weather event that flooded the town in July, the Buller Flood Recovery Steering Group developed the Kawatiri Business Case seeking central government co-investment and submitted this to Minister Mahuta on 30 June. The outcome as to whether central government agrees with co-investment, and if they do when the funds will be made available, is expected at the end of 2022.

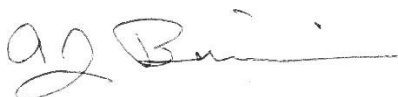
In other work, we continue to safeguard our people and resources through our monitoring of the environment with Staff taking 704 samples from 84 sites for water quality analysis purposes. A new rainfall site was added to the network this year in the Buller District to bring the total to 28 rain gauges across the region. Nearly 850 environmental compliance inspections took place in 2021/22, including 162 coal and alluvial gold mine inspections as well as 264 dairy inspections.

Council posted a deficit of \$1m against a budget of \$10.5m for the financial year ending June 2022. The main drivers for this were the impact of global economic pressures on Council's investment portfolio and the delay in commencement of the IRG Shovel Ready Projects which should have seen Council receive significant Grant monies in 2022. However, the recent implementation of a robust Project Delivery Team will result in these funding benefits flowing through in the new financial year.

I would like to acknowledge the ongoing commitment and work of the Councillors over this past year. The Local Government elections has seen a change around the table with Councillors Laura Coll-McLaughlin and John Hill deciding not to stand again, and Councillors Stuart Challenger and Debra Magner not being successful with their nominations for re-election. We are grateful to all Councillors for their dedication and hard work over this past term on behalf of the Buller and Westland Districts, and the West Coast as a whole.

We also acknowledge the efforts and achievements of Council Staff. They work incredibly hard, and for a small organisation meeting the same requirements as other Councils many times their size, have punched well above their weight.

We welcome newly elected Council members Peter Haddock, Frank Dooley, Mark McIntyre and Andy Campbell elected in October 2022. It will be a busy term ahead with the reforms being rolled out by Central Government and the findings of the Future for Local Government review headed by Jim Palmer. This will include Essential Freshwater, Three Waters and the replacement of the Resource Management Act to name a few. While change is constant, we will continue to advocate in the best interests of the West Coast.



**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 2022

The summary of the annual report was derived from the annual report of West Coast Regional Council (the Regional Council) for the year ended 30 June 2022.

The summary of the annual report comprises the following summary statements on pages 5 to 11:

- the summary statement of financial position as at 30 June 2022;
- the summaries of the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended 30 June 2022;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the statement of service provision (referred to as "Key performance 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*.

#### 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 an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2022 in our auditor's report dated 14 February 2023.

#### 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*.



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### **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 the audit of the annual report, audit of the debenture trustee reporting, we have no relationship with or interests in the Regional Council.

A handwritten signature in blue ink, appearing to read 'B Summerfield', is written over a light blue horizontal line.

Brendan Summerfield  
Ernst & Young  
Chartered Accountants  
On behalf of the Auditor-General  
Christchurch, New Zealand  
14 February 2023

## Summary Statement of Comprehensive Revenue and Expense for the year ended 30 June 2022

	2021/22 Actual \$	2021/22 Budget \$	2020/21 Actual \$
<b>Revenue</b>			
Revenue from non-exchange transactions	12,769,055	23,130,712	24,293,822
Revenue from exchange transactions	5,742,581	4,909,000	5,599,533
Net (loss) / gain on financial instruments at fair value through surplus or deficit	(1,155,610)	712,888	1,522,474
Reversal of prior period valuation losses	348,000	-	-
Interest income	31,222	-	21,112
<b>Total revenue</b>	<b>17,735,248</b>	<b>28,752,600</b>	<b>31,436,941</b>
<b>Expenditure</b>			
Community Resilience	1,921,732	1,432,660	1,348,685
Regional leadership	588,473	497,236	720,579
Hydrology and flood warning services	1,247,514	1,054,840	995,292
Resource management	6,155,448	7,969,808	4,413,442
River, drainage and coastal protection	3,745,372	2,700,101	2,795,236
Transport	162,527	180,179	189,167
Vector Control Services business unit	4,334,127	3,982,000	4,135,762
Warm West Coast scheme	-	-	-
Finance costs	273,036	342,758	198,233
Other	371,187	17,048	1,159
<b>Total expenditure</b>	<b>18,799,415</b>	<b>18,176,630</b>	<b>14,797,556</b>
Share of the (deficit) / surplus of associates	(48,611)	-	(40,914)
<b>Net surplus / (deficit) for the year</b>	<b>(1,112,777)</b>	<b>10,575,970</b>	<b>16,598,470</b>
<b>Other comprehensive revenue and expense</b>			
Revaluation reserve movement	14,257,836	2,039,951	-
<b>Total comprehensive revenue and expense</b>	<b>13,145,058</b>	<b>12,615,921</b>	<b>16,598,470</b>

## Summary Statement of Changes in Equity for the year ended 30 June 2022

	2021/22 Actual \$	2021/22 Budget \$	2020/21 Actual \$
Balance at 1 July	112,791,113	117,011,998	96,192,643
Total comprehensive revenue and expense	13,145,058	12,615,921	16,598,470
<b>Balance at 30 June</b>	<b>125,936,172</b>	<b>129,627,919</b>	<b>112,791,113</b>

## Summary Statement of Financial Position as at 30 June 2022

	2021/22 Actual \$	2021/22 Budget \$	2020/21 Actual \$
<b>Assets</b>			
Current assets	18,483,790	4,776,432	18,548,826
Non-current assets	127,558,380	141,014,973	111,373,536
<b>Total assets</b>	<b>146,042,170</b>	<b>145,791,405</b>	<b>129,922,362</b>
<b>Liabilities</b>			
Current liabilities	13,194,699	10,885,663	11,570,897
Non-current liabilities	6,911,301	5,277,823	5,560,351
<b>Total liabilities</b>	<b>20,105,999</b>	<b>16,163,486</b>	<b>17,131,248</b>
<b>Equity</b>			
Accumulated comprehensive revenue and expense	33,124,979	51,608,410	32,874,113
Rating district equity	2,693,599	2,629,558	2,901,633
Revaluation reserves	77,639,664	66,039,951	63,381,828
Investment growth reserve	11,515,231	8,350,000	12,611,093
Catastrophe fund	962,697	1,000,000	1,022,446
Total equity	125,936,170	129,627,919	112,791,113
<b>Total liabilities and equity</b>	<b>146,042,170</b>	<b>145,791,405</b>	<b>129,922,361</b>

## Summary Statement of Cash Flows for the year ended 30 June 2022

	2021/22 Actual \$	2021/22 Budget \$	2020/21 Actual \$
Cash flows from operating activities	2,283,310	11,107,041	4,596,095
Cash flows from investing activities	(2,291,107)	(14,569,420)	(3,139,374)
Cash flows from financing activities	2,192,010	4,190,486	(721,733)
<b>Net increase in cash and cash equivalents</b>	<b>2,184,213</b>	<b>728,107</b>	<b>734,988</b>
Opening cash and cash equivalents	599,499	527,000	(135,489)
<b>Closing cash and cash equivalents</b>	<b>2,783,712</b>	<b>1,255,107</b>	<b>599,499</b>

## Notes and explanations of major variances

1	Revenue was lower than budgeted by \$10.2m. The two main drivers for this were subsidies and grants, and investment income.
2	Subsidy and grant revenue was \$9.5m lower than budgeted due to infrastructure projects being behind schedule, which reduced the number and value of infrastructure funding requests from budgeted revenue of \$11.4m to actual revenue of \$1.5m.
3	Investment income is subject to global financial conditions, which were dominated by the ongoing effects of the Covid pandemic, and the invasion of Ukraine. The net result was a \$1.1m loss for the year, compared to an expected gain of \$0.7m.
4	Expenditure was higher than budgeted by just \$0.4m. The most significant variances to budget across Council were in Planning (Biosecurity) and River, Drainage and Coastal Protection.
5	Planning biosecurity expenditure was \$1.3m lower than budgeted. Biosecurity work programmes were planned for 2022, but did not eventuate, due to availability of staff and contractors.
6	River, Drainage and Coastal Protection expenditure variances to budget were spread across a number of activities, most notably the Westport Flood Protection Scheme project, which incurred unbudgeted spend of \$0.6m. Quarry expenditure was \$0.5m higher than budget, due to non-budget uptake for both quarry asset amortisation costs (actual amortisation costs were \$155k) and quarry rock cost of goods sold (actual cost of goods sold was \$290k).
7	Other comprehensive revenue and expense was \$12.2m higher than budgeted, due to the unforeseen impact of both infrastructure asset and land and buildings revaluations in the year ended 30 June 2022.



## Significant post balance date events

### COVID-19

The outbreak of Covid-19 in late 2019 resulted in the New Zealand Government declaring a State of National Emergency on 25 March 2020. New Zealand was regulated under the Covid-19 Alert System from March 2020, until it was replaced with the Covid-19 Protection Framework (Traffic Lights) in December 2021. On 12 September 2022, the Covid-19 Protection Framework stopped, effectively ending the regulatory impact of Covid-19 on Council. Overall, Covid-19 has had minimal impact on Council's financial and operational results for the year ended 30 June 2022. However, Covid-19 and its variants continue to pose health risks for both Council staff and the wider West Coast region.

### Council CEO

At the inaugural meeting of the new Council on Tuesday 25 October 2022, the Council CEO, Heather Mabin signalled her intent to work with Council on an exit strategy for herself.

## Key performance measures and achievements

There are 58 service level performance measures 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 2021/22 performance measures is 67% (39 of 58) achieved, with 33% (19 of 58) not achieved.

The following is a cross section of the measures, the full list can be found in the Annual Report 2022.

### Governance

<b>MEASURE</b> Number of public meetings held and individual Councillor attendance - 80%.	<b>ACHIEVED</b> Parameters set for the attendance by each Councillor of all Council and Resource Management Committee meetings, other scheduled meetings and scheduled workshops were met.
<b>MEASURE</b> Percentage of Council and Committee meeting Agendas (for all scheduled meetings) that are available at least two working days before meetings – 100%.	<b>NOT ACHIEVED</b> The Agenda for the Risk and Assurance Committee for 24 May 2022 was made available one day late (available Friday 20 May as opposed to Thursday 19 May). The Agenda for the Council Special meeting 28 June 2022 was made available one day late (available Thursday 23 June as opposed to Wednesday 22 June).

### Mana Whakahono ā Rohe Agreement

<b>MEASURE</b> Number of non-RMA submissions made by Council reviewed by Iwi -75%.	<b>ACHIEVED</b> Iwi met their parameters for their review of non-RMA submissions made by Council.
<b>MEASURE</b> Council to fund Pokeka Poutini o Ngāi Tahu Limited.	<b>NOT ACHIEVED</b> A funding agreement was signed on 22 October 2020 and Council is working with Pokeka to establish good processes for this to occur.

### Regional Planning

<b>MEASURE</b> Order in council requirement to produce a combined district plan for the West Coast. Te Tai o Poutini Plan to give effect to National and Regional legislation and Policy. Plan notified mid-2022, with the aim of submissions, hearings, mediation, and possible court processes completed in 2026.	<b>ACHIEVED</b> Draft plan was available for feedback late January 2022 and the plan notified in 2022. A legal review confirmed the national and regional legislation and policy included in the Plan.
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### Environmental Planning

<b>MEASURE</b> Number of submissions made and number of successful advocacy outcomes within required timeframes – 100%.	<b>ACHIEVED</b> All central or local government discussion documents, draft strategies, policies or Bills that may impact on West Coast interests, were submitted within required timeframes.
<b>MEASURE</b> The trophic state of Lake Brunner as measured by the rolling 5-year Trophic Level Index (TLI) mean remains below the baseline of 2.79.	<b>NOT ACHIEVED</b> Baseline mean of 2.81. In the last 24 months, the LTI has oscillated above and below the LTI target. The Lake Brunner LTI demonstrates natural seasonal increases and decreases over each year. The LTI target is assessed using a 5 yearly rolling mean of monthly data. This can lead to small changes (up and down) depending on the month the rolling data block starts and finishes.

<b>MEASURE</b> Instream macroinvertebrate community health is assessed at 29 river sites. The Semi Quantitative Macroinvertebrate Community Index (SQMCI) is calculated from a rolling 5 year mean and compared to mean calculated from 2005-2009, at each site.	<b>ACHIEVED</b> The SQMCI3 comparisons are made annually according to the method stipulated under the measure.
<b>MEASURE</b> Twenty-eight wells are monitored at least twice annually, 24 of which are used for human consumption.	<b>ACHIEVED</b> All twenty-eight wells were monitored at least twice annually.

### Consenting and Compliance

<b>MEASURE</b> Compliance with RMA discounting regulations with no additional cost to Council, consent application processing within statutory deadlines and process all mining programmes within 20 working days.	<b>ACHIEVED</b> Complied with all parameters of the measure.
<b>MEASURE</b> Respond within 4 hours to all spills in accordance with the Tier 2 Oil Spill Response Plan and maintain readiness for spill response.	<b>ACHIEVED</b> All responses made within stipulated timeframes. 10 staff are trained responders.
<b>MEASURE</b> Compliance Monitoring for Discharges – 100%.	<b>NOT ACHIEVED</b> Not all discharges of dairy effluent to water were monitored. 264 of 290 dairy farm inspections were undertaken (26 short of the target).
<b>MEASURE</b> Bond release within four months of surrender or at the conclusion of mining activities.	<b>ACHIEVED</b> At the conclusion of mining activity, all bonds have been surrendered within the timeframe measures.
<b>MEASURE</b> Annual inspection of all whitebait stands on Little Wanganui, Taramakau, Hokitika, Wanganui, Paringa, Haast and Waitoto Rivers	<b>NOT ACHIEVED</b> Whitebait stands on the Little Wanganui River were not inspected

### Hydrology and floodwarning services

<b>MEASURE</b> Staff response to high flow events – 100%	<b>NOT ACHIEVED</b> An early flood alert on the Hokitika River went unheard by a staff member during this period. Later alerts were picked up and a procedure has been implemented to ensure this does not re-occur. Due to a technical issue with electronic monitoring systems, the Arnold River alerted but was not received within the required timeframe. This was noted and restored within the same day but breached the 60 min timeframe.
<b>MEASURE</b> Availability of information on the Council website about high river flow events for the 6 key rivers on the West Coast (updated 12-hourly, or 3-hourly during flood events) >90%	<b>ACHIEVED</b> All information made available within the baseline measure requirements.

### Community Resilience

<b>MEASURE</b> Compliance with statutory requirements for the preparation, review, and implementation of the Group CDEM Plan – 100%	<b>ACHIEVED</b> The CDEM Group has an operative and up to date CDEM Group Plan. The CDEM Group work programme makes adequate provision to maintain & implement the CDEM Group Plan. The CDEM Group work programme is monitored and reviewed annually by Joint Committee & quarterly by CEG.
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<b>MEASURE</b> All Council vehicles are fitted with a Disaster kit.	<b>NOT ACHIEVED</b> 4 vehicles have been fitted with a Disaster Kit. The remaining 21 vehicles will be fitted out in 2022/23. Two emergency kits have been created and located at the Regional Council office.
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#### River, drainage, and coastal protection infrastructure

<b>MEASURE</b> Perform all capital and maintenance works as agreed in the annual work programme.	<b>NOT ACHIEVED</b> Staff are working toward delivery of all capital and maintenance works. External funding has been applied for to progress some areas and the outcome of the funding applications is not yet known.
<b>MEASURE</b> Monitor all rating district infrastructural assets to ensure they perform to the service level consistent with the Asset Management Plan of each Rating District	<b>NOT ASSESSED</b> The unprecedented additional work associated with flood significant events during the year (Westport July and Feb) and the requirements of the IRG Projects, meant that engineering staff were focusing on other areas of Council. As a consequence, 14 Rating District meetings out of 25 took place during the year (56%).

#### Vector Control Business Unit

<b>MEASURE</b> Tender for and win sufficient contracts to provide or exceed the annual budgeted return to Council.	<b>ACHIEVED</b> The budgeted financial return was \$444,592 (income of \$4,332,000 less expenditure of \$3,887,408). The actual return was \$826,530 (income of \$5,081,108 less expenditure of \$4,254,578)
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