

# West Coast Regional Council

## Annual Report

July 1 2011 to June 30 2012





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## Chairperson's Report

I am pleased to introduce to you the West Coast Regional Council Annual Report for the year to 30 June 2012.

The operating surplus was \$294,151 compared to the budgeted \$781,086. The reason for the reduced surplus was the much lower investment returns compared to those budgeted. This was partially offset by the financial return from Councils' VCS Business Unit.

Council finalised its State of the Environment Report on surface water quality in August 2011. This report noted a significant improvement of water quality overall at the 40 freshwater sites monitored. Water clarity, Ecoli levels and ammoniacal nitrogen levels all improved significantly. The Council's new Long Term Plan has set targets for improvements in water quality and other environmental parameters, and future annual reports will report on whether council's efforts to achieve these targets have been successful.

Other highlights of the 2011/12 year were:

- 587 non-notified resource consents and 13 notified consents were processed.
- 76 mining work programmes were processed.
- 175 mine inspections were undertaken.
- 296 dairy farms were inspected.
- New flood management rating districts were established at Whataroa and at Saltwater Creek, Paroa.
- A hazard report was commissioned to document future management issues with the Waiho River, where the riverbed is significantly aggrading.
- Several Quarry stockpiles have been established to better meet peak demand.
- VCS have established a new arm to their business unit, called 'VCS Environmental' which is assisting consent applicants with gaining resource consents and assisting clients with compliance advice.
- Several staff assisted Maritime New Zealand with the MV Rena oil spill response.

Finally, Council has proudly launched the new Warm West Coast scheme, which in collaboration with EECA, assists homeowners to insulate any home built before 2000 with Council providing finance. Those in Reefton can also replace older burners with new wood burners using this scheme. The amount funded by Council is recovered via the property's regional rates, over a ten year period.

Ross Scarlett,  
Chairman



## Directory & Councillors

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Phone 03 768 0466  
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Web [www.wcrc.govt.nz](http://www.wcrc.govt.nz)

The Council has seven Councillors, representing the following constituencies:

### **Buller Constituency**

Ross Scarlett – Council Chairman  
Terry Archer - Councillor

### **Grey Constituency**

Ian Cummings - Councillor  
Andrew Robb - Councillor  
Allan Birchfield - Councillor

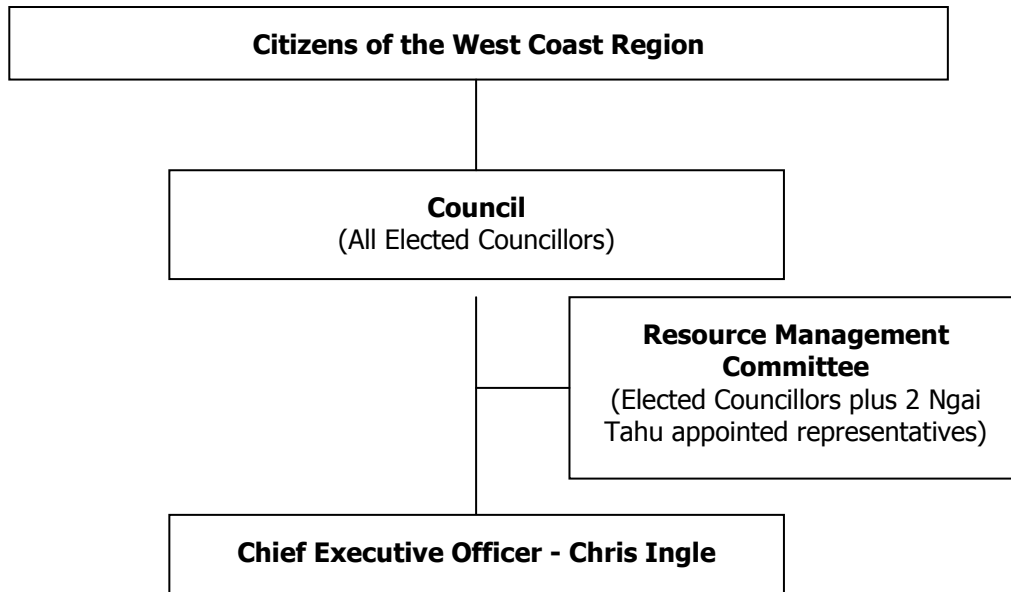
### **Westland Constituency**

Bryan Chinn – Council Deputy Chair, Resource Management Committee Chair  
Duncan Davidson - Councillor



**Left to Right:** Andrew Robb, Terry Archer, Bryan Chinn, Ross Scarlett, Duncan Davidson, Allan Birchfield, Ian Cummings

**Council Organisation Structure**



| <b>Division</b>          | <b>Manager</b>   | <b>Functions</b>  |
|--------------------------|------------------|---|
| CEO's Office             | Chris Ingle      | Civil Defence Emergency Management<br>Regional Transport Planning   |
| Corporate Services       | Robert Mallinson | Accounting Services<br>Corporate Planning<br>Rating Administration<br>Information Technology  |
| Consents & Compliance    | Colin Dall       | Resource Consent Processing<br>Compliance Monitoring & Enforcement<br>Environmental Incident Complaints<br>Oil Spill & Pollution Response                               |
| Planning & Environmental | Michael Meehan   | RMA Plan Preparation and Review<br>State of Environment Monitoring<br>Flood Warning & Natural Hazards<br>Quarry & Rating District Management                            |
| VCS Business Unit        | Randal Beal      | Service delivery of vector (possum) control on contract to Animal Health Board<br>A variety of other smaller work areas related to the environmental or pest management |
| Total Staff              |                  | 48  |

## Community Outcomes

In 2005 the West Coast Regional Council consulted with the West Coast community to identify what the community thought were important outcomes for the West Coast. As a result of this consultation and in liaison with the three District Councils, the following Regional Community outcomes were identified.

|                     |  |
|---------------------|--|
| <b>Economy:</b>     | A thriving, resilient and innovative economy creating opportunities for growth and employment.             |
| <b>Environment:</b> | The distinctive character of the environment is appreciated and retained.                                  |
| <b>Health:</b>      | Healthy communities with access to quality facilities and services.  |
| <b>Education:</b>   | A region that values and supports learning with accessible, relevant education and training opportunities. |
| <b>Identity:</b>    | A "happening" region with a strong community spirit and distinctive lifestyle.                             |
| <b>Safety:</b>      | A region that is safe place to live.   |

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

| Activity Area   | Community Outcome (s)                         |
|---|---|
| Governance  | Economy, Environment and Identity             |
| Consents and Compliance   | Environment and Safety                        |
| Planning Processes:<br>Regional Plans<br>Transport                      | Environment and Economy<br>Economy and Safety |
| Environmental Monitoring  | Environment, Health and Safety                |
| Emergency Management  | Safety and Economy                            |
| River, Drainage & Coastal Protection Works: Rating Districts & Quarries | Economy and Safety                            |
| Vector Control Services Business Unit                                   | Economy                                       |

### Analysis of how each Outcome is furthered by Council Activities

There are six community outcomes. The Regional Council does not contribute materially to the education outcome. The remaining five are contributed to as described below:

**Economy:** *A thriving, resilient and innovative economy creating opportunities for growth and employment.*

- Regional Policy and Plans assist economic development by ensuring an 'enabling' planning framework is in place. Permitted activities in regional plans allow for much development to occur without the need for consent processes. Where consents are needed the activity classification is normally controlled or discretionary which tends to enable activities to proceed without undue delay, with appropriate conditions applied to protect the environment.
- Consent processing within statutory timeframes is one of Council's highest priorities. This ensures that when a consent is needed the applicant should have their consent processed without delay (provided sufficient information is provided). Council also makes full use of non-notified and limited-notified processes to ensure delays in consent processing are minimised as far as is practicable.

- Flood warning services and flood protection works help the economy by ensuring business confidence in investing in flood protected areas. Protection works also increase property values in affected areas.
- Tb control assists our agricultural sector gaining access to lucrative export markets, while the VCS business unit assists ratepayers by keeping rates at a lower level.
- Transport planning enables us to advocate for national road funding, which can result in major transport upgrades.

**Environment:** *The distinctive character of the environment is appreciated and retained.*

- The State of the Environment monitoring programme is critical for measuring progress toward improving our environment. This state of the environment information then feeds into and informs reviews of the Regional Plans and Policy Statement. Regional Policy and Plans set the balance between enabling economic development and ensuring environmental protection.
- The Regional Plans for Air, Water, Coast, Discharges to Land and Land & Riverbeds have all been through a rigorous public consultation process and reflect West Coast community desires.
- Resource Consent processes help to ensure environmental matters are given due consideration by setting appropriate conditions on resource use, in accordance with the policies set in Regional Plans. Compliance monitoring work ensures the conditions set are adhered to.
- Spill response teams help to ensure accidental spills are cleaned up promptly before major environmental damage occurs.

**Health:** *Healthy communities with access to quality facilities and services.*

- The summer contact recreation sampling assists with the health outcome by ensuring swimmers know of sites that are of higher risk of bacterial contamination.
- The air quality monitoring is expected to assist with respiratory health, over time.
- Our transport disadvantaged receive taxi subsidies to enable better mobility.

**Identity:** *A "happening" region with a strong community spirit and distinctive lifestyle.*

- Our democratic Council processes help to facilitate community input into all aspects of our work; and elected Councillors ensure the 'flavour' of the West Coast is always considered during decision making and policymaking.

**Safety:** *A region that is a safe place to live.*

- Regional Transport road safety work assists with community road safety.
- The Council's flood warning service and the flood protection works assist with community safety in areas covered by those services, during flood events.
- Civil defence work also assists with regional co-ordination of community safety if there is a major emergency event.

**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 Runaka 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 2012 fairly reflects the financial position and operations of the West Coast Regional Council.



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R. Scarlett  
Chairperson



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C. Ingle  
Chief Executive Officer



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R.J. Mallinson  
Corporate Services Manager

Dated: 9 October 2012

**Independent Auditor's Report****To the readers of  
West Coast Regional Council's  
annual report  
for the year ended 30 June 2012**

The Auditor-General is the auditor of West Coast Regional Council (the Regional Council). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, non-financial performance information and other information required by schedule 10 of the Local Government Act 2002 (other information) of the Regional Council on her behalf.

We have audited:

- the financial statements of the Regional Council on pages 12 to 45, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the non-financial performance information of the Regional Council on pages 46 to 65 that includes other information required by schedule 10 of the Local Government Act 2002.

**Opinion on the financial statements, non-financial performance information and other information**

In our opinion:

- The financial statements of the Regional Council on pages 12 to 45:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Regional Council's financial position as at 30 June 2012; and
    - the results of its operations and cash flows for the year ended on that date.
- The non-financial performance information of the Regional Council on pages 46 to 65:
  - 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 2012, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
    - the reasons for any significant variances between the actual service and the expected service.
- The other information of the Regional Council contained in the financial statements and the non-financial performance information, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 9 October 2012. 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 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 financial statements, non-financial performance information and other information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, non-financial performance information and other information. 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 financial statements, non-financial performance information and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, non-financial performance information and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Regional Council's financial statements, non-financial performance information and other information that fairly reflect the matters to which they relate. We consider internal control in order to design audit 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 financial statements, non-financial performance information and other information;
- determining the appropriateness of the reported non-financial performance information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, non-financial performance information and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, non-financial performance information and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## **Responsibilities of the Council**

The Council is responsible for preparing:

- financial statements and non-financial performance information 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; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, non-financial performance information and other information that are free from material misstatement, whether due to fraud or error.

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

## **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements, non-financial performance information and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

## **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit and carrying out the audit of the long term plan, we have no relationship with or interests in the Regional Council.



John Mackey  
 Audit New Zealand  
 On behalf of the Auditor-General  
 Christchurch, New Zealand

### **Matters relating to the electronic presentation of the audited financial statements, [non-financial performance information] and the other requirements**

This audit report relates to the financial statements, non-financial performance information and the other requirements of West Coast Regional Council (the Regional Council) for the year ended 30 June 2012 included on the Regional Council's website. The Council is responsible for the maintenance and integrity of West Coast Regional Council (the Regional Council)'s website. We have not been engaged to report on the integrity of the Regional Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, non-financial performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, non-financial performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, non-financial performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, non-financial performance information and the other requirements as well as the related audit report dated 9 October 2012 to confirm the information included in the audited financial statements, non-financial performance information and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

## Statement of Accounting Policies for year ended 30 June 2012

### 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 2012. The financial statements were authorised for issue by Council on 9 October 2012.

### 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.

Council has not yet assessed the effect of this new standard and expects that it will not be early adopted.

### 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 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 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 unit 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. 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.

## **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.

### **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 %      |

Some assets purchased prior to 1 July 2002 are depreciated using the diminishing value method. The value of those assets is less than 1% of the net carrying amount of Council's assets.

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 2009 (Grey District area land), 1 September 2011 (Westland District area land), and 1 September 2010 (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 a staff engineer Mr W Moen (NZCE) and was peer reviewed by Mr R E Reid (BE). The valuation date was as at 31 December 2009.

### **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.

#### **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.

#### **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
- 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 28.

#### **Good and Service 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 LTCCP/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 26 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 2012**

| <b>2011</b>       |  | <b>Notes</b> | <b>2012</b>      | <b>2012</b>      |
|-------------------|--|--------------|------------------|------------------|
| <b>Actual</b>     | <u>Cost of Services</u>                          |              | <b>Actual</b>    | <b>Budget</b>    |
| 381,808           | Governance                                       |              | 358,264          | 385,543          |
| 1,574,488         | Regulatory Consents & Compliance                 |              | 2,169,280        | 1,811,878        |
| 640,333           | Planning Processes                               |              | 781,049          | 728,157          |
| 723,988           | Environmental Monitoring                         |              | 773,277          | 766,316          |
| 131,390           | Emergency Management                             |              | 166,749          | 144,902          |
| 1,862,293         | River, Drainage & Coastal Protection             |              | 1,663,426        | 1,342,779        |
| 940,076           | Regional Share of Vector Controls                |              | 902,137          | 814,523          |
| 2,172,205         | Vector Control services Business Unit            |              | 2,369,820        | 2,312,000        |
| 169,433           | Other  |              | 260,983          | 0                |
| <u>8,596,014</u>  |  | 3,4,5,6      | <u>9,444,985</u> | <u>8,306,098</u> |
|                   | <u>Less Income</u>                               |              |                  |                  |
| 1,931,100         | General Rates                                    |              | 1,982,899        | 1,980,000        |
| 65,231            | Penalties  |              | 66,831           | 75,000           |
| 929,421           | Investment and Dividend Income                   |              | 165,731          | 986,250          |
| 829,601           | Regulatory Consents & Compliance                 |              | 1,614,850        | 1,033,727        |
| 192,676           | Planning Processes                               |              | 279,295          | 204,650          |
| 59,070            | Emergency Management                             |              | 90,288           | 50,000           |
| 1,957,020         | River, Drainage & Coastal Protection             |              | 1,426,326        | 1,222,557        |
| 665,648           | Regional Share of Vector Controls                |              | 653,410          | 650,000          |
| 3,372,318         | Vector Control Services Business Unit            |              | 3,459,506        | 2,885,000        |
| <u>10,002,085</u> |  | 1,2          | <u>9,739,136</u> | <u>9,087,184</u> |
| 1,406,071         | Net Surplus / (Deficit) for year                 |              | 294,151          | 781,086          |
| 0                 | Property, Plant & Equipment<br>Revaluation Gains | 12           | -21,000          | 0                |
| -25,386           | Movement in Cash Flow Hedge<br>Reserve           | 18 (g)       | -70,165          | 0                |
| <u>1,380,685</u>  | <u>Total Comprehensive Income</u>                |              | <u>202,986</u>   | <u>781,086</u>   |

(Refer Page 63 for explanation of variances)

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

|   |
|---|
| <b>Statement of Changes in Equity for Year Ended 30 June 2012</b> |
|---|

| <b>Actual<br/>2011</b> |                        | <b>Notes</b> | <b>Actual<br/>2012</b> | <b>Budget<br/>2012</b> |
|------------------------|------------------------|--------------|------------------------|------------------------|
| 61,143,466             | Balance 1 July         |              | 62,524,151             | 62,844,301             |
| 1,380,685              | Comprehensive Income   |              | 202,986                | 781,086                |
| <u>62,524,151</u>      | <b>Balance 30 June</b> |              | <u>62,727,137</u>      | <u>63,625,387</u>      |

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

**Statement of Financial Position as at 30 June 2012**

| <b>Actual<br/>2011</b>   |                                     | <b>Notes</b> | <b>Actual<br/>2012</b>   | <b>Budget<br/>2012</b>   |
|--------------------------|-------------------------------------|--------------|--------------------------|--------------------------|
|                          | <b>ASSETS</b>                       |              |                          |                          |
|                          | <b>Current Assets</b>               |              |                          |                          |
| 1,537,956                | Cash & Cash equivalents             | 8            | 71,191                   | 100,000                  |
| 2,608,373                | Receivables                         | 9            | 1,969,543                | 1,900,000                |
| 186,753                  | Inventories                         | 10           | 1,043,627                | 151,929                  |
| 3,019,030                | Other Financial Assets              | 11           | 2,961,069                | 1,500,000                |
| 142,787                  | Derivative Financial Assets         | 17           | 0                        | 0                        |
| <u>7,494,899</u>         | Total Current Assets                |              | <u>6,045,430</u>         | <u>3,651,929</u>         |
|                          | <b>Non-Current Assets</b>           |              |                          |                          |
| 53,088,878               | Property, Plant & Equipment         | 12           | 53,317,671               | 53,228,436               |
| 86,505                   | Intangible Assets                   | 13           | 315,222                  | 366,539                  |
| 8,311,358                | Other Financial Assets              | 11           | 9,353,661                | 10,496,196               |
| <u>61,486,741</u>        | Total Non-Current Assets            |              | <u>62,986,554</u>        | <u>64,091,171</u>        |
| <b><u>68,981,640</u></b> | <b>Total Assets</b>                 |              | <b><u>69,031,984</u></b> | <b><u>67,743,100</u></b> |
|                          | <b>LIABILITIES</b>                  |              |                          |                          |
|                          | <b>Current Liabilities</b>          |              |                          |                          |
| 152,164                  | Borrowings                          | 16           | 1,002,301                | 139,510                  |
| 3,512,878                | Payables                            | 14           | 2,506,619                | 1,500,000                |
| 280,908                  | Employee Benefit Liabilities        | 15           | 309,519                  | 285,000                  |
| 0                        | Derivative Financial Liabilities    | 17           | 39,013                   | 0                        |
| <u>3,945,950</u>         |                                     |              | <u>3,857,452</u>         | <u>1,924,510</u>         |
|                          | <b>Non-Current Liabilities</b>      |              |                          |                          |
| 13,614                   | Employee Benefit Liabilities        | 15           | 14,513                   | 15,000                   |
| 2,246,920                | Borrowings                          | 16           | 2,101,712                | 2,121,503                |
| 191,005                  | Derivative Financial Liabilities    | 17           | 261,170                  | 0                        |
| 60,000                   | Future Quarry Restoration           | 26           | 70,000                   | 56,700                   |
| <u>2,511,539</u>         |                                     |              | <u>2,447,395</u>         | <u>2,193,203</u>         |
| <u>6,457,489</u>         | <b>Total Liabilities</b>            |              | <u>6,304,847</u>         | <u>4,117,713</u>         |
|                          | <b>EQUITY</b>                       |              |                          |                          |
| 18,577,120               | Ratepayers Equity                   | 18(a)        | 19,004,722               | 19,342,553               |
| 1,540,201                | Rating Districts                    | 18(b)        | 1,263,132                | 1,226,071                |
| 32,316,638               | Revaluation Reserve                 | 18(c)        | 32,295,638               | 32,316,638               |
| -191,005                 | Hedge Accounting Reserve            | 18(g)        | -261,170                 | 0                        |
| 1,037                    | Tb Special Rate                     | 18(f)        | 39,344                   | 0                        |
| 379,160                  | Quarry Account                      | 18(e)        | 338,758                  | 265,000                  |
| 9,901,000                | Investment Growth Reserve           | 18(d)        | 9,477,000                | 10,475,125               |
| 0                        | Catastrophe Fund                    | 18(h)        | 569,713                  | 0                        |
| <u>62,524,151</u>        |                                     |              | <u>62,727,137</u>        | <u>63,625,387</u>        |
| <b><u>68,981,640</u></b> | <b>Total Liabilities and Equity</b> |              | <b><u>69,031,984</u></b> | <b><u>67,743,100</u></b> |

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

## Statement of Cash Flows for the Year Ended 30 June 2012

| 2011<br>Actual    |   | Notes | 2012<br>Actual    | 2012<br>Budget    |
|-------------------|---|-------|-------------------|-------------------|
|                   | <u>Cashflow from Operating Activities</u> |       |                   |                   |
|                   | Cash was provided from:                   |       |                   |                   |
| 3,515,620         | Rates                                     |       | 3,684,530         | 3,621,557         |
| 6,596,833         | Other Income                              |       | 5,766,506         | 4,479,377         |
| 54,715            | Other Investment Income                   |       | 66,968            | 986,250           |
| <u>10,167,168</u> |   |       | <u>9,518,004</u>  | <u>9,087,184</u>  |
|                   | Cash was Disbursed to:                    |       |                   |                   |
| 8,257,511         | Payments to Suppliers & Employees         |       | 9,944,106         | 7,807,292         |
| 170,304           | Interest Paid                             |       | 179,145           | 179,208           |
| -224,336          | Net GST Movement                          |       | 94,187            | 0                 |
| <u>8,203,479</u>  |   |       | <u>10,217,438</u> | <u>7,986,500</u>  |
| <u>1,963,689</u>  | Net Cash Flow from Operations             | 19    | <u>-699,434</u>   | <u>1,100,684</u>  |
|                   | <u>Cashflow from Investing Activities</u> |       |                   |                   |
|                   | Cash was provided from:                   |       |                   |                   |
| 0                 | Redemption of Investments                 |       | 800,000           | 0                 |
| 49,206            | Sale of Fixed Assets                      |       | 5,343             | 0                 |
| <u>49,206</u>     |   |       | <u>805,343</u>    | <u>0</u>          |
|                   | Cash was Disbursed to:                    |       |                   |                   |
| 399,991           | Purchase of Fixed assets                  |       | 758,479           | 806,500           |
| 469               | Investments Purchased                     |       | 1,519,124         | 496,196           |
| <u>400,460</u>    |   |       | <u>2,277,603</u>  | <u>1,302,696</u>  |
| <u>-351,254</u>   | Net Cash Flow from Investing              |       | <u>-1,472,260</u> | <u>-1,302,696</u> |
|                   | <u>Cashflow from Financing Activities</u> |       |                   |                   |
|                   | Cash was provided from:                   |       |                   |                   |
| 0                 | Loan Raised                               |       | 1,707,000         | 0                 |
| <u>0</u>          |   |       | <u>1,707,000</u>  | <u>0</u>          |
|                   | Cash was Disbursed To:                    |       |                   |                   |
| 145,880           | Loan Principal Repaid                     |       | 1,002,071         | 146,059           |
| <u>145,880</u>    |   |       | <u>1,002,071</u>  | <u>146,059</u>    |
| <u>-145,880</u>   | Net Cash Flow from Financing              |       | <u>704,929</u>    | <u>-146,059</u>   |
| 1,466,555         | Total Increase in Cash Held               |       | -1,466,765        | -348,071          |
| 71,401            | Opening Balance of Cash Resources         |       | 1,537,956         | 448,071           |
| <u>1,537,956</u>  | Closing Balance of Cash Resources         | 8     | <u>71,191</u>     | <u>100,000</u>    |

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

## Notes to the Financial Statements

|   |                    |  |                    |
|---|--------------------|--|--------------------|
| 1 | <b>Actual 2011</b> | <b>Rates Revenue</b>   | <b>Actual 2012</b> |
|   | 1,931,100          | <i>General Rates</i>   | 1,982,899          |
|   |                    | <i>Targeted Rates attributable to activities:</i>              |                    |
|   | 868,736            | River, Drainage & Coastal Erosion                              | 991,863            |
|   | 665,648            | Tb Pest Management   | 653,410            |
|   | 40,413             | Regional Emergency Management                                  | 50,637             |
|   | 3,505,897          | Total Rates Revenue  | 3,678,809          |
|   | 0                  | Rates Remissions   | 0                  |
|   | 3,505,897          | Rates Revenue net of remissions                                | 3,678,809          |
| 2 | <b>Actual 2011</b> | <b>Other Revenues</b>  | <b>Actual 2012</b> |
|   |                    | <i>Investment Income:</i>                                      |                    |
|   | 94,522             | Realised Gains/-Losses (Price)                                 | 396,618            |
|   | 343,103            | Unrealised Gains/-Losses(Price)                                | -611,642           |
|   | 37,939             | Exchange Rate Variations                                       | -181,801           |
|   | 310,393            | Interest   | 293,425            |
|   | 143,464            | Dividends  | 269,131            |
|   | 929,421            | Total Investment Income  | 165,731            |
|   |                    | <i>Other Income:</i>   |                    |
|   | 1,145,816          | User Charges   | 757,704            |
|   | 153,203            | Land Transport NZ Govt Grants                                  | 189,979            |
|   | 33,778             | Department of Conservation                                     | 68,072             |
|   | 18,444             | Ministry Civil defence & Emergency Mgmt                        | 39,651             |
|   | 0                  | Other Local Authority contributions                            | 21,244             |
|   | 3,372,318          | Animal Health Board  | 3,459,506          |
|   | 659,319            | Regulatory   | 1,293,790          |
|   | 183,889            | Infringements, Fines   | 66,650             |
|   | 0                  | Other  | 0                  |
|   | 6,496,188          |  | 6,060,327          |
| 3 | <b>Actual 2011</b> | <b>Other -Gains /Losses</b>                                    | <b>Actual 2012</b> |
|   | -36,693            | Disposal of property, plant, equipment                         | -6,193             |
|   | -36,693            | Total  | -6,193             |
| 4 | <b>Actual 2011</b> | <b>Employee Benefit Expenses</b>                               | <b>Actual 2012</b> |
|   | 3,243,113          | Salaries and wages   | 3,346,635          |
|   | 0                  | Employer contributions to multi-employer defined benefit plans | 0                  |
|   | -7,365             | Increase in Annual Leave liability                             | 17,042             |
|   | 1,196              | Increase in Long Service Leave provision                       | 899                |
|   | 654                | Increase in Alternative Holidays Provision                     | -1,416             |
|   | 3,127              | Increase in Time in Lieu Liability                             | -775               |
|   | 12,856             | Increase in accrued payroll                                    | 13,761             |
|   | 3,253,581          |  | 3,376,146          |



|   |                    |  |                    |
|---|--------------------|--|--------------------|
| 5 | <b>Actual 2011</b> | <b>Other Expenses</b>  | <b>Actual 2012</b> |
|   |                    | Fees paid to Auditor (Audit NZ)  |                    |
|   | 62,400             | Fees for Financial statement audit   | 64,100             |
|   | 13,000             | Impairment of receivables  | 0                  |
|   | 44,607             | Minimum Lease payments Operating Leases  | 11,921             |
|   | 10,000             | Canterbury Earthquake Donation   | 0                  |
|   | 5,078,815          | Other Operating expenses   | 5,819,866          |
|   | <u>5,208,822</u>   |  | <u>5,895,887</u>   |
| 6 | <b>Actual 2011</b> | <b>Finance Costs</b>   | <b>Actual 2012</b> |
|   | 170,304            | Interest on borrowings   | 179,145            |
|   | <u>170,304</u>     |  | <u>179,145</u>     |
| 7 | <b>Actual 2011</b> | <b>Tax Expense</b>   | <b>Actual 2012</b> |
|   | 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>           |
|   |                    | <b>Reconciliation</b>  |                    |
|   | 1,406,071          | Surplus / (deficit) before tax   | 294,151            |
|   | 421,821            | Tax @ 28%  | 82,362             |
|   | -421,821           | Tax Effect of Non taxable income   | -82,362            |
|   |                    | Prior year adjustment  |                    |
|   | <u>0</u>           | Income Tax expense   | <u>0</u>           |
| 8 | <b>Actual 2011</b> | <b>Cash &amp; Cash Equivalents</b>   | <b>Actual 2012</b> |
|   | 35,009             | Cash at bank and in hand   | 71,191             |
|   | 1,502,947          | Short term deposits maturing 3 months or less from date of acquisition   | 0                  |
|   | <u>1,537,956</u>   |  | <u>71,191</u>      |
|   |                    | The carrying value of short term deposits with maturity dates of 3 months or less approximates their fair value. |                    |
| 9 | <b>Actual 2011</b> | <b>Trade and Other Receivables</b>   | <b>Actual 2012</b> |
|   | 299,950            | Rates Receivables  | 284,961            |
|   | 1,747,428          | Other Receivables  | 1,191,808          |
|   | 233,453            | Other Receivables accrued  | 146,660            |
|   | 227,482            | Prepayments  | 94,431             |
|   | 113,060            | Revenue work in progress   | 264,683            |
|   | <u>2,621,373</u>   |  | <u>1,982,543</u>   |
|   | -13,000            | Less provision for impairment of receivables   | -13,000            |
|   | <u>2,608,373</u>   |  | <u>1,969,543</u>   |
|   | 0                  | Non current  | 0                  |
|   | <u>2,608,373</u>   | Current  | <u>1,969,543</u>   |
|   | <u>2,608,373</u>   |  | <u>1,969,543</u>   |

The major concentration of credit risk is with the Animal Health Board Inc. receivables which amounted to \$592,085 @ 30 June 2012 (\$1,372,811 @ 30 June 2011). 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 2012 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**

| <b>Actual 2011</b> |  | <b>Actual 2012</b> |
|--------------------|--|--------------------|
| 2,347              | @ 1 July                               | 13,000             |
| 13,000             | Additional provision made during year. | 0                  |
| -2,347             | Receivables written off during period. | 0                  |
| <u>13,000</u>      | @ 30 June                              | <u>13,000</u>      |

| 10 | <b>Actual 2011</b> | <b>Inventories</b>             | <b>Actual 2012</b> |
|----|--------------------|--------------------------------|--------------------|
|    | 143,635            | Poison and pest supplies       | 592,585            |
|    | 31,886             | Rock in Quarries               | 436,302            |
|    | 11,232             | Stationery and Office supplies | 14,740             |
|    | <u>186,753</u>     |                                | <u>1,043,627</u>   |

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

| 11 | <b>Actual 2011</b> | <b>Other Financial Assets</b>                         | <b>Actual 2012</b> |
|----|--------------------|---|--------------------|
|    |                    | <i>Current</i>  |                    |
|    | 3,019,030          | Financial Assets at fair value through profit or loss | 2,961,069          |
|    | 0                  | Financial Assets at fair value through equity         | 0                  |
|    | 0                  | Held to maturity investments                          | 0                  |
|    | 0                  | Loans and receivables                                 | 0                  |
|    | <u>3,019,030</u>   |   | <u>2,961,069</u>   |
|    |                    | <i>Non Current</i>                                    |                    |
|    | 8,311,358          | Financial Assets at fair value through profit or loss | 9,353,661          |
|    | 0                  | Financial Assets at fair value through equity         | 0                  |
|    | 0                  | Held to maturity investments                          | 0                  |
|    | 0                  | Loans and receivables                                 | 0                  |
|    | <u>8,311,358</u>   |   | <u>9,353,661</u>   |
|    | 11,330,388         | <i>Total Current and Non Current</i>                  | 12,314,730         |

| <b>Actual 2011</b> | <b>By Asset Class</b>     | <b>Actual 2012</b> |
|--------------------|---------------------------|--------------------|
| 5,100,799          | Fixed Interest            | 4,898,862          |
| 2,053,518          | Australasian Equities     | 2,980,533          |
| 2,973,895          | International Equities    | 2,713,659          |
| 574,884            | Property Equities         | 753,131            |
| 627,292            | Alternative Asset Classes | 968,545            |
| <u>11,330,388</u>  | Total                     | <u>12,314,730</u>  |

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.

## 12 Property, Plant and equipment - Council Operational Assets

| 2012              | Cost/Revaluation 1 July 11 | Accumulated depreciation/impairment 1 July 11 | Carrying amount 1 July 11 | Current year additions | Current year disposals | Current year impairment | Transfer depreciation on disposal | Current year depreciation | Revaluation surplus | Cost/revaluation 30 June 12 | Accumulated depreciation/Impairment 30 June 12 | Carrying amount 30 June 12 |
|-------------------|----------------------------|---|---------------------------|------------------------|------------------------|-------------------------|-----------------------------------|---------------------------|---------------------|-----------------------------|--|----------------------------|
| Land              | 1933000                    | 0   | 1933000                   | 0                      | 0                      | 0                       | 0                                 | 0                         | -21000              | 1912000                     | 0  | 1912000                    |
| Buildings         | 1520768                    | -264993                                       | 1255775                   | 26500                  | -8494                  | 0                       | 7644                              | -37785                    | 0                   | 1538774                     | -295134  | 1243640                    |
| Plant & equipment | 1742451                    | -1214486                                      | 527965                    | 142209                 | 0                      | 0                       | 0                                 | -196094                   | 0                   | 1884660                     | -1410580                                       | 474080                     |
| Vehicles          | 439023                     | -73996  | 365027                    | 220787                 | 0                      | 0                       | 0                                 | -78220                    | 0                   | 659810                      | -152216  | 507594                     |
|                   | 5635242                    | -1553475                                      | 4081767                   | 389496                 | -8494                  | 0                       | 7644                              | -312099                   | -21000              | 5995244                     | -1857930                                       | 4137314                    |

### Council Infrastructure Assets - River, Drainage & Coastal Protection Assets

|                      |                 |                 |                 |               |              |          |             |                |               |                 |                 |                 |
|----------------------|-----------------|-----------------|-----------------|---------------|--------------|----------|-------------|----------------|---------------|-----------------|-----------------|-----------------|
| Canavans Knob        | 339169          | 0               | 339169          | 0             | 0            | 0        | 0           | 0              | 0             | 339169          | 0               | 339169          |
| Coal Creek           | 1977682         | 0               | 1977682         | 0             | 0            | 0        | 0           | 0              | 0             | 1977682         | 0               | 1977682         |
| Franz Josef          | 2838070         | 0               | 2838070         | 173246        | 0            | 0        | 0           | 0              | 0             | 3011316         | 0               | 3011316         |
| Inchbonnie           | 2604257         | 0               | 2604257         | 0             | 0            | 0        | 0           | 0              | 0             | 2604257         | 0               | 2604257         |
| Kaniere              | 367150          | 0               | 367150          | 0             | 0            | 0        | 0           | 0              | 0             | 367150          | 0               | 367150          |
| Karamea              | 3349323         | 0               | 3349323         | 0             | 0            | 0        | 0           | 0              | 0             | 3349323         | 0               | 3349323         |
| Kongahu Swamp        | 600531          | 0               | 600531          | 0             | 0            | 0        | 0           | 0              | 0             | 600531          | 0               | 600531          |
| Kowhitirangi         | 4044232         | 0               | 4044232         | 0             | 0            | 0        | 0           | 0              | 0             | 4044232         | 0               | 4044232         |
| Lower Waiho          | 1818689         | 0               | 1818689         | 0             | 0            | 0        | 0           | 0              | 0             | 1818689         | 0               | 1818689         |
| Matainui Creek       | 51275           | 0               | 51275           | 0             | 0            | 0        | 0           | 0              | 0             | 51275           | 0               | 51275           |
| Nelson Creek         | 2141651         | 0               | 2141651         | 0             | 0            | 0        | 0           | 0              | 0             | 2141651         | 0               | 2141651         |
| Raft Creek           | 278200          | 0               | 278200          | 0             | 0            | 0        | 0           | 0              | 0             | 278200          | 0               | 278200          |
| Redjacks             | 468968          | 0               | 468968          | 0             | 0            | 0        | 0           | 0              | 0             | 468968          | 0               | 468968          |
| Taramakau Settlement | 7888210         | 0               | 7888210         | 0             | 0            | 0        | 0           | 0              | 0             | 7888210         | 0               | 7888210         |
| Vine Creek           | 1624830         | 0               | 1624830         | 0             | 0            | 0        | 0           | 0              | 0             | 1624830         | 0               | 1624830         |
| Waitangitaona        | 1861210         | 0               | 1861210         | 0             | 0            | 0        | 0           | 0              | 0             | 1861210         | 0               | 1861210         |
| Wanganui             | 13970780        | 0               | 13970780        | 0             | 0            | 0        | 0           | 0              | 0             | 13970780        | 0               | 13970780        |
| Okuru                | 709239          | 0               | 709239          | 0             | 0            | 0        | 0           | 0              | 0             | 709239          | 0               | 709239          |
| Hokitika South Bank  | 765285          | 0               | 765285          | 0             | 0            | 0        | 0           | 0              | 0             | 765285          | 0               | 765285          |
| Punakaiki            | 1308360         | 0               | 1308360         | 0             | 0            | 0        | 0           | 0              | 0             | 1308360         | 0               | 1308360         |
|                      | 49007111        | 0               | 49007111        | 173246        | 0            | 0        | 0           | 0              | 0             | 49180357        | 0               | 49180357        |
| <b>TOTAL</b>         | <b>54642353</b> | <b>-1553475</b> | <b>53088878</b> | <b>562742</b> | <b>-8494</b> | <b>0</b> | <b>7644</b> | <b>-312099</b> | <b>-21000</b> | <b>55175601</b> | <b>-1857930</b> | <b>53317671</b> |

| <b>2011</b>  | Cost/revaluation 1 July 10 | Accumulated Depreciation/ Impairment 1 July 10 | Carrying amount 1 July 10 | Current year additions | Current yr disposals | Current yr impairment | Transfer Depreciation on disposal | Current year depreciation | Revaluation surplus | Cost/ Revaluation 30 June 11 | depreciation/ impairment 30 June 11 | Carrying amount 30 June 11 |
|--|----------------------------|--|---------------------------|------------------------|----------------------|-----------------------|-----------------------------------|---------------------------|---------------------|------------------------------|-------------------------------------|----------------------------|
| Land   | 1933000                    | 0  | 1933000                   | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 1933000                      | 0                                   | 1933000                    |
| Buildings  | 1520768                    | -223399  | 1297369                   | 0                      | 0                    | 0                     | 0                                 | -41594                    | 0                   | 1520768                      | -264993                             | 1255775                    |
| Plant & equipment  | 1854082                    | -1232570                                       | 621512                    | 116181                 | -227812              | 0                     | 228837                            | -210753                   | 0                   | 1742451                      | -1214486                            | 527965                     |
| Vehicles   | 278314                     | -111098  | 167216                    | 262004                 | -101295              | 0                     | 87757                             | -50655                    | 0                   | 439023                       | -73996                              | 365027                     |
|  | 5586164                    | -1567067                                       | 4019097                   | 378185                 | -329107              | 0                     | 316594                            | -303002                   | 0                   | 5635242                      | -1553475                            | 4081767                    |
| <b>Council Infrastructure Assets - River, Drainage &amp; Coastal Protection Assets</b> |                            |  |                           |                        |                      |                       |                                   |                           |                     |                              |                                     |                            |
| Canavans Knob  | 339169                     | 0  | 339169                    | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 339169                       | 0                                   | 339169                     |
| Coal Creek   | 1977682                    | 0  | 1977682                   | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 1977682                      | 0                                   | 1977682                    |
| Franz Josef  | 2838070                    | 0  | 2838070                   | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 2838070                      | 0                                   | 2838070                    |
| Inchbonnie   | 2604257                    | 0  | 2604257                   | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 2604257                      | 0                                   | 2604257                    |
| Kaniere  | 367150                     | 0  | 367150                    | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 367150                       | 0                                   | 367150                     |
| Karamea  | 3349323                    | 0  | 3349323                   | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 3349323                      | 0                                   | 3349323                    |
| Kongahu Swamp  | 600531                     | 0  | 600531                    | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 600531                       | 0                                   | 600531                     |
| Kowhitirangi   | 4044232                    | 0  | 4044232                   | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 4044232                      | 0                                   | 4044232                    |
| Lower Waiho  | 1818689                    | 0  | 1818689                   | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 1818689                      | 0                                   | 1818689                    |
| Matainui Creek   | 51275                      | 0  | 51275                     | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 51275                        | 0                                   | 51275                      |
| Nelson Creek   | 2141651                    | 0  | 2141651                   | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 2141651                      | 0                                   | 2141651                    |
| Raft Creek   | 278200                     | 0  | 278200                    | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 278200                       | 0                                   | 278200                     |
| Redjacks   | 468968                     | 0  | 468968                    | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 468968                       | 0                                   | 468968                     |
| Taramakau Settlement   | 7888210                    | 0  | 7888210                   | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 7888210                      | 0                                   | 7888210                    |
| Vine Creek   | 1624830                    | 0  | 1624830                   | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 1624830                      | 0                                   | 1624830                    |
| Waitangitaona  | 1861210                    | 0  | 1861210                   | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 1861210                      | 0                                   | 1861210                    |
| Wanganui   | 13970780                   | 0  | 13970780                  | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 13970780                     | 0                                   | 13970780                   |
| Okuru  | 709239                     | 0  | 709239                    | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 709239                       | 0                                   | 709239                     |
| Hokitika South Bank  | 765285                     | 0  | 765285                    | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 765285                       | 0                                   | 765285                     |
| Punakaiki  | 1308630                    | 0  | 1308630                   | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 1308630                      | 0                                   | 1308630                    |
|  | 49007111                   | 0  | 49007111                  | 0                      | 0                    | 0                     | 0                                 | 0                         | 0                   | 49007111                     | 0                                   | 49007111                   |
| <b>Total</b>   | <b>54593273</b>            | <b>-1567065</b>                                | <b>53026208</b>           | <b>378185</b>          | <b>-329107</b>       | <b>0</b>              | <b>316594</b>                     | <b>-303002</b>            | <b>0</b>            | <b>54642351</b>              | <b>-1553473</b>                     | <b>53088878</b>            |

**13 Intangible Assets 2012**

|                   | Cost<br>1 July 2011 | Accumulated<br>Amortisation/<br>Impairment<br>1 July 2011 | Carrying<br>Amount<br>1 July 2011 | Current<br>year<br>additions | Current<br>year<br>disposals | Current<br>year<br>impairment | Transfer<br>Amortisation<br>on disposal | Current<br>year<br>amortisation | Revaluation<br>Surplus | Cost/<br>Revaluation<br>30 June 2012 | Accumulated<br>Amortisation/<br>Impairment 30 June<br>2012 | Carrying<br>Amount<br>30 June 2012 |
|-------------------|---------------------|---|-----------------------------------|------------------------------|------------------------------|-------------------------------|---|---------------------------------|------------------------|--------------------------------------|--|------------------------------------|
| Computer Software | 294826              | -208321   | 86505                             | 0                            | 0                            | 0                             | 0                                       | -572                            | 0                      | 294826                               | -208893  | 85933                              |
| Work in progress  | 0                   | 0   | 0                                 | 229289                       | 0                            | 0                             | 0                                       | 0                               | 0                      | 229289                               | 0  | 229289                             |
| Other             | 0                   | 0   | 0                                 | 0                            | 0                            | 0                             | 0                                       | 0                               | 0                      | 0                                    | 0  | 0                                  |
|                   | 294826              | -208321   | 86505                             | 229829                       | 0                            | 0                             | 0                                       | -572                            | 0                      | 524115                               | -208893  | 315222                             |

**Intangible Assets 2011**

|                   | Cost 1 July 2010 | Accumulated<br>Amortisation/<br>Impairment 1 July<br>2010 | Carrying<br>Amount 1 July<br>2010 | Current<br>Year additions | Current<br>Year disposals | Current<br>Year<br>impairment | Transfer<br>Amortisation<br>on disposal | Current<br>year<br>amortisation | Revaluation<br>Surplus | Cost/<br>Revaln 30 June<br>2011 | Accumulated<br>Amortisation/<br>Impairment 30 June<br>2011 | Carrying<br>Amount 30 June<br>2011 |
|-------------------|------------------|---|-----------------------------------|---------------------------|---------------------------|-------------------------------|---|---------------------------------|------------------------|---------------------------------|--|------------------------------------|
| Computer Software | 268145           | -194282   | 73863                             | 26681                     | 0                         | 0                             | 0                                       | -14039                          | 0                      | 294826                          | -208321  | 86505                              |
| Other             | 0                | 0   | 0                                 | 0                         | 0                         | 0                             | 0                                       | 0                               | 0                      | 0                               | 0  | 0                                  |
|                   | 268145           | -194282   | 73863                             | 26681                     | 0                         | 0                             | 0                                       | -14039                          | 0                      | 294826                          | -208321  | 86505                              |

| 14 | <b>Actual 2011</b> | <b>Trade and Other Payables</b> | <b>Actual 2012</b> |
|----|--------------------|---------------------------------|--------------------|
|    | 1,310,545          | Trade Payables                  | 951,396            |
|    | 590,305            | Deposits and bonds              | 460,645            |
|    | 480,466            | Accrued Expenses                | 545,161            |
|    | 1,070,622          | Other Revenue in Advance        | 495,790            |
|    | 60,940             | Rates in advance                | 53,627             |
|    | 0                  | Due to related parties          | 0                  |
|    | <u>3,512,878</u>   |                                 | <u>2,506,619</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

| 15 | <b>Actual 2011</b> | <b>Employee Benefit Liabilities</b> | <b>Actual 2012</b> |
|----|--------------------|-------------------------------------|--------------------|
|    | 41,851             | Accrued payroll                     | 55,612             |
|    | 217,608            | Annual Leave                        | 234,649            |
|    | 13,614             | Long Service Leave                  | 14,513             |
|    | 14,650             | Time in Lieu                        | 13,875             |
|    | 6,799              | Alternative Holidays                | 5,383              |
|    | 0                  | Sick Leave                          | 0                  |
|    | <u>294,522</u>     |                                     | <u>324,032</u>     |
|    | 280,908            | Current                             | 309,519            |
|    | 13,614             | Non Current                         | 14,513             |
|    | <u>294,522</u>     |                                     | <u>324,032</u>     |

| 16 | <b>Actual 2011</b> | <b>Borrowing</b>         | <b>Actual 2012</b> |
|----|--------------------|--------------------------|--------------------|
|    |                    | <b>Reconciliation</b>    |                    |
|    |                    | Opening Balance 1 July   |                    |
|    | 90,193             | Lease Liabilities        | 58,060             |
|    | 6,768              | Lower Waiho              | 0                  |
|    | 100,000            | Inchbonnie               | 82,877             |
|    | 2,100,000          | Greymouth Floodwalls     | 2,048,291          |
|    | 248,003            | Punakaiki Seawall Loan   | 209,856            |
|    | <u>2,544,964</u>   |                          | <u>2,399,084</u>   |
|    |                    | <b>Borrowed</b>          |                    |
|    | 0                  | Greymouth Floodwalls     | 0                  |
|    | 0                  | Inchbonnie               | 0                  |
|    | 0                  | Westpac short term loans | 1,707,000          |
|    | 0                  | Lease Liabilities        | 0                  |
|    | <u>0</u>           |                          | <u>1,707,000</u>   |
|    |                    | <b>Repaid</b>            |                    |
|    | -32,133            | Lease Liabilities        | -36,391            |
|    | 0                  | Westpac short term loans | -850,000           |
|    | -6,768             | Lower Waiho              | 0                  |

|                 |                        |                   |
|-----------------|------------------------|-------------------|
| -51,709         | Greymouth Floodwalls   | -55,024           |
| -17,123         | Inchbonnie             | -18,454           |
| -38,147         | Punakaiki Seawall Loan | -42,202           |
| <u>-145,880</u> |                        | <u>-1,002,071</u> |

|                  |                          |                  |
|------------------|--------------------------|------------------|
|                  | Closing Balance 30 June  |                  |
| 58,060           | Lease Liabilities        | 21,669           |
| 0                | Westpac short term loans | 857,000          |
| 2,048,291        | Greymouth Floodwalls     | 1,993,267        |
| 82,877           | Inchbonnie               | 64,423           |
| 209,856          | Punakaiki Seawall Loan   | 167,654          |
| <u>2,399,084</u> |                          | <u>3,104,013</u> |

**Actual 2011 Current**

|                |                          |                  |
|----------------|--------------------------|------------------|
| 42,291         | Punakaiki Seawall        | 45,137           |
| 55,028         | Greymouth Floodwalls     | 58,607           |
| 18,454         | Inchbonnie               | 19,888           |
| 0              | Westpac short term loans | 857,000          |
| 36,391         | Lease Liabilities        | 21,669           |
| <u>152,164</u> |                          | <u>1,002,301</u> |

**Non Current**

|                  |                       |                  |
|------------------|-----------------------|------------------|
| 167,565          | Punakaiki Seawall     | 122,517          |
| 1,993,262        | Greymouth Floodwalls. | 1,934,660        |
| 64,424           | Inchbonnie            | 44,535           |
| 21,669           | Lease Liabilities     | 0                |
| <u>2,246,920</u> |                       | <u>2,101,712</u> |

|                  |                  |                  |
|------------------|------------------|------------------|
| <u>2,399,084</u> | Total Borrowings | <u>3,104,013</u> |
|------------------|------------------|------------------|

**Fixed Rate Debt**

|                  |  |                  |
|------------------|--|------------------|
| 58,060           | Lease liabilities for whole term of Lease                            | 21,669           |
| 209,856          | Punakaiki Seawall Loan   | 167,654          |
| 879,835          | Greymouth Floodwall. Interest Rate Swap Agreement for 5 years        | 858,102          |
| 978,456          | Greymouth Floodwall. Interest Rate Swap Agreement for 10 years       | 955,160          |
| 82,877           | Inchbonnie Rating District. Interest Rate Swap Agreement for 5 years | 64,424           |
| <u>2,209,084</u> | Total Fixed Rate   | <u>2,067,009</u> |

**Floating Rate debt**

|                |                          |                  |
|----------------|--------------------------|------------------|
| 190,000        | Greymouth Floodwalls     | 180,004          |
| 0              | Westpac short term loans | 857,000          |
| <u>190,000</u> |                          | <u>1,037,004</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

|                  |                                      |                  |
|------------------|--------------------------------------|------------------|
| 152,164          | < 1 Year                             | 1,002,301        |
| 8.29%            | weighted average interest rate       | 4.44%            |
| 2,246,920        | > 1 year                             | 2,101,712        |
| 7.15%            | weighted average interest rate       | 7.31%            |
| <u>2,399,084</u> | Total                                | <u>3,104,013</u> |
| 2,246,920        | Fair Value of non current borrowings | 2,101,712        |

### Analysis of Finance Lease Liabilities

| Actual 2011 Minimum Lease Payments Due          |   | Actual 2012   |
|---|---|---------------|
| 41,620  | Not later than 1 year                   | 22,539        |
| 22,539  | Later than 1 year: not later than 5     | 0             |
| 0   | Later than 5 years                      | 0             |
| <u>64,159</u>                                   |   | <u>22,539</u> |
| -6,099  | Less: Future finance charges            | -870          |
| <u>58,060</u>                                   | Present value of minimum lease payments | <u>21,669</u> |
| Present value of minimum lease payments payable |   |               |
| 36,392  | Not later than 1 year                   | 21,669        |
| 21,668  | Later than 1 year: not later than 5     | 0             |
| 0   | Later than 5 years                      | 0             |
| <u>58,060</u>                                   |   | <u>21,669</u> |
| 36,392  | Current                                 | 21,669        |
| 21,668  | Non Current                             | 0             |
| <u>58,060</u>                                   |   | <u>21,669</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 12.

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.

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### Derivative Financial Instruments

| Actual 2011           |  | Actual 2012 |
|-----------------------|--|-------------|
| <b>Current Assets</b> |  |             |
| 142,787               | Foreign Exchange Hedges                      | 0           |
| 0                     | <b>Non Current assets</b>                    | 0           |
| <u>142,787</u>        | Total Derivative Financial Instrument Assets | <u>0</u>    |



|                |  |                |
|----------------|--|----------------|
|                | <b>Current Liabilities</b>                               |                |
| 0              | Foreign Exchange Hedges                                  | 39,013         |
|                | <b>Non Current Liabilities</b>                           |                |
| 191,005        | Interest Rate Swaps – Cash Flow Hedges                   | 261,170        |
| <u>191,005</u> | <u>Total Derivative Financial Instrument Liabilities</u> | <u>300,183</u> |

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

#### **Fair Value Hierachy 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 two outstanding interest rate swap contracts for the Council was \$1,875,278 (2011 \$1,939,946).

At 30 June 2012, the fixed interest rates of the two cash flow hedge interest rate swaps were 6.36% and 6.69%

Gains and losses recognised in other comprehensive income and the hedging reserve in equity (note 18 (g)) on interest rate swap contracts as at 30 June 2012 will be released to the surplus or deficit as interest is paid on the underlying debt.

Council currently has no fair value hedges.

**Forward foreign exchange contracts**

The notional principal amounts of outstanding forward foreign exchange contracts were \$AUS 661,702 and \$US 1,012,806

(2011 \$AUS 1,712,095 and \$US 1,361,972)

| 18   | <b>Actual 2011</b> | <b>Equity</b>  | <b>Actual 2012</b> |
|------|--------------------|--|--------------------|
| (a)  |                    | <b>Ratepayers Equity</b>   |                    |
|      | 18,157,524         | Balance 1 July   | 18,577,120         |
|      | 1,406,071          | Surplus transferred  | 294,151            |
|      | -178,741           | Net Transfers (to)/from Rating District Equity                                   | 277,069            |
|      | -35,591            | Transfers(to)/from Tb Targeted Rate Balance                                      | -38,307            |
|      | -77,143            | Transfers(to)/from Quarry Account  | 40,402             |
|      | -695,000           | Transfers(to)/from Investment Growth Reserve                                     | 424,000            |
|      | 0                  | Transfers(to)/from Catastrophe Fund  | -569,713           |
|      | <u>18,577,120</u>  | Balance 30 June  | <u>19,004,722</u>  |
| (b)  |                    | <b>Rating District Equity (River, Drainage &amp; Coastal Protection Schemes)</b> |                    |
|      | 1,361,459          | Balance 1 July   | 1,540,201          |
|      | 1,248,998          | Revenue  | 1,063,807          |
|      | -958,994           | Expenditure  | -1,054,656         |
|      | 0                  | Capital Expenditure  | -173,246           |
|      | 0                  | Loan raised  | 0                  |
|      | -111,262           | Loan Principal repaid  | -112,974           |
|      | <u>1,540,201</u>   | Balance 30 June  | <u>1,263,132</u>   |
| (c)  | <b>Actual 2011</b> | <b>Asset Revaluation Reserves</b>  | <b>Actual 2012</b> |
| (i)  |                    | <b>Infrastructural Assets</b>  |                    |
|      | 31,481,638         | Opening Balance  | 31,481,638         |
|      | 0                  | Revaluation gains / (losses)   | 0                  |
|      | <u>31,481,638</u>  |  | <u>31,481,638</u>  |
| (ii) | <b>Actual 2011</b> | <b>Land</b>  | <b>Actual 2012</b> |
|      | 835,000            | Opening Balance  | 835,000            |
|      | 0                  | Revaluation gains / (losses)   | -21,000            |
|      | <u>835,000</u>     |  | <u>814,000</u>     |
|      | <u>32,316,638</u>  | <b>Total Revaluation Reserve</b>   | <u>32,295,638</u>  |
| (d)  | <b>Actual 2011</b> | <b>Investment Growth Reserve</b>   | <b>Actual 2012</b> |
|      | 9,206,000          | Balance 1 July   | 9,901,000          |
|      | 695,000            | Transfer (to) / from Ratepayers Equity   | -424,000           |
|      | <u>9,901,000</u>   | Balance 30 June  | <u>9,477,000</u>   |

|     |                    |  |                    |
|-----|--------------------|--|--------------------|
| (e) | <b>Actual 2011</b> | <b>Quarry Account</b>                  | <b>Actual 2012</b> |
|     | 302,017            | Balance 1 July                         | 379,160            |
|     | 77,143             | Transfer (to) / from Ratepayers Equity | -40,402            |
|     | <u>379,160</u>     | Balance 30 June                        | <u>338,758</u>     |
| (f) | <b>Actual 2011</b> | <b>Tb Pest Management</b>              | <b>Actual 2012</b> |
|     | -34,554            | Balance 1 July                         | 1,037              |
|     | 35,591             | Transfer (to) / from Ratepayers Equity | 38,307             |
|     | <u>1,037</u>       | Balance 30 June                        | <u>39,344</u>      |
| (g) | <b>Actual 2011</b> | <b>Derivatives Hedge Reserve</b>       | <b>Actual 2012</b> |
|     | -165,618           | Balance 1 July                         | -191,005           |
|     | -25,387            | Transfer (to) / from Ratepayers Equity | -70,165            |
|     | <u>-191,005</u>    | Balance 30 June                        | <u>-261,170</u>    |
| (h) | <b>Actual 2011</b> | <b>Catastrophe Fund</b>                | <b>Actual 2012</b> |
|     | 0                  | Balance 1 July                         | 0                  |
|     | 0                  | Transfer (to) / from Ratepayers Equity | 569,713            |
|     | <u>0</u>           | Balance 30 June                        | <u>569,713</u>     |

**Restricted Reserves**

The following reserves are restricted because the targeted rates raised can only be spent for the purposes raised:

Rating District Equity Reserves

Tb Pest Management

| 19    |                    | <b>Reconciliation of net surplus/(deficit) to net cash flow from operating activities</b> |                    |
|-------|--------------------|---|--------------------|
|       | <b>Actual 2011</b> |   | <b>Actual 2012</b> |
| (i)   | 1,406,071          | Reported Surplus (Deficit) for the year   | 294,151            |
| (ii)  |                    | Add non cash items:   |                    |
|       | 317,041            | Depreciation and Amortisation   | 312,671            |
|       | -37,939            | Unrealised Foreign Exchange –Gains/Losses   | 181,801            |
|       | -343,103           | Unrealised Price –Gains/Losses  | 215,024            |
|       | -36,693            | -Gains/Losses on sale of assets included in Investing Activities                          | -6,193             |
|       | 1,196              | Movement in employee entitlements (non current)   | 899                |
|       | 4,874              | Item Classified as Investing activity – Movement in capital creditors                     | 31,852             |
|       | -493,665           | Portfolio interest, dividends & gains   | -480,243           |
|       | <u>-588,289</u>    |   | <u>255,811</u>     |
| (iii) |                    | <b>Movements in working capital items</b>   |                    |
|       |                    | <b>current assets</b>   |                    |
|       | 1,133,269          | Accounts receivable & accruals  | 583,675            |
|       | -62,442            | Inventories   | -856,874           |
|       |                    | <b>current liabilities</b>  |                    |
|       | -149,256           | accounts payable and accruals   | -882,010           |
|       | 224,336            | Net GST movement  | -94,187            |
|       | <u>1,145,907</u>   |   | <u>-1,249,396</u>  |
|       | <u>1,963,689</u>   | <b>Net Cashflows from Operating Activities</b>  | <u>-699,434</u>    |

| 20 |               | <b>Actual 2011 Capital Commitments and operating leases.</b>  | <b>Actual 2012</b> |
|----|---------------|---|--------------------|
|    | 42,647        | Capital expenditure contracted for at 30 June but not yet incurred for property, plant and equipment. | 35,386             |
|    | <u>42,647</u> |   | <u>0</u>           |
|    |               | Non-cancellable operating leases as lessee:   |                    |
|    | 10,150        | not later than 1 year   | 0                  |
|    | 0             | Later than 1 year but not later than 5 years  | 0                  |
|    | 0             | Later than 5 years  | 0                  |
|    | <u>10,150</u> |   | <u>0</u>           |

WCRC leases property, plant and equipment in the normal course of its business. These leases are for motor vehicles and have non-cancellable terms of 36 months. The future aggregate minimum lease payments to be paid by WCRC under these non cancellable operating leases are as above.

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 lease arrangements.

21

**Contingencies**

|                    |                               |                    |
|--------------------|-------------------------------|--------------------|
| <b>Actual 2011</b> | <b>Contingent Liabilities</b> | <b>Actual 2012</b> |
| 0                  |                               | 0                  |

**Weather-tight home liabilities**

Council has accrued the further Riskpool call on members which will be payable in July 2013 and we expect this to amount to \$55,051. It is not possible to quantify the possible amount of any further call in July 2014.

|                    |                          |                    |
|--------------------|--------------------------|--------------------|
| <b>Actual 2011</b> | <b>Contingent Assets</b> | <b>Actual 2012</b> |
| 0                  |                          | 0                  |

22

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

| <b>ye 30/6/11</b>  |                         | Salaries | Superannuation | Vehicle | <b>ye 30/6/12</b> |
|--------------------|-------------------------|----------|----------------|---------|-------------------|
| <b>Councillors</b> |                         |          |                |         |                   |
| 64,541             | Chairman R Scarlett     | 67,995   |                |         | 67,995            |
| 9,111              | Deputy Chairman P Ewen  | 0        |                |         | 0                 |
| 29,736             | Deputy Chairman B Chinn | 32,537   |                |         | 32,537            |
| 25,963             | Councillor D Davidson   | 26,561   |                |         | 26,561            |
| 25,963             | Councillor A Robb       | 26,561   |                |         | 26,561            |
| 25,963             | Councillor T Archer     | 26,561   |                |         | 26,561            |
| 25,963             | Councillor A Birchfield | 26,561   |                |         | 26,561            |
| 18,525             | Councillor I Cummings   | 26,561   |                |         | 26,561            |
| 225,765            |                         | 233,337  |                |         | 233,337           |
| 191,433            | Chief Executive         | 182,695  | 3,652          | 13,684  | 200,031           |
| 483,105            | 4 Second Tier Managers  | 462,032  | 15,749         | 11,492  | 489,272           |
| 900,303            |                         | 878,064  | 19,401         | 25,176  | 922,640           |

*The above remuneration comprises salaries and other short term benefits.*

23. **Related Party Transaction**

Payments to elected Councillors acting as Hearing Commissioners amounted to \$26,825. These amounts are in addition to the amounts paid to elected Councillors disclosed in Note 22 above.

(2011 \$3,570)

24. **Severance Payments**

No severance payments were made during the year to 30 June 2012.

(2011 nil)

25. **Events After Balance Date of 30 June 2012.**

Investment Portfolio Returns 1 July 2012 to 31 August 2012

The Forsyth Barr Ltd and Westpac portfolios earned \$386,830 for the two months to 31 August 2012.

The cash bonds referred to in Note 29 were repaid on 20 July 2012.

26. **Future Quarry Restoration Liability at 30 June 2012**

Assessed liability as at 30 June 2012 \$70,000.

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

(2011 \$60,000)

27. **Financial Instrument Risks**

WCRC has policies to manage the risks associated with financial instruments. WCRC is risk averse and seeks to minimise 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.

All WCRC borrowing is to help finance the construction of river, drainage and coastal protection works. These borrowings are at fixed rates for fixed terms to help provide certainty to the various communities which have to repay this borrowing.

**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 Forsyth Barr Ltd and Westpac Bank. The SIPO limits the amount of credit exposure to various institutions with regard to the Forsyth Barr Ltd managed funds. 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 Council Community Plan (LTCCP).

WCRC has overdraft facilities available to \$250,000 with its banker and a multi option credit line amounting to \$3,000,000 (\$2,915,000 utilised @ 30 June 2012)

The maturity profile of WCRC borrowings are disclosed in note 16.

**(d)**

| Actual 2011 | Financial Instruments  | Actual 2012 |
|-------------|--|-------------|
|             | <b><u>Financial Assets</u></b>                               |             |
|             | <b>Fair Value Through Profit and Loss – Held for trading</b> |             |
|             | <b>Categories</b>  |             |
| 142,788     | Derivative Financial Asset                                   | 0           |
|             | <b>Other Financial Assets</b>                                |             |
| 5,100,799   | Fixed Interest   | 4,898,862   |
| 2,053,518   | Australasian Equities  | 2,980,533   |
| 2,973,895   | International Equities                                       | 2,713,659   |
| 574,884     | Property Equities  | 968,545     |
| 627,292     | Alternative Asset Classes                                    | 753,131     |
| 11,330,388  | <b>Total Financial Assets</b>                                | 12,314,730  |
|             | <b>at Fair Value Through Profit &amp; Loss</b>               |             |
| 0           | Available for Sale   | 0           |
|             | <b>Loans and Receivables</b>                                 |             |
| 1,537,956   | Cash & cash Equivalent                                       | 71,191      |
| 2,608,373   | Debtors & Other Receivables                                  | 1,969,543   |
| 4,146,329   |  | 2,040,734   |
| 0           | Held to Maturity   | 0           |
| 0           | Fair Value Through Equity                                    | 0           |
| 15,619,505  | <b>Total Financial Assets</b>                                | 14,355,464  |

**Financial Liabilities**



|                    |  |           |
|--------------------|--|-----------|
| 0                  | Fair Value Through Profit and Loss -Held for Trading | 0         |
| 0                  | <b>Derivative Financial Liabilities</b>              | 0         |
|                    | <b>Financial Liabilities at Amortised Cost</b>       |           |
| 3,512,878          | Creditors & Other Payables                           | 2,506,619 |
|                    | Borrowings   |           |
| 2,341,024          | Term Loans   | 3,082,344 |
| 58,060             | Finance Lease Liabilities                            | 21,669    |
| 5,911,962          | <b>Total financial Liabilities at Amortised Cost</b> | 5,610,632 |
| 5,911,962          | <b>Total Financial Liabilities</b>                   | 5,610,632 |
| <b>Actual 2011</b> | <b>Maximum Exposure to Credit Risk</b>               |           |
|                    | <b>Financial Instruments</b>                         |           |
| 35,009             | Cash at Bank Westpac                                 | 71,191    |
| 1,502,947          | Cash on Call Deposits Westpac                        | 0         |
| 2,608,373          | Debtors & Other Receivables                          | 1,969,543 |
| 5,100,799          | Fixed Interest                                       | 4,898,862 |
| 9,247,128          |  | 6,889,576 |

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

| <b>Actual 2011</b> |                                | <b>Actual 2012</b> |
|--------------------|--------------------------------|--------------------|
|                    | <b>Fixed Interest</b>          |                    |
| 1,936,133          | A-1+                           | 300,941            |
| 397,568            | A-2                            | 0                  |
| 882,715            | AAA Government Guarantee       | 0                  |
| 924                | AAA                            | 0                  |
| 0                  | AA+ Government Guarantee       | 1,307,321          |
| 683,816            | AA                             | 1,726,428          |
| 214,416            | AA-                            | 298,706            |
| 474,260            | A+                             | 486,600            |
| 209,414            | A                              | 107,420            |
| 0                  | BBB+                           | 496,792            |
| 301,553            | Unrated – no prior defaults    | 174,654            |
| 5,100,799          |                                | 4,898,862          |
|                    | <b>Cash at bank</b>            |                    |
| 35,009             | A-1+                           | 71,191             |
|                    | <b>On call Deposit Account</b> |                    |
| 1,502,947          | A-1+                           | 0                  |

**(f) Sensitivity of Financial Instrument Risk**

**Interest Rate Risk**

As at 30 June 2012 it is estimated that a two percentage point increase in market interest rates would increase the Council's surplus by approximately \$249,000.

This calculation is based on a reassessment of the fair values of financial assets that are held for trading

(30 June 2011 \$172,000).

**Currency Risk**

The Council is exposed to currency risk on its investment portfolio to both US \$ and Australian \$. It is estimated that a ten percent increase/decrease in the value of the New Zealand dollar against both the US\$ and Australian\$ would decrease/increase the Council's surplus by approximately \$215,000.

(30 June 2011 \$113,000).

(g) **Contractual Maturity Analysis of Financial Liabilities**

|  | <b>Carrying Amount</b> | <b>Contractual Cash Flows</b> | < 1 year         | 1-2 years      | 2 - 5 years    | > 5 years        |
|--|------------------------|-------------------------------|------------------|----------------|----------------|------------------|
| <b>Council 2012</b>                              |                        |                               |                  |                |                |                  |
| Creditors & Other Payables                       | 2,506,619              | 2,506,619                     | 2,506,619        | 0              | 0              | 0                |
| Westpac Short Term Advance                       | 857,000                | 857,000                       | 857,000          |                |                |                  |
| Net Position of Derivative Financial Liabilities | 300,183                | 300,183                       | 39,013           | 0              | 79,879         | 181,291          |
| Term Loans                                       | 2,225,344              | 3,854,739                     | 281,796          | 281,411        | 707,551        | 2,583,981        |
| Finance Lease Liabilities                        | 21,669                 | 22,539                        | 22,539           | 0              | 0              | 0                |
| <b>Total Financial Liabilities</b>               | <b>5,910,815</b>       | <b>7,541,080</b>              | <b>3,706,967</b> | <b>281,411</b> | <b>787,430</b> | <b>2,765,272</b> |

|  | <b>Carrying Amount</b> | <b>Contractual Cash Flows</b> | < 1 year         | 1-2 years      | 2 – 5 years    | > 5 years        |
|--|------------------------|-------------------------------|------------------|----------------|----------------|------------------|
| <b>Council 2011</b>                              |                        |                               |                  |                |                |                  |
| Creditors & Other Payables                       | 3,512,878              | 3,512,878                     | 3,512,878        | 0              | 0              | 0                |
| Net Position of Derivative Financial Liabilities | 191,005                | 191,005                       | 0                | 0              | 76,359         | 114,646          |
| Term Loans                                       | 2,341,024              | 4,203,140                     | 288,952          | 288,202        | 804,529        | 2,821,457        |
| Finance Lease Liabilities                        | 58,060                 | 64,159                        | 41,620           | 22,539         | 0              | 0                |
| <b>Total Financial Liabilities</b>               | <b>6,102,967</b>       | <b>7,971,182</b>              | <b>3,843,450</b> | <b>310,741</b> | <b>880,888</b> | <b>2,936,103</b> |

(h)

**Fair Value Hierachy 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.

| <b>30 June 2012</b>           | Total             | Level 1          | Level 2          | Level 3 |
|-------------------------------|-------------------|------------------|------------------|---------|
| Fixed Interest                | 4,898,862         | 2,869,172        | 2,029,690        |         |
| Australasian Equities         | 2,980,533         | 2,980,533        |                  |         |
| International Equities        | 2,713,658         | 2,713,658        |                  |         |
| Property Equities             | 968,545           | 968,545          |                  |         |
| Alternative Asset Classes     | 753,132           |                  | 753,132          |         |
| Derivative Hedge asset        | 0                 |                  | 0                |         |
| <b>Total Financial Assets</b> | <b>12,314,730</b> | <b>9,531,908</b> | <b>2,782,822</b> |         |

| <b>30 June 2011</b>           | Total             | Level 1          | Level 2          | Level 3        |
|-------------------------------|-------------------|------------------|------------------|----------------|
| Fixed Interest                | 5,100,799         | 1,474,529        | 3,410,930        | 215,340        |
| Australasian Equities         | 2,053,518         | 2,053,518        |                  |                |
| International Equities        | 2,973,895         | 641,346          | 2,332,549        |                |
| Property Equities             | 574,884           | 574,884          |                  |                |
| Alternative Asset Classes     | 627,292           |                  | 627,292          |                |
| Derivative Hedge asset        | 142,788           |                  | 142,788          |                |
| <b>Total Financial Assets</b> | <b>11,473,176</b> | <b>4,744,277</b> | <b>6,513,559</b> | <b>215,340</b> |

(i)

### Contractual Maturity Analysis of Financial Assets

| <b>30 June 2012</b>           | Total             | < 1 Year          | 1 – 2 Years    | 2 – 5 Years    | > 5 Years        |
|-------------------------------|-------------------|-------------------|----------------|----------------|------------------|
| Fixed Interest                | 4,898,862         | 2,655,729         | 122,677        | 836,366        | 1,284,090        |
| Australasian Equities         | 2,980,533         | 2,980,533         |                |                |                  |
| International Equities        | 2,713,658         | 2,713,658         |                |                |                  |
| Property Equities             | 753,132           | 753,132           |                |                |                  |
| Alternative Asset Classes     | 968,545           | 968,545           |                |                |                  |
| Derivative Hedge asset        | 0                 | 0                 |                |                |                  |
|                               | <b>12,314,730</b> | <b>10,071,597</b> | <b>122,677</b> | <b>836,366</b> | <b>1,284,090</b> |
| Cash & Cash Equivalents       | 71,191            | 71,191            |                |                |                  |
| Debtors & Other Receivables   | 1,969,543         | 1,969,543         |                |                |                  |
| <b>Total Financial Assets</b> | <b>14,355,464</b> | <b>12,112,331</b> | <b>122,677</b> | <b>836,366</b> | <b>1,284,090</b> |

| <b>30 June 2011</b>           | Total             | < 1 Year          | 1 – 2 Years    | 2 – 5 Years    | > 5 Years      |
|-------------------------------|-------------------|-------------------|----------------|----------------|----------------|
| Fixed Interest                | 5,100,799         | 2,049,746         | 429,341        | 727,725        | 993,987        |
| Australasian Equities         | 2,053,518         | 2,053,518         |                |                |                |
| International Equities        | 2,973,895         | 2,973,895         |                |                |                |
| Property Equities             | 574,884           | 574,884           |                |                |                |
| Alternative Asset Classes     | 627,292           | 627,292           |                |                |                |
| Derivative Hedge asset        | 142,788           | 142,788           |                |                |                |
|                               | <b>11,473,176</b> | <b>9,322,123</b>  | <b>429,341</b> | <b>727,725</b> | <b>993,987</b> |
| Cash & Cash Equivalents       | 1,537,956         | 1,537,956         | 0              | 0              | 0              |
| Debtors & Other Receivables   | 2,608,373         | 2,608,373         | 0              | 0              | 0              |
| <b>Total Financial Assets</b> | <b>15,619,505</b> | <b>13,648,452</b> | <b>429,341</b> | <b>727,725</b> | <b>993,987</b> |

## **28. 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.

## **29. Cash Bond**

West Coast Regional Council has received an \$892,000 (2011 \$892,000) bond from a mining company. The money is held in a separate bank account and is not controlled by Council. Council can access these funds when, and only to the extent that, Council has to incur expenditure to make good any default of the company's. Therefore no asset or liability in respect of this bond has been recognized in the financial statements.

## Governance

### Background

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 2009/2019 Long Term Council Community Plan.

None.

| Performance Targets  | Achieved / Progress  |            |                 |   |          |              |     |          |              |      |       |              |      |      |              |      |            |              |      |        |              |      |          |              |     |
|--|--|------------|-----------------|---|----------|--------------|-----|----------|--------------|------|-------|--------------|------|------|--------------|------|------------|--------------|------|--------|--------------|------|----------|--------------|-----|
| <p>Conduct eleven monthly meetings of Council and the Resource Management Committee, plus other scheduled meetings and scheduled workshops during the year with 80% attendance by all Councillors.</p>                 | <p>Achieved</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Councillor</th> <th style="text-align: left;">Number attended</th> <th style="text-align: left;">%</th> </tr> </thead> <tbody> <tr> <td>Scarlett</td> <td>13 out of 14</td> <td>93%</td> </tr> <tr> <td>Davidson</td> <td>14 out of 14</td> <td>100%</td> </tr> <tr> <td>Chinn</td> <td>14 out of 14</td> <td>100%</td> </tr> <tr> <td>Robb</td> <td>14 out of 14</td> <td>100%</td> </tr> <tr> <td>Birchfield</td> <td>14 out of 14</td> <td>100%</td> </tr> <tr> <td>Archer</td> <td>14 out of 14</td> <td>100%</td> </tr> <tr> <td>Cummings</td> <td>12 out of 14</td> <td>86%</td> </tr> </tbody> </table> <p>11 Council meetings, 2 special meetings and 1 Councillor workshop occurred in the reporting period.</p> | Councillor | Number attended | % | Scarlett | 13 out of 14 | 93% | Davidson | 14 out of 14 | 100% | Chinn | 14 out of 14 | 100% | Robb | 14 out of 14 | 100% | Birchfield | 14 out of 14 | 100% | Archer | 14 out of 14 | 100% | Cummings | 12 out of 14 | 86% |
| Councillor   | Number attended  | %          |                 |   |          |              |     |          |              |      |       |              |      |      |              |      |            |              |      |        |              |      |          |              |     |
| Scarlett   | 13 out of 14   | 93%        |                 |   |          |              |     |          |              |      |       |              |      |      |              |      |            |              |      |        |              |      |          |              |     |
| Davidson   | 14 out of 14   | 100%       |                 |   |          |              |     |          |              |      |       |              |      |      |              |      |            |              |      |        |              |      |          |              |     |
| Chinn  | 14 out of 14   | 100%       |                 |   |          |              |     |          |              |      |       |              |      |      |              |      |            |              |      |        |              |      |          |              |     |
| Robb   | 14 out of 14   | 100%       |                 |   |          |              |     |          |              |      |       |              |      |      |              |      |            |              |      |        |              |      |          |              |     |
| Birchfield   | 14 out of 14   | 100%       |                 |   |          |              |     |          |              |      |       |              |      |      |              |      |            |              |      |        |              |      |          |              |     |
| Archer   | 14 out of 14   | 100%       |                 |   |          |              |     |          |              |      |       |              |      |      |              |      |            |              |      |        |              |      |          |              |     |
| Cummings   | 12 out of 14   | 86%        |                 |   |          |              |     |          |              |      |       |              |      |      |              |      |            |              |      |        |              |      |          |              |     |
| <p>Prepare and notify the 2012/22 Long Term Plan by 31 May in accordance with the procedures outlined in the Local Government Act 2002.</p>  | <p>Achieved.<br/>The Draft LTP was released for submissions on 10 April and following the 29 May hearings the LTP was adopted on 21 June 2012.</p>   |            |                 |   |          |              |     |          |              |      |       |              |      |      |              |      |            |              |      |        |              |      |          |              |     |
| <p>Prepare and notify the Council's Annual Report by 31 October each year in accordance with the procedures outlined in the Local Government Act 2002.</p>   | <p>Achieved.<br/>The Audited Annual Report was adopted on 11 October 2011.</p>   |            |                 |   |          |              |     |          |              |      |       |              |      |      |              |      |            |              |      |        |              |      |          |              |     |
| <p>Publish an informative Council newsletter twice a year to be circulated to all ratepayers, with their rate demand, in March and September.</p>  | <p>Achieved.<br/>Newsletters were prepared and sent with the first and second rates instalment in September 2011 and March 2012.</p>   |            |                 |   |          |              |     |          |              |      |       |              |      |      |              |      |            |              |      |        |              |      |          |              |     |
| <p>Maintain the Council website up-to-date at all times, as the Council's primary information transfer point and an information resource for the community.</p>  | <p>Achieved.<br/>New material was added to the website throughout the year featuring the new Warm West Coast promotion, The Waiho report, the LTP, notified consents and the Civil Defence Shakeout Exercise.</p>  |            |                 |   |          |              |     |          |              |      |       |              |      |      |              |      |            |              |      |        |              |      |          |              |     |
| <p>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.</p> | <p>Achieved.<br/>Council has continued to invite attendance by Iwi Representatives.</p>  |            |                 |   |          |              |     |          |              |      |       |              |      |      |              |      |            |              |      |        |              |      |          |              |     |

| Actual<br>2010/11      | <b>Cost of Services Statement for year ended 30 June 2012</b><br><b>Governance</b> | Actual<br>2011/12      | Budget<br>2011/12      |
|------------------------|--|------------------------|------------------------|
|                        | <u>Operating Expenditure</u>   |                        |                        |
| 362,015                | Governance   | 341,459                | 352,055                |
| 19,793                 | Community Consultation   | 16,805                 | 33,488                 |
| <u>381,808</u>         | <u>Total Operating Expenditure</u>   | <u>358,264</u>         | <u>385,543</u>         |
| <u>0</u>               | <u>Operating Revenue</u>   | <u>358,264</u>         | <u>0</u>               |
|                        | <u>Funding Requirements</u>  |                        |                        |
| -381,808               | Operating Surplus / -Deficit to be funded  | -358,264               | -385,543               |
| 0                      | Capital Expenditure  | 0                      | 0                      |
| <u><b>-381,808</b></u> | <u>Total Funding Required</u>  | <u><b>-358,264</b></u> | <u><b>-385,543</b></u> |
|                        | Funded by:   |                        |                        |
| 381,808                | General Rates and Investment Income  | 358,264                | 385,543                |
| <u><b>381,808</b></u>  | <u>Total Funding</u>   | <u><b>358,264</b></u>  | <u><b>385,543</b></u>  |

## Consents and Compliance

### Background

Resource consents are required for activities that are otherwise restricted under the Resource Management Act. The Council processes applications for water, coastal and discharge permits and land use consents, in accordance with the timeframes set out in the Act.

Resource consents and mining licences are monitored to ensure compliance with their conditions and to determine their effects on the environment. This is a duty of Council under section 35 of the Resource Management Act. Complaints received in relation to breaches of resource consents, the Act or Council's regional rules are recorded and responded to according to a priority system.

Under the Maritime Transport Act 1994 the Council is responsible for responding to marine oil spills within the territorial waters of the West Coast. This Act requires Council to undertake certain activities regarding training and equipment maintenance. Staff will respond to terrestrial hazardous substance spills and assist the party responsible to clean up spills in order to minimise environmental impacts.

### Key Changes from the Long Term Council Community Plan for 2009/19

Nil

| Resource Consent Processing Targets   | Achieved / Progress  |
|---|--|
| Process at least 99% of non-notified resource consent applications within the statutory timeframes                              | Achieved.<br>99.15% (582/587) of non-notified consents were processed within the statutory timeframes. Those that exceeded the statutory timeframes did not trigger the discount policy. (97.8% 2010/11) |
| Work with consent applicants to seek to reduce the need for formal requests for further information under Section 92 of the RMA | Achieved.<br>18 Section 92 requests were made in relation to the consent applications processed in the reporting period. (15 requests 2010/11)   |
| Complete staff reports for all notified consent applications within 10 working days of receipt of all required information      | Achieved.<br>13 consent applications were notified during the period, and all staff reports were completed within 10 working days of all the required information being received.                        |
| Respond to enquiries on resource consent processes and requirements within 10 working days                                      | Achieved.<br>99.5% (424/426) of written enquiries were responded to within 10 working days. 100% (11/11) of LGOIMA enquiries were responded to within 20 working days.                                   |

| Compliance Monitoring Targets   | Achievements/Progress   |
|---|---|
| Process at least 95% of mining work programmes <sup>1</sup> within 20 working days of receipt.  | Achieved.<br>76 work programmes were received during the reporting period. 19 of these work programmes required further information to be submitted. All the remaining valid work programmes were processed within the 20 day timeframe (100%). |
| Release 100% of bonds within four months of the surrender, forfeiture or expiry of the corresponding mining licence or permit, provided that rehabilitation requirements have been met. | Achieved.<br>11 bonds were released in the reporting period, all within the 4 month timeframe.  |

<sup>1</sup> This target assumes the work programme is submitted with all necessary information provided.



|  |  |
|--|--|
| Inspect every consent and/or mining licence for operating mining activities at least once annually, and where problems are identified follow up to ensure compliance is achieved and/or environmental effects are reduced.   | Achieved.<br>175 visits to active mining operations were undertaken in the reporting period. These inspections covered all of the 64 mines that were operating during the year. Where problems were identified these were followed up.   |
| Inspect all new consents that involve major <sup>2</sup> construction works after completion of those works, and follow up to ensure compliance is achieved.   | Achieved.<br>Major construction works inspected include the Taramakau bridge, the Amethyst and Kawatiri Hydro schemes.   |
| Inspect all consents for whitebait stands on the Little Wanganui, Taramakau, Hokitika, Wanganui, Paringa and Waiatoto Rivers annually and the remaining rivers with whitebait stand consents at least once every three years to check consent compliance and ensure that any environmental effects are no more than minor. | Achieved.<br>Visits during the 2011 Whitebait season included – Little Wanganui, Orowaiti, Mokihinui, Taramakau, Hokitika, Waitaha, Wanganui, Karangarua, Jacobs, Ohinemaka, Paringa, Moeraki, Haast, Okuru, Waiatoto and Arawhata.  |
| Inspect every dairy shed effluent discharge at least once every three years, depending on compliance, and work with farmers so that consent compliance is achieved and environmental effects are managed.  | Achieved.<br>All dairy farms were inspected during the previous 3 years. In the 2011/12 year 296 of the 388 dairy sheds were inspected in the reporting period. Where problems were identified these were followed up by further visits. There were 12 follow up inspections. In total there were 308 visits, including follow up inspections. |
| Assess farm compliance in the Lake Brunner catchment annually, in recognition of the need for stricter environmental management in this sensitive lake catchment, and follow up to ensure compliance is achieved.  | Achieved.<br>The 21 farms in the catchment were visited in the reporting period. Some enforcement action was undertaken regarding stock access to water ways.  |
| Operate a 24-hour complaints service, responding to all complaints and report all complaints to the monthly Resource Management Committee.   | Achieved.<br>All complaints received were responded to and reported to the Resource Management Committee.  |
| Respond to known breaches of the RMA, regional plan rules or resource consents by taking enforcement action through abatement notices, infringement notices or recommend prosecution in accordance with Council Enforcement Policy.  | Achieved.<br>32 infringement notices and 22 abatement notices were issued in the reporting period. No prosecutions were recommended.   |

| Marine Oil Spill Response Targets  | Achievements/Progress  |
|--|--|
| Maintain a team of at least 25 Maritime NZ (MNZ) trained personnel at all times to deal with marine oil spills and terrestrial hazardous substance spills.   | Not Achieved.<br>Due to staff leaving we only had 22 staff trained in the second half of the year and due to operation Rena, Maritime NZ were not offering training courses. |
| Respond within 4 hours to all terrestrial hazardous substance spills, and where necessary use Council or MNZ spill equipment to manage containment and clean up to minimise adverse environmental impacts. | Achieved.<br>No major spills in this region, response times were within the 4 hour window. Staff assisted with the Rena response in Tauranga.                                |
| Ensure response equipment is maintained quarterly to a level ready to respond to a Tier 2 marine oil spill response.   | Achieved.<br>Maintenance inspections were undertaken at the required quarterly intervals.  |

<sup>2</sup> Major, in this situation, means the project costs more than approx. \$200,000.

| Actual<br>2010/11 | <b>Cost of Services Statement for year ended 30 June 2012</b> | Actual<br>2011/12 | Budget<br>2011/12 |
|-------------------|---|-------------------|-------------------|
|                   | <b>Consents &amp; Compliance</b>                              |                   |                   |
|                   | <u>Operating Expenditure</u>                                  |                   |                   |
| 363,731           | Resource Consent Processing                                   | 753,514           | 514,329           |
| 179,236           | Consents Support  | 197,780           | 177,946           |
| 26,966            | Consents Review   | 27,645            | 35,138            |
| 57,386            | Consent Appeals   | 103,486           | 37,588            |
| 108,118           | Consent Enquiries   | 122,706           | 111,646           |
| 12,009            | Building Act - Dams   | 17,017            | 16,356            |
| 19,657            | Whitebait Stand Compliance                                    | 35,662            | 39,174            |
| 212,055           | Compliance Monitoring   | 242,428           | 281,822           |
| 150,760           | Compliance Monitoring Support                                 | 149,172           | 169,384           |
| 59,674            | Compliance Enquiries  | 36,997            | 55,221            |
| 102,406           | Dairy Farm Monitoring   | 78,624            | 86,919            |
| 138,684           | Complaints  | 112,010           | 133,674           |
| 103,443           | Enforcement Appeals   | 29,971            | 70,358            |
| 40,363            | Oil Spill response  | 262,268           | 82,323            |
| <u>1,574,488</u>  | <u>Total Operating Expenditure</u>                            | <u>2,169,280</u>  | <u>1,811,878</u>  |
|                   | <u>Operating Revenue</u>                                      |                   |                   |
| 829,601           | User Charges  | 1,614,850         | 1,033,727         |
| 0                 | Subsidies   | 0                 | 0                 |
| 0                 | Targeted Rates  | 0                 | 0                 |
| <u>829,601</u>    | <u>Total Operating Revenue</u>                                | <u>1,614,850</u>  | <u>1,033,727</u>  |
|                   | <u>Funding requirements</u>                                   |                   |                   |
| -744,887          | Operating Surplus / -Deficit to be funded                     | -554,430          | -778,151          |
| -2,606            | Capital Expenditure   | -2,428            | 0                 |
| <u>-747,493</u>   | <u>Total Funding Required</u>                                 | <u>-556,858</u>   | <u>-778,151</u>   |
|                   | Funded by:  |                   |                   |
| 744,887           | General Rates & Investment Income                             | 554,430           | 778,151           |
| 2,606             | Depreciation Funds  | 2,428             | 0                 |
| <u>747,493</u>    | <u>Total Funding</u>  | <u>556,858</u>    | <u>778,151</u>    |

## Planning Processes

### Background

The Council has a number of Resource Management Act regional plans that manage the effects of activities on air, water, land and the coastal marine area in a consistent and integrated manner. The Council is required under the RMA to review and report on the efficiency and effectiveness of policy statements and plans every five years, as well as full review after 10 years of being operative.

The Biosecurity Act enables Council to have a Pest Management Strategy. The Council has adopted a Regional Pest Plant Management Strategy to take a strategic and prioritised approach to managing pest plants in the region.

The Council makes submissions, comments and responses to other resource management documents where these may affect the West Coast. This is a key role in ensuring that the regional community is represented in other processes.

The Land Transport Act 1998 and the Land Transport Management Act 2003 require regional councils to have a regional land transport strategy, which includes how to achieve an integrated, safe, responsive, and sustainable land transport system. Council also administers the land transport committee, prepares an annual land transport programme and an annual report on implementation of the Strategy.

The Council also maintains a register of passenger services operating in the region in accordance with the Transport Services Licensing Act 1989. Additionally, the Regional Council participates on the regional Road Safety Committee and oversees the Road Safety Co-ordinator with funding sourced from Land Transport New Zealand. Council also administers subsidies for transport for those with limited mobility through the Total Mobility Programme.

### Key Changes in from the Long Term Council Community Plan for 2009/19

None.

| Planning Performance Targets   | Achievements/Progress   |
|--|---|
| Hold hearings on the submissions on the proposed Wetlands variation 2 as soon as the Court proceedings on variation 1 are concluded. | Not achieved.<br>Still waiting for Environment Court to release decision on Wetlands variation 1.   |
| Commence hearings on the proposed Land and Water Plan (merged plan) submissions by April 2012.                                       | Not achieved.<br>Hearings and deliberations were held 18-22 June 2012. Staff are currently preparing the decisions report for Council. The main reason for the delay has been the heavy workload associated with the environment court case over the Proposed Land and Riverbed Plan.   |
| Prepare a report to Council on the proposed new structure and content of the West Coast Regional Policy Statement by May 2012.       | Not achieved.<br>Report was not presented to Council due to potentially significant changes anticipated following the Biodiversity National Policy Statement and more recently the Technical Advisory Group report on Resource Management Act principles.<br><br>The Regional Policy Statement review is effectively on hold until government direction is clear. |

|   |  |
|---|--|
| Commence a full review of the Regional Air quality Plan by July 2012.   | Achieved.<br>Review began in February 2012 (reported to March 2012 Council Meeting).   |
| Prepare a Draft Regional Coastal Plan, to be considered by Council, by July 2012.   | Not achieved.<br>Natural Character work is underway and should be completed by October 2012. Envirolink funded work examining hazards in the Coastal area has been completed and is being analysed by staff. |
| Prepare and disseminate information for resource users on rules and best practice as detailed in the annual communications programme.   | Achieved.<br>Newsletter content was prepared and information boards in the lobby are regularly updated.  |
| Investigate and respond where appropriate to central government policies or plans that may impact on West Coast interests, within required timeframes, and provide ongoing policy advice to Council as and when needed. | Achieved.<br>Analysed and submitted on various government initiatives; including the recent Environmental Reporting Bill.  |

| Transport Planning Targets  | Achievements/Progress  |
|---|--|
| Facilitate at least two public Regional Transport Committee meetings per year and arrange working group meetings as requested by the Committee.                               | Achieved.<br>The Regional Transport Committee met on 28 February. The Committee resolved that the Hearing Panel would confirm the Regional Land Transport Programme following the hearing of submissions. A second Regional Transport Committee meeting was not required in 2011/12.                                     |
| Prepare and submit by 30 June 2012 a triennial programme to secure funding for west Coast transport projects that meet the NZ Transport Authority guidelines.                 | Achieved.<br>The draft Regional Land Transport programme 2012/15 (RLTP) was notified on 13 March 2012. Consultation on the draft RLTP closed on 13 April. A Hearing for the RLTP was held on 16 May. The final RLTP was endorsed by Council on 12 June and the RLTP was submitted to the NZ Transport Agency on 29 June. |
| Participate, with the three district councils, NZ Police, and others in the West Coast Road Safety Co-ordinating Committee.   | Achieved.<br>The Road Safety Coordinating Committee met on 21 July, 8 December and 29 March. Activities undertaken focussed on the risk factors affecting road users on the West Coast under the 'Safer Journeys' approach.  |
| 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.<br>100% of those surveyed rated the overall service and value for money as good, very good or excellent.   |

| Actual<br>2010/11      | <b>Cost of Services Statement for the year ended 30 June 2012</b> | Actual<br>2011/12      | Budget<br>2011/12      |
|------------------------|---|------------------------|------------------------|
|                        | <b>Planning Processes</b>   |                        |                        |
|                        | <u>Operating Expenditure</u>                                      |                        |                        |
| 13,282                 | Regional Policy Statement   | 4,613                  | 77,184                 |
| 110,705                | Land & Riverbed mgmt Plan   | 45,606                 | 10,592                 |
| 0                      | Air Quality Plan  | 11,465                 | 13,462                 |
| 172                    | Discharge Contaminants to Land                                    | 161                    | 0                      |
| 93,520                 | Water Mgmt Plan   | 183,320                | 95,609                 |
| 8,552                  | Pest Mgmt Strategy  | 47                     | 5,400                  |
| 26,121                 | Responses   | 8,994                  | 47,226                 |
| 40,953                 | Regional Coastal Plan   | 93,654                 | 65,997                 |
| 54,112                 | Policy & Plan Implementation & Review                             | 15,477                 | 64,339                 |
| 0                      | Land Management Projects  | 23,639                 | 0                      |
| 23,783                 | Public Enquiries  | 17,259                 | 40,198                 |
| 23,950                 | Wetlands  | 70,226                 | 8,622                  |
| 2,191                  | Waste Management  | 1,179                  | 17,923                 |
| 21,680                 | Pest Strategy Implementation                                      | 15,655                 | 16,724                 |
| 7,500                  | Contributions to National Strategies                              | 22,676                 | 15,000                 |
| 3,985                  | Honda Tree Fund   | 0                      | 0                      |
| 8,910                  | Total Mobility Admin  | 9,600                  | 13,136                 |
| 58,114                 | Total Mobility  | 79,315                 | 68,750                 |
| 42,471                 | Regional Land Transport Admin                                     | 49,278                 | 36,845                 |
| 8,464                  | Passenger Transport Admin   | 5,263                  | 7,354                  |
| 91,868                 | Safety Programme  | 123,622                | 123,796                |
| <u>640,333</u>         | <u>Total Operating Expenditure</u>                                | <u>781,049</u>         | <u>728,157</u>         |
|                        | <u>Operating Revenue</u>  |                        |                        |
| 5,695                  | User Charges  | 2,000                  | 0                      |
| 186,981                | Subsidies   | 277,295                | 204,650                |
|                        | Targeted Rates  | 0                      | 0                      |
| <u>192,676</u>         | <u>Total Operating Revenue</u>                                    | <u>279,295</u>         | <u>204,650</u>         |
|                        | <u>Funding Requirements</u>                                       |                        |                        |
| -447,657               | Operating Surplus / -Deficit to be funded                         | -501,754               | -523,507               |
| 0                      | Capital Expenditure   | 0                      | 0                      |
| <b><u>-447,657</u></b> | <b><u>Total Funding Required</u></b>                              | <b><u>-501,754</u></b> | <b><u>-523,507</u></b> |
|                        | Funded by:  |                        |                        |
| 447,657                | General Rates & Investment Income                                 | 501,754                | 523,507                |
| 0                      | Depreciation Funds  | 0                      | 0                      |
| <b><u>447,657</u></b>  | <b><u>Total Funding</u></b>                                       | <b><u>501,754</u></b>  | <b><u>523,507</u></b>  |

## Environmental Monitoring

### Background

State of the Environment Monitoring assesses trends in environmental quality and detects emerging issues. Such information is fundamental for assessing the effectiveness of resource management policies and plans. It assists Council to make decisions based on sound knowledge and information on environmental trends and emerging issues.

Flood warning services are provided for five of the West Coast's major rivers. This complements Council's Civil Defence and Emergency Management functions.

Water quality monitoring ensures water resources, including lakes, rivers and coastal sites, are of a suitable standard for a particular use or value. Air quality monitoring is required under the new national air quality standards where the national standards are exceeded.

Council's role in administering potentially contaminated sites is limited by section 30 (ca) of the RMA to initial identification and assessment procedures and ongoing maintenance of a database of sites for the region.

### Key Changes from the Long Term Council Community Plan for 2009/19

None.

| Performance Targets  | Achievements/Progress  |
|--|--|
| Provide a continuous flood monitoring service for the five rivers monitored and respond in accordance with the flood-warning manual and ensure real time data on river levels is available on the Council website and Info line. | Achieved.<br>Continuous flood warning service provided. All responses to floods were in accordance with flood-warning manual. Problems have been encountered and resolved with the Buller sites data transfer. |
| Review the flood-warning manual annually and liaise with work groups as required.  | Achieved.<br>Review completed.   |
| Complete all regular water sampling programmes and an annual Lake Brunner summary report every December, for Council's web site.   | Achieved.<br>Quarterly rounds all completed, Lake Brunner report completed mid December.   |
| Report monthly summer contact recreation results to Council, and to media, and complete any follow-up investigations required by Council as they arise.  | Achieved.<br>Contact recreation sampling is completed. A system is in place to publish results in local papers.  |
| Continue wintertime ambient air quality monitoring in Reefton and provide monthly summary reports to Council during winter months.   | Achieved.<br>All results were reported through the Council meetings and on the website.  |

|  |  |
|--|--|
| Maintain the 'Sites Associated with Hazardous Substances' (SAHS) database, ensure District Councils and land buyers have access to up to date information and assist landowners to securing external funding to investigate or remediate high priority SAHS sites, where landowners are interested and funding is available. | Achieved.<br>Advice and information given to requesters of SAHS information.<br>All sites have been reclassified according to current protocols.<br>Hard files have been scanned so all SAHS files are now electronic. |
| Publish on the Council web site a Hydrometric and Meteorological Data Summary Report by December 2011.   | Not achieved.<br>Deferred due to flood report and other tasks taking precedence. The report will be presented to the October 2012 Council meeting.   |

| Actual<br>2010/11      | <b>Cost of Services Statement for year ended 30 June 2012</b> | Actual<br>2011/12      | Budget<br>2011/12      |
|------------------------|---|------------------------|------------------------|
|                        | <b>Environmental Monitoring</b>                               |                        |                        |
|                        | <u>Operating Expenditure</u>                                  |                        |                        |
| 361,108                | Hydrology   | 363,833                | 376,571                |
| 15,843                 | Ground Water Monitoring                                       | 21,188                 | 33,223                 |
| 314,879                | Surface Water Quality Monitoring                              | 351,798                | 313,961                |
| 16,463                 | Contaminated Sites  | 13,510                 | 15,549                 |
| 12,262                 | Air Quality Monitoring  | 20,070                 | 27,012                 |
| 3,433                  | Information and general                                       | 2,878                  | 0                      |
| <u>723,988</u>         | <b>Total Operating Expenditure</b>                            | <u>773,277</u>         | <u>766,316</u>         |
|                        | <u>Operating Revenue</u>                                      |                        |                        |
| 0                      | User Charges  | 0                      | 0                      |
| 0                      | Subsidies   | 0                      | 0                      |
| 0                      | Targeted Rates  | 0                      | 0                      |
| <u>0</u>               | <b>Total Operating Revenue</b>                                | <u>0</u>               | <u>0</u>               |
|                        | <u>Funding Requirements</u>                                   |                        |                        |
| -723,988               | Operating Surplus / -Deficit to be funded                     | -773,277               | -766,316               |
| -57,097                | Capital Expenditure   | -108,785               | -88,000                |
| <u><b>-781,085</b></u> | <b>Total Funding Required</b>                                 | <u><b>-882,062</b></u> | <u><b>-854,316</b></u> |
|                        | Funded by:  |                        |                        |
| 723,988                | General Rates & Investment Income                             | 773,277                | 766,316                |
| 57,097                 | Depreciation Funds  | 108,785                | 88,000                 |
| <u><b>781,085</b></u>  | <b>Total Funding</b>  | <u><b>882,062</b></u>  | <u><b>854,316</b></u>  |

## Emergency Management

### Background

Under the Civil Defence and Emergency Management Act 2002 the Regional Council is the administering authority for the West Coast Civil Defence Emergency Management Group (CDEM). The functions of the CDEM Group include the co-ordination of civil defence emergency management planning, programmes and activities across the region, carrying out risk management, monitoring and reviewing the civil defence emergency management group plan, and delivering emergency management at the group level.

The Co-ordinating Executive Group (CEG) oversees implementation of the Plan and the CDEM Group's directives. The Regional Council provides a Group Emergency Operations Centre (EOC) which must be maintained in a state of readiness at all times.

### Key Changes from the Long Term Council Community Plan for 2009/19

None.

| Performance Targets   | Achievements/Progress   |
|---|---|
| Prepare and organise the distribution of public information linked to the development and release of the national public information programme.   | Achieved.<br>The Get Ready Get Thru booklet was distributed; a community comment question appeared in the Messenger; Council's March newsletter advised of ideal tsunami response. A link to Exercise ShakeOut is on Council's website and various items of information are available at reception. |
| Maintain a ready-to-operate headquarters in preparation for potential emergencies, in accordance with the Group Plan and Group Controllers Guide. | Achieved.<br>The Group Emergency Operations Centre is ready to operate for potential emergencies. The alternate Emergency Operations Centre at GDC was tested in November during Exercise Pacific Wave and this alternative is now also ready to use at any time.                                   |
| Train at least 30 Council staff as EOC personnel so that we have three shifts of EOC staff trained and exercised in case of a regional emergency. | Achieved.<br>30 staff have received training to various levels. 17 staff participated in Exercise Pacific Wave in November including several new staff members.   |



| Actual<br>2010/11     | <b>Cost of Services Statement for year ended 30 June 2012</b> | Actual<br>2011/12     | Budget<br>2011/12     |
|-----------------------|---|-----------------------|-----------------------|
|                       | <b>Emergency Management</b>                                   |                       |                       |
|                       | <u>Operating Expenditure</u>                                  |                       |                       |
| 106,616               | Civil Defence Response  | 112,050               | 104,526               |
| 24,774                | Natural Hazards   | 54,699                | 40,376                |
| <u>131,390</u>        | <u>Total Operating Expenditure</u>                            | <u>166,749</u>        | <u>144,902</u>        |
|                       | <u>Operating Revenue</u>                                      |                       |                       |
| 213                   | User Charges  | 0                     | 0                     |
| 18,444                | Subsidies   | 39,651                | 0                     |
| <u>40,413</u>         | <u>Targeted Rates</u>   | <u>50,637</u>         | <u>50,000</u>         |
| <u>59,070</u>         |   | <u>90,288</u>         | <u>50,000</u>         |
|                       | <u>Funding Requirements</u>                                   |                       |                       |
| -72,320               | Operating Surplus / -Deficit to be funded                     | -76,461               | -94,902               |
| -2,958                | Capital Expenditure   | 0                     | 0                     |
| <u><b>-75,278</b></u> | <u>Total Funding Required</u>                                 | <u><b>-74,461</b></u> | <u><b>-94,902</b></u> |
|                       | Funded by   |                       |                       |
| 72,320                | General Rates & Investment Income                             | 74,461                | 94,902                |
| 2,958                 | Depreciation Funds  | 0                     |                       |
| <u><b>75,278</b></u>  | <u>Total Funding</u>  | <u><b>74,461</b></u>  | <u><b>94,902</b></u>  |

## River, Drainage and Coastal Protection Works

### Background

Council is authorised under the Soil Conservation and Rivers Control Act 1941 to mitigate soil erosion, and prevent damage by floods. Council manages protection works for 19 Rating Districts throughout the Region, participates on the Joint Greymouth Floodwall Committee, and rates for structural maintenance of the Floodwall. Council manages 10 quarries to provide rock for protection works, and owns a quarry truck, compressor and drilling rig, to ensure capacity on the West Coast for winning rock for river and coastal protection works.

Handling enquiries and providing engineering advice on flood and erosion control is carried out in response to ratepayer demand, and is charged for on a user pays basis where anything other than minor amounts of staff time is taken.

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 information helps to identify what, if any, maintenance or additional protection is needed. The cross section studies and aerial photography are also carried out on other larger rivers and coastal areas that are prone to build-up and increased risk of flooding or erosion. This information helps to identify gravel volumes and determine if new protection works might be needed.

### Key Changes from the Long Term Council Community Plan for 2009/19

None.

| Performance Targets   | Achievements/Progress  |
|---|--|
| Oversee implementation of the quarry management plans, and review those plans by 2011.  | Achieved.<br>All Quarry management plans are current.  |
| Monitor and review quarry contracts and permits and visit sites to ensure Health and Safety and other legal requirements are met.   | Achieved.<br>Regular visits are undertaken to quarry sites to ensure compliance.   |
| Obtain rock from quarries to facilitate river protection works within two weeks of any request, and at a cost in line with the relative operating cost of each quarry without subsidy from general rates.   | Achieved.<br>Rock has been supplied for requests within the 2 week timeframe. Rock prices may need to be lifted slightly due to a small deficit this year in the quarry account.                       |
| Review Rating District Asset Management Plans where information indicates a significant change from what is stated in the asset management plan or where communities support an early review of the service levels of existing infrastructure.          | Achieved.<br>Mokihinui Asset Management Plan completed. No other communities requested plan reviews and no significant changes occurred. Waiho report may lead to review of Franz Josef AMP next year. |
| Organise and oversee maintenance of all rating district infrastructural assets to the service level consistent with the Asset Management Plan of each Rating District, or whatever level the community and the Council decide on as an acceptable risk. | Achieved.<br>All assets were maintained to or exceeding the levels set in the Asset Management Plans. Several upgrades have also occurred this year (eg Coal Creek, Karamea).                          |

|  |  |
|--|--|
| <p>Complete all annual maintenance works identified in the adopted annual works report for each rating district, and complete all rating district meetings by November 2011.</p> | <p>Achieved.<br/>Rating District meetings were completed in October 2011. Annual maintenance work has been completed for most areas while some are still in progress but will be complete before October 2012.</p> |
| <p>Assist with organising and securing infrastructure loans for major capital works as and when required.</p>  | <p>No loans were required during the reporting period.</p>   |
| <p>Provide civil engineering advice on Council's behalf for consent applications and compliance matters within statutory timeframes.</p>   | <p>Achieved.<br/>Advice is provided as and when required.</p>  |

| Actual <b>Cost of Services Statement for year ended 30 June 2012</b> |   | Actual                 | Budget                 |
|--|---|------------------------|------------------------|
| 2010/11  | <b>River, Drainage &amp; Coastal Protection</b> | 2011/12                | 2011/12                |
| <u>Operating Expenditure</u>   |   |                        |                        |
| 919,984  | Works Within Rating Districts                   | 1,014,323              | 741,799                |
| 162,469  | Rating District Management                      | 128,024                | 164,453                |
| 7,577  | Asset Mgmt Plans                                | 2,257                  | 22,866                 |
| 12,791   | Inspections                                     | 6,113                  | 22,310                 |
| 39,220   | Technical Services                              | 7,616                  | 76,301                 |
| 669,891  | Quarries  | 443,254                | 252,324                |
| 50,361   | River Cross Sections                            | 61,839                 | 62,726                 |
| <u>1,862,293</u>   | <u>Total Operating Expenditure</u>              | <u>1,663,426</u>       | <u>1,342,779</u>       |
| <u>Operating Revenue</u>   |   |                        |                        |
| 341,250  | User Charges Rating Districts                   | 31,612                 | 63,000                 |
| 747,034  | User Charges Quarries                           | 402,851                | 218,000                |
| 868,736  | Targeted Rates                                  | 991,863                | 941,557                |
| <u>1,957,020</u>   | <u>Total Operating Revenue</u>                  | <u>1,426,326</u>       | <u>1,222,557</u>       |
| <u>Funding Requirements</u>  |   |                        |                        |
| 94,727   | Operating Surplus / -Deficit to be funded       | -237,100               | -120,222               |
| 0  | Capital Expenditure                             | -173,985               | -350,000               |
| -290,002   | Transfers to Rating District Reserves           | -9,152                 | -262,758               |
| -77,143  | Transfers to Quarry Account Reserves            | 0                      | 0                      |
| <u><b>-272,418</b></u>   | <u>Total Funding Required</u>                   | <u><b>-420,237</b></u> | <u><b>-732,980</b></u> |
| Funded by:   |   |                        |                        |
| 0  | Transfers from Rating District Reserves         | 173,246                | 350,000                |
| 0  | Transfers from Quarry Account Reserves          | 40,403                 | 34,324                 |
| 0  | Depreciation Funds                              | 739                    | 0                      |
| 272,418  | General Rates & Investment Income               | 205,849                | 348,656                |
| <u><b>272,418</b></u>  | <u>Total Funding</u>                            | <u><b>420,237</b></u>  | <u><b>732,980</b></u>  |

## Vector Control Services Business Unit

### Background:

Vector Control Services (VCS) specialises in competing for and completing ground and aerial possum control contracts for the Animal Health Board (AHB).

Operating as a business unit has enabled service delivery functions of the Council such as vector (possum) control and other operations to be carried out efficiently and effectively in accordance with sound business practices. This is consistent with the principles of the Local Government Act 2002.

Staff of the business unit are also trained and equipped for urgent or emergency work.

VCS competes on the open market for possum control work. VCS has the capability to compete for other contract work as appropriate, to maintain a profitable business and provide a reasonable return to Council.

### Key Changes from the Long Term Council Community Plan for 2009/19

None.

| Performance Targets   | Achievements/Progress   |
|---|---|
| Tender for, and win, sufficient contracts to provide or exceed the annual budgeted return to Council.   | Achieved.<br>Exceeded annual budgeted return to Council.<br><br>Completed largest ever annual volume of ground control contracts (109,000 hectares).                              |
| Meet the performance objectives and contractual obligations set by the Animal Health Board for ground and aerial pest control contracts.  | Partially achieved.<br>33 contract blocks completed and monitored. Achieved 97% pass rate. One block required a re-monitor following further work.                                |
| Keep sufficient pest plant work records to assist the review of the Pest Plant Management Strategy.   | Achieved.<br>Nodding thistle inspections at Mai Mai on going. Assisted with African feather grass inspection in Westport.   |
| Have staff available as a response unit for marine and terrestrial pollution spill events as per the MOU between the Council's Compliance section, Maritime New Zealand and Vector Control Services dated 11 November 2005. | Achieved.<br><br>Five staff assisted with the Rena response. Two staff were booked to attend MSA training in November but the training course was cancelled due to Rena incident. |
| Maintain oil spill response equipment to the level required in the West Coast Tier 2 Oil Spill Response Plan.   | Achieved.<br>Quarterly inspections all completed.   |
| Develop new business areas as appropriate, complementary to existing roles.   | Achieved.<br><br>Developed new branch of the VCS business called 'VCS Environmental'. Employed 2 new staff and developed marketing material to attract clients                    |

|  |   |
|--|---|
|  | <p>needing RMA advice services.</p> <p>Tendered for aerial work (successfully) in the Tasman, Canterbury &amp; Otago. Won 4 aerial contracts in Tasman &amp; 1 in Canterbury in 2012/13; Won 6 aerial contracts in Otago in 2013/14 and 2014/15. Unsuccessful with winning North Island AHB Aerial tenders.</p> |
|--|---|

| Actual<br>2010/11                            | <b>Cost of Services Statement for year ended 30 June 2012</b> | Actual<br>2011/12      | Budget<br>2011/12     |
|--|---|------------------------|-----------------------|
| <b>Vector Control Services Business Unit</b> |   |                        |                       |
|  | <u>Operating Expenditure</u>                                  |                        |                       |
| 2,172,205                                    | External expenditure  | 2,369,820              | 2,312,000             |
| 15,870                                       | Internal expenditure  | 206,626                |                       |
| <u>2,188,075</u>                             | Total Operating Expenditure                                   | <u>2,576,446</u>       | <u>2,312,000</u>      |
|  | <u>Operating Revenues</u>                                     |                        |                       |
| 3,372,318                                    | External Revenue  | 3,459,506              | 2,885,000             |
| 15,870                                       | Internal Revenue  | 206,626                |                       |
| <u>3,388,188</u>                             | Total Operating Revenues                                      | <u>3,666,132</u>       | <u>2,885,000</u>      |
|  | <u>Funding Requirements</u>                                   |                        |                       |
| 1,200,113                                    | Operating Surplus / -Deficit to be funded                     | 1,089,686              | 573,000               |
| -1,200,113                                   | Transfer to Retained earnings                                 | -1,089,686             | -573,000              |
| -175,377                                     | Capital Expenditure   | -112,726               | -20,000               |
| <u><b>-175,377</b></u>                       | Total Funding required  | <u><b>-112,726</b></u> | <u><b>-20,000</b></u> |
|  | Funded by:  |                        |                       |
| 175,377                                      | Depreciation Funds  | 112,726                | 20,000                |
| 0  | Transfer from Retained earnings                               | 0                      | 0                     |
| <u><b>175,377</b></u>                        | Total Funding   | <u><b>112,726</b></u>  | <u><b>20,000</b></u>  |

## Major Budget Variations

| <u>Cost of Services</u>               | 2012<br>Actual | 2012<br>Budget | Variance<br>\$ | %          | Note |
|---------------------------------------|----------------|----------------|----------------|------------|------|
| Governance                            | 358,264        | 385,543        | \$ (27,279)    | -7%        |      |
| Regulatory Consents & Compliance      | 2,169,280      | 1,811,878      | \$ 357,402     | 20%        | 1    |
| Planning Processes                    | 781,049        | 728,157        | \$ 52,892      | 7%         | 2    |
| Environmental Monitoring              | 773,277        | 766,316        | \$ 6,961       | 1%         |      |
| Emergency Management                  | 166,749        | 144,902        | \$ 21,847      | 15%        |      |
| River, Drainage & Coastal Protection  | 1,663,426      | 1,342,779      | \$ 320,647     | 24%        | 3    |
| Regional Share of Vector Controls     | 902,137        | 814,523        | \$ 87,614      | 11%        | 4    |
| Vector Control services Business Unit | 2,369,820      | 2,312,000      | \$ 57,820      | 3%         |      |
| Other                                 | 260,983        | 0              | \$ 260,983     |            | 5    |
|                                       | 9,444,985      | 8,306,098      | \$ 1,138,887   | 14%        |      |
| <br><u>Income</u>                     |                |                |                |            |      |
| General Rates                         | 1,982,899      | 1,980,000      | \$ 2,899       | 0%         |      |
| Penalties                             | 66,831         | 75,000         | \$ (8,169)     | -11%       |      |
| Investment Income                     | 165,731        | 986,250        | \$ (820,519)   | -83%       | 6    |
| Regulatory Consents & Compliance      | 1,614,850      | 1,033,727      | \$ 581,123     | 56%        | 7    |
| Planning Processes                    | 279,295        | 204,650        | \$ 74,645      | 36%        | 8    |
| Emergency Management                  | 90,288         | 50,000         | \$ 40,288      | 81%        | 9    |
| River, Drainage & Coastal Protection  | 1,426,326      | 1,222,557      | \$ 203,769     | 17%        | 10   |
| Regional Share of Vector Controls     | 653,410        | 650,000        | \$ 3,410       | 1%         |      |
| Vector Control Services Business Unit | 3,459,506      | 2,885,000      | \$ 574,506     | <b>20%</b> | 11   |
|                                       | 9,739,136      | 9,087,184      | \$ 651,952     | 7%         |      |
| <br>Net Surplus / (Deficit) for year  | 294,151        | 781,086        |                |            |      |

| <b>Statement Of Financial Position</b><br><b>@ 30 June 2012</b> | Actual                   | Budget                   | Variance   |      | Note |
|---|--------------------------|--------------------------|------------|------|------|
|   |                          |                          | \$         | %    |      |
| <b>Current Assets</b>   |                          |                          |            |      |      |
| Total Current Assets  | <u>6,045,430</u>         | <u>3,651,929</u>         | 2,393,501  | 64%  | 12   |
| <b>Non-Current Assets</b>                                       |                          |                          |            |      |      |
| Total Non-Current Assets  | <u>62,986,554</u>        | <u>64,091,171</u>        | -1,104,617 | -2%  |      |
| <b>Total Assets</b>   | <u><b>69,031,984</b></u> | <u><b>67,743,100</b></u> |            |      |      |
| <b>Liabilities</b>  |                          |                          |            |      |      |
| <b>Current Liabilities</b>                                      | <u>3,857,452</u>         | <u>1,924,510</u>         | 1,932,942  | 100% | 13   |
| <b>Non-Current Liabilities</b>                                  | <u>2,447,395</u>         | <u>2,193,203</u>         | 254,192    | 12%  | 14   |
| <b>Total Liabilities</b>  | <u>6,304,847</u>         | <u>4,117,713</u>         |            |      |      |
| <b>Equity</b>   | <u>62,727,137</u>        | <u>63,625,387</u>        |            |      |      |
| <b>Total Liabilities and Equity</b>                             | <u><b>69,031,984</b></u> | <u><b>67,743,100</b></u> |            |      |      |

| Note | Commentary  |
|------|---|
| 1    | Total Regulatory Consents and Compliance Expenditure exceeded budget by \$357,000. Significant amounts exceeding budget included Consent Processing (\$240,000) and Marine Oil Spill Response (\$180,000). Total Consent Processing costs are influenced by the mix of large scale applications, which is not really possible to predict with any real degree of accuracy. The Marine Oil Spill Response Expenditure was influenced by costs incurred relating to the MV Rena response, to which Council provided staff.                            |
| 2    | Planning Processes expenditure exceeded budget by \$53,000.<br>This included; <ul style="list-style-type: none"> <li>• Under budget of -\$16,000 in RMA Plan expenditure.</li> <li>• Over budget of \$17,000 in Transport area.</li> <li>• Wetlands projects not budgeted \$70,000 (DOC funding for some of this work.)</li> <li>• Net under budget of -\$18,000 in other sundry areas.</li> </ul>  |
| 3    | River, Drainage & Coastal Protection expenditure exceeded budget by \$320,000.<br>This included; <ul style="list-style-type: none"> <li>• Rating District expenditure exceeded budget by \$236,000 due to the strong demand for works due to flood damage.</li> <li>• Expenditure under budget in other areas amounted to -\$105,000. The aerial photography budget was not required.</li> <li>• Quarry expenditure exceeded budget by \$191,000 due to the requirement to have adequate supplies of rock available in our key Quarries.</li> </ul> |
| 4    | Regional Share of Controls exceeded budget by \$88,000. This included the additional \$82,000 approved by Council subsequent to the Annual Plan budget process.   |
| 5    | Other. The \$261,000 included; <ul style="list-style-type: none"> <li>• Riskpool call \$55,000</li> <li>• Portfolio Management fees \$59,000</li> <li>• Unbudgeted urgent building maintenance \$147,000</li> </ul>   |



|    |   |
|----|---|
| 6  | Investment income was \$821,000 below budget due to poor International Equity returns caused by ongoing European economic uncertainty.  |
| 7  | Regulatory Consents & Compliance Income exceeded budget due to the mix of large scale applications processed, improved cost recovery and reimbursement of legal costs relating to the surrendered Mokihinui Hydro consent. Included in income were called bonds amounting to \$118,000 which had not been budgeted for.   |
| 8  | Planning Processes income included unbudgeted income from DOC grants for wetlands projects.   |
| 9  | Emergency Management Income included unbudgeted MCDEM grants for satellite communications and other projects.   |
| 10 | River Drainage & Coastal Protection income included; <ul style="list-style-type: none"> <li>• Unbudgeted Whataroa rates income \$50,000.</li> <li>• Quarry income exceeding budget by \$183,000</li> </ul>  |
| 11 | VCS Business Unit income from aerial contracts exceeded budgeted expectations.  |
| 12 | Total Current Assets @ 30 June 2012 of \$6,045,000 exceeded budgeted \$3,652,000 due to <ul style="list-style-type: none"> <li>• Other Financial Assets of \$2,911,000 exceeding the \$1,500,000 budgeted.</li> <li>• Inventories of \$1,044,000 exceeding the budgeted \$152,000. Inventories included Quarry rock amounting to \$436,000 and Poison amounting to \$593,000.</li> </ul>  |
| 13 | Current Liabilities @ 30 June 2012 of \$3,857,000 exceeded budgeted \$1,925,000 due to; <ul style="list-style-type: none"> <li>• Unbudgeted short term borrowings of \$857,000. This was due to significant expenditure on ensuring a plentiful supply of rock in Council quarries and continued heavy demand for Rating District maintenance works.</li> <li>• Payables of \$2,575,000 exceeded budgeted \$1,500,000.</li> </ul> |
| 14 | Non Current Liabilities @ 30 June 2012 of \$2,447,000 exceeded budgeted \$2,193,000 due to Derivative Financial Liabilities amounting to \$261,000.   |