

WESTLAND
District Council | Te Kahui o Poutini



TE KAHUI O POUTINI
WESTLAND DISTRICT COUNCIL
PRE-ELECTION REPORT 2022

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Message from the Chief Executive

Right now Local Government is an exciting place to be. Major reforms are in progress that will affect what Council's do and what assets they own in the future. Taking a seat at the Council table for the next three years will put elected members at the forefront of these changes and what they mean for the Westland District.

This document outlines the information that anyone who is considering standing as an elected member for the Westland District Council needs to know. It will help you understand the issues that we face and what we propose to do about them. This information will help you plan your campaign platform to tell the voters of the district what you stand for and what you hope to achieve during the three-year Council term.

The role of an elected member is not always easy. There are many competing priorities and differences of opinion about what the community needs and what they want versus what the community can afford. Westland District Council has a good track-record of applying for and receiving funding from external sources to assist us to do more for the community than just the day-to-day basics.

Diversity around the Council table is also very important. While Westland District Council is more diverse than some other councils, having representation of people from different age groups, genders and nationalities allows varied perspectives to be shared and understood. True representation of the makeup of our community is important as Council business begins to shift away from simply providing infrastructure services and further into providing for the cultural, social, economic and environmental wellbeing of the community.

I encourage anyone who is standing as an elected member this October to read this document and use it to start discussions with your family, friends and community about what is important to them.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Simon Bastion

Chief Executive, Westland District Council

Introduction

A Pre-election report is a mandatory document prepared and released by the Chief Executive in accordance with the Local Government Act 2002. The Pre-election report provides information to promote public discussion about the issues facing Westland District Council now and in the future.

This document outlines the key issues for Council over the coming years and provides the forecast financial position for the incoming Council.

The Westland District has an ordinarily resident population of fewer than 20,000 people. This report is prepared in accordance with Clauses 37 and 36(1)(b) and (c) of Schedule 10 LGA 2002.*

This is not an audited document, however most of the information has been audited through the 2021 – 2031 Long Term Plan and the 2020/2021 Annual Report processes. Summaries of the information in these documents is contained in this pre-election report. The pre-election report should be read in conjunction with the full documents that are available on our [website](#).

Information for 2022/2023 is drawn from the Annual Plan adopted on 30 June 2022. This information is not required to be audited and has not been audited. This is the most up to date information Council has prepared on its finances and service levels and it updates the 2022/2023 estimates from the Long Term Plan 2021 – 2031.

The 2021/2022 Annual Report, containing actual financial information for the year 1 July 2021 – 30 June 2022 is being prepared and will be audited and is expected to be adopted by Council before 31 December 2022, as per the extension date allowed by s 98(7)(b) of the Local Government Act. This report will not be available until after the election.

This report also discusses the major challenges for the district as identified in the Long Term Plan, and the opportunities to overcome them. Local Government is undergoing rapid change and reform; information about the current reforms and the potential effect on the Westland District is included.

Major projects that Council is currently undertaking or has planned for the next three years are also included. Council plays a significant role in the essential services and facilities for the communities spread across our District.

*The Act requires only a summary Balance Sheet to be presented, however in the interests of full disclosure a complete Prospective Statement of Financial Position is included in this report

About Westland District

The Westland District is approximately 450 km in length with a population of 8,640 people (2018 census Westland is one of the most sparsely populated parts of New Zealand, with an area of 1,186,272 hectares and a population of 8,640 people (2018 Census, Stats NZ). Approximately 33% of the population (2,960) lives in Hokitika. The remaining 66% live in small villages and rural areas such as Ross, Franz Josef and Haast. The district has a focus on the outdoors and outdoor recreation (87% of the land area is DOC land), which is a tourism drawcard, alongside dairy farming, mining and other enterprises.

The district faces a number of challenges due to the size of the district compared to the low population, which provides a low rating base. There are environmental challenges with more severe weather events affecting the district and the ever-present threat of the Alpine Fault. It is up to council to manage these risks and to assist communities to build resilience and self-sufficiency.

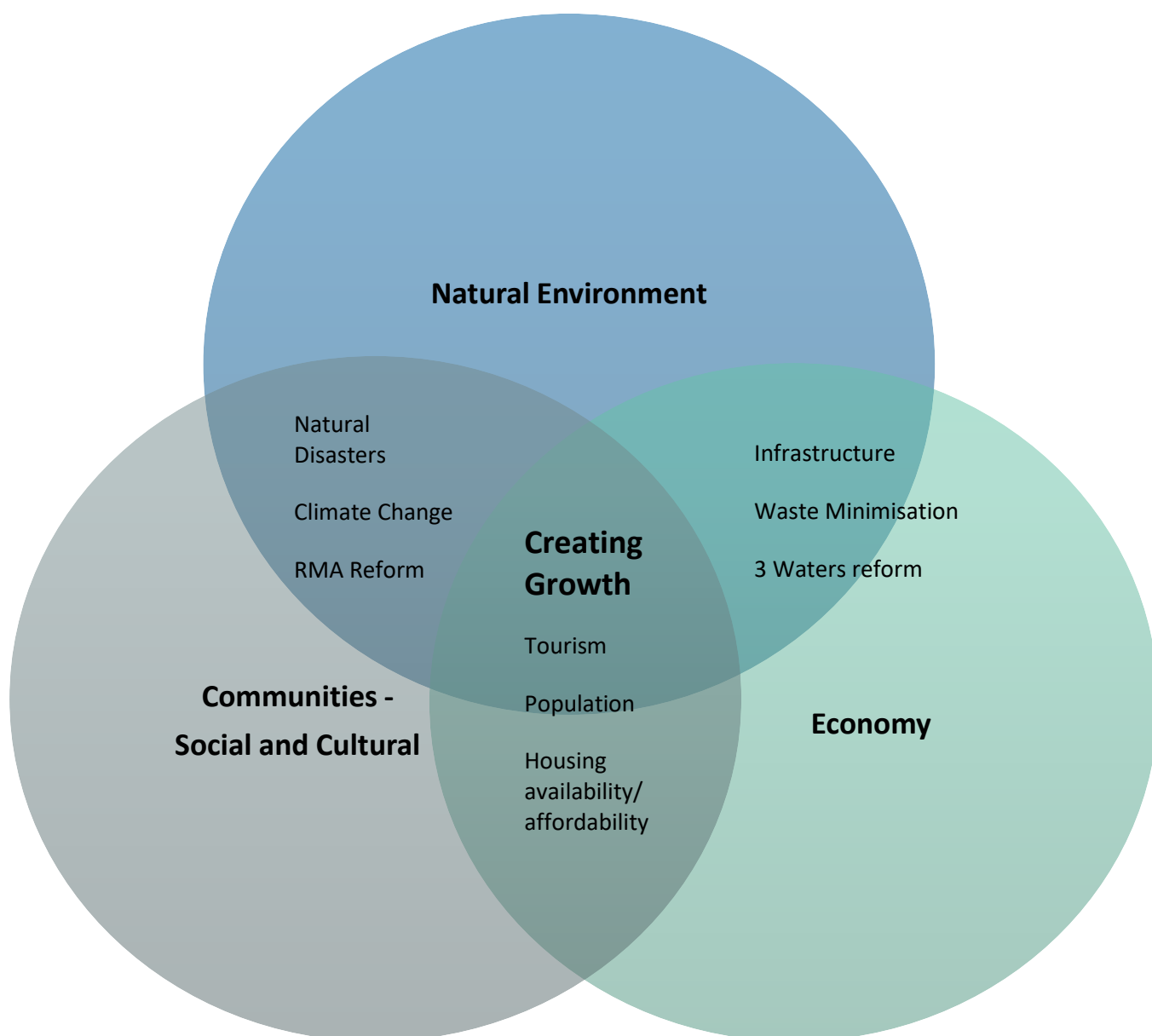
Key Challenges and Opportunities

Westland District Council has many challenges such as the geographical spread of the district, a small population and the constant threat of natural disasters. Elected members need to have a clear vision for the future of the district and be prepared to make challenging decisions.

The Local Government Act 2002 requires councils to promote the social, economic, environmental and cultural wellbeing of their communities (the wellbeings), taking a sustainable development approach. This is encompassed in Westland District Council's vision statement. Council decisions need to take this into consideration.

It is important to recognise the principles of the district's residents in decision making, working with iwi partners and understanding the strong environmental values that draw many people to live in the Westland district.

The diagram illustrates what council needs to address to ensure the district continues to grow and develop in a sustainable way.



Impact of the Low Rating Base

Challenge

- Small rating base: Only 6602 rateable properties (June 2022).
- Haast to Kumara is 450km in distance, with wide tourist appeal.
- About 87% of land is Department of Conservation (DOC) estate and is non-rateable.
- One large town (Hokitika) and other smaller townships spread throughout the district.
- Infrastructure assets aged and understanding of asset condition undergoing improvement.

Westland's population is generally projected to remain static and unlikely to grow much in the future. Over the next 10 years the population aged over 65 is forecast to increase to 27% of the resident population. Due to the ageing population there will be an impact on council's affordability thresholds as the number of homeowners on fixed incomes will grow.

While there has been an increase in building consents, in the short-term supply chain issues and the retraction in the economy may affect the actual amount of housing being built. Without an increase in housing growth in the district will remain restricted and increase the likelihood of the population remaining static and ageing.

Three waters, bridges, buildings and roads are the main infrastructure assets that council is responsible for managing. Council staff continue to work on improving the information available about the condition of the main infrastructure assets. Based on this information, staff will gain a better understanding of the condition of these assets and council will be able to make improvements to the maintenance and replacement schedules.

The challenge to council is to maintain levels of service for assets and ensure long term sustainability, while making sure that the costs do not have a negative impact on ratepayers. As assets age maintaining them becomes more difficult. Some assets have been in use past their expected lifespan. Full replacement can reduce future maintenance costs. Council must still meet legislative requirements and increasing demand.

Much of council's infrastructure also benefits tourists who are drawn to the natural environment of the region. However, this puts a strain on already struggling infrastructure systems. At present the additional costs created by tourism cannot be recouped from DOC or visitors. Central government provides financing through funds such as the Tourism Infrastructure Fund and Provincial Growth Fund, as well as NZTA subsidies. In many cases the funding must be applied for and meet specific fund criteria. Council makes applications where possible to offset direct ratepayer cost contributions for projects or developments.

While there has been reduced impact from tourism over the last two years, the reopening of New Zealand borders to international tourism means that more people will be visiting Westland again. Council will need to plan for this growth.

The potential effect of the Three Waters reform on Council's asset base is discussed on pp 9 - 10.

Opportunities

Council's largest operational spending is on transportation infrastructure and 3 waters (drinking water, wastewater and stormwater). Council's Infrastructure Strategy is to maintain the current levels of service for most assets and ensure their long-term sustainability while keeping rates at an affordable level. The three waters reform is likely to mean that Council needs to consider different strategies in the coming triennium.

Council is aware of the risks posed by asset failure and is undertaking to minimise the impact by monitoring asset performance to identify and rectify issues as they arise.

Officers are building their knowledge of the condition of assets through an inspection programme to assist in analysing the performance and failure of assets. This increased understanding of the performance of the assets is being used to develop a risk-based renewals programme, which allows the assets with the greatest risk and significance of failure to be renewed earlier.

Building Resilient Communities

Challenge

What makes the Westland district unique also provides a challenge for council. Our townships are vulnerable to natural disasters and the effects of climate change lying below the Southern Alps and in close proximity to rivers and the Tasman Sea. Council needs to ensure that the district is aware of and prepared for events that may cause short and long-term isolation. Consideration must be given to the risks of natural disasters when making decisions about infrastructure and core-service projects.

Council needs to consider how communities can be given the ability to increase resilience and self-sufficiency and be able to respond easily in the event of a natural disaster. There is a lack of emergency funds held by council due to emergency events and council priorities over the last few years. The current Long Term Plan (LTP) includes a targeted emergency rate from 2022 to build up reserves. These reserves will be available to assist communities during events such as the March 2019 flooding.

Finding and training volunteers to assist during an emergency event and developing emergency response plans for all Westland townships will help communities become more resilient. All townships in the district should have initial response plans in place. Some of our smaller towns have lost experienced emergency services volunteers due to the Covid-19 downturn. As these towns begin to grow again more people will become available to volunteer for these services.

Ensuring that all communities are aware of events and what council is doing to manage them is made more difficult by the limited cell phone and internet coverage in some parts of the district.

Opportunities

One of the major tasks of the West Coast Civil Defence and Emergency Management group (CDEM), made up of the four West Coast councils, is building resilience among our communities. This group is based at the West Coast Regional Council. Westland District Council operates an e-text system, alongside other media broadcasting, which allows subscribers to receive messages directly from the CDEM during emergency events. Building up a subscriber base for this service is important. To maintain contact with remote communities where communications channels are limited by the lack of cell phone and internet coverage the CDEM group has dedicated VHF radios and satellite phones. These phones have been distributed to communities to manage communications and reduce their isolation in the event of a Civil Defence emergency.

The LTP provides for developing an alternative purpose built Emergency Operations Centre (EOC) in Hokitika with the CDEM group. This would replace the current EOC in the council headquarters. Working with the CDEM group ensures that there are consistent processes across the West Coast and allows resources to be shared between the councils. Each council has an assigned officer who works with the district's communities to assist them to develop their Community Response Plan and understands the different issues faced by each community.

Emergency response involves a collaborative approach between council and other outside agencies. Council's Civil Defence team is involved in the AF8 group with other South Island councils to produce a South Island Response Plan for any major breach of the Alpine Fault. Part of this plan focusses on ensuring that small communities are self-sufficient and resilient during a natural disaster.

Prudent Financial Decision-making

Challenge

Council understands that the community desires us to maintain financial stability. Through the current LTP Council plans to continue to focus the majority of its resources on maintaining and upgrading what it considers to be core services: roading infrastructure; three waters; and the processing of consents. Management of some other Council activities is undertaken by Council Owned Organisations on our behalf. The rationale for this is to increase cost effectiveness and efficiency of Council operations so that core services are given priority, while ensuring that the quality of other services is also upheld.

Decisions about future spending have not been made lightly. The costs of projects have been carefully balanced against the risks of not taking action, for example potential asset failures. In some cases, the risks of non-action outweigh the immediate financial implications.

Opportunities

To improve affordability for ratepayers, some activities and projects only occur if they are supported by central government funding, for example continuing to provide responsible camping sites and compliance. Council will take opportunities to apply for funding in areas that will benefit and enhance the community.

Council will continue to regularly audit its own systems, processes and external contracts so that it is operating in a cost effective manner.

During the lifetime of the LTP, Council's programme to improve understanding of the condition of its assets will aid the development of asset management information, which will enable depreciation rates to be reviewed and adjusted more accurately.

Climate Change

Challenge

Climate change is already effecting the district. Glacier Country is struggling with glacial retreat and the effect this has on tourism. Increased rainfall and severe flooding events have also become more common and have impacts for our economy and on our communities. Council must also be aware of our coastal communities, and how to support them through the effects of sea-level rise.

Council faces the challenge of ensuring that its assets, particularly Three Waters and Land Transport are managed with a focus on the risks of climate change, which will ensure our communities continue to be resilient. Westland's land transport network is very vulnerable to climate change and natural disasters.

Opportunities

Over the life of the LTP, Council aims to provide resilience to our communities by installing generators at water treatment plants and upgrading remote access. New drinking water sources are being explored to prevent infiltration and erosion risks. When building new infrastructure we will consider increased weather intensity and increase capacity in the network.

Council continues to work on providing and implementing a masterplan for Franz Josef Township to protect it against the effects of natural hazards that result from climate change.

To protect the land transport network from the hazards of climate change, Council has prioritised the identification of critical bridges and culverts and developing renewal management strategies for these key assets. Council is also improving the resilience of the Haast-Jackson Bay Road to the effects of sea level rise.

In Council's submission to the Climate Change Commission's "Climate Action for Aotearoa" consultation (2021) on their proposals for carbon emissions the government was asked to support:

- Reconsidering the Waitaha Hydro power scheme to assist the West Coast to generate self-sufficient electricity.
- Expand the equitability principle making the point that the West Coast region already makes a bigger contribution to carbon reduction than others. With greater than 87% of the West Coast under natural forest and another 3% under other forms of forest and vegetation, we are a significant carbon sink.

Council noted its concern that compliance with the strategy will be devastating to the West Coast region without Government support.

Current and future reforms that affect Local Government*

There are three significant reform and review processes currently in train that will have an impact on local government - Three Waters, Resource Management and the Future for Local Government. They collectively and individually represent the largest reforms to local government and local governance since the abolition of the provinces in 1877.

What the reforms have in common are that they aim to achieve better outcomes for communities and the environment, efficiency improvements, and give effect to the principles of Te Tiriti of Waitangi (the Treaty of Waitangi). They are however progressing on different timelines and add to an increasingly complex and uncertain operating environment for local government now and post the 2022 elections. This environment also includes likely Government changes to building control, civil defence and emergency management, waste management, to name but a few.

Taken together the reviews and reforms provide considerable opportunity to further the purpose of local government and will fundamentally change the system that local government operates within, including how decisions are made and by whom, what local government does and how it does it, and who local government needs to work with to enable community wellbeing.

Three Waters Reform

Following the serious campylobacter outbreak in 2016 and the Government's Inquiry into Havelock North Drinking Water, central and local government have been considering the issues and opportunities facing regulation and management of the three waters (drinking water, wastewater, and stormwater).

The focus has been on how to ensure safe drinking water for all, improve the environmental performance and transparency of wastewater and stormwater network and deal with funding and affordability challenges, particularly for communities with small rating bases or high-growth areas that have reached their prudential borrowing limits. There is also a need to future-proof the assets and plan for the effects of climate change.

Both central and local government, including [this council] are committed to better outcomes for communities and the environment and there is widespread agreement that the status quo is not sustainable, despite the significant contribution, investment, and effort that local government and communities have made to date. There is also agreement on protection from privatisation of the three waters services and assets.

In 2021 the Government announced that it would proceed with proposals to change the way three waters are delivered. You can find a short video in which the Minister of Local Government explains the Government's reasons for the change at <https://www.youtube.com/watch?v=CN-IFClobuQ>

The proposal is that three waters assets would be removed from councils and all the council's three water assets and any liabilities related to three waters would transfer to one of four publicly-owned entities. Westland's assets would be transferred to 'Entity D', which encompasses most of the South Island. As the proposed transfer is currently intended to happen on 1 July 2024, this would be within the term of the incoming council.

Parliament is currently considering the Water Services Entities Bill that creates Entity D and 3 others around the country. Under the Bill these entities will manage the future delivery of three waters services across the country. The Bill also sets out how these entities will operate, and how the local community will be able to hold them accountable.

The government has stated that later in the year a second Bill will provide further details on the powers and duties of the entities. That Bill will also allow the Government to regulate the amount and the ways in which the entities charge for these services, and how they will demonstrate their services are value for money. We understand this Bill will enter Parliament in or around September this year so the incoming council will need to decide whether it wishes to submit on this Bill, and what it might say.

If you would like more information, please go to the [three waters reform page](#) on the Department of Internal Affairs website.

*The majority of the text in this section was provided by Taituara (Society of Local Government Managers NZ)

This is a significant issue for our council. The total value of three waters infrastructure managed by Westland District Council is \$117m. We plan to invest a further \$28m on water infrastructure over the next 10 years including a large investment in a replacement waste water treatment plant for Hokitika.

There are two staff exclusively employed on three waters and a number of other staff who have partial roles. The challenge for Westland 3 waters staff is the sheer volume of water related activity which is hitting them at the same time. In addition to the supply of data for the National Transition Unit there is also the introduction on new water regulations, the completion of the 3 waters stimulus funding and the LTP investment within the capital programme.

We are proposing to undertake some specialist change management training to prepare staff for the changes that are coming.

These services are crucial to the wellbeing of our communities, the environment and our community's future – for example where new houses can be built, and what types of business might locate in our community and where, what our economy will look like. It is also important to consider how this reform relates to Resource Management reform, including spatial planning, new regional plans and climate change adaptation and mitigation plans and community aspirations.

The next council will need to work with Entity D to ensure Westland gets the services it needs now and in the future. In particular council will need to work closely with the Government as Entity D is set up to make sure our community is represented on or through the regional representative group. The council will also need to work with the Chief Executive as its sole employee to ensure three waters staff are supported through an incredibly challenging period of change management, both for those transitioning to the new entity and for those that are not, as well delivering the councils work programmes.

Westland District Council became a Plenary member of the [Communities 4 Local Democracy - He hapori mō te Manapori](#), lobby group in November 2021. The group now consists of 31 Councils from around New Zealand. The group is committed to challenging the government to provide better services, local responsiveness and accountability, public ownership of three water assets and meaningful Mana Whenua involvement. The group was created in response to serious concerns about the Government's Three Waters reforms

Resource Management Act Reforms

After many years of incremental changes, the Government is overhauling the resource management system¹ to:

- protect and restore the environment and provide for intergenerational wellbeing
- better enable development within environmental limits
- better recognise Te Tiriti o Waitangi principles, te ao Māori and mātauranga Māori
- better prepare for adapting to climate change and risks from natural hazards, as well as mitigating greenhouse gas emissions
- make the system less complex and more efficient while retaining local democratic input.

The Government has said it will introduce three new pieces of legislation to achieve its objectives. The:

- Natural and Built Environments Act - the primary replacement for the Resource Management Act 1991. It will require outcomes based planning and development within environmental limits and targets, give effect to the principles of Te Tiriti o Waitangi, create a single regional plan, overseen by a single regional committee, supported by a National Planning Framework.
- Strategic Planning Act – introduces mandatory 30 year regional spatial strategies that will set out, at high level, how regions and communities will develop integrating land use, major infrastructure and investment. It too is guided by the National Planning Framework and will be overseen by a regional committee.
- Climate Adaptation Act – this will deal with the complex policy, economic and legal issues around adapting to the effects of climate change, including managed retreat.

¹ based largely on the recommendations of the independent review of the resource management system – the Randerson Report (launched in 2019 and [published in 2020](#)).

The Natural and Built Environments and Strategic Planning Bills will be introduced into Parliament around or shortly after the election period. **The incoming council will need to consider whether and how it wishes to respond to these Bills very soon after it takes office.** The Climate Adaption Bill is likely to be introduced next year.

The reform of the resource management system will have a notable impact on Westland District Council including future governance arrangements, functions, structure, decision making, operations, and investment priorities. The resource requirements and costs of transition cannot be underestimated, particularly as we transition to the new system while fulfilling essential requirements under the current one.

The resource management sector is currently under significant strain and facing capacity issues, including sourcing and retaining appropriately skilled people. There is currently a shortage of skilled planners and spatial planning will draw on the skills and expertise of a wide range of specialists and expertise from across the council and beyond. There are also constraints on mana whenua and their capacity to fully participate in the current, let alone, future system.

The success of the new resource management system and council's part in it will depend to a large extent on how well the transition to and implementation of the new system is planned for, managed and resourced and impact of inter-related reforms in water and the future of local government.

The Westland District Council has engaged with central representatives throughout the reform process to remain aware of changes and intentions as the reform has progressed. The implementation of the statutory reform has the potential to stretch the resources of the Westland District Council considerably, dependent upon the level of central guidance provided post adoption. Westland District Council will continue to engage with central representatives and utilise those resources made available to resource management practitioners throughout the West Coast.

More details about the reform of resource management can be found on the Ministry for the Environment website at <https://environment.govt.nz/what-government-is-doing/key-initiatives/resource-management-system-reform/overview/>

Future for Local Government

On 24 April 2021 the Minister of Local Government announced that she had established a Ministerial Inquiry into the Future for Local Government. The overall purpose of the review is to *"identify how our system of local democracy needs to evolve over the next 30 years, to improve the well-being of New Zealand communities and the environment, and actively embody the treaty partnership."*

In September 2021 the panel released an interim report that set out the engagement it had done up to that time, and the lines of inquiry it would follow. The full report, *Ārewa te ake Kaupapa: Raising the Platform* can be found at https://www.futureforlocalgovernment.govt.nz/assets/Uploads/DIA_16724_Te-Arotake-Future-of-Local-Government_Interim-report_22.pdf

Ārewa te ake Kaupapa poses five key questions:

- how should the system of local governance be reshaped so it can adapt to future challenges and enable communities to thrive?
- what are the future functions, roles and essential features of New Zealand's system of local government?
- how might a system of local governance embody authentic partnership under Te Tiriti o Waitangi, creating conditions for shared prosperity and wellbeing?
- what needs to change so local government and its leaders can best reflect and respond to the communities they serve?
- what should change in local governance funding and financing to ensure viability and sustainability, fairness and equity, and maximum wellbeing?

The panel has met with every local authority as part of its engagement, including meetings on 17 August 2021 and 28 March 2022 with Elected members and our Executive Team.

At that meeting the Panel explored the following 5 big shifts and how our local context might influence them:

- Strengthened Local Democracy
- Stronger Focus on Wellbeing
- Authentic Relationship with Hapū/Iwi/Māori
- Genuine Partnership between Central Government and Local Government
- More Equitable Funding.

Concerns were raised that the review would simply result in larger amalgamated local authorities with no real influence or funding to support community wellbeing. The meeting identified that recent reform proposals have created distrust in local government towards central government and that relationship will need to be repaired.

A draft report and recommendations for public consultation will be released by the Panel after the local government elections. The final report will be presented to the Government by 30 April 2023. With Parliamentary elections likely in late 2023 the Government may take some time to decide what, if any, of the panel's recommendations it wishes to take up.

However, many of the other reforms underway are already shaping the future for local government and we are already working in ways that are consistent with the Panel's direction of travel – such as our [Manatu Whakaaetanga Partnership Agreement](#) with Mana Whenua, and the governance of the [Hokitika Wastewater Treatment Plan Subcommittee](#) that is shared with local iwi members.

The new council will need to respond to the Panel's recommendations soon after being elected, and then consider the Panel's recommendations to Parliament. In the future, Government decisions may change Council's role, functions and structure.

Major Projects

Priority through the Long Term Plan has been given to upgrading and maintaining council's infrastructure and 3 waters services. The table sets out planned major projects in these areas that are underway or proposed for the current and next three financial years (2022/2023, 2023/2024, 2024/2025 and 2025/2026), adjusted for known variations as a result of the adoption of the Annual Plan 2022/2023 and anticipated through ongoing community engagement and consultation. It is not an exhaustive list of projects and should be read in conjunction with the Long Term Plan 2021-2031.

Information on projects in other activity areas can be found in our Long Term Plan 2021 - 2023, Annual Plan 2022/2023 and Annual Report 2020/2021.

Land Transport

Council undertakes an annual routine maintenance programme to ensure the safe, efficient and sustainable operation, renewal and upgrading of the roads and bridges.

Funding for local roads is shared with Waka Kotahi New Zealand Transport Agency (Waka Kotahi) with a base subsidy of 62% for local roads and 100% for Special Purpose Roads. Annual budgets are adjusted in line with the funding agreed by Waka Kotahi. The final funding agreement had not been received when the Long Term Plan was adopted. The figures from 2023/2024 – 2025/2026 are the forecast budget in the Long Term Plan. The figures for 2022/2023 are from the Annual Plan 2022/2023 and reflect the final funding agreement with Waka Kotahi and carryovers.

	2022/2023	2023/2024	2024/2025	2025/2026
	\$	\$	\$	\$
Unsealed Road Metalling	165,000	262,000	268,000	274,000
Sealed Road Resurfacing	1,108,910	921,000	1,124,000	1,150,000
Maintenance - Drainage Renewals	178,327	181,000	189,000	193,000
Structures Component Replace	451,790	523,000	535,000	548,000
Traffic Services Renewals	144,736	139,000	150,000	153,000
Footpath renewals	129,000	74,000	107,000	110,000

Drinking Water

Council manages the supply of clean, safe drinking water for consumers on Council supplies to ensure the protection of public health and the environment and to provide for the economic wellbeing of the district.

	2022/2023	2023/2024	2024/2025	2025/2026
	\$	\$	\$	\$
Water Treatment Plant Chlorination	\$125,000			
Water Treatment Plants Monitoring Equipment*	\$900,000			
Brickfield Reservoirs	\$92,160	-	-	-
Kumara Water Mains Replacement	\$71,680	-	-	-
Ross – Water mains replacement	-	-	-	\$131,000
Franz Josef - Water mains replacement	-			
Hokitika – Water mains replacement	\$262,000	-	-	\$274,000
Water Treatment Plant components replacement	-	\$45,000	-	\$45,000

Harihari – Seismic valve	-	-	\$43,000	-
Kumara – Replace existing reservoirs	-	-	\$283,000	-

Stormwater

Council provides reticulated stormwater to the township of Hokitika (including Kaniere), and roadside drainage to the remainder of the townships of the District to ensure protection of public health and safety, and the environment.

	2022/2023	2023/2024	2024/2025	2025/2026
	\$	\$	\$	\$
Hokitika Stormwater Mains Replacement	\$161,178	\$165,000	\$169,000	\$172,000
Bealey Street Pump upgrade	\$20,480	-	-	-
Kaniere Road Network	\$122,880	-	-	-
Hokitika – Livingstone Street pump upgrade	-	-	\$535,000	-

Wastewater

Council provides wastewater services to the townships of the District to ensure the protection of public health and the environment and to provide for the economic well-being of the District.

	2022/2023	2023/2024	2024/2025	2025/2026
	\$	\$	\$	\$
Hokitika Wastewater Treatment Plant upgrade	\$1,130,604			
Hokitika WWTP treatment and disposal	\$3,072,000	\$3,140,000	\$3,212,000	\$3,286,000
Hokitika Wastewater Z Line replacement	\$200,000	\$118,000	-	-
Hokitika Wastewater reticulation CCTV	\$20,000	-	-	-
Hokitika Mains replacement	-	-	\$698,000	-

Financial Strategy

Council's Financial Strategy is set out in the [Long Term Plan 2021 – 2031](#). This provides the policy for prudent financial management and provides the overall effects of proposals for funding and expenditure on Council's services, rates, debt and investments.

Operating costs

The cost of maintaining current levels of service is forecast to increase over the life of the plan. Legislative changes have had an impact on costs, however Council has been underfunding the cost of providing activities in the past in order to keep rate increases low. Council now needs to be realistic in budgeting for the actual cost of providing services. It is unsustainable to continue to subsidise rate increases into the future.

Westland District Council works with West Coast Regional Council, Grey District Council and Buller District Council on shared services arrangements that provide cost savings and efficiencies on behalf of ratepayers. An example of this is a joint contract model for the shared services of a Road Safety Coordinator for Westland, Grey and Buller Councils. Land Transport teams in all three Councils have been progressively working towards more inclusive and collaborative operational activities such as shared Asset Management Plan development and Contractor/Consultant Engagement.

Capital Expenditure

Over the next 10 years Council's Infrastructure Strategy is to carry out upgrades and enhancements, this will support growth in the district from both higher population and tourism. This will increase our environmental and legal compliance, particularly where new legislation requires this.

The intention is then to concentrate on Council's aging assets through the renewals programme. This strategy will see a gap in the renewals programme in the first 10 years, where depreciation reserves will accumulate at a higher rate than renewals spend.

This gap will be addressed after year 10. By continuing to accumulate reserves, Council will have more financial capacity to address the renewals programme.

A regional approach and collaboration are essential in order to ensure consistency of service throughout the remote West Coast and to respond collaboratively to legislative changes. Council works with the other West Coast Councils and there are currently initiatives including the Three Waters reform, Solid Waste and Waste Minimisation where a regional approach could be taken to reduce cost and address environmental issues

Planned Debt

Forecast debt levels are shown below. Capital expenditure and associated loans are for infrastructure works such as 3 waters, transport and refuse. There is also some loan funded capital expenditure for Leisure Services and Facilities. There is no plan to fund operating costs with loan funding.

Annual Plan 2022/2023 (\$000)	Long Term Plan 2023/2024 (\$000)	Long Term Plan 2024/2025 (\$000)	Long Term Plan 2025/2026 (\$000)
\$32,498	\$28,901	\$31,307	\$30,868

Compliance with limits in the Financial Strategy

The Financial Strategy and Liability Management Policy is required by the Local Government (Financial Reporting and Prudence) Regulations 2014 and can be found in the Long Term Plan 2021 – 2031. It contains the limits on rates, rate increases, and borrowing. Council’s compliance with rates affordability, debt affordability and returns on investments is outlined below.

Statement of Compliance				
	Annual Plan 2022/2023	Long Term Plan 2023/2024	Long Term Plan 2024/2025	Long Term Plan 2025/2026
Rates affordability benchmark				
Planned increases	6.9%	10.5%	1.5%	2.6%
Limit	5%	5%	5%	5%
<hr/>				
Planned income	\$19,482,762	\$22,543,000	\$23,394,000	\$23,584,000
Limit	\$33,823,293	\$37,284,000	\$36,948,000	\$37,616,000
<hr/>				
Debt affordability benchmark				
Planned	96%	89%	101%	96%
Limit	175%	175%	175%	175%
<hr/>				
Equity investments	Shareholding	Dividend	Return	
Westland Holdings Ltd	\$12,649,792	\$250,000	2%	

Financial Summary

Funding Impact Statement

The Funding Impact Statement sets out how council intends to fund its capital and operational activities for this financial year and the next three years. Capital funding is used for expenditure on major assets, such as water treatment plants. Funding for operational expenses cover the ongoing costs for council to operate such as electricity and staff costs. The costs for 2022/2023 have been budgeted in the current Annual Plan. Costs for 2023/2024, 2024/2025 and 2025/2026 were forecast in the Long Term Plan 2021 – 2031.

Prospective Funding Impact Statement				
	Annual			
	Plan 2023	LTP 2024	LTP 2025	LTP 2026
	(000's)	(000's)	(000's)	(000's)
(SURPLUS) / DEFICIT OF OPERATING FUNDING				
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	8,982	12,307	12,283	12,053
Targeted Rates	10,245	10,142	11,014	11,429
Subsidies and grants for operating purposes	2,135	2,536	2,638	2,704
Fees and charges	2,177	1,924	1,997	2,062
Interest and dividends from investments	257	257	257	257
Local authorities fuel tax, fines, infringement fees, and other receipts	943	932	903	845
Total Operating Funding (A)	24,740	28,099	29,092	29,349
Applications of Operating Funding				
Payments to staff and suppliers	19,950	19,412	19,983	20,395
Finance Costs	986	1,424	1,650	1,704
Total Applications of Operating Funding (B)	20,936	20,836	21,633	22,099
Surplus/(Deficit) of Operating Funding (A - B)	3,804	7,263	7,459	7,251
(SURPLUS) / DEFICIT OF CAPITAL FUNDING				
Sources of Capital Funding				
Subsidies and grants for capital expenditure	9,156	4,090	2,626	2,960
Increase (decrease) in debt	5,941	2,539	1,264	-401
Total Sources of Capital Funding (C)	15,097	6,629	3,890	2,559
Application of Capital Funding				
Capital Expenditure:				
- to meet additional demand	1,735	1,264	346	912
- to improve the level of service	14,250	3,555	3,390	1,616
- to replace existing assets	12,537	8,260	8,232	7,190
Increase (decrease) in reserves	(9,770)	812	-620	92
Increase (decrease) of investments	149	-	-	-
Total Applications of Capital Funding (D)	18,901	13,892	11,349	9,810
Surplus/(Deficit) of Capital Funding (C - D)	(3,804)	-7,263	-7,459	-7,251
Funding Balance ((A - B) + (C - D))	-	-	-	-

Statement of Financial Position

The Statement of Financial Position sets out the current value of council's assets and council's liabilities that are used to fund assets. The main assets that council owns are property, plant and equipment.

Prospective Statement of Financial Position				
	Annual Plan 2023 (000's)	LTP 2024 (000's)	LTP 2025 (000's)	LTP 2026 (000's)
Assets				
Current assets				
Cash & cash equivalents	2,436	13,380	12,683	12,770
Debtors & other receivables	2,819	2,606	2,653	2,701
Total Current Assets	5,255	15,986	15,336	15,471
Non-current assets				
Council Controlled Organisation	12,695	11,010	11,010	11,010
Intangible assets	392	33	32	98
Assets Under Construction	737	-	-	-
Other Financial Assets	825	419	419	420
Property, Plant and Equipment	460,329	463,052	493,453	494,050
Derivative Financial Instruments	235	-	-	-
Total Non-current assets	475,213	474,514	504,914	505,579
Total Assets	480,468	490,500	520,251	521,050
Liabilities				
Current liabilities				
Creditors & other payables	2,596	3,050	3,111	3,175
Employee benefit liabilities	384	462	470	479
Tax payable	-	3	3	3
Derivative Financial Instruments	94	-	-	-
Other	1,160	444	453	463
Total Current Liabilities	4,234	3,959	4,039	4,120
Non-current liabilities				
Deferred Tax	10	32	32	32
Employee benefit liabilities	42	49	50	51
Provisions	1,846	2,371	2,371	2,371
Borrowings	35,759	42,726	43,990	43,588
Derivative financial instruments	272	283	173	134
Total Non-Current Liabilities	37,929	45,460	46,615	46,176
Total Liabilities	42,163	49,419	50,654	50,296
Net Assets	438,305	441,081	469,597	470,755
Equity				
Retained Earnings	182,545	170,608	172,868	173,972
Restricted Reserves	6,747	9,222	8,492	8,545
Revaluation reserves	248,926	261,187	288,174	288,174
Other comprehensive revenue and expense reserve	87	64	64	64
Total Equity	438,305	441,081	469,597	470,755