

AGENDA:

Meeting of the
FINANCE and AUDIT COMMITTEE

Wednesday 11 July 2018

commencing at 5:00pm

at:

Brougham House,
Brougham Street, Westport

Finance & Audit Committee Members:

- His Worship the Mayor Garry Howard
- Cr J Cleine
- Cr D Hawes
- Cr S Roche (Chair)
- Cr R Nahr
- Cr P Rutherford
- Cr R Sampson

Terms of Reference

Finance and Audit Committee

Purpose

The Finance and Audit Committee will monitor and assess the following:

- The correct level of service is being delivered within the approved financial parameters.
- External financial funding is on track to be received within the budgeted financial year.
- Council's level of borrowing is financially sustainable and intergenerational equity requirements are achieved.
- Council's investments are growing as predicted and invested as per Treasury Management Policy and that all breaches of policy are reported and approved by Council.
- Rates are being collected and that debt recovery is under control.
- Monitoring of Council's fiscal prudence indicators.
- Both external and internal audit requirements are met.

Delegated Powers

- The Finance and Audit Committee has authority to undertake the following functions and to make recommendations to Council as required:

Financial and Performance Monitoring

- Monitoring financial performance to budgets
- Monitoring service level performance to key performance indicators
- Monitoring of Rates and General Debt collection

External Reporting and Accountability

- Enquire of external auditors for any information that affects the quality and clarity of the Council's financial statements, and assess whether appropriate action has been taken by management.
- Satisfy itself that the financial statements are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (ie letters of representation), and recommend signing of the financial statements by the Chief Executive and Mayor and adoption by Council.

External Audit

- Confirm the terms of the appointment and engagement, including the nature and scope of the audit, timetable and fees, with the external auditor.
- Receive the external audit report(s) and review action to be taken by management on significant issues and audit recommendations raised
- Enquire of management and the independent auditor about significant business, political, financial and control risks or exposure to such risks. Internal Audit
- Review the internal audit coverage and annual work plans.

Frequency of Meetings

Monthly

Reporting To

Council

Reporting Timeline

Monthly dashboard report

Membership

Chair:

- Sharon Roche

Members:

- Garry Howard
- Robyn Nahr
- Phil Rutherford
- Dave Hawes
- Jamie Cleine
- Rosalie Sampson

FINANCE and AUDIT COMMITTEE MEETING

11 JULY 2018

INDEX

ITEM:	PAGE:
Apologies	
1. Members Interest.....	1
2. Confirmation of Minutes.....	2
3. Action Point List.....	6
4. Financial Performance	7
5. Investments and Borrowings Report.....	11
6. Significant Projects Report	17
7. Debt Recovery Report	24
8. Timetable: 2017/2018 Annual Report	29
9. Westport Harbour	34
10. Audit Management Action Points.....	38
11. Finance Work Plan	40

FINANCE AND AUDIT COMMITTEE

11 JULY 2018

Agenda Item No 1

Prepared by - Dean Phibbs
- Manager Corporate Services

MEMBERS INTEREST

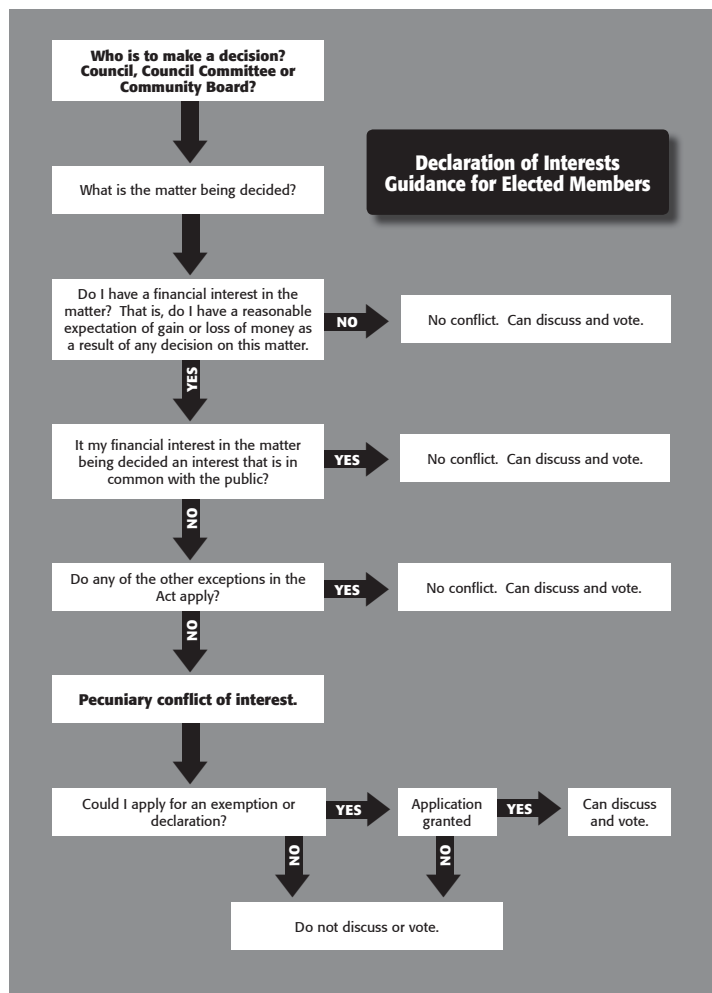
Councillors are encouraged to consider the items on the agenda and disclose whether they believe they have a financial or non-financial interest in any of the items in terms of Council's Code of Conduct.

Councillors are encouraged to advise the Personal Assistant, Corporate Services, of any changes required to their declared Members Interest Register.

The follow flowchart may assist Councillors in making that determination (Appendix A from Code of Conduct).

DRAFT RECOMMENDATION

That Councillors disclose any financial or non-financial interest in any of the agenda items.



FINANCE AND AUDIT COMMITTEE

11 JULY 2018

Agenda Item No 2

**Prepared by - Dean Phibbs
- Manager Corporate Services**

CONFIRMATION OF MINUTES

Minutes of the meeting held 20 June 2018.

DRAFT RECOMMENDATION

That the minutes from the meeting held 20 June 2018 are confirmed.

**MEETING OF THE BULLER DISTRICT COUNCIL FINANCE AND AUDIT COMMITTEE,
COMMENCED AT 5pm, 20 JUNE 2018, AT CLOCKTOWER CHAMBERS,
PALMERSTON STREET, WESTPORT**

PRESENT:

Mayor G Howard, Councillors S Roche (Chairperson), P Rutherford, R Nahr and J Cleine.

IN ATTENDANCE:

Chief Executive Officer (K Marshall), Manager Corporate Services (D Phibbs),
Management Accountant (L Brooks) and PA Corporate Services (M Wilson).

APOLOGIES:

Apologies were received from Councillors D Hawes and R Sampson.

**P Rutherford/J Cleine
CARRIED UNANIMOUSLY**

1. MEMBER'S INTEREST

No Members Interests were disclosed.

2. MINUTES

RESOLVED that the minutes of the 23 May 2018 meeting be confirmed.

**S Roche/J Cleine
CARRIED UNANIMOUSLY**

3. ACTION POINTS

- 111. To be monitored quarterly. Change date required to September 2018.
- 137. Update due September 2018 – no changes required.
- 145. Under responsibility of full Council – remove from F&A Action List.
- 147. Update due September 2018 – no changes required.
- 149. Update due July 2018 – no changes required.

RESOLVED that the Finance and Audit Committee receive this report for information and open for discussion.

**P Rutherford/J Cleine
CARRIED UNANIMOUSLY**

4. FINANCIAL PERFORMANCE

An overview was given by Manager Corporate Services (D Phibbs).

RESOLVED that the Finance and Audit Committee receive this report for information and open for discussion.

**G Howard/P Rutherford
CARRIED UNANIMOUSLY**

5. INVESTMENTS AND BORROWINGS

RESOLVED that the Finance and Audit Committee receive this report for information and open for discussion.

**S Roche/R Nahr
CARRIED UNANIMOUSLY**

6. SIGNIFICANT PROJECTS REPORT

ACTION POINT: Mayor Howard and Councillor S Roche to attend the next West Coast Regional Council meeting (10 July 2018) to discuss flood planning.

A report on the three-yearly representation review is included in Council's June agenda.

RESOLVED that the Finance and Audit Committee receive this report for information and open for discussion.

**P Rutherford/J Cleine
CARRIED UNANIMOUSLY**

7. RURAL FIRE UPDATE

ACTION POINT: Manager Corporate Services and Management Accountant to review lease of rural fire trucks to Fire and Emergency NZ to determine the conditions under which the vehicles are currently leased, and discuss with Andrew McKenzie (FENZ) – due by July 2018.

RESOLVED that the Finance and Audit Committee receive this report for information and open for discussion.

**J Cleine/G Howard
CARRIED UNANIMOUSLY**

8. AUDIT MANAGEMENT ACTION POINTS

Item 3 – change date required to September 2018.
No further changes

RESOLVED that the Finance and Audit Committee receive this report for discussion and information purposes.

**S Roche/G Howard
CARRIED UNANIMOUSLY**

FINANCE WORK PLAN

- Reviewed.

-
- There being no further business the meeting concluded at 6:00pm
 - **Next meeting:** 5:00pm, Wednesday 11 July 2018, *Clocktower Chambers*, Westport.
-

Confirmed:**Date:**

Name:

FINANCE AND AUDIT COMMITTEE

11 JULY 2018

Agenda Item No 3

Prepared by - Dean Phibbs
 - Manager Corporate Services

ACTION POINT LIST

No.	Meeting of:	Action Point	Person Responsible	Progress:	Date required by:	Completed
111	11 May 2016	Leases and Licences to Occupy: Update register and provide report	Mike Duff	On-going. To be monitored quarterly.	September 2018	
137	17 May 2017	WestReef Services: work with WestReef Services to tidy-up how H&S KPI's are measured to provide consistency to the reporting.	CCO Committee	WestReef and Council are both now using Vault H&S equipment and have staff dedicated to H&S roles.	September 2018	
147	6 Dec 2017	Westport Airport Grazing: a full report to be presented to Council future use and lease options for the Westport Airport.	Keith Marshall Sonia Creswell	The current lease agreement with Landcorp expires March 2019. A meeting has been held with Landcorp, with one more expected to take place during May/June 2018.	September 2018	
149	11 April 2018	Westport Harbour: a report to be presented to full Council when the transfer is complete on the Harbour transition, with details of ongoing operational costs and implications and structure.	Dean Phibbs		July 2018	

DRAFT RECOMMENDATION

That the report be received for information.

FINANCE AND AUDIT COMMITTEE

11 JULY 2018

Agenda Item No 4

Prepared by - Wendy Thompson
- Financial Accountant

Reviewed by - Dean Phibbs
- Manager Corporate Services

FINANCIAL PERFORMANCE: 31 MAY 2018

1. **Report Summary :**

To provide Council with an update on the operational performance to 31 May 2018.

2. **Recommendation/draft resolution:**

That this report be received for information and discussion.

3. **Operational Financial Performance**

3.1 **Operational Performance Report - Summary of results: May 2018**

	Actual YTD	Budget YTD	Projected Full Year	Budget Full Year	Projected Variance Full Year
Income	\$19,564,000	\$19,533,000	\$21,436,000	\$21,381,000	\$55,000
Expenditure	\$21,018,000	\$20,423,000	\$23,339,000	\$22,682,000	\$(657,000)
					<u>\$(602,000)</u>

3.2 Dashboard – Operational Financial Performance Indicators

Activity	Revenue	Expenditure	Comment
Democracy	●	●	
Property Amenities & Reserves	●	●	
Economic Development, Tourism & Museum Support	●	●	
Community Services	●	●	Change to management structure for Westport Harbour.
Regulatory	●	●	Income from fees is under budget to date. Civil Defence response costs were unbudgeted.
Roading	●	●	Income and expenditure are both overbudget,
Solid Waste	●	●	
Support	●	●	
Wastewater	●	●	
Water	●	●	Westport electricity supply is overbudget; Repairs and maintenance for Westport, Reefton and Punakaiki is overbudget.
Airport	●	●	

Operational Financial Report for the period ending 31 May 2018

	Year to Date								Note	Temporary or Permanent Variance	Explanation of Variances of \$50,000 or greater
	Actual	Budget	YTD Variance	U/F	Full Year Prediction	Annual Budget	Variance Full Year Prediction	U/F			
Income											
Community Services	467,425	590,470	(123,045)	U	480,140	642,240	(162,100)	U	Permanent	Theatre tickets underbudget \$28,000, Harbour lease income underbudget \$85,000	
Democracy	658	0	658	F	658	0	658	F			
Tourism & Promotion	0	0	0		0	0	0				
Water Supply	2,596,974	2,613,518	(16,544)	U	2,630,550	2,630,492	58	F			
Airport	226,166	177,356	48,810	F	233,600	188,752	44,848	F	Permanent	Overbudget terminal & landing fees	
Amenities & Reserves	699,235	719,763	(20,528)	U	782,650	785,200	(2,550)	U			
Roading & Urban Development	2,311,774	2,039,905	271,869	F	2,483,749	2,341,130	142,619		Temporary	Timing of NZTA operating subsidy over budget \$271,000	
Regulatory	761,933	816,590	(54,657)	U	802,422	870,895	(68,473)	U	Permanent	Under budget dog registrations \$30,000, resource consent fees \$23,000	
Solid Waste	773,255	769,153	4,102	F	779,620	779,620	0				
Support Services	62,258	67,826	(5,568)	U	73,992	73,992	0				
Council (General Rates & Investments)	9,231,879	9,294,270	(62,391)	U	10,722,491	10,622,491	100,000	F	Permanent	Predicted distribution \$150,000 more than budgeted; offset by underbudget rates & penalties \$32,000	
Wastewater	2,432,063	2,443,681	(11,618)	U	2,446,380	2,446,380	0				
Total Income	19,563,619	19,532,532	31,087	F	21,436,252	21,381,192	55,060				

	Year to Date								Note	Temporary or Permanent Variance	Explanation of Variances of \$50,000 or greater
	Actual	Budget	YTD Variance	U/F	Full Year Prediction	Annual Budget	Variance Full Year Prediction	U/F			
Expenditure											
Community Services	3,067,138	2,903,127	(164,011)	U	3,530,225	3,354,183	(176,042)	U	Permanent	Unbudgeted in-house Westport Harbour management \$113,000; overbudget interest costs \$15,000 and library depreciation \$31,000	
Democracy	462,181	495,000	32,819	F	568,734	532,000	(36,734)	U			
Tourism & Promotion	443,604	439,127	(4,477)	U	451,648	451,648	0				
Water Supply	2,055,760	1,897,031	(158,729)	U	2,289,255	2,121,288	(167,967)	U	Permanent	Over budget electricity Westport supply \$68,000 and repairs & maintenance Westport \$70,000, Punakaiki (including turbidity) \$58,000, Reefton (including UV bulb replacements) \$63,000; offset by Westport interest \$87,000 (loans not yet drawn)	
Airport	341,646	299,461	(42,185)	U	368,140	325,952	(42,188)	U	Permanent	Employment costs overbudget	
Amenities & Reserves	2,023,508	2,080,385	56,877	F	2,275,109	2,275,109	0		Temporary	Predominately underbudget repairs and maintenance; offset by unbudgeted Regional Council Rates (Punakaiki Camp)	
Roading & Urban Development	5,427,910	5,062,108	(365,802)	U	5,790,261	5,526,626	(263,635)	U	Permanent	Overbudget due to timing of the NZTA 3 year programme (drives income overbudget)	
Regulatory	1,328,319	1,238,187	(90,132)	U	1,472,037	1,356,785	(115,252)	U	Permanent	Includes unbudgeted Civil Defence Emergency Response costs \$86,000 & Rural Fire depreciation \$37,000 offset by savings elsewhere.	
Solid Waste	892,224	859,487	(32,737)	U	992,804	971,714	(21,090)	U			
Support Services	3,161,049	3,187,733	26,684	F	3,495,161	3,510,599	15,438	F	Temporary	Underbudget Information Systems depreciation \$72,000 and software consultancy \$64,000; offset by infrastructure revaluation \$68,000 budgeted in 2016/17 financial year and consultancy fees over budget.	
Wastewater	1,814,249	1,961,200	146,951	F	2,106,121	2,256,121	150,000	F	Permanent	Underbudget repairs, maintenance and outwork stormwater \$52,000, Westport sewer \$99,000	
Total Expenditure	21,017,588	20,422,846	(594,742)	U	23,339,495	22,682,025	(657,470)				
Net Variance			(563,655)	U			(602,410)	U			

FINANCE AND AUDIT COMMITTEE

11 JULY 2018

Agenda Item No 5

Prepared by - Wendy Thompson
- Financial Accountant

Reviewed by - Dean Phibbs
- Manager Corporate Services

INVESTMENTS AND BORROWINGS: JUNE 2018

1. REPORT SUMMARY

This report summarises Councils cash investments and borrowings for the month ended April 2018, interest earned for the period from 1 July 2017 to 30 June 2018 and policy compliance.

2. RECOMMENDATION/DRAFT RESOLUTION

That the report be received for information.

3. ISSUES AND DISCUSSION

3.1 Investments

Investments have decreased by \$0.6 million in total from the last report circulated to the end of May 2018. This is due to the cyclical effect of quarterly rates billing and monthly creditor payment obligations. The trading account closing balance is \$139,500.

3.2 Interest Revenue

Interest revenue to the end of June 2018 is \$1,238,000 compared to a budget of \$1,220,000. Council will continue to reinvest term investment funds at the most favourable interest rate when deposits are up for renewal. There are often opportunities to take advantage of bank pricing differences to maximise returns even in time of low interest rates.

3.3 Borrowings and Net Debt Position

Total borrowings are unchanged from May, with a current balance of \$24,790,000.

Net debt (borrowings less term investments) has increased to \$7,289,600 from the \$6,689,600 balance in May due to the movements in short term investments.

4. CONSIDERATIONS

4.1 Strategic impact

It is important that Council retains suitable cash holdings and credit facilities to ensure its activities and capital projects are able to be funded in a timely and affordable manner.

4.2. Significance assessment

The significance policy sets out the criteria and framework for a matter or transaction to be deemed significant. The content included in this report is not considered significant because the matters disclosed are of a routine nature, and not large in terms of total assets and total annual operations of council.

4.3. Values assessment

The Buller District Councils values are: One Team; Community Driven; We Care; Future Focussed; and Integrity.

Treasury management functions and reporting align most strongly with the values of Future Focussed and Integrity.

Consideration of current and future cash requirements and intergenerational equity are required when managing cash deposits and credit facilities.

Public reporting of investments and borrowings encourages open and honest discussion and decision making.

4.4 Risk analysis

Risk is assessed by taking into account the likelihood of an event occurring and the result of that event.

Cash flow management is an integral part of ensuring Council is able to deliver the services and projects it has committed to in successive Long Term and Annual Plans.

This risk is mitigated by establishing policies and procedures, engaging staff to manage investment and borrowings and regular reporting to Council to ensure high level oversight.

4.5. Policy / legal considerations

The Local Government Act (2002) and associated regulations prescribe prudent financial management and nationwide benchmarks. The financial prudence benchmarks are now compulsory sections included in Council Long Term/Annual Plans and Annual Reports.

Council's Investment Policy and Treasury Policy govern the management of cash assets and borrowings.

4.6. Tangata whenua considerations

None identified

4.7. Views of those affected

Council's financial strategies, investment levels and borrowing projections are included in the Long Term Plan and Annual Plan consultation processes.

4.8. Costs

There are no extraordinary costs relating to investments and borrowings.

4.9. Benefits

The benefits of structured Treasury management include risk minimisation, prudent cash management and long term financial stability.

4.10. Media / publicity

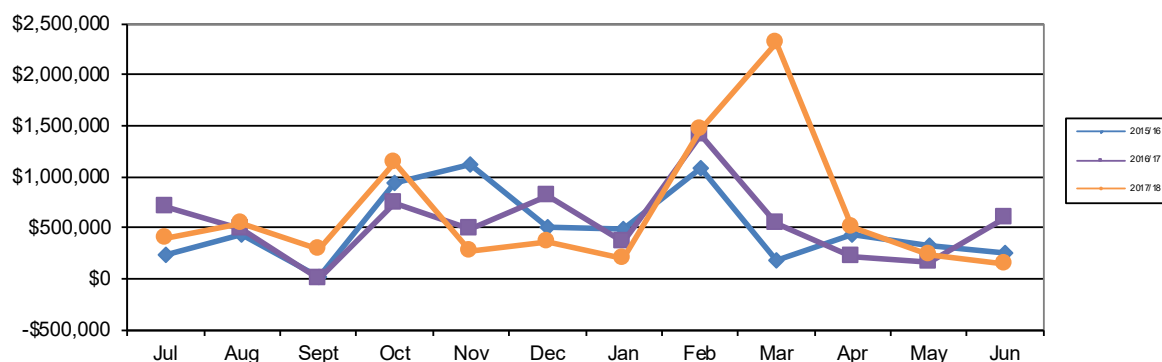
None identified.

INVESTMENTS AND BORROWINGS REPORT

1. BANK BALANCE

	This Month 30 Jun-18	Last Month 30 May-18	Last Year 30 Jun-17
Council	\$139,474	\$239,291	\$585,661

2. MONTH END BANK BALANCE



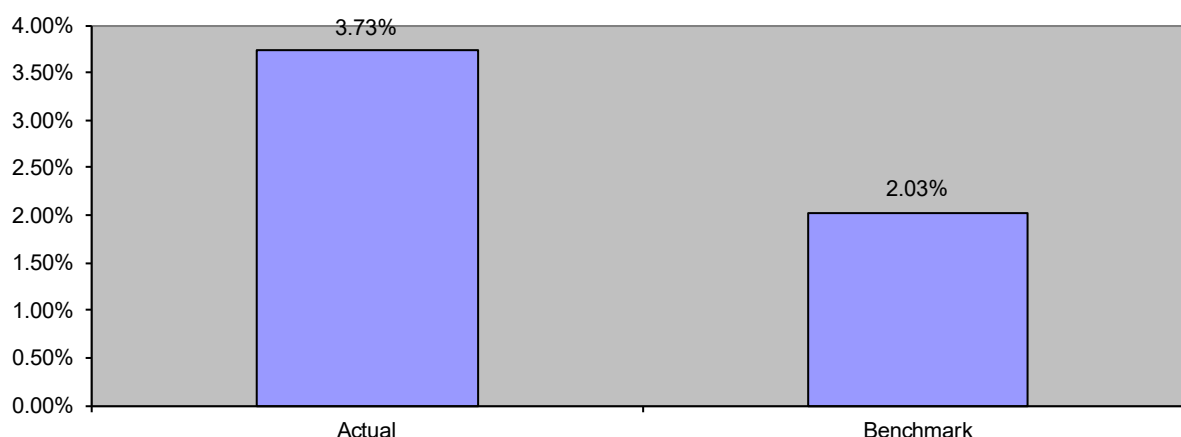
3. SUMMARY OF INVESTMENTS

	This Month 30 Jun-18	Last Month 30 May-18	Last Year 30 Jun-17
Term deposits (includes Call Account)	17,500,382	18,100,382	17,098,148
Other loans (includes loan to Holding Company)	2,443,187	2,444,437	2,537,348
Total Investments	\$19,943,569	\$20,544,818	\$19,635,496

4. SOURCE OF FUNDS

	This Month 30 Jun-18	Last Month 30 May-18	Last Year 30 Jun-17
Depreciation Funds	1,000,000	1,000,000	1,000,000
West Coast Package (Govt subsidy for halt to logging)	2,831,785	2,831,785	2,829,551
Harbour (profit from past harbour operations)	1,979,092	1,979,092	1,979,092
Freeholding Proceeds (sale of leasehold land)	2,840,838	2,840,838	2,840,838
Capital Sponsorship (deposits from V2010 sponsors)	5,034,038	5,034,038	5,034,038
Reserves Contribution Funds	1,314,630	1,314,630	1,314,630
Short Term Funds (rates income plus tds held pending debt reduction)	2,500,000	3,100,000	2,100,000
	\$17,500,382	\$18,100,382	\$17,098,148

5. INVESTMENTS PORTFOLIO PERFORMANCE (12 Month Average)



6. INTEREST REVENUE

	Actual YTD	Budget YTD	Budget Full Year
Interest Revenue	1,238,095	1,220,715	1,220,715

7. COMPLIANCE WITH INVESTMENT POLICY

All term deposits are held with New Zealand Registered banks with no more than \$10 million with any one institution. The terms and maturity dates of investments are spread to minimise Council's exposure to interest rate fluctuations while still aiming to optimise interest earned.

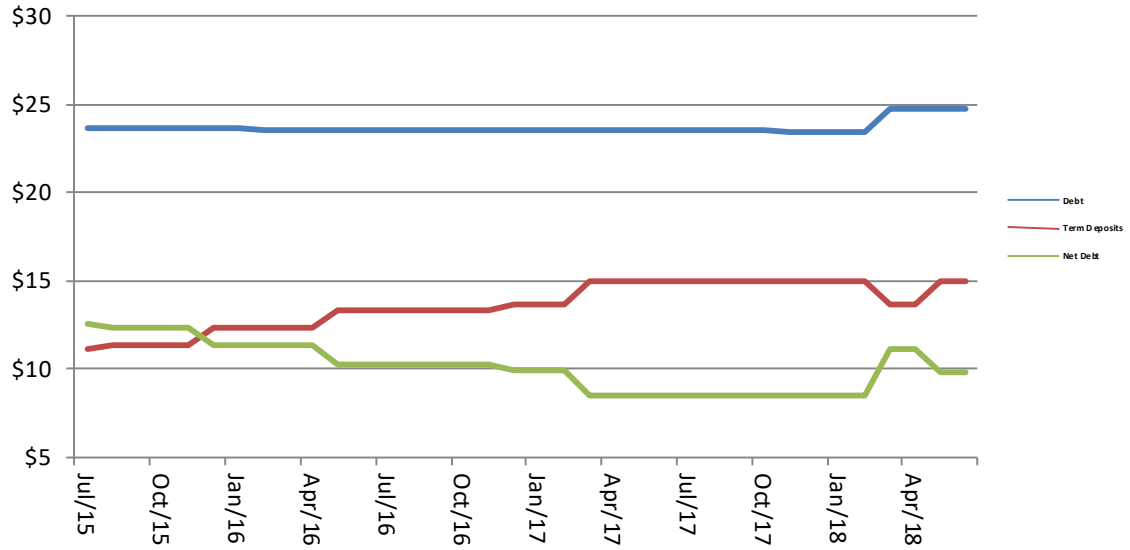
Council has approved the investment in NBS which sees us in breach of the Treasury Management Policy. This breach will continue as investments mature and are rolled over.

8. SUMMARY OF BORROWINGS

	This Month 30 Jun-18	Last Month 30 May-18	Last Year 30 Jun-17
External Debt:			
Westpac Loan Facility	4,773,860	4,773,860	3,433,860
LGFA Loan Facility	20,000,000	20,000,000	20,000,000
EECA Loan	16,093	16,093	66,241
	\$24,789,953	\$24,789,953	\$23,500,101
Weighted Average Interest Cost	4.00%	4.00%	4.60%
Net Debt:			
Total Borrowings	24,789,953	24,789,953	23,500,101
Less: Term deposits (including Call Account)	17,500,382	18,100,382	17,098,148
	\$7,289,572	\$6,689,572	\$6,401,953

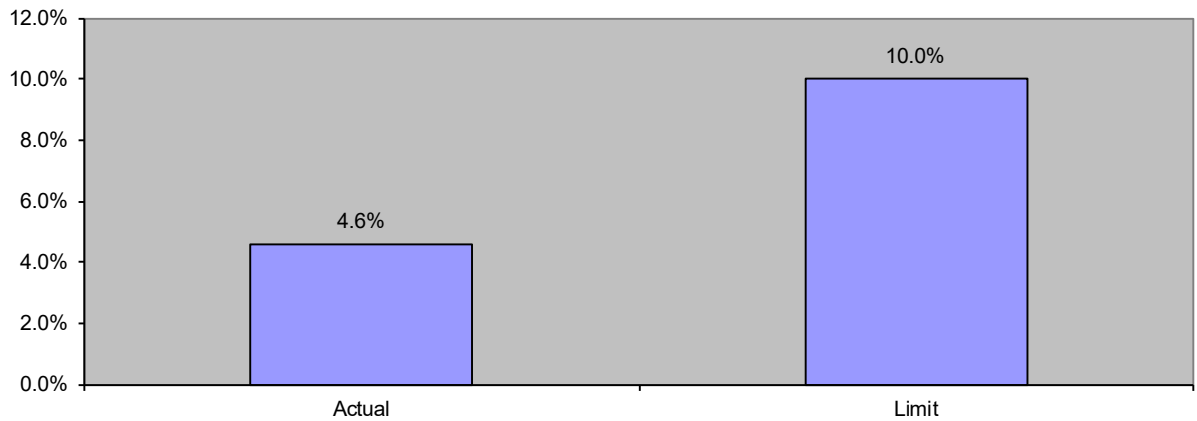
9. DEBT AND INVESTMENTS 3-YEAR TREND

\$ Millions

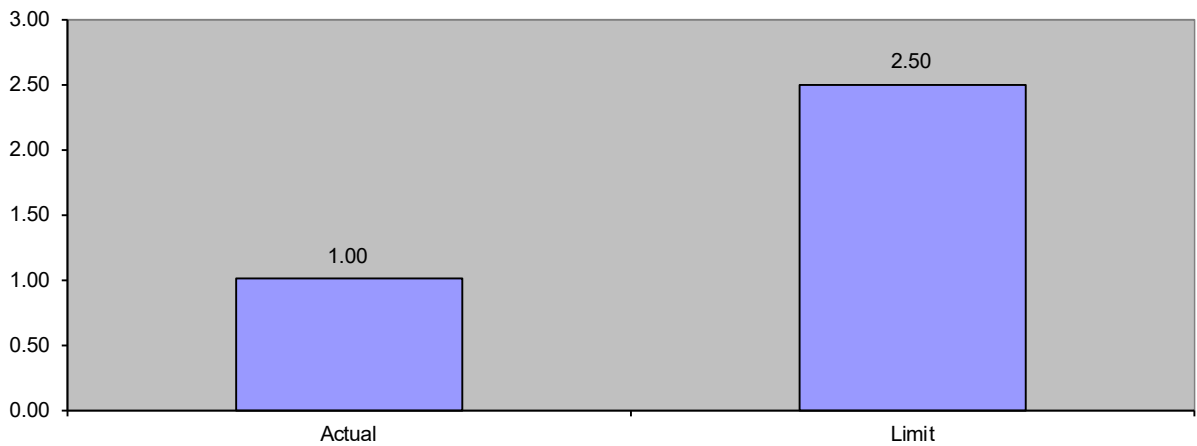


10. COMPLIANCE WITH TREASURY POLICY

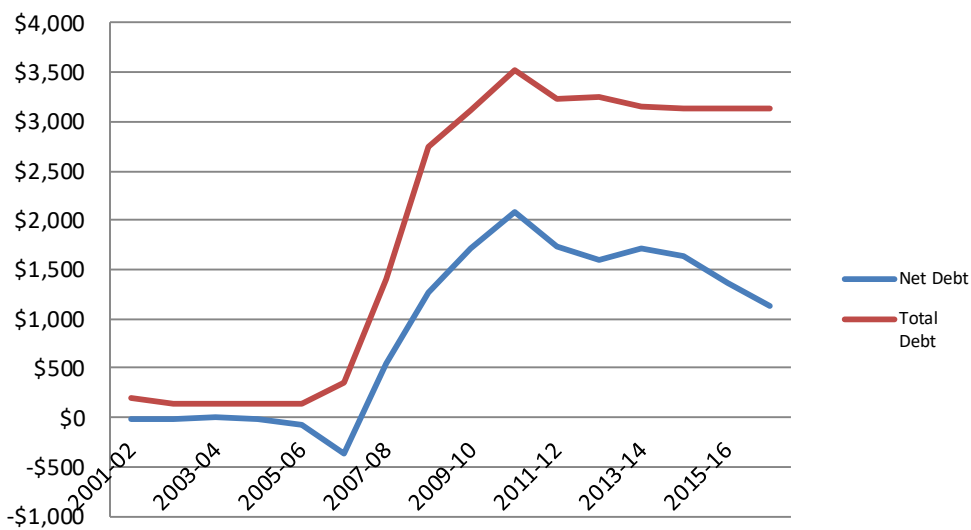
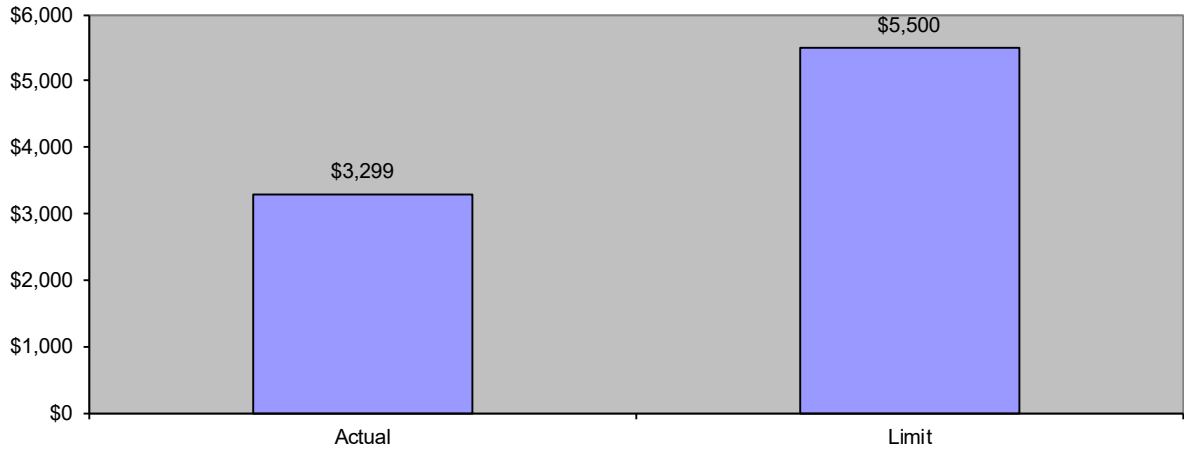
10.1 Interest Expense / Total Income



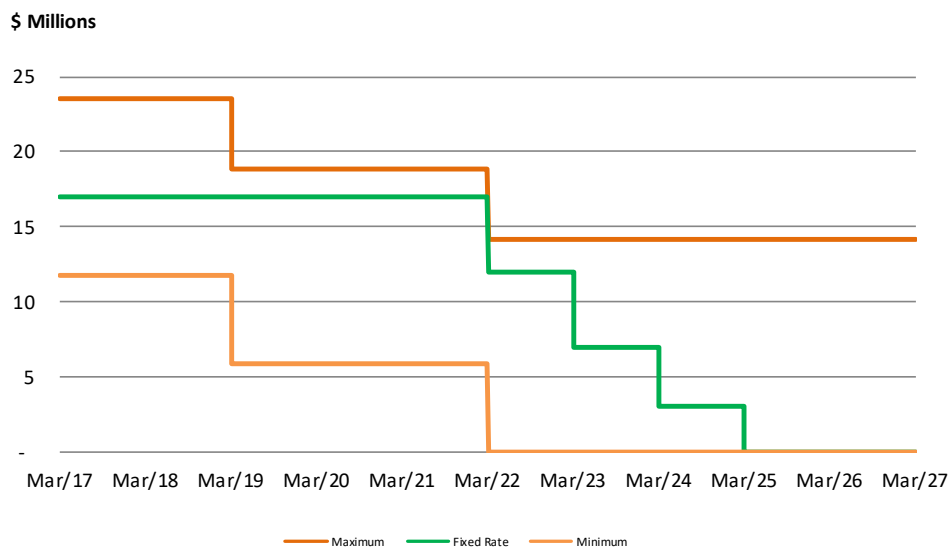
10.2 Gross Debt / Total Income



10.3 Gross Debt per Rateable Property



10.4 Fixed Rate Debt - Compliance with Treasury Policy



Current borrowings are in compliance with the limits specified in Council's Treasury Policy.

Investments are in breach of Council's Treasury Management Policy in respect that there is more than 10% of the portfolio invested in a Building Society. Council ratified this breach via resolution to obtain ongoing sponsorship proceeds for the NBS Theatre.

FINANCE AND AUDIT COMMITTEE

11 JULY 2018

Agenda Item No 6

Prepared by - Lynn Brooks
- Management Accountant

Reveiwed by - Dean Phibbs
- Manager Corporate Services

SIGNIFICANT PROJECTS REPORT

1. REPORT SUMMARY

This report summarises significant projects and priorities of Council at May 2018. It records both current and future work streams, and is for discussion and monitoring purposes. It should be read in conjunction with the attached detailed report.

2. DRAFT RECOMMENDATION

That the report be received for information and discussion.

3. ISSUES AND DISCUSSION

The report provides a high summary of some projects and priorities of Council by each of the following sectors:

1. Mayor, Councillors and Chief Executive
2. Community and Environment
3. Corporate Services
4. Assets and Infrastructure
5. Significant Projects

This report does not include every task undertaken, such as routine roading contract work or other regular services provided by Council. Instead it highlights the high value projects at an aggregated level, and/or the non-routine projects which are very important for community and Council but may not have a dollar budget attributed to them, such as advocacy projects.

The Chief Executive and Council are to advise if there are other projects or priorities to be included in the next monthly report to Council.

The following table shows each section of the report as a high level overview. This is similar to other "traffic light" indicators used in Council documents such as the Annual Plan, Long Term Plan and other reports and is included for consistency with those formats.

Activity	Indicator	Comment
Mayor, Councillors and Chief Executive	●	Advocacy for a range of projects is ongoing.
	●	Advocacy for the West Coast Regional Council Westport Flood Mitigation project continues. The future of the Westport Port is under continual review.
Community and Environment	●	The current tasks are on plan and budget. Attention must be paid to the resources required to complete all bylaw reviews which are required in 2017/2018. Freedom Camping is a topical issue and all West Coast Councils are working on a joint solution toward this issue.
Corporate Services	●	The Long Term Plan has subsequently been adopted.
Significant Projects	●	General Projects: The District Plan Review progressed as planned to April 2018. Updating the telephone systems has been completed ahead of time. Work continues on the Information Management project. Rates Policy Review workshops are planned for Phase III after the decision to retain land based general rating system was made after consultation.
Assets and Infrastructure	●	Roading and Urban Development: District Signage has been completed and billboards have been installed. Roading contracts are being completed as planned. Advocacy for the Karamea Highway Special Purpose Road designation continues.
	●	Water Supplies: The Westport water project is progressing with tendering for the repair underway throughout February and March 2018. Investigation into the Waimangaroa Water treatment system continues.
	●	Water Supplies: Punakaiki Water Intake Easement progressing as planned.
	●	Properties and Amenities: Peel Street Yard, site testing, analysis and risk assessment is in progress. A Carnegie Library earthquake report is required, this is necessary work that should not be delayed.
Project on time and budget	●	
Project delays or budget overruns	●	

Considerations

1. Strategic impact

The report helps to monitor the outcomes provided for the community against the strategic direction of Council. In particular, it reports on the effectiveness of the strategies set out in the 2018-2028 Long Term Plan.

2. Significance Assessment

The Significance and Engagement Policy sets out the criteria and framework for a matter or a transaction to be deemed significant. The Significance and Engagement Policy is written in accordance with The Local Government Act 2002 (LGA 2002) section 76AA. This part of the Act sets the general approach to determine if a proposal or decision is significant requiring the Council to make judgements about the likely impact of that proposal or decision on:

The district;

- a) The persons who are likely to be particularly affected by, or interested in, the proposal or decision;
- b) The financial impact of the proposal or decision on the Council's overall resources; and
- c) The capacity of the Council to perform its role and carry out its activities, now and in the future.

The content included in this report has been consulted on with the community through the Long Term Plan and Annual Plan process.

3. Values assessment

The Buller District Council values are: One Team; Community Driven; We Care; Integrity; and Future Focussed. This report presents the significant projects which are important for the community and the future of the district. Reporting on the significant projects provides an opportunity to review if the areas of focus align with our values.

4. Risk Analysis

Risk is assessed by taking into account the likelihood of an event occurring and the result of that event.

Significant projects are perceived to have some greater than usual potential to place Council at risk as the costs involved can be significant, or the project may have greater technical and legal issues. This risk is mitigated by engaging suitably qualified staff to monitor and regularly report on the projects therefore acting on any issues that arise early on, and to ensure the project progress is well understood by staff and governance.

5. Policy/Legal Considerations

The Local Government Act 2002 governs the activities of Council and sets out the requirement for consultation on the Annual Plan and Long Term Plan to agree the budgets and activities to be funded.

This report assists with two key purposes of that Act (refer to section 3) stating the purpose of the Act is to promote the accountability of local authorities to their communities; and provide for local authorities to play a broad role in meeting the current and future needs of their communities for good-quality local infrastructure, local public services, and performance of regulatory functions.

6. Tangata Whenua Consultation Considerations

The contents of the report are not a matter requiring consultation with tangata whenua or community groups.

7. Views of those affected

There is no need to consult with the public or affected parties due to the information being previously consulted upon through Annual Plan processes.

The community will have interest in the progress of the projects and priorities included in the report because new spending affects annual rates charges, and the effectiveness of advocacy has the potential to improve community wellbeing.

8. Costs

There are no extraordinary costs for the items included in this report, as these projects have been budgeted for in the annual plan. Some of the significant projects have no monetary cost to council as they are for advocacy.

9. Benefits

The benefits of reporting on reviewing the significant projects and priorities are understanding the timelines, budgets, resourcing and opportunities that exist for Council.

Reporting on the significant projects and priorities allows Council to compare the activities of Council against the core strategy of Council.

10. Media/Publicity

There are many media or publicity opportunities with the content of this report.

Significant Projects Report

Indicator	Project Description	Project Manager	Carry Over (over)/under	2017/18 Budget	Total Budget	Actual Cost to 31 May 2018	Project status	Scope, Design, etc	Quote, Tender, etc	Planned Start Date	Planned Completion	Date of completion	Comments / Issues
MAYOR, COUNCILLORS & CEO													
●	Little Wanganui/ Tapawera/ Wangapeka Road Advocacy	GH + CEO	0	0			In progress			Nov-15			Per Council resolution - ongoing.
●	Ultra Fast Broadband Advocacy	GH + CEO	0	0			In progress			Nov-15			Government Announcement with WC Projects 2019. Delivery by Chorus. Progressing with MDC, Creative Developments and BEL.
●	Integrated Family Health Centre Advocacy	GH + CEO	0	0			ongoing			Nov-16	Nov-18		Advocacy for a fit for purpose build is ongoing, on behalf of the community.
●	Housing for Elderly - Advocacy	GH	0	0						Jun-16	Dec-18		Full review of housing stock & ownership structure i.e. Trust to be investigated.
●	Carters Beach Sea Erosion Advocacy	GH + CEO	0	0						Aug-17			Community Meetings Held. Advocacy role only. Responsibility is with WCRC.
●	Ngakawau/Granity Sea Erosion Advocacy	GH	0	0						Aug-17			Community Meetings Held. Advocacy role only. Responsibility is with WCRC.
●	Westport Flood Mitigation Advocacy	GH	0	0			ongoing						WCRC project, BDC role is advocacy. WCRC Submissions on this issue closed 17 February 2017.
●	Future of Westport Port	CEO & DP	0	0			under continual review			Dec-15	Jun-18		AP, LTP Strategy, CCO Committee and BHL as per August 2017 resolution assets purchased March 2018, management option in LTP 2018-2028.
●	Holcim Exit	GH	0	0									Exit Plan.
●	17A Review - Local Government Act 2002	CEO	0	0			ongoing			Apr-17			Required to review cost effectiveness of current arrangements for meeting community needs.
●	Representation Review	CEO	0	0			ongoing			Jun-18			Work underway.
●	Shared Services Projects with Other Coast Councils	CEO	0	0			ongoing						Ongoing - Roading, Various IT Projects, Internal Audits, Civil Defence & Local Govt Commission, Economic Development, One (District) Plan, Policy Development.
●	Charleston/Cape Foulwind Cycleway	GH	0	0									MOU completed. Continue advocacy.
●	Kawatiri Sculpture Symposium	GH + PH	0	0			near complete			May-16	Dec-17		Sculptures Installed and near completed.
●	Reefton Historic Power Generation Project	GH	0	0						Dec-17			Advocacy with Greg Topp. Active discussions continuing.
●	Westport Gateway Sign	GH	0	0			In progress			Nov-15	Dec-17		Lighting yet to be completed.
●	Dolomite Point Advocacy	GH CEO	0	0			In progress						
●	Other Mayor, Councillors and CEO Projects												
			0	0	0	0							
COMMUNITY & ENVIRONMENT													
●	Local Alcohol Policy	CS + RT	0	0			in progress						Awaiting evidence from stakeholder groups to feed into policy development & legal outcomes Recommended this be put in the priority list for the Risk and Policy committee.
●	By-Law Reviews (all require review)	RT	0	0			in progress						Four bylaw reviews completed in 2017, 16 bylaw reviews due in 2018, NOTE this will be a large workload. Risk and Policy Committee are prioritising and timetabling work on the reviews. Banning of Alcohol in Public Places Bylaw and Livestock Movements Bylaw amendments were completed as planned in January 2018.
●	Freedom Camping	CEO	0	0			in progress			Feb-17	Oct-18		Joint compliance and monitoring between all West Coast Councils. This must be completed by 30/08/19 or the bylaw will lapse.
●	Reefton Pool	not yet assigned	0	0						Jun-18	Dec-18		Review of asset and planning required to ensure appropriate facility for the community.
●	Other Community & Environment Projects	RT	0	0									
			0	0	0	0							

Significant Projects Report

Indicator	Project Description	Project Manager	Carry Over (over)/under	2017/18 Budget	Total Budget	Actual Cost to 31 May 2018	Project status	Scope, Design, etc	Quote, Tender, etc	Planned Start Date	Planned Completion	Date of completion	Comments / Issues
CORPORATE SERVICES													
●	Fire & Emergency NZ Transition	DP	0	0	0	0	Completed			Apr-16	Dec-18		An agreement is in place with Fire & Emergency NZ for use of rural fire trucks. A letter is to be completed.
●	Long Term Plan 2018-2028	DP	0	0	0	0	At finalisation			May 17	Jun-18		Since completed draft Long Term Plan & Consultation Document for audit and community consultation. Finalised in June 2018.
●	Other Corporate Services Projects	DP	0	0	0	0							
			0	0	0	0							
SIGNIFICANT PROJECTS													
●	District Plan Review	RT	140	20,000	20,000	623	in progress			Nov-14	TBA		Hearings Committee has heard submissions. Are deliberating on those and will report to Council, who may accept or reject the proposed plan changes.
●	Rates Policy Project Phase III	DP	0	0	0	8,445	in progress			Apr-16	Jun-18		Consultation costs include room hire, mail-out and online rates lookup technical support. Further costs to be incurred with Phase III of the Rates Review Project.
●	IT/Information Technology Projects (inhouse)	HS	284,616	201,460	486,076	144,759	in progress				Jun-18		IM Project at implementation stage. Telephony upgrade completed. Hardware updates continuing.
●	Other Significant Projects												
			284,756	221,460	506,076	153,827							
ASSETS & INFRASTRUCTURE													
Three Waters													
●	Punakaiki Water Intake Easement and Supply	MD	0	0	0	16,266	In Progress						Intake easement in legal process. Stage 1 improvements near completion, Stage 2 awaiting TIF application advice before commencing.
●	Punakaiki Water Supply Advocacy	MD	0	0	0	6,920				Nov-17	Oct-18		Incorporated in Greater Punakaiki Master Plan concept study currently in progress.
●	South Granity Tank Supply Water Administration	CEO	0	0	0	0							Ongoing support provided to the SGWB as the registered drinking water supplier
●	Westport Raw Water Conveyance	MD	621,199	2,350,000	2,971,199	243,097	In Progress						Overland Pipe solution under development including concept design and resource consent application prior to tender.
●	Replacement of Westport Water Mains from Treatment Plant to Town	MD	0	0	0	65,868	In Progress						The sectional mains replacement continues in line with annual budget and work plan to replace a certain number of lengths per annum.
●	Waimangaroa Water Treatment System	MD	0	473,692	473,692	48,508	In Progress						Possible bore sites have been identified, Communications update provided to water board.
●	Ngakawau Hector Water Treatment System	MD	0	0	0	4,680	In Progress						Situation under further review.
●	Costing Water Schemes including assessment of depreciation funding	MD	0	0	0	0	In Progress						Ongoing as required. Considered for part of Long Term Plan.
●	Little Wanganui Water and Sewerage Easements	MD	0	0	0	8,002	In Progress				Dec-18		Work underway.
Roading													
●	Rural Wards Maintenance Programme - to be Communicated	MD	0	0	0	0				Jul-17			Communication on road and stormwater maintenance for rural wards requested as part of 2017/18 Annual Plan.
●	Karamea Highway Special Purpose Road Advocacy	MD, GH	0	0	0	0	In Progress						Business case being prepared in conjunction with NZTA. Progressing.
●	Roading - Local Roads Capital Works	TM	31,672	1,246,367	1,278,039	791,101	In Progress				Jun-18		All works underway.
●	Roading - Special Purpose Road Capital Works	TR	0	369,821	369,821	473,790	In Progress				Jun-18		All works underway.

Significant Projects Report

Indicator	Project Description	Project Manager	Carry Over (over)/under	2017/18 Budget	Total Budget	Actual Cost to 31 May 2011	Project status	Scope, Design, etc	Quote, Tender, etc	Planned Start Date	Planned Completion	Date of completion	Comments / Issues
●	Earthquake Strengthening of Buildings	RB	0	0	0	0					Jun-18		Assessment of Carnegie Library completed. Civic buildings will be upgraded over the next 3 years as adopted in LTP.
●	Footpaths- Urban Development	TR	84,791	202,080	286,871	211,796	ongoing				Jun-18		Footpath works plan for 2017/18 FY near completion.
	Property, Amenities & Reserves												
●	Punakaiki Dickson Parade Status and Freedom Camping Issues	MD	0	0	0	0	In Progress						Temporary Road Closure following recent storm events and will remain closed until full risk assessment completed.
●	Peel Street Yard	MD	0	60,000	60,000	34,377	In Progress						Site testing analysis and risk assessment undertaken. Options workshop proposed for 2018/19.
●	District Signage (Seal Loop)	MD + GH	125,000	0	125,000	89,014	Completed						Installation completed.
●	Punakaiki Building Project		100,000	0	100,000	4,777	On Hold						Draft Community Needs Assessment report received by BDC. Copy referred to DOC for consideration in the Dolomite Point spatial planning. On hold until DOC confirm whether Community Facility will be incorporated in their planning work.
	Other												
●	Other Assets & Infrastructure Projects	MD	0	0	0	0							
			962,662	4,701,960	5,664,622	1,998,196							
	TOTAL SIGNIFICANT PROJECTS		1,247,418	4,923,420	6,170,698	2,152,023							

FINANCE AND AUDIT COMMITTEE

11 JULY 2018

Agenda Item No 7

Prepared by - Lynn Brooks
- Management Accountant

Reveiwed by - Dean Phibbs
- Manager Corporate Services

DEBT RECOVERY REPORT

1. REPORT SUMMARY

This report presents and classifies the outstanding balances of rates and sundry debtors as at April 2018 for monitoring and information purposes.

There are not any customers with arrears that require a decision of Council to progress the debt recovery processes because these processes are delegated to staff and are part of the business as usual activities of Council.

2. DRAFT RECOMMENDATION

That the report be received for information and discussion.

3. ISSUES AND DISCUSSION

This report is presented to provide monitoring information on debt trends for Council.

Council requires a high level overview of the debt owed to Buller District Council. This information, when taken in conjunction with all other aspects of the financial results provides a full view of the financial performance and financial position of Buller District Council at 30 April 2018.

Rates debt follows the usual pattern whereby every third month when the rates are charged the rate debt increases, then it decreases for the following two months.

The total rates debt at April 2018 is slightly lower that at April in the prior three years.

Overall the serious default category and ongoing monitored category are trending down. This shows the increased debt collection measures being used are effective. The amount of ratepayers on payment plans remains high compared with prior years and this early intervention made with ratepayers who start to fall behind is showing long term benefits to both the ratepayers in arrears and Council.

We closely monitor the debt trends and apply many different approaches to address current debt so that it does not reach the long term and at external debt collection stage. Staff work closely on target cases. The use of Facebook and text messaging continues to provide positive results.

Sundry Debtors debt declines over the timeframe shown in the graph. The serious default category indicated in red in the graph is due to non-payment of leasehold property. This continues to be an area of focus and increasing collection measures

including staff working closely on target cases. Arrears overall are lesser over the twelve month period to April 2018 compared to the two prior years. This can be attributed to one significant sponsorship debtor being transferred to Councils' CCO as direct sponsorship, and some greater debt collection measures in place.

4. CONSIDERATIONS

4.1 Strategic impact

Council has key strategies of being resilient, growing the economy, providing quality infrastructure, investing in our towns and being affordable by growing non-rates income.

Debt recovery strategies are essential for effective collection of customer arrears and to ensure fair and equitable interaction between Council and our customers.

Keeping Council customers' debt levels in check and reporting on the level of debt provides a measure against the strategies of Council and provides an overview of the cost impact on our community.

This report also assists with understanding the current local economic climate along with the impacts of Council charges, and the community ability and willingness to meet those charges.

4.2 Significance assessment

The Significance and Engagement Policy is written in accordance with The Local Government Act 2002 (LGA 2002) section 76AA. This part of the Act sets the general approach to determine if a proposal or decision is significant requiring the Council to make judgements about the likely impact of that proposal or decision on:

- a. The District;
- b. The persons who are likely to be particularly affected by, or interested in, the proposal or decision;
- c. The financial impact of the proposal or decision on the Council's overall resources; and
- d. The capacity of, the Council to perform its role and carry out its activities, now and in the future.

The Significance and Engagement Policy sets out the criteria and framework for a matter or transaction to be deemed significant. The content included in this report is not considered significant because the matters disclosed are of a routine nature, and not large in terms of total assets and total annual operations of Council.

4.3 Risk Analysis

Risk is assessed by taking into account the likelihood of an event occurring and the result of that event.

When credit is extended by Council a risk arises that the amounts owing are not recovered when due, or that over time total debt owing grows to an unsustainable level and puts pressure on cash flow.

This risk is mitigated by engaging staff to monitor and recover debt therefore acting on indebtedness early on which yields better results, and regular reporting to Council to ensure oversight.

4.4 Values

The Buller District Values are: Integrity, Future Focussed, Community Driven, One Team and We Care. Monitoring debt and undertaking debt collection processes most closely aligns to the values of integrity and future focussed.

4.5 Policy / legal considerations

The collection of rates debt is enforceable under the Local Government (Rating) Act 2002. Other legislation dealing with credit extended by Council and debt recovery include the Property Law Act 2007, Residential Tenancies Act 1986 and the Resource Management Act 1991. The Financial Delegations Policy, Treasury Management Policy and Rates Remission Policies also apply to the collection of Council debt.

4.6 Tangata whenua consultation considerations

The contents of the report are not a matter requiring consultation with tangata whenua.

4.7 Views of those affected

It is equitable for all our ratepayers, the public and individual debtors that all amounts outstanding should be collected through consistent processes.

4.8 Costs

There are no extraordinary costs for debt recovery and the costs for continuing debt recovery are included in the annual plan budget.

4.9 Benefits

The benefits to collection of debt is the cash flow of Council is maintained. There is also fairness and equity for all ratepayers and service consumers in that everyone is paying their portion of the cost.

4.10 Media / publicity

There are no media or publicity opportunities with the content of this report.

Rates Accounts - Debt Recovery Report

Report cutoff date 30 April 2018
 Last rates instalment due date 28 February 2018
 Next rates instalment due date 28 May 2018

Internal Debt Recovery Analysis

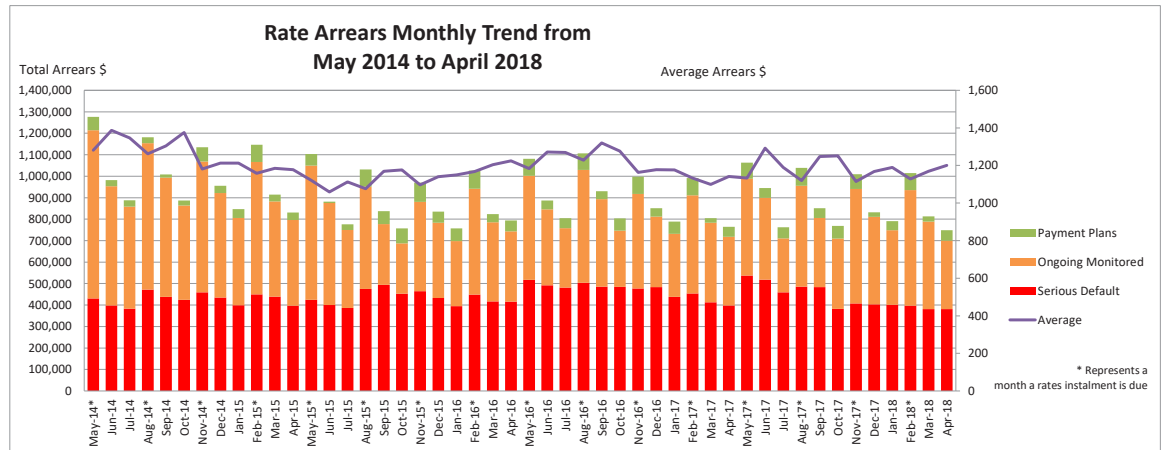
Status Flag	Category	No. of Ratepayers	Total Arrears Balance YTD	Current Year Arrears	Previous Year Arrears		Further Action to Commence					Comment	
					\$	%	Formal Review	To Debt Agency	Title Search	Monitor Progress	Further Letter		Continue Sale Process
●	Placed with External Debt Collection	35	233,260	56,007	177,253	33%				✓			Arrears placed with Credit Recoveries. Refer to the analysis below.
●	No current mailing address	2	1,396	695	701	0%		✓					Sent to debt collection for tracing, also tracing some through bank deposits & social media.
●	Approach Mortgagee	8	22,934	15,635	7,299	1%							Ratepayers with mortgages are pursued for payment under the Rating Act, collecting prior year arrears.
●	Awaiting Decision	25	72,024	40,514	31,510	6%	✓		✓				More complicated cases, ie house uninhabitable / property on market etc require close monitoring.
●	Missed more than two instalments	30	52,122	46,548	5,574	1%					✓		Reviewing for possibility of Mortgagee Action.
●	Under Action - Short Term Monitored	45	54,421	43,354	11,067	2%	✓				✓		Reviewed systematically with each ratepayer.
●	Payments Insufficient	24	24,126	21,744	2,382	0%				✓	✓		Reviewed systematically. Work through options to increase payments/resolve debt.
●	Long Term Monitored	61	143,790	80,898	62,892	12%	✓						Financial hardship, paying minimum amounts. Reviewed 6 monthly (Aug/Feb), more frequently if in decline.
●	No Payments - Property on Market	0	0	0	0	0%	✓						Annual Review.
●	Missed November 2017 & February 2018 instalments	55	57,868	52,142	5,726	1%					✓		Letters sent - monitoring.
●	Missed one instalment only	82	38,223	38,223	0	0%					✓		Letters sent - monitoring.
●	Payment plans	257	48,661	40,844	7,817	1%				✓			Reviewed annually and updated as required.
●	Abandoned Land Tender Project	68	262,543	39,604	222,939	42%						✓	Abandoned Land tender process.
Totals		692	1,011,368	476,208	535,160	100%							

External Debt Recovery Analysis (refer Note 1 & Note 2)

Status Flag	Category	No of Ratepayers	Balance
●	Legal	5	46,047
●	Unable to trace ratepayer (No known address)	5	9,989
●	Active - no arrangement	7	32,453
●	Payment Plans	12	35,772
●	Rating Sale in Progress	4	53,389
Totals		33	177,650

Note 1 BDC reporting includes all arrears including current rate instalments and penalties, however Credit Recoveries balances only include remaining balance of a historical debt.

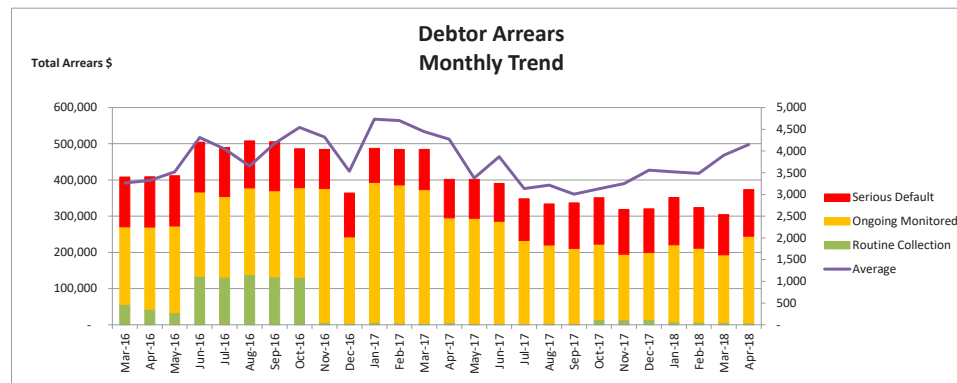
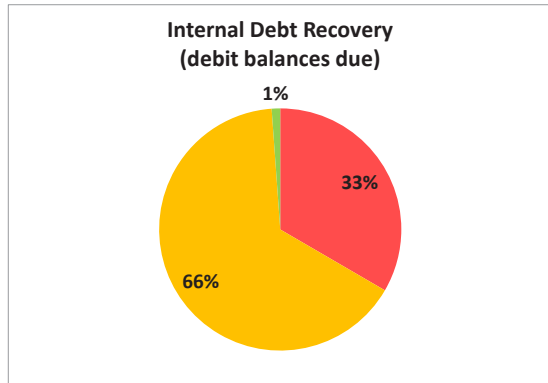
Note 2 Timing differences exist between account totals as payments received by Credit Recoveries are updated and processed by Council monthly.



Sundry Debtors - Debt Recovery Report

Report cutoff date 30 April 2018
 Ageing cycle - current due 31 May 2018

Status Flag	Debtor Type	Age of Debt		No. of Account Holders per Debt Thresholds			Action to Date				Further Action to Commence				Comments	
		No. of Debtors	Overdue	Less than \$2,000	\$2,001 to \$10,000	Over \$10,001	At Debt Agency/Mortgagee	Letter Sent	Payment Plan	In Dispute	Formal Review	To Debt Agency / Mortgagee	Monitor Progress	Further Letter/ Meeting		Other Options
	Leasehold Properties	16	121,548	3	7	6	1		11		J			J	J	Rents invoiced 6 monthly in advance. Long standing arrears receiving increased collection measures.
	Orowaiti Connection	4	11,280	1	3		1		2		J					One overdue account remains lodged with Credit Recoveries.
	Libraries			0												
	Water	15	9,950	15					2					J		Payment plans promoted for those with long standing debt.
	Resource Management	9	67,579	4	1	4	4		2	1		J	v			Long standing arrears receiving increased collection measures.
	Rentals	9	92,800	5	2	2	1	2	2							One large amount at debt collection. Others under agreed payment plans and ongoing monitored.
	Regulatory Licences e.g. Food Premises	3	950	3												Timing of Annual Licences billing.
	Sundry	11	55,857	10		1			4				J			Installment arrangements entered into for those with long standing debt.
	Trade Waste	2	1,950	2			1									Annual invoicing cycle in June.
	Building Consents	1	400	1					1							Where overdue, this represents inspections not yet completed due to timing of building process.
	Cemetery	1	1,777	1					1							Installment arrangements entered into for those with long standing debt.
	LIMs	0														
	Totals	71	364,091	45	13	13										



FINANCE AND AUDIT COMMITTEE

11 JULY 2018

Agenda Item No 8

**Prepared by - Dean Phibbs
- Manager Corporate Services**

TIMETABLE: 2017/2018 ANNUAL REPORT

RECOMMENDATION/DRAFT RESOLUTION

That the report is accepted for information and discussion purposes.

2016/17 Annual Report Timetable

Date required	Action or Item	Corporate Services, CEO & Support	Assets & Infrastructure	Community Services & Regulatory	Councillors, Audit NZ & CCOs	Date completed	Checked
15-May	Investment properties	Wendy				Schedule to QV	
30-Jun	Any Financial Reporting changes scope completed if applicable	Dean/Wendy					
30-Jun	Write to Domain Boards advising annual accounts deadlines	Jenny Collins					
30-Jun	Reefton Service Centre & Theatre stocktake	Kim Loughnan		Debbie Crackett		Reefton ✓	
30-Jun	Bank & Lawyer confirmation letters sent out	Mary			Audit NZ		
30-Jun	Debtor invoicing to 30 June completed and updated	Melissa/Jo Customer Services	Water meter readings	Joy/Gail, Julie Tracy		Completed	
30-Jun	May 2016 Manager reports circulated to Managers	Wendy				Completed	
6-Jul	Write to all subsidiaries advising reporting deadlines	Dean					
18-Jul	30 June invoices to Melissa for payment on 20 th month	All Managers	All Managers	All Managers			
18-Jul	Invoices or estimates for work completed to 30 th June 2018 for accruals to Wendy. Advise Wendy if you are waiting for	All Managers	All Managers	All Managers			
18-Jul	Discuss accruals with Mike & Tony Rob.	Wendy	Mike & Tony				
18-Jul	As Builts to be given to Marty by 18 July to enable Marty to capture information into AssetFinda		Engineers				
20-Jun	Draft Interim Audit Report Issued				Audit NZ		
31-Jul	Roading expenditure to Ops for analysis	Lynn					
31-Jul	Post Infrastructure Revaluation Journal Entries	Lynn/Wendy					
31-Jul	Other Fixed Assets - Final capture in FAR	Jo					
31-Jul	Review misallocation within GL	Jo/Wendy/Lynn					
31-Jul	Run depreciation	Jo					
31-Jul	Vested assets identified and cost allocation clarified	Lynn	Martin	Rachel			
7-Aug	Narrative and Statement of Service Performance KPI's circulated to Managers	Mary					
7-Aug	List of Accounts requiring explanation	Wendy					
7-Aug	List of assets to Team Leaders/ Managers for Impairment	Lynn					
10-Aug	All infrastructure additions reconciled to GL & misallocations corrected	Lynn	Martin & Tony Rob				

Date required	Action or Item	Corporate Services, CEO & Support	Assets & Infrastructure	Community Services & Regulatory	Councillors, Audit NZ & CCOs	Date completed	Checked
10-Aug	Vested assets Identified	Wendy	Martin & Tony Rob				
17-Aug	Narrative and Statement of Service Performance KPI's to be completed by Managers/ Team leaders	Dean	Mike	Manager			
17-Aug	Explanation for all adverse variances on KPI's	Dean	Mike	Manager			
17-Aug	Managers/ Team Leaders to advise if any impairments required	All cost centres	All cost centres	All cost centres			
21-Aug	Airport financials completed	Wendy					
21-Aug	BHT financials completed	Wendy					
24-Aug	Narrative and Statement of Service Performance KPI's typed up and sent to Managers for checking. All corrections to be	Mary and Dean	Mike	Manager			
24-Aug	QA Airport financials & BHT financials and workpapers	Dean/Lynn					
24-Aug	Completion of financial statement workpapers - balance sheet and P&L including Note Disclosure (using format of	Wendy					
24-Aug	Financial Statement workpapers - Rates Reconciliation and Adjustments, Rates write-offs	Jayar/Wendy					
24-Aug	Financial Statement workpapers - Bad debt provisions	Jayar with QA by Wendy					
24-Aug	Financial Statement workpapers - Employee provisions - LSL, gratuities	Wendy with QA by Dean					
24-Aug	Financial Statement workpapers - Landfill Provision	Wendy with QA by Dean					
24-Aug	Financial Statement workpapers - Borrowings & Derivatives	Wendy with QA by Dean					
24-Aug	Financial Statement workpapers - Vested assets	Lynn with QA by Dean					
24-Aug	Financial Statement workpapers - V2010 projects	Lynn with QA by Dean					
24-Aug	Financial Statement workpapers - Related party	Wendy with QA by Dean					
24-Aug	Financial Statement workpapers - Bonds	Wendy with QA by Dean					
24-Aug	Financial Statement workpapers - Investment – interest accrual	Wendy with QA by Dean					
24-Aug	Financial Statement workpapers - Assets –Infrastructure	Lynn with QA by Dean					
24-Aug	Financial Statement workpapers - Assets – PPE	Lynn with QA by Dean					
24-Aug	Financial Statement workpapers - Asset, Goodwill Impairment	Dean/Wendy with QA by Dean					
24-Aug	Depreciation – infrastructure asset adjustment, funded to Cap works reserve	Wendy with QA by Dean					
24-Aug	Financial Statement workpapers - Loan asset adjustments	Wendy with QA by Dean					
24-Aug	Financial Statement workpapers - Investment property revaluations	Wendy with QA by Dean					

Date required	Action or Item	Corporate Services, CEO & Support	Assets & Infrastructure	Community Services & Regulatory	Councillors, Audit NZ & CCOs	Date completed	Checked
24-Aug	Financial Statement workpapers - Holding Company dividends	Wendy with QA by Dean					
24-Aug	Financial Statement workpapers - Transit claims	Wendy with QA by Dean					
24-Aug	Financial Statement workpapers - Financial Instruments	Wendy with QA by Dean					
24-Aug	Financial Statement workpapers - Tax	Wendy/ PWC					
24-Aug	Financial Statement workpapers - Cashflow	Wendy with QA by Dean					
24-Aug	Financial Statement workpapers - Measurements against policies	Wendy with QA by Dean					
28-Aug	Allocation of overheads	Wendy with QA by Dean					
28-Aug	Adjust Dog control opening balance	Wendy/Jo					
28-Aug	All Domain Board accounts completed and audited	Jenny with QA by Dean					
28-Aug	Preliminary Westreef, BRL, WHL,BHL accounts supplied to BDC				Robyn		
1-Sep	Annual Accounts for Buller Health Trust supplied				Campbells		
1-Sep	Airport & BHT financials to audit	Wendy			Audit		
7-Sep	BHT and Airport Audit				Audit		
7-Sep	Formatting of Annual Report, narrations completed	Mary/Dean					
7-Sep	Undertake final variance analysis & update narrative	Dean/Keith	Mike	Manager			
7-Sep	Verify with Managers	Dean/Keith	Mike	Manager			
7-Sep	Final Westreef, BRL, WHL Holding Company accounts supplied to BDC				Craig		
13-Sep	Proofing of Annual Report starts	Dean/Wendy/Keith	Mike	Manager			
13-Sep	Compile Annual report financials	Dean/ Wendy					
14-Sep	Infrastructure 3x Waters Extract the reports from AssetFinda & balance to GL	Lynn	Marty				
14-Sep	Infrastructure 3x Waters Finalise WIP and carry-forwards	Lynn	Marty				
14-Sep	Infrastructure 3x Waters Journals including revaluation	Lynn					
14-Sep	Infrastructure 3x Waters Updates PPE notes	Lynn					
14-Sep	Infrastructure Roothing Extract the reports from excel & balance to GL	Lynn	Sam/ Tony R				
14-Sep	Infrastructure Roothing Finalise WIP and carry-forwards	Lynn	Sam/ Tony R				

Date required	Action or Item	Corporate Services, CEO & Support	Assets & Infrastructure	Community Services & Regulatory	Councillors, Audit NZ & CCOs	Date completed	Checked
14-Sep	Infrastructure Roading Journals including revaluation	Lynn					
14-Sep	Infrastructure Roading Update PPE notes	Lynn					
18-Sep	Draft Financial Statements completed	Wendy/ Mary					
18-Sep	Annual Report Commentary draft finalised	Dean					
21-Sep	Final financial statement for other entities – Airport & BHT	Wendy					
21-Sep	Annual Report Commentary draft vetted by Managers and Keith	Dean/Keith	Steve	Manager			
22-Sep	Draft financial statements completed	Wendy					
28-Sep	Draft financials to Audit	Wendy/Dean					
1 Oct to 19 Oct	Final Audit - Audit NZ Staff on site - review & testing of Annual Report content	Corporate Services	Operations	Community Services & Regulatory	Audit		
2-Oct	Complete Consolidated Financial Statements & PP&E Notes	Wendy/Lynn					
12-Oct	Final Financial Statements completed	Wendy/Mary					
12-Oct	Final documents and numbers in Annual Report	Mary					
15-Oct	Annual Report available for Audit	Dean/ Mary					
19-Oct	Final financial statements & Performance Information available to Audit	Wendy/ Mary					
26-Oct	Summary Financial Statements available for audit	Wendy					
26-Oct	Annual Report completed and ready for distribution	Mary					
26-Oct	Verbal clearance given				Audit NZ		
26-Oct	Representation Letter signed for Audit	Keith			Mayor		
31-Oct	Audit opinion on Financial Statements issued				Audit NZ		
31-Oct	Adopt Annual Report				Council		
9-Nov	Audit opinion on Summary Financial Statements issued				Audit NZ		
21-Nov	Summary Annual Report to be published in Messenger	Mary/ Dean					

FINANCE AND AUDIT COMMITTEE

11 JULY 2018

Agenda Item No 9

Prepared by - Dean Phibbs
- Manager Corporate Services

WESTPORT HARBOUR: COMPANY DISESTABLISHMENT AND INTEGRATION OF HARBOUR OPERATION INTO COUNCIL

1. REPORT SUMMARY

This report provides an update on the disestablishment of Westport Harbour Limited (WHL). The windup process was completed before 30 June 2018. In addition the current operation of the harbour under Buller District Council including care of the dredge pending sale is set out, including proposed budgeted costs.

2. RECOMMENDATION/DRAFT RESOLUTION

That this report is received for information and discussion.

3. ISSUES & DISCUSSION

3.1 Background

Council resolved to instruct the Directors of BHL to wind up Westport Harbour Limited in 2017. As a part of the process Council determined that it would sell the Council owned dredge and look at the options for the remaining assets.

A working group comprising staff and a director of the Holding Company were responsible for implementing the windup. Council identified the assets that could be transferred internally from WHL into the Group and retained, assets that could be sold, and asset that could be purchased back by Council. A target date for full operational transfer was set at the end of March 2018 with the total dissolution of WHL required to be completed before the end of June 2018.

Council resolved to purchase land and building assets from WHL in January 2018 at a market value of \$1.34m. There were a number of other minor assets which were either transferred within the Holdings group or purchased at market value by Westreef. The transaction was concluded in March 2018 and Council financed the land and purchase by loan. The effective interest rate is around 3% for this loan which Council has fixed for 8 years.

Council also took legal advice on the impact of management changes at the port. The advice recommended the retention of a harbourmaster and confirmed that, on the winding up of WHL, Council became responsible for the functions, duties and powers relating to the harbour and port facilities. A review of the navigational and safety bylaws and of the Maritime Transport Operators Certificate (MTOC) issued by Maritime New Zealand to WHL is now required. More detailed discussion at Executive and Council level are required around the implications of a possible return to West Coast Regional Council of harbour responsibilities or other options.

Council also considered different ways of suppling an administration and operational structure. The current structure of an employed part time harbourmaster, part time

manager and additional resources when required were considered a cost effective solution to provide a port service. The port operation includes monitoring of marine, river and bar conditions including hydrographic soundings and provision of tidal data to Land Information New Zealand. Monitoring vessels arriving and leaving the port and monitoring berthage, providing and maintaining visiting vessel information and advice to fishing fleet on navigational safety including use of pilot vessel when required. Repairs and maintenance are carried out including maintenance of pilot vessel, dredge and all port assets. Port management role includes inductions, collecting berthage, allocating expenses, reporting, providing quotations and answering public enquires, and some project work. Regular reviews of operations against the regulatory framework are required.

In house operation of the port commenced from 1 April 2018.

3.2 Financial Performance to Date

The financial performance to the end of May incorporates 2 months of operation under the current structure. Legal advice was required prior to this to determine Council responsibility in regards to operation of the port. Key variances are the lease income that Council budgeted to receive for lease of the dredge which was terminated at the end of December 2017. The ongoing cost of dredge insurance until the end of June and the quarterly charge for rates are also key items which were not included in forecasts.

WESTPORT HARBOUR

INCOME & EXPENSES TO 31 MAY 2018

	YTD Actual 2017/18 \$	YTD Budget 2017/18 \$	YTD Variance \$	FYR Budget 2017/18 \$
Income				
Berthage, Wharfage & Other Income	30,354	0	30,354	0
Lease Income	113,359	188,837	(75,478)	206,004
Total Income	143,713	188,837	(45,124)	206,004
Expenses				
Employment Expenses	16,140	0	(16,140)	0
Depreciation	44,307	45,562	1,255	49,704
Insurance	36,918	0	(36,918)	0
Legal Fees	11,691	0	(11,691)	0
Rates	30,883	0	(30,883)	0
Port Operating Expenses	19,106	0	(19,106)	0
Total Expenses	159,045	45,562	(113,483)	49,704
Net operations	(15,332)	143,275	(158,607)	156,300

* Note unbudgeted operating income and expenses are generally from the period April onward

There are also significant costs incurred within Councils holding company structure for the windup of WHL. It is expected that this will be reported via the final WHL report for the year ending June 2018.

3.3 LTP Budgets for 2018/2019

Budgets for 2018/2019 consulted on and adopted in the 2018-2028 Long Term Plan make a provision for operation under the current structure. There is also provision for 4 months maintenance of the dredge pending a proposed sale. The proposed deficit is the cost that has been rated for from General rates for this period.

WESTPORT HARBOUR	Budget 2018/2019
	\$
Income	
Lease income	52,900
Wharfage	24,660
Berthage Fees	96,130
Other Income	47,800
Total Income	221,490
Expenditure	
Loan Interest	59,827
Depreciation - Harbour assets	48,463
Management Fee/Employment Expenses	100,000
Rates	120,000
Sundry (includes insurance, repairs and maintenance, power)	136,000
Overheads - Corporate Services	30,316
Total Operating Expenditure	494,606
Surplus/(Deficit)	(273,116)

Dredge

The dredge remains for sale and there have been no offers for it via the current ship broker. The engines are being run-up regularly and basic maintenance is being performed. Certification is current.

Realistically there are 3 options open regarding this vessel should a sale not eventuate:

1. "Bare boat" lease the vessel to another port for dredging.
2. Utilise the vessel in conjunction with other ports and for any Provincial Growth Fund projects or regional infrastructure initiatives should these eventuate. This would more than likely entail returning to a limited liability structure.
3. Sell the vessel for scrap.

It is not within the scope of this report to explore any of these options in detail.

4. CONSIDERATIONS

4.1. Strategic impact

Council is required to report against the Long Term Plan and Annual Plan on the effect of any decisions it makes that were either included or not anticipated in these strategic documents.

There are in addition other emerging opportunities that could affect ongoing operation of the port moving forward. For example the Provincial Growth Fund offers some opportunity for the port in terms of capital expenditure on assets, potential new sources of revenue and development of the port infrastructure and operation for related projects.

4.2. Significance assessment

This is not considered significant in reference to Councils Significance policy.

4.3. Risk analysis

There are significant risks associated with the ongoing and future operation of the port and it is important that Council adequately mitigates this risk by taking appropriate legal advice on operations and oversight of this facility.

There are financial implications and risk of holding onto the dredge for any length of time. The estimated cost to hold the dredge until the end of June 2019 is estimated to be around \$74,000. This does not take into account the forecast cost of slipping of \$175,000 which was scheduled for April 2019 but could be postponed until March 2020. Therefore if Council still holds the dredge until June 2020 the estimate for holding costs for that following financial year could be around \$250,000.

4.4. Values

The Buller District Values are: Integrity, Future Focussed, Community Driven, One Team and We Care. Although this report focuses on the results to date on the windup of WHL and integration of the port operation into Councils current operation there will be much interest in the future direction of the port operation principally because of the potential importance of regional infrastructure. In addition the views of ratepayers must be considered as the ultimately port operation is generally funded by the ratepayer and can be a significant expense area.

4.5. Policy / legal considerations

Council has legal obligations under the Local Government Act 2002 with respect to reporting, budgeting and consultation. There are also legal obligation regarding the operation of a port and vessels which although are mentioned in this report are not explored in detail.

4.6. Tangata whenua considerations

This is not an issue that requires separate consultation with iwi.

4.7. Views of those affected

Ratepayers have had the opportunity to consult on the current proposed operation of the port in the recent LTP process. Reporting on performance is also important as accountability to the community is an important function of Council

4.8. Media / publicity

There is significant public interest in the port operation.

FINANCE AND AUDIT COMMITTEE

11 JULY 2018

Agenda Item No 10

**Prepared by - Dean Phibbs
- Manager Corporate Services**

AUDIT MANAGEMENT ACTION POINTS

RECOMMENDATION/DRAFT RESOLUTION:

That the report be received for information and discussion.

CURRENT AUDIT MANAGEMENT ACTION POINTS

2016/2017 Annual Report						
No.	Subject	Detail	Responsible	Status	Comments	Planned Completion Date
3	Disestablishment of Westport Harbour Limited	Audit request that Council and management keep them informed during the disestablishment process as Westport Harbour Limited transfers its assets and liabilities and winds down its operations during 2017/2018.	Manager Corporate Services		Council are working in partnership with Buller Holdings Limited to disestablish Westport Harbour Limited and will keep Audit NZ informed through the process.	September 2018
4	Asset management plans	<p>This issue highlights the importance of the Council having good asset management plans in place with high-quality asset condition information underlying the plan.</p> <p>The maintenance and replacement of aging infrastructure networks is likely to be a key issue for Council's upcoming Long Term Plan. Asset management plans will need to be updated to reflect the current and planned state of Council's assets.</p>	Group Manager Assets and Infrastructure		<p>Asset management plans will be implemented more efficiently through portfolio co-ordinators to own and drive their respective maintenance and renewal programs, as well as strategic alignment accountability by management.</p> <p>Council intends to review and update existing Asset Management Plans in the process of compiling the 2018-2028 Long Term Plan.</p> <p>(on-going review for 2019/2020 AP).</p>	June 2019

FINANCE AND AUDIT COMMITTEE

11 JULY 2018

Agenda Item No 11

**Prepared by - Dean Phibbs
- Manager Corporate Services**

FINANCE WORK PLAN

RECOMMENDATION/DRAFT RESOLUTION:

That the report be received for information and discussion.

FINANCE WORK PLAN

	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-18	May-18	Jun-18	
Internal Reporting													
F&A Reports													
- BDC Quarterly Financials		Full year			Quarterly			Half yearly			Three quarterly		
- BDC Operational													
- BDC Treasury													
- BDC Debtors													
- BDC Capital													
- BDC Significant Projects													
- BHL Quarterly Financials													
Council Reports													
- Budget Carry Overs			2018 Carryovers										
2017/2018 Annual Report													
- BDC Annual Report			Audit	Adopt	Publish Summary & report				Systems Audit				
- BHL Annual Report		Audit	Group Figures	Annual Report									
2019/2020 Annual Plan													
- Annual Plan					Workshop	Workshop	Workshop	Workshop	Workshop + Adopt Draft Annual Plan				
Rates Policy Review													
- Rates Policy Review	Workshop	Workshop	Workshop	Workshop	Workshop	Workshop	Workshop	Workshop	Finalise Consultation Documents	Consult with Annual Plan	Consult with Annual Plan	Deliberations	Adopt any changes
Other Operational Projects													
- Insurance												Negotiations	Finalise