

AGENDA:

Meeting of the
FINANCE and AUDIT COMMITTEE

Wednesday 20 June 2018

commencing at 5:00pm

at:

Clocktower Chambers:

Palmerston 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

20 JUNE 2018

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FINANCE AND AUDIT COMMITTEE

20 JUNE 2018

Agenda Item No 1

Prepared by - Dean Phibbs
- Manager Corporate Services

MEMBERS INTEREST

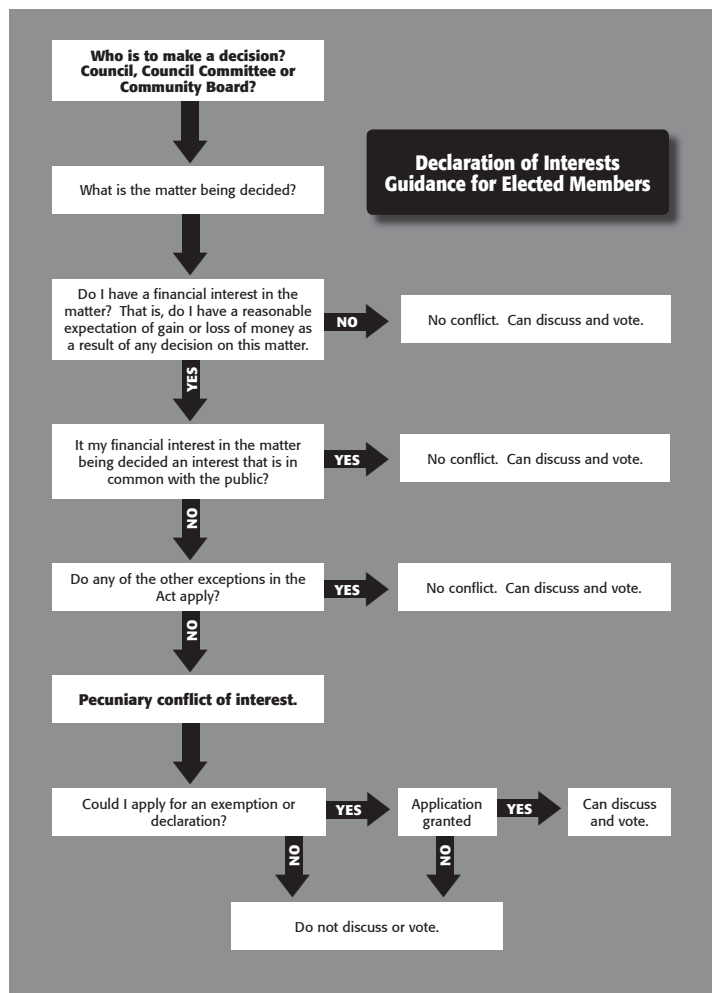
Councillors are encouraged to consider the items on the agenda and disclose whether they believe they have a financial or non-financial interest in any of the items in terms of Council's Code of Conduct.

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

20 JUNE 2018

Agenda Item No 2

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

CONFIRMATION OF MINUTES

Minutes of the meeting held 23 May 2018.

DRAFT RECOMMENDATION

That the minutes from the meeting held 23 May 2018 are confirmed.

**MEETING OF THE BULLER DISTRICT COUNCIL FINANCE AND AUDIT COMMITTEE,
COMMENCED AT 5:00pm, 23 MAY 2018, AT CLOCKTOWER CHAMBERS,
PALMERSTON STREET, WESTPORT**

PRESENT:

Councillors S Roche (Acting Chairperson), P Rutherford, R Nahr, R Sampson and J Cleine.

IN ATTENDANCE:

Manager Corporate Services (D Phibbs), Management Accountant (L Brooks), EA to CEO (D Phibbs), Financial Accountant (W Thompson) and PA Corporate Services (M Wilson).

RESOLVED that Cr R Sampson be added to Terms of Reference as a member of the Finance and Audit Committee.

**S Roche/J Cleine
CARRIED UNANIMOUSLY**

APOLOGIES:

An apology was received for Mayor G Howard and Councillor D Hawes.

**S Roche/P Rutherford
CARRIED UNANIMOUSLY**

1. MEMBER'S INTEREST

No Members Interests were disclosed.

2. MINUTES

RESOLVED that the minutes of the 11 April 2018 meeting be confirmed.

**R Nahr/P Rutherford
CARRIED UNANIMOUSLY**

3. ACTION POINTS

- 111. Change date required to June 2018.
- 137. Change date required to September 2018. WestReef and Council now have H&S Staff and are both using Vault. On-going
- 145. Change date required to June 2018
- 147. Change date required to September 2018.
- 149. No changes.

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

**J Cleine/R Sampson
CARRIED UNANIMOUSLY**

4. FINANCIAL PERFORMANCE

Employment costs at the Airport were discussed, with a large variance in wages costs having quite an effect on Council's results. Management are aware of issues and various ideas are being investigated to address the matter.

Civil defence – only about \$5,000 of costs from the recent events will be able to be claimed back. The additional \$70,000 will need to be paid directly by Council with no option to recover the costs from the Ministry.

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

**R Nahr/J Cleine
CARRIED UNANIMOUSLY**

5. INVESTMENTS AND BORROWINGS

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

**P Rutherford/J Cleine
CARRIED UNANIMOUSLY**

6. SIGNIFICANT PROJECTS REPORT

Asbestos removal will be undertaken at the Peel Street yard during the current financial year.

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

**J Cleine/R Nahr
CARRIED UNANIMOUSLY**

7. CAPITAL INCOME AND EXPENDITURE REPORT

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

**R Nahr/R Sampson
CARRIED UNANIMOUSLY**

8. DEBT RECOVERY REPORT

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

J Cleine/R Nahr

CARRIED UNANIMOUSLY

9. AUDIT MANAGEMENT ACTION POINTS

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

**S Roche/J Cleine
CARRIED UNANIMOUSLY**

FINANCE WORK PLAN

- Reviewed.
- Rates review timeline to be updated.

- There being no further business the meeting concluded at 6:00pm
- **Next meeting:** 5:00pm, Wednesday 20 June 2018, *Clocktower Chambers, Westport.*

Confirmed:**Date:**

Name:

FINANCE AND AUDIT COMMITTEE

20 JUNE 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.	June 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	
145	15 Nov 2017	Peel Street yard: remediation report to be provided by Mike Duff.	Sharon Roche		June 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.	CEO 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 from the Harbour transition, with details of ongoing operational costs, implications and structure.	Dean Phibbs		July 2018	

DRAFT RECOMMENDATION
That the report be received for information.

FINANCE AND AUDIT COMMITTEE

20 JUNE 2018

Agenda Item No 4

Prepared by - Wendy Thompson
- Financial Accountant

Reviewed by - Dean Phibbs
- Manager Corporate Services

FINANCIAL PERFORMANCE: 30 APRIL 2018

1. Report Summary :

To provide Council with an update on the operational performance to 30 April 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: April 2018

	Actual YTD	Budget YTD	Projected Full Year	Budget Full Year	Projected Variance Full Year
Income	\$15,479,000	\$15,613,000	\$21,818,500	\$21,818,500	0
Expenditure	\$19,046,000	\$18,728,000	\$22,561,000	\$22,561,000	0
					0

3.2 Dashboard – Operational Financial Performance Indicators

Activity	Revenue	Expenditure	Comment
Democracy	●	●	
Property Amenities & Reserves	●	●	
Economic Development, Tourism & Museum Support	●	●	
Community Services	●	●	Change to Harbour management structure
Regulatory	●	●	Fee income under budget to date
Roading	●	●	Income & Expenditure overbudget due to timing of expenditure
Solid Waste	●	●	
Support	●	●	
Wastewater	●	●	
Water	●	●	Over budget Westport supply electricity; Westport & Punakaiki repairs & maintenance.
Airport	●	●	

Operational Financial Report for the period ending 30 April 2018

	Year to Date										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	Note		
				U	F							
Income												
Community Services	431,825	538,700	(106,875)	U	676,940	676,940	0	0		Partial	Theatre tickets underbudget \$25,000, Harbour lease income underbudget \$68,000	
Democracy	658	0	658	F	0	0	0	0		Permanent		
Tourism & Promotion	0	0	0	U	0	0	0	0				
Water Supply	1,966,820	1,989,850	(23,030)	U	3,033,130	3,033,130	0	0				
Airport	152,152	165,960	(13,808)	U	188,752	188,752	0	0				
Amenities & Reserves	670,864	654,330	16,534	F	785,200	785,200	0	0				
Roading & Urban Development	2,015,011	1,866,849	148,162	F	2,341,130	2,341,130	0	0		Temporary	Timing of NZTA operating subsidy over budget \$161,000 and unbudgeted external contributions \$46,000; offset by timing of petrol tax receipts \$60,000 underbudget.	
Regulatory	686,774	772,808	(86,034)	U	870,895	870,895	0	0		Temporary	Under budget dog registrations \$30,000, resource consent fees \$45,000	
Solid Waste	598,984	595,182	3,802	F	779,620	779,620	0	0				
Support Services	55,666	61,660	(5,994)	U	73,992	73,992	0	0				
Council (General Rates & Investments)	7,087,259	7,130,091	(42,832)	U	10,622,491	10,622,491	0	0				
Wastewater	1,813,255	1,837,484	(24,229)	U	2,446,380	2,446,380	0	0				
Total Income	15,479,266	15,612,914	(133,648)	U	21,818,530	21,818,530	0	0				

	Year to Date										Temporary or Permanent Variance	Note	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	2,752,843	2,695,108	(57,735)	U	3,259,563	3,259,563	0			0	Permanent	Cost of in-house Westport Harbour management \$52,000	
Democracy	416,823	452,750	35,927	F	532,000	532,000	0			0			
Tourism & Promotion	439,694	434,629	(5,065)	U	451,648	451,648	0			0			
Water Supply	1,921,309	1,749,932	(171,377)	U	2,121,288	2,121,288	0			0	Partial Permanent	Over budget electricity Westport supply \$75,000 and repairs & maintenance Westport \$74,000, Punakaiki (including turbidity) \$53,000, Reefion (including UV bulb replacements) \$41,000; offset by Westport interest \$90,000 (loans not yet drawn)	
Airport	315,342	272,965	(42,377)	U	325,952	325,952	0			0			
Amenities & Reserves	1,815,550	1,867,331	51,781	F	2,088,356	2,088,356	0			0	Temporary	Predominately underbudget repairs and maintenance; offset by unbudgeted Regional Council Rates (Punakaiki Camp)	
Roading & Urban Development	4,883,414	4,602,349	(281,065)	U	5,526,626	5,526,626	0			0	Temporary	Overall timing of expenditure compared to budget	
Regulatory	1,188,616	1,136,274	(52,342)	U	1,356,785	1,356,785	0			0	Permanent	Includes Civil Defence Emergency Response costs \$83,000	
Solid Waste	793,364	787,041	(6,323)	U	971,714	971,714	0			0			
Support Services	2,843,162	2,926,548	83,386	F	3,510,599	3,510,599	0			0	Temporary	Underbudget Information Systems depreciation \$64,000 and software consultancy \$59,000; offset by infrastructure revaluation \$49,000 budgeted in 2016/17 financial year.	
Wastewater	1,676,353	1,802,979	126,626	F	2,256,121	2,256,121	0			0	Temporary	Underbudget repairs, maintenance and outwork stormwater \$51,000, Westport sewer \$95,000	
Total Expenditure	19,046,469	18,727,906	(318,563)	U	22,400,652	22,400,652	0			0			
Net Variance			(452,211)	U			0			0			

FINANCE AND AUDIT COMMITTEE

20 JUNE 2018

Agenda Item No 5

Prepared by - Wendy Thompson
- Financial Accountant

Reviewed by - Dean Phibbs
- Manager Corporate Services

INVESTMENTS AND BORROWINGS: MAY 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 31 May 2018 and policy compliance.

2. RECOMMENDATION/DRAFT RESOLUTION

That the report be received for information.

3. ISSUES AND DISCUSSION

3.1 Investments

Investments have increased by \$2.0 million in total from the last report circulated to the end of April 2018. This is due to the reinvestment of the term deposit withdrawal of \$1.3 million to bridge the financing of the Westport Harbour assets purchase; in addition to the cyclical effect of quarterly rates billing and monthly creditor payment obligations. The trading account closing balance is \$239,300.

3.2 Interest Revenue

Interest revenue to the end of April 2018 is \$822,000 compared to a budget of \$805,000. 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 April, with a current balance of \$24,790,000.

Net debt (borrowings less term investments) has decreased to \$6,689,600 from the \$8,714,600 balance in March 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

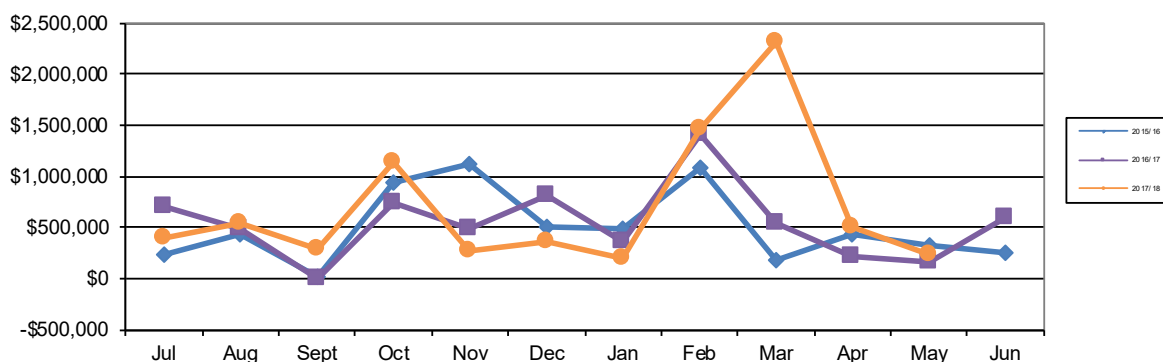
None identified.

INVESTMENTS AND BORROWINGS REPORT

1. BANK BALANCE

	This Month 31 May-18	Last Month 30 Apr-18	Last Year 30 Jun-17
Council	\$239,291	\$506,625	\$585,661

2. MONTH END BANK BALANCE



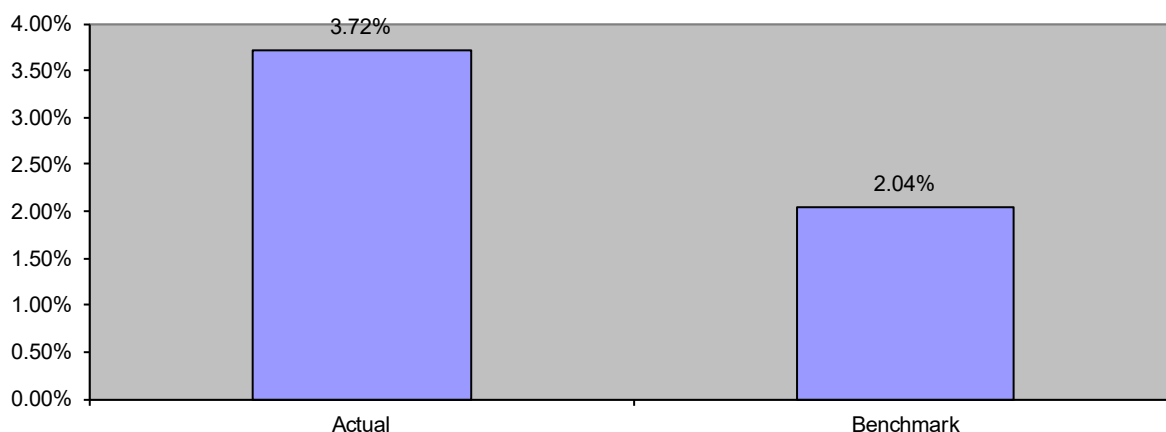
3. SUMMARY OF INVESTMENTS

	This Month 31 May-18	Last Month 30 Apr-18	Last Year 30 Jun-17
Term deposits (includes Call Account)	18,100,382	16,075,382	17,098,148
Other loans (includes loan to Holding Company)	2,444,437	2,463,027	2,537,348
Total Investments	\$20,544,818	\$18,538,409	\$19,635,496

4. SOURCE OF FUNDS

	This Month 31 May-18	Last Month 30 Apr-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	1,506,785	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)	3,100,000	2,400,000	2,100,000
	\$18,100,382	\$16,075,382	\$17,098,148

5. INVESTMENTS PORTFOLIO PERFORMANCE (12 Month Average)



6. INTEREST REVENUE

	Actual YTD	Budget YTD	Budget Full Year
Interest Revenue	\$821,727	\$804,823	\$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.

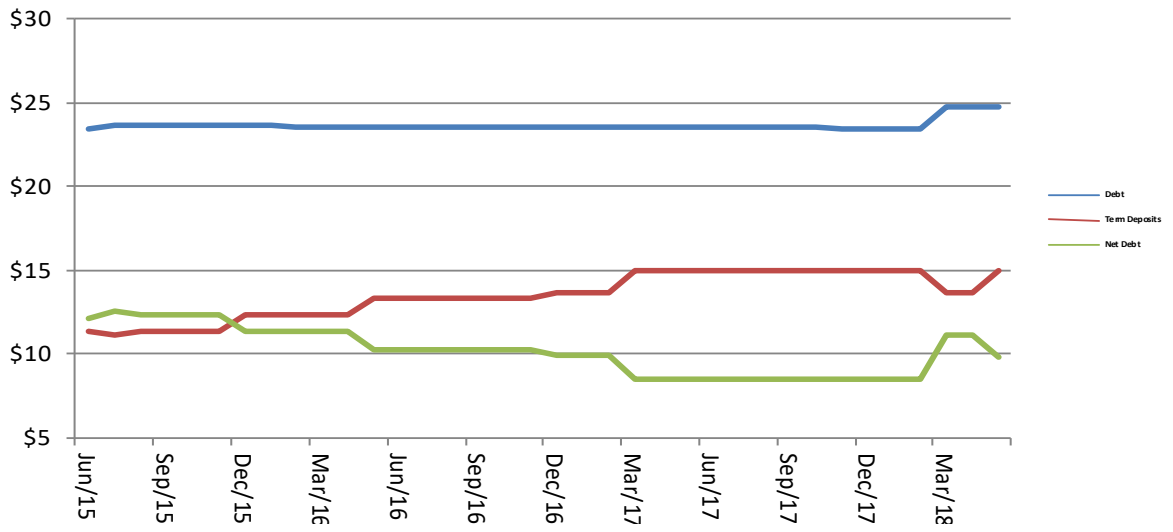
Council has approved the investment in NBS which sees us in breach of the Treasury Management Policy. This breach will continue as investments mature and are rolled over.

8. SUMMARY OF BORROWINGS

	This Month 31 May-18	Last Month 30 Apr-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)	18,100,382	16,075,382	17,098,148
	\$6,689,572	\$8,714,572	\$6,401,953

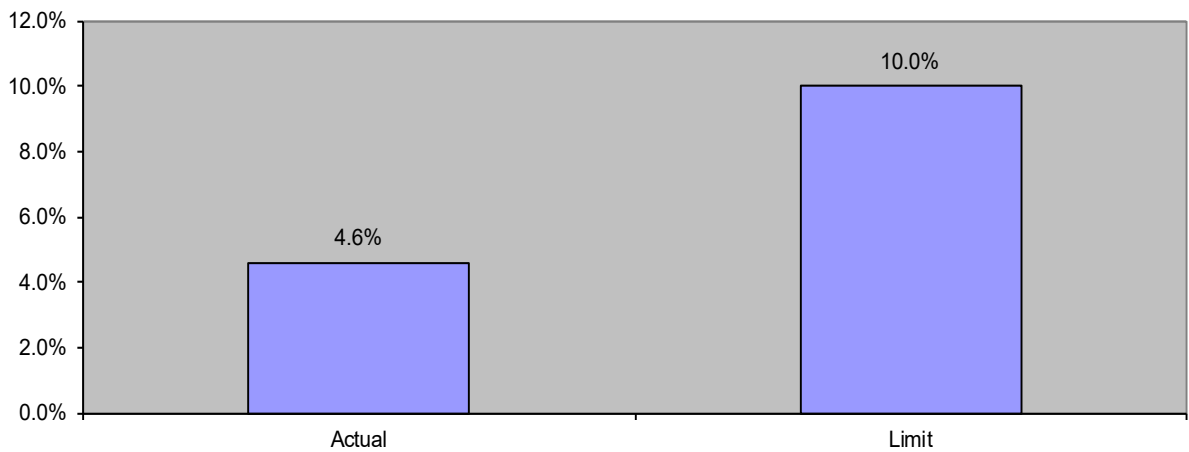
9. DEBT AND INVESTMENTS 3-YEAR TREND

\$ Millions

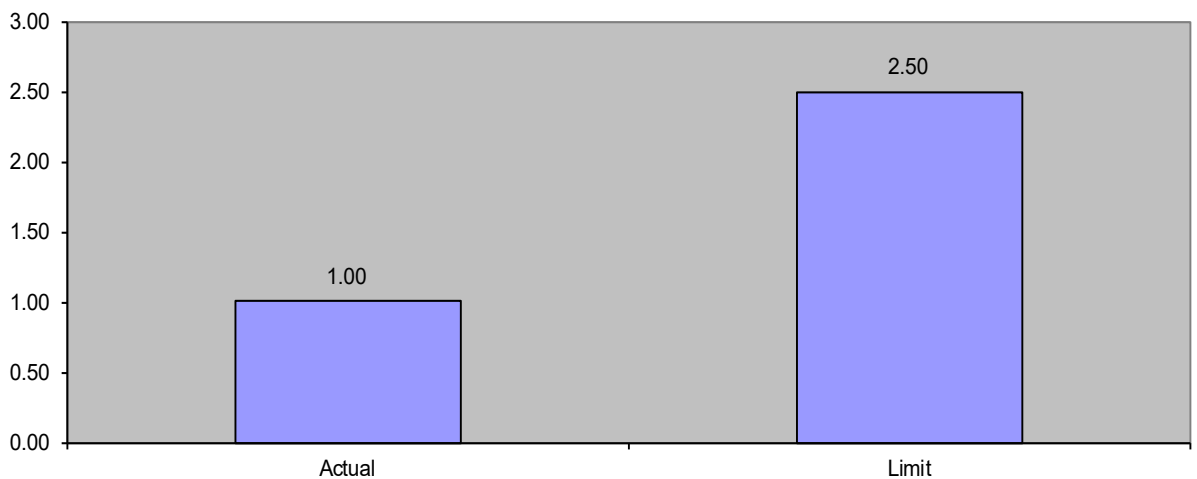


10. COMPLIANCE WITH TREASURY POLICY

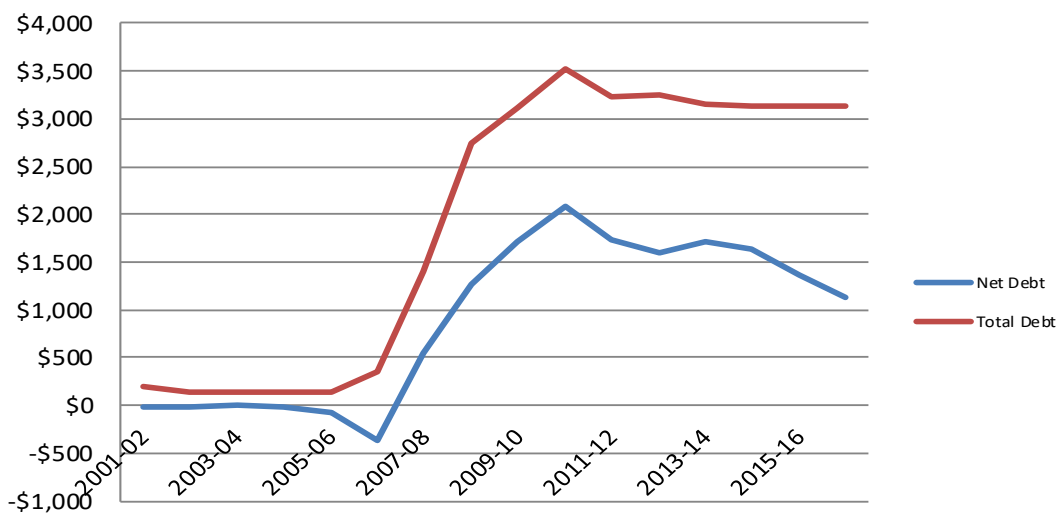
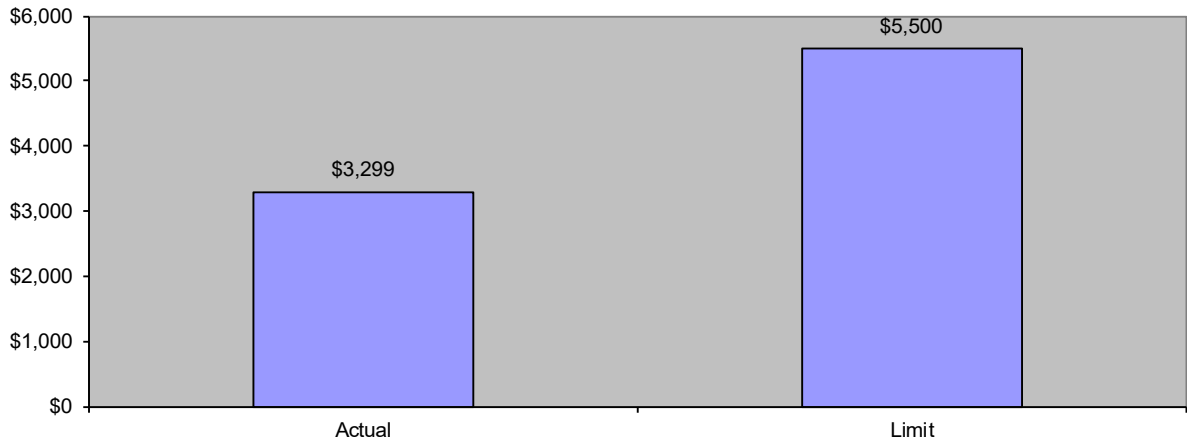
10.1 Interest Expense / Total Income



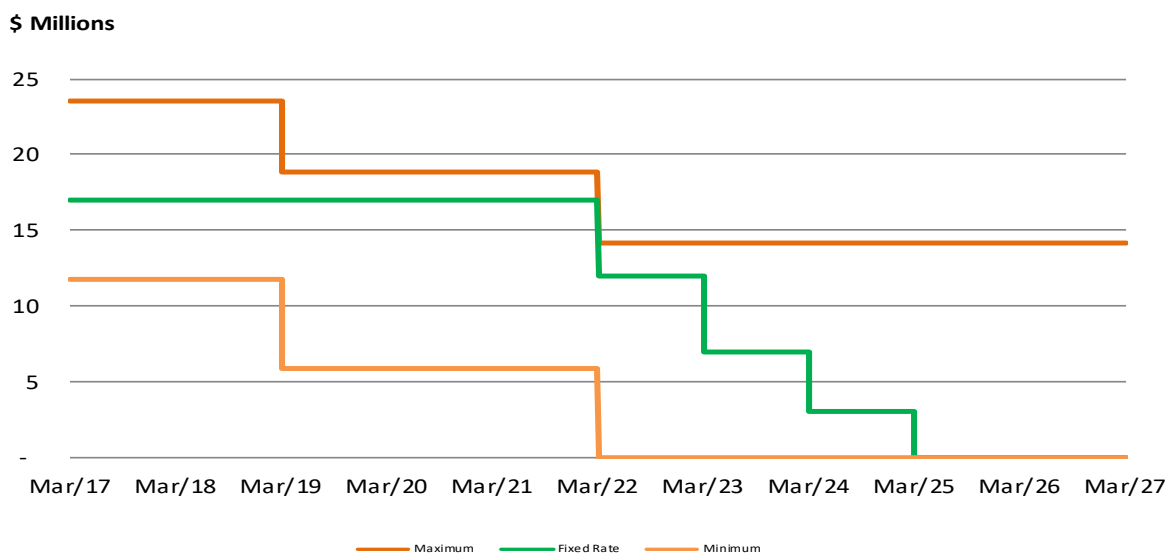
10.2 Gross Debt / Total Income



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

20 JUNE 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 April 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 fit-for-purpose IFHC continued on behalf of the community. Shared services and review projects are progressing as planned.
	●	Advocacy for the West Coast Regional Council projects (Westport Flood Protection, Carters Beach & Granity/ Ngakawau sea erosion) continues.
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 is at finalisation stage.
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 “consolidate and hold” position taken in the 2015-2025 Long Term Plan where it was agreed to minimise rates increases and limit new services or capital spending to those things that could be used as a springboard for district economic growth.

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 30 April 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/Grantly 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, CTO 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							

Significant Projects Report

Indicator	Project Description	Project Manager	Carry Over (over)/under	2017/18 Budget	Total Budget	Actual Cost to 30 April 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-17			An agreement is in place with Fire & Emergency NZ for use of rural fire trucks. Update due June 2018.
●	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. At finalisation stage.
●	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	139,021	in progress			Jun-18			IM Project at implementation stage. Telephony upgrade completed. Hardware updates continuing.
●	Other Significant Projects												
			284,756	221,460	506,076	148,089							
	ASSETS & INFRASTRUCTURE												
	Three Waters												
●	Punakaiki Water Intake Easement and Supply	MD	0	0	0	13,278	in progress						Situation under further review. Progressing also TIF application completed.
●	Punakaiki Water Supply Advocacy	MD	0	0	0	3,397			Nov-17	Feb-18			Explore funding options for new water supply.
●	South Granity Tank Supply Water Administration	CEO	0	0	0	0							Situation under further review.
●	Westport Raw Water Conveyance	MD	621,199	2,971,199	2,971,199	236,840	in progress						Method, cost, and schedule of work for option developing. Water restrictions reviewed.
●	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.
●	Waimanagoa 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.
●	Coating 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			Jun-17			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	774,755	in progress			Jun-18			All works underway.
●	Roading - Special Purpose Road Capital Works	TR	0	369,821	369,821	420,176	in progress			Jun-18			All works underway.
●	Earthquake Strengthening of Buildings	RB	0	0	0	0				Jun-18			Carnegie Library engineer assessment planning ongoing in 2017-2018. Essential work required. Costs will be \$3000 for Stage I and \$15,000 for Stage II.

Significant Projects Report

Indicator	Project Description	Project Manager	Carry Over (over)/under	2017/18 Budget	Total Budget	Actual Cost to 30 April 2018	Project status	Scope, Design, etc	Quote, Tender, etc	Planned Start Date	Planned Completion	Date of completion	Comments / Issues
●	Footpaths- Urban Development	TR	84,791	202,080	286,871	192,728	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	29,643	In Progress						Site testing analysis and risk assessment undertaken and report being compiled in 2017/2018.
●	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	1,891,666							
TOTAL SIGNIFICANT PROJECTS			1,247,418	4,923,420	6,170,698	2,039,755							

FINANCE AND AUDIT COMMITTEE

20 JUNE 2018

Agenda Item No 7

Prepared by - Dean Phibbs
- Manager Corporate Services

RURAL FIRE UPDATE

1. REPORT SUMMARY

At the May 2018 Finance and Audit Meeting an update was requested on the Rural Fire transition and transfer of assets.

2. RECOMMENDATION/DRAFT RESOLUTION

That the report is accepted for information and discussion purposes.

3. ISSUES & DISCUSSION

On 1st July 2017 the NZ Fire Service and the NZ National Fire Authority were unified so that urban and rural fire services are now provided by Fire and Emergency New Zealand.

The unified services are funded under a new funding model which is via changes to insurance premiums, and the services have the power to act under new law (The Fire and Emergency New Zealand Act 2017).

One of the main changes that affected Buller District Council was that rural fire services were previously funded by Council. Now under the new funding model Buller District Council is no longer responsible for funding this activity.

An agreement between Buller District Council and Fire and Emergency New Zealand (FENZ) was entered into on 26 June 2017. This was a "licence to use response assets" and sets out that BDC owns or occupies emergency response assets and that FENZ is given a licence to use those emergency response assets for a peppercorn rental of \$1 per annum (if demanded). The term of the licence is to 30 June 2019 and it may be extended. FENZ pay the operational costs of the emergency response assets they use.

The key emergency response assets that are used are:

- 3 very near new Isuzu rural fire trucks, of which BDC paid a share (cost price approx. \$150-160k each, BDC share \$50-53k each)
- Land and Buildings at Charleston, Inangahua and Seddonville where the rural fire stations are situated.

One key concern was that if the 3 rural fire trucks were transferred direct to FENZ, instead of licenced, that these would be included in the NZ wide emergency response vehicle fleet pool and given their highly desirable age and condition, be transferred out of the district to another high-need area in NZ, and that older and less desirable assets would be transferred into Buller. Buller is known throughout FENZ as having very good rural trucks compared to other areas.

If this were to eventuate this would mean that the ratepayers of Buller would not benefit from what they funded and it may impact recruitment to the rural fire parties. Volunteer recruitment is a significant issue faced in the Buller for all FENZ stations. The licence terms and conditions do not specifically address that the trucks would not be used outside of the district although there was discussion this would be the case.

Council may face pressure in the future to transfer the response assets to FENZ. Understanding the issue about the 3 rural trucks is important when considering if this is best.

1. **Significance assessment**

The Buller District Council 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.

2. **Strategic impact**

Council's key strategies, to achieve the vision of Council are:

Resilient - Building and promoting resilience in a community, services and infrastructure

Growing - Facilitating growth and a transition to a diversified, resilient and sustainable economy,

Quality Infrastructure - providing reliable and sustainable infrastructure that meets the needs of current and future generations

Liveable - investing in our towns to ensure we are an attractive district to live work invest and play

Affordable - Growing our non-rates income so rates are affordable to all residents

Emergency services are an important strategic component of our communities.

3. **Risk analysis**

One of the key risks is the loss of control of the assets which benefit the district.

4. **Policy / legal considerations**

The Fire and Emergency New Zealand Act 2017 now governs the framework for the provision of rural fire services to communities.

5. **Values**

The Buller District Council Values are:

Community Driven – We are responsible to our community and make a difference now and for future generations

One Team – Shared direction, shared effort, quality outcomes.

Future Focused – We seek solutions that are fit for the future.

Integrity – Open, honest and equitable in service, decisions and action.

We Care – Our social and Environmental responsibility – About people and place.

6. Tangata whenua

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

7. Views of those affected

Many communities may not be aware of the changes to the provision of emergency services.

8. Costs

Council no longer directly funds rural fire services through rates however there is indirect funding via the increase in insurance premiums via an increase in the levy, this is also borne by all material damage insurance policyholders.

9. Benefits

Benefits of retaining the 3 rural fire trucks are ensuring they remain in the community that funded them, and assisting with volunteer recruitment to FENZ in the Buller.

10. Media / publicity

There are no media opportunities with this report.

FINANCE AND AUDIT COMMITTEE

20 JUNE 2018

Agenda Item No 8

**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.	June 2018
4	Asset management plans	This issue highlights the importance of the Council having good asset management plans in place with high-quality asset condition information underlying the plan. 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.	Group Manager Assets and Infrastructure		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. Council intends to review and update existing Asset Management Plans in the process of compiling the 2018-2028 Long Term Plan. (on-going review for 2019/2020 AP).	June 2019

FINANCE WORK PLAN

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Internal Reporting												
F&A Reports												
- BDC Quarterly Financials		Three quarterly			Full year			Quarterly			Half yearly	
- BDC Operational												
- BDC Treasury												
- BDC Debtors												
- BDC Capital												
- BDC Significant Projects												
- BHL Quarterly Financials												
Council Reports												
- Budget Carry Overs						2018 Carryovers						
2018-2028 Long Term Plan												
- Long Term Plan		Consultation	Roads	Hearings + Adopt Final Plan	Community & strategic workshops + engagement	Adopt draft vision						
2017/2018 Annual Report												
- BDC Annual Report						Audit	Adopt	Publish Summary & report				Systems Audit
- BHL Annual Report						Group Figures	Annual Report					
2019/2020 Annual Plan												
- Annual Plan								Workshop	Workshop	Workshop	Workshop	Workshop + Adopt Draft Annual Plan
Rates Overhaul Project												
- Rates Overhaul				Database integrity checks	Stmnt of Proposal + Consultation Doc	Community meetings + Advertising				Deliberations	Amendments to rating model	Finalise + adopt for inclusion in Annual Plan
Other Operational Projects												
- Insurance			Negotiations		Finalise							