

# AGENDA:

## Meeting of the FINANCE & AUDIT COMMITTEE

Wednesday 17 May 2017  
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

# Terms of Reference

## Finance & Audit Committee

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### 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

# FINANCE & AUDIT COMMITTEE MEETING

17 MAY 2017

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# FINANCE AND AUDIT COMMITTEE

17 MAY 2017

Agenda Item No 1

Prepared by - Dean Phibbs  
- Manager Corporate Services

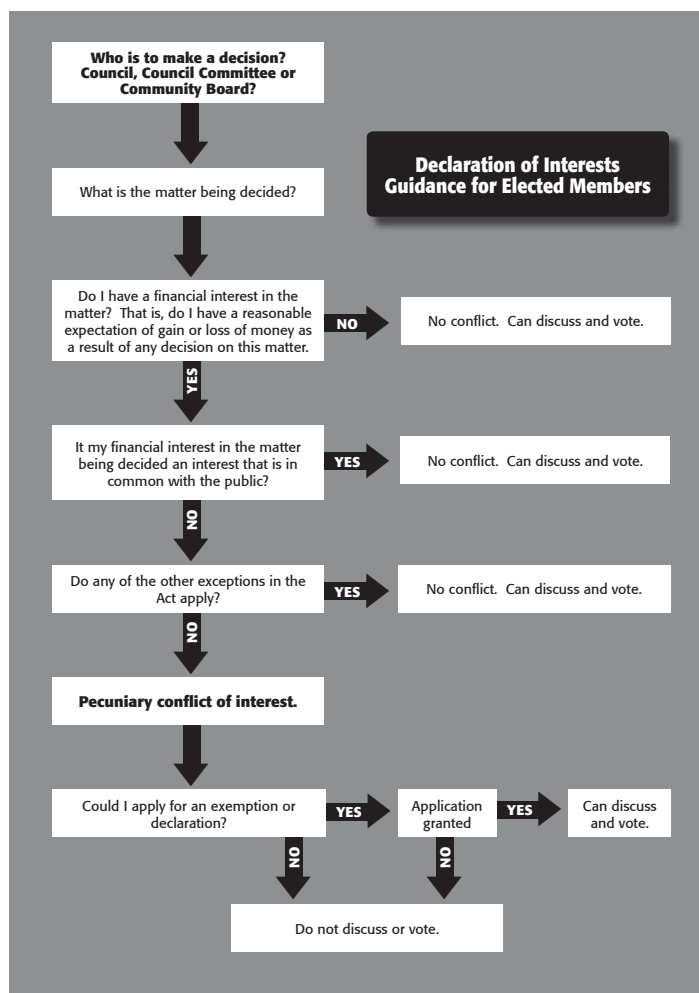
## MEMBERS INTEREST

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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**

**17 MAY 2017**

**Agenda Item No 2**

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

**CONFIRMATION OF MINUTES**

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Minutes of the meeting held 12 April 2017.

**DRAFT RECOMMENDATION**

**That the minutes from the meeting held 12 April 2017 are confirmed.**

**MEETING OF THE BULLER DISTRICT COUNCIL FINANCE AND AUDIT COMMITTEE, COMMENCED AT 5:00pm 12 APRIL 2017 AT UPSTAIRS MEETING ROOM, BOUGHAM HOUSE, WESTPORT**

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**PRESENT:**

Mayor G Howard, Councillor's S Roche (Chair), P Rutherford, J Cleine and R Nahr.

**IN ATTENDANCE:**

Councillor's S Barry and G Hart.

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

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**APOLOGIES:**

An apology was received from Councillor D Hawes.

**R Nahr/P Rutherford  
CARRIED UNANIMOUSLY**

**1. MEMBER'S INTEREST**

No members' interests were declared.

**2. MINUTES**

**RESOLVED** that the minutes of the 15 March 2017 meeting be accepted.

**R Nahr/J Cleine  
CARRIED UNANIMOUSLY**

**3. ACTION POINTS**

- 111. Move out to May 2017
- 117. Move out to May 2017. This is a historical debt.
- 132. Discount on freehold properties – report to go to full Council in April 2017.
- 133. Completed
- 134. Completed

**RESOLVED** that the report be received for information and discussion.

**R Nahr/J Cleine  
CARRIED UNANIMOUSLY**

**4. FINANCIAL PERFORMANCE**

Planning Income: change to permanent, no longer a temporary situation.

Springs Junction toilets: reimbursement due 20 April from NZTA, should be 100% of cost to empty septic tank truck.

**RESOLVED** that the report be received for information and discussion.

**G Howard/R Nahr  
CARRIED UNANIMOUSLY**

**5. INVESTMENTS AND BORROWINGS**

A supplementary report was tabled showing Council debt, and how it fits in with the Treasury Management Policy.

**RESOLVED** that the report be received for information and discussion.

**J Cleine/R Nahr  
CARRIED UNANIMOUSLY**

**6. DEBT RECOVERY REPORT**

**RESOLVED** that the report be received for information and discussion.

**P Rutherford/G Howard  
CARRIED UNANIMOUSLY**

**7. AUDIT MANAGEMENT ACTION POINTS (2015)**

- 1 and 2: change personal responsible to Management Accountant.
- 4: first internal report should be given to Council in May 2017.

**RESOLVED** that the report be received for information and discussion.

**S Roche/J Cleine  
CARRIED UNANIMOUSLY**

**FINANCE WORK PLAN**

- Statements of Intent: will continue to be submitted direct to full Council.

- There being no further business the meeting concluded at 6:10pm
- **Next meeting:** Wednesday 10 May 2017, 5pm at Clocktower Chambers

**Confirmed:** ..... **Date:** .....

**Name:** .....

**FINANCE AND AUDIT COMMITTEE**

**17 MAY 2017**

**Agenda Item No 3**

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

**ACTION POINT LIST**

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**DRAFT RECOMMENDATION**

**That the report be received for information.**



## FINANCE & AUDIT COMMITTEE: CURRENT ACTION POINTS

No.	Meeting of:	Action Point	Responsible?	Progress:	Date required by:	Completed
103 (a)	17 Feb 2016	<b>Internal Audit:</b> to carry an internal audit out before the end of financial year.	Lynn Brooks; Wendy Thompson	Overall audit plan completed. Audit plan for the first internal audit is complete (procurement/delegation).	June 2017	
103 (b)	17 Feb 2016	<b>Shared Services:</b> to be discussed with other West Coast Council's as part of the joint Level of Service review.	Andy Gowland-Douglas; Wendy Thompson	Continue working with other Council's. To be in place by 1 July 2017.	June 2017	
111	11 May 2016	<b>Leases and Licences to Occupy:</b> Update register and provide report	Mike Duff	Progressing.	May 2017	
117	15 June 2016	<b>Debt Recovery:</b> clarify the Resource Management debt with Team Leader Planning.	Lynn Brooks	Progressing.	May 2017	
132	15 Mar 2017	<b>Leases:</b> Report to full Council on options for freeholding remaining leasehold properties.	Dean Phibbs	Full Council	April 2017	

## FINANCE AND AUDIT COMMITTEE

17 MAY 2017

Agenda Item No 4

Prepared by - Wendy Thompson  
- Financial Accountant

Prepared by - Dean Phibbs  
- Manager Corporate Services

### FINANCIAL PERFORMANCE: 31 March 2017

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#### 1. Report Summary :

To provide Council with a financial performance update for the nine month period ending 31 March 2017.

#### 2. Recommendation/draft resolution:

**That this report be received for information and discussion.**

#### 3. Analysis & Discussion: Quarterly Reports

##### 3.1 Statement of Financial Performance

##### Operating Result

Council has budgeted for a three quarter deficit of \$891,000. The actual result is a surplus of \$716,000 which is a favourable difference of \$1.6 million. Analysis of the quarterly result is detailed below.

##### Operating Revenue

Overall operating revenue totals \$17.4 million compared to a budget of \$15.6 million. The difference of \$1.8 million was predominately made up of variances in the following areas:

- Subsidies and grants are \$315,000 above budget. \$338,000 is unbudgeted DWC Stimulus Fund grants, \$24,000 is unbudgeted contributions from the NZ Motor Caravan Association and \$64,000 unbudgeted contributions towards the new Springs Junction toilet facilities; offset by timing differences in community facilities sponsorship receipts.
- Dividend and subvention payments are \$917,000 more than budgeted to the end of March 2017.
- Fees and charges are \$98,000 above budget. This variance includes \$72,000 unbudgeted lease income and lower receipts in building consent of \$79,000.
- Gains on financial derivative contracts of \$509,000 have been valued based on the predictions of future interest rate movements.

### **Operating Expenditure**

Operating expenditure totals \$16.7 million compared to a budget of \$16.5 million. The total variance of \$200,000 and includes:

- Employee costs over budget by \$87,000 predominately due leave entitlements paid to employees ceasing employment with Council.
- Depreciation costs are \$90,000 lower than budgeted due mainly to variations in the IT and amenities and reserves asset programmes to date.
- Other expenses were \$303,000 higher than budgeted. This is mainly the result of \$202,000 in unbudgeted grants paid out relating to the DWC Stimulus Fund, \$44,000 costs associated with the Springs Junction toilets and \$20,000 in unbudgeted legal fees related to Ngakawau –Hector water. The balance is spread across a number of other cost centres.

### **Year-end predictions**

- Subsidies and grant income and expenditure have both increased due to Council's administration of the unbudgeted Development West Coast Stimulus Fund.
- Based on current income and expenditure trends development and financial contributions income is expected to be under budget by \$77,000, employee costs above budget by \$115,000 and depreciation under budget by \$162,000.
- There are a number of transactions that are not recognised or budgeted until the end of the financial year including vested assets, asset write-offs, derivative movements, and any movements in investment property or infrastructure values. However, Council has obtained a valuation of financial derivatives as at 31 March 2017 resulting in a gain of \$509,000 due to expected future interest rate rises.
- Council deferred the revaluation of infrastructure assets budgeted in the 2015/16 financial year to the 2016/17 financial year due the current climate of low inflation.

### **3.2 Statement of Financial Position**

Net debt (being external debt less term deposits) has reduced by \$1.8 million since the beginning of the financial year. However, debt is expected increase by the end of the financial year to fund some of Council's significant capital projects.

### **3.3 Cash Flow Statement**

Net operating cash flow of \$4.9 million remains positive during the period to 31 March 2017. However, this was offset by fixed asset purchases \$3.1 million, an increase to Council's investments \$1.8 million and repayment of loans \$60,000.

### 3.4 Dashboard – Operational Financial Performance Indicators

Activity	Revenue	Expenditure	Comment
Democracy	●	●	
Property Amenities & Reserves	●	●	<ul style="list-style-type: none"> <li>Timing Variance – R&amp;M offset by public toilets.</li> </ul>
Economic Development, Tourism & Museum Support	●	●	
Community Services	●	●	<ul style="list-style-type: none"> <li>Additional grant and lease income.</li> </ul>
Regulatory	●	●	<ul style="list-style-type: none"> <li>Building and planning income under budget.</li> </ul>
Roading	●	●	<ul style="list-style-type: none"> <li>Additional emergency reinstatement subsidy.</li> </ul>
Additional emergency reinstatement subsidy	●	●	
Solid Waste	●	●	
Support	●	●	<ul style="list-style-type: none"> <li>Consultant fees savings offset by unbudgeted recruitment, legal &amp; subscriptions.</li> </ul>
Wastewater	●	●	
Water	●	●	<ul style="list-style-type: none"> <li>Electricity costs overbudget offset by savings to date.</li> </ul>
Airport	●	●	

### 4.0 Dashboard - Non Financial Performance Measures

#### 4.1 Background

A well balanced reporting system will include both financial and non-financial measures. Ideally non -performance reporting measures should provide information on key risk areas for Council to enable it to more effectively manage those risks.

The following table of non- performance measures was developed to help monitor key risk areas of Council and to help monitor organisational efficiency within Council.

Activity	Measure	Target	Achieved/ Not Achieved	Commentary
<b>Regulatory</b>				
Building	1. Ensure quality assurance requirements for building consent authorities are met as required by regulation 17 of the Building Consent Authorities Regulations 2006.	Continue to retain accreditation by passing ANZ Audits.	●	Audits are carried out on a 2 yearly basis. Staff are currently preparing for an upcoming audit in December 2017.
Resource Management	2. Process non-notified resource consents within statutory deadlines.	100% of consents processed within statutory timeframes.	●	100% Compliance. There have been 43 Resource consents completed since June 2016 (2015:39 consents).
Emergency Management	3. Maintain 3 teams of trained civil defence volunteers.	30 trained volunteers (3 teams).	●	100 volunteers. Focus is on increasing participation in Reefton.
<b>Water Supplies</b>				
All Water Supplies	4. Safety of drinking water.	Meets 100% bacteria/ protozoa compliance criteria.	●	Westport & Reefton meet standard Punakaiki has not achieved 100% compliance.
Westport Water	5. Maintenance/renewal of water reticulation main.	Number of shutdowns for Westport water trunkmain.	●	No shutdowns.
<b>Wastewater/Sewerage</b>				
All Sewerage Systems	6. Provide adequate capacity by measuring how often does the sewer overflows.	Less than 5 dry weather sewage overflows from Councils sewerage system per 1,000 sewerage connections.	●	
<b>Stormwater</b>				
All Stormwater Systems	7. Provide adequate capacity by measuring for each flood event the number of habitable floors affected.	No more than 5 houses inundated by stormwater flooding per event per 1,000 properties connected to Councils stormwater system.	●	

Activity	Measure	Target	Achieved/ Not Achieved	Commentary
<b>Solid Waste</b>				
Solid Waste (Litter)	8. Provide adequate capacity for the collection of litter.	The number of extra litter bins emptied by the contractor above that provided for in the contract with Council.	●	1st quarter 168 bins. 2nd quarter 561 bins. 3rd quarter 852 bins.
<b>Support</b>				
Health & Safety	9. To comply with Health and Safety policies and legislation by monitoring incidents and lost time due to work related accidents for Buller District Council and Buller Holding Subsidiaries.	No incidences or lost time from work related accidents for Council and subsidiaries.	●	"BDC: injury 4, non-injury 8, lost time 24.5 days. Group: injury 41; non injury 34, lost time 50.5 days."
Health & Safety	10. To comply with Health and Safety policies and legislation.	Setup systems, procedures and policies to comply with legislation (commentary on progress required).	●	Council has achieved primary accreditation with ACC. Health & Safety gap analysis report prepared.
<b>Other Key Areas</b>				
All Activities	11. Commitment to customer service as measured by the number of complaints or action required as measured by the number of service level requests outstanding in Council and subsidiaries.	Number and type of service level requests outstanding for Council and Subsidiaries.	●	Council currently has completed and closed 563 service requests since June 2016. There are currently 38 outstanding for various reasons including ongoing monitoring.
Westport Airport Authority	12. Passenger numbers remain high enough to continue a viable air passenger service to and from Westport.	Level of passengers does not drop below the level as stipulated in the contract between Council and the service provider.	●	

## 5.0 Considerations

### 5.1 Strategic impact

The quarterly financial reports provide an overview of Council's financial performance and position during the financial year. This allows Council to monitor trends and evaluate progress against the strategies, financial budgets and service delivery adopted in the 2015/25 Long Term Plan and subsequent 2016/17 Annual Plan.

## **5.2 Significance assessment**

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 for the purpose of public consultation but is an important component of monitoring progress against the 2016/17 Annual Plan.

## **5.3 Values assessment**

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

A performance reporting system aligns most strongly with Integrity.

Public reporting of Council's performance against budgets and key performance indicators encourages open and honest discussion and decision making.

## **5.4 Risk analysis**

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

Council prepares financial budgets to balance income and spending for each financial year. Budgets are based on the best information available at the time but subsequent financial performance will be affected by events outside Council's control during the year. Regular monitoring of financial performance reduces the risk of financial pressure on Council because income and expenditure variances are identified early and mitigating actions can be put in place as required.

## **5.5 Policy / legal considerations**

The Local Government Act (2002) and associated regulation govern the activities of Buller Council including preparation of Long Term and Annual Plans, financial prudence requirements and annual financial reporting.

The terms of reference of Finance and Audit Committee include monitoring financial performance to budgets.

## **5.6 Tangata whenua considerations**

Not applicable.

## **5.7 Views of those affected**

Council's financial budgets are consulted on with the community during Long Term and Annual Plan processes.

## **5.8 Costs**

Because this report is for information purposes it does not generate activity or any associated costs.

## **5.9 Benefits**

The benefits of a quarterly financial reporting regime include early identification of budget variances and intervention measures at a Council wide level.

## **5.10 Media / publicity**

There are no media or publicity opportunities with this report.

**STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE  
FOR THE 9 MONTHS ENDED 31 MARCH 2017**

	Parent			
	Mar-17 Actual \$000	Mar-17 Budget \$000	2015/2016 Predicted - Full Year \$000	2016/2017 Budget - Full Year \$000
<b>OPERATING REVENUE</b>				
General Rates	6,006	6,006	8,008	8,006
Targeted Rates (excluding Metered Water)	4,107	4,136	5,476	5,514
Metered Water Charges	123	140	164	187
Rate Penalties	121	113	161	150
Subsidies and Grants	2,846	2,531	4,703	4,271
Dividend & Subvention Revenue	917	0	917	910
Investment Revenue	384	355	613	613
Development and Financial Contributions	25	75	33	100
Fees & Charges	2,349	2,251	2,954	2,954
Gain on Derivative Contracts	509	0	509	0
Vested Assets	0	0	0	100
<b>Total Operating Revenue</b>	<b>17,387</b>	<b>15,607</b>	<b>23,538</b>	<b>22,805</b>
<b>OPERATING EXPENDITURE</b>				
Employee Costs	3,463	3,377	4,617	4,502
Depreciation & Amortisation	3,929	4,019	5,239	5,401
Finance Costs	788	914	1,051	1,219
Other Expenses	8,491	8,188	11,260	10,746
Assets Written Off	0	0	350	350
Loss on Revaluations of Investment Land	0	0	165	165
<b>Total Operating Expenditure</b>	<b>16,671</b>	<b>16,498</b>	<b>22,682</b>	<b>22,383</b>
Net Surplus (Deficit) Before Taxation	716	(891)	856	422
Income Tax Expense	0	0	0	0
<b>Net Surplus (Deficit) After Taxation</b>	<b>716</b>	<b>(891)</b>	<b>856</b>	<b>422</b>
<b>Other Comprehensive Revenue &amp; Expenses</b>				
Increase/(decrease) in Infrastructure Revaluation Reserves	0	0	10,068	10,068
<b>Total Comprehensive Revenue &amp; Expenses</b>	<b>716</b>	<b>(891)</b>	<b>10,924</b>	<b>10,490</b>



**STATEMENT OF CHANGES IN EQUITY  
FOR THE 9 MONTHS ENDED 31 MARCH 2017**

	Parent	
	Mar-17 Actual \$000	Full Year 2016/2017 Budget \$000
<b>Equity as at 1 July</b>	<b>317,007</b>	<b>316,756</b>
Total Comprehensive Revenue and Expense	716	10,490
<b>Total Equity at End of Period</b>	<b>317,723</b>	<b>327,246</b>
<b>Components of Equity</b>		
Accumulated Funds	168,682	168,042
Reserves	4,853	4,949
Asset Revaluation Reserve	144,188	154,255
<b>Total Equity at End of Period</b>	<b>317,723</b>	<b>327,246</b>

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2017**

	Parent		
	Mar-17 Actual \$000	2015/2016 Actual \$000	2016/2017 Budget - Full Year \$000
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3,188	3,308	1,364
Trade and Other Receivables	3,015	3,263	4,687
Inventories	16	18	13
Other Current Assets	22	35	21
Short Term Investments	14,998	13,284	12,284
Assets Held for Sale	204	204	0
<b>Total Current Assets</b>	<b>21,443</b>	<b>20,112</b>	<b>18,369</b>
<b>NON CURRENT ASSETS</b>			
Investment in Council Controlled Organisations	19,583	19,614	20,253
Other Investments	497	386	0
Investment Property	7,976	7,976	8,068
Infrastructural Assets	276,366	277,773	293,215
Other Non Current Assets	21,291	20,734	20,199
Intangible Assets	28	41	265
<b>Total Non Current Assets</b>	<b>325,741</b>	<b>326,524</b>	<b>342,000</b>
<b>Total Assets</b>	<b>347,184</b>	<b>346,636</b>	<b>360,369</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	2,790	2,444	3,833
Derivative Financial Instruments	0	0	54
Employee Entitlements	653	600	433
Provisions	35	35	0
Current Portion of Term Debt	20	80	77
<b>Total Current Liabilities</b>	<b>3,498</b>	<b>3,159</b>	<b>4,397</b>
<b>NON CURRENT LIABILITIES</b>			
Derivative Financial Instruments	660	1,169	850
Provisions	1,475	1,475	1,313
Bond Deposits	82	83	82
Employee Entitlements	246	246	280
Term Debt	23,500	23,500	26,201
<b>Total Non Current Liabilities</b>	<b>25,963</b>	<b>26,473</b>	<b>28,726</b>
<b>EQUITY</b>			
Accumulated Funds	168,682	167,962	168,042
Reserves	4,853	4,854	4,949
Asset Revaluation Reserve	144,188	144,188	154,255
<b>Total Equity</b>	<b>317,723</b>	<b>317,004</b>	<b>327,246</b>
<b>Total Liabilities &amp; Equity</b>	<b>347,184</b>	<b>346,636</b>	<b>360,369</b>

**STATEMENT OF CASHFLOWS  
FOR THE PERIOD ENDING 31 MARCH 2017**

	Parent	
	Mar-17 Actual \$000	2015/2016 Budget - Full Year \$000
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Rates	10,428	13,485
Other Revenue	5,234	8,342
Interest Received	384	745
Dividends & Subvention Payments Received	1,317	1,156
	<b>17,363</b>	<b>23,728</b>
<b>Cash was applied to:</b>		
Payments to Suppliers and Employers	11,744	15,906
Interest Paid	788	1,438
Net GST Movement	(50)	0
	<b>12,482</b>	<b>17,344</b>
<b>Net Cash From Operating Activities</b>	<b>4,881</b>	<b>6,384</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Sale of Investment Property	0	160
Investment Realised	11,284	0
	<b>11,284</b>	<b>160</b>
<b>Cash was applied to:</b>		
Purchase of Fixed Assets	3,074	8,605
Purchase of Investments	13,109	0
Purchase of Equity Investments	42	55
	<b>16,225</b>	<b>8,660</b>
<b>Net Cash From Investing Activities</b>	<b>(4,941)</b>	<b>(8,500)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Loans Raised	0	2,947
<b>Cash was applied to:</b>		
Repayment of loans	60	56
<b>Net Cash From Financing Activities</b>	<b>(60)</b>	<b>2,891</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(120)</b>	<b>775</b>
<b>OPENING CASH AS AT 1 JULY</b>	<b>3,308</b>	<b>45</b>
<b>CLOSING CASH AS AT 31 MARCH 2017</b>	<b>3,188</b>	<b>820</b>

## FINANCE AND AUDIT COMMITTEE

17 MAY 2017

Agenda Item No 5

Prepared by - Wendy Thompson  
- Financial Accountant

Prepared by - Dean Phibbs  
- Manager Corporate Services

### INVESTMENTS AND BORROWINGS: April 2017

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#### REPORT SUMMARY

This report summarises Councils cash investments and borrowings for the month ended April 2017, interest earned for the period from 1 July 2016 to 30 April 2017 and policy compliance.

#### RECOMMENDATION/DRAFT RESOLUTION

**That the report be received for information.**

#### ISSUES AND DISCUSSION

##### Investments

Investments have decreased by \$901,250 in total from the last report circulated to the end of March 2017. This is mainly due to the effect of the rates billing cycle and monthly creditor payment obligations.

##### Interest Revenue

Interest revenue to the end of April 2017 is \$714,000 versus a budget of \$712,000. 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.

##### Borrowings and Net Debt Position

Total borrowings are stable at \$23,500,000. This balance is likely to increase throughout the year as a number of debt funded projects are completed and the loans are drawn down for these projects.

Net debt (borrowings less term investments) has increased to \$7,300,000 from the \$6,400,000 balance in March due to the movement in investments.

## **CONSIDERATIONS**

### **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.

### **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.

### **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. 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.

### **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.

### **6. Tangata whenua considerations**

- None identified

### **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.

### **8. Costs**

- There are no extraordinary costs relating to investments and borrowings.

### **9. Benefits**

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

### **10. Media / publicity**

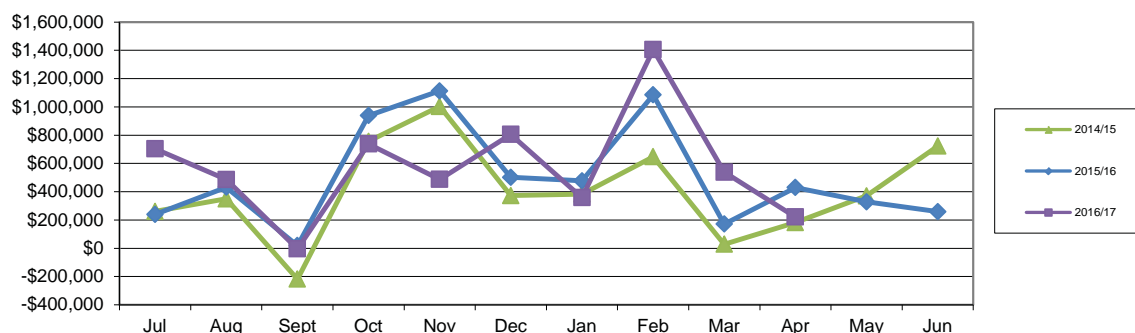
- None identified

## INVESTMENTS AND BORROWINGS REPORT

### 1. BANK BALANCE

	This Month 30 Apr-17	Last Month 31 Mar-17	Last Year 30 Jun-16
Council	\$220,975	\$538,386	\$258,418

### 2. MONTH END BANK BALANCE



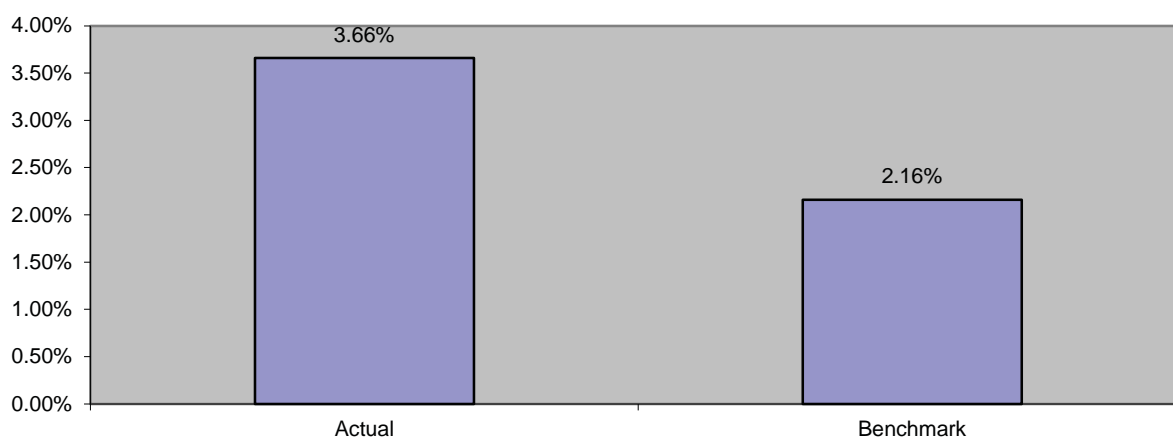
### 3. SUMMARY OF INVESTMENTS

	This Month 30 Apr-17	Last Month 31 Mar-17	Last Year 30 Jun-16
Term Deposits	16,198,148	17,098,148	15,783,518
Other Loans (includes loan to Holding Company)	2,559,744	2,560,994	2,494,843
<b>Total Investments</b>	<b>\$18,757,892</b>	<b>\$19,659,142</b>	<b>\$18,278,361</b>

### 4. SOURCE OF FUNDS

	This Month 30 Apr-17	Last Month 31 Mar-17	Last Year 30 Jun-16
Depreciation Funds	1,000,000	1,000,000	1,000,000
West Coast Package (Govt subsidy for halt to logging)	2,829,551	2,829,551	2,429,551
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	0
Short Term Funds (rates income plus tds held pending debt reduction )	1,200,000	2,100,000	2,500,000
	<b>\$16,198,148</b>	<b>\$17,098,148</b>	<b>\$15,783,519</b>

## 5. INVESTMENTS PORTFOLIO PERFORMANCE (12 Month Average)



## 6. INTEREST REVENUE

	Actual YTD	Budget YTD	Budget Full Year
Interest Revenue	\$714,425	\$712,226	\$1,238,889

## 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.

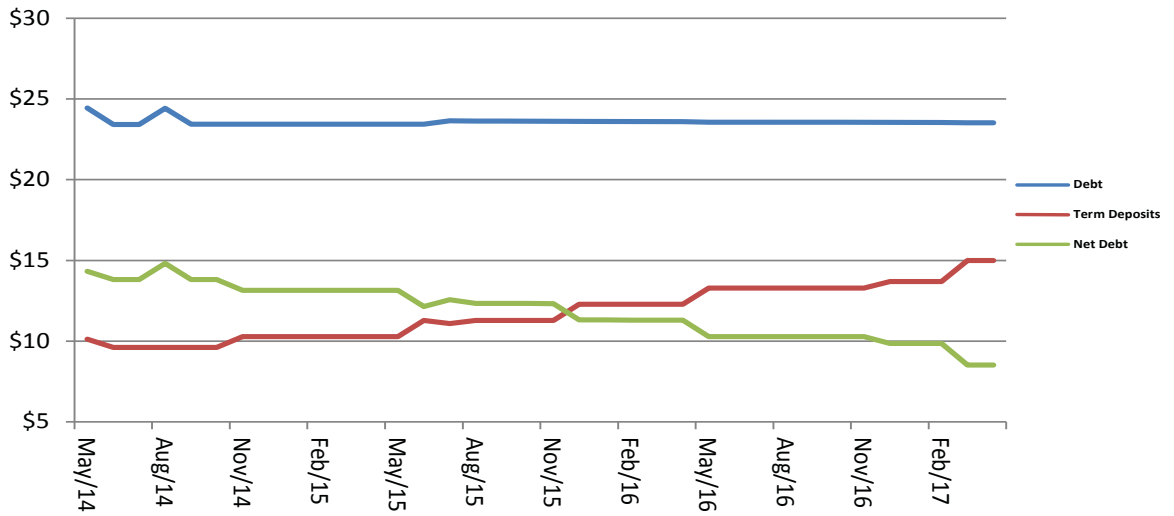
Council has approved the investment in NBS which sees us in breach of the Treasury Management Policy. This breach will continue as investments mature and are rolled over.

## 8. SUMMARY OF BORROWINGS

	This Month 30 Apr-17	Last Month 31 Mar-17	Last Year 30 Jun-16
<b>External Debt:</b>			
Westpac Loan Facility	3,433,860	3,433,860	3,433,860
LGFA Loan Facility	20,000,000	20,000,000	20,000,000
EECA Loan	86,137	86,137	145,824
	<b>\$23,519,997</b>	<b>\$23,519,997</b>	<b>\$23,579,684</b>
Weighted Average Interest Cost	4.60%	4.60%	4.60%
<b>Net Debt:</b>			
Total Borrowings	23,519,997	23,519,997	23,579,684
Less: Term Deposits	16,198,148	17,098,148	15,783,518
	<b>\$7,321,849</b>	<b>\$6,421,849</b>	<b>\$7,796,166</b>

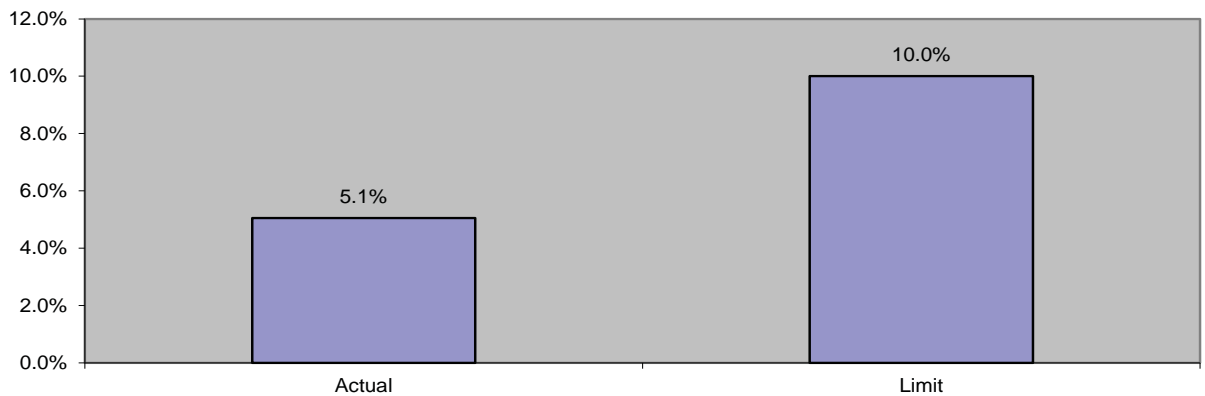
## 9. DEBT AND INVESTMENTS 3-YEAR TREND

\$ Millions

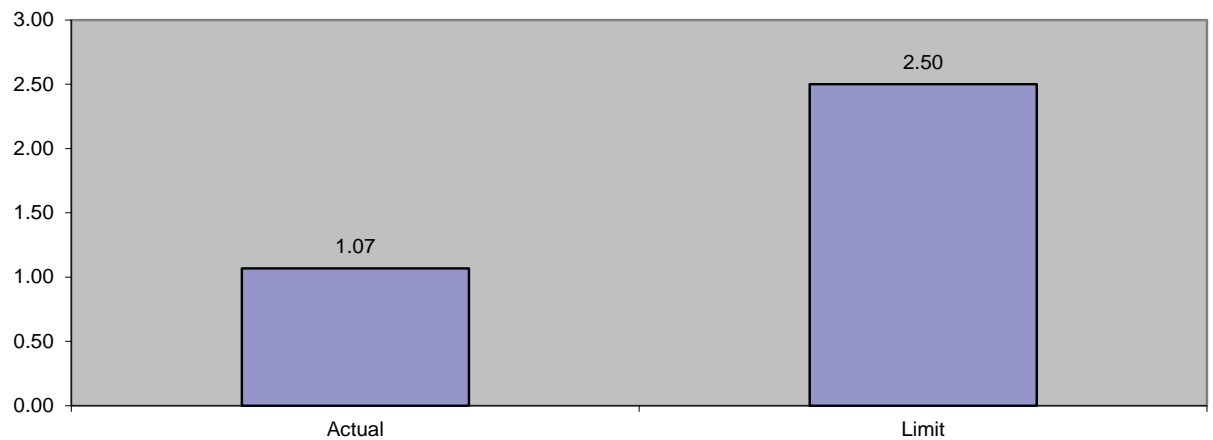


## 10. COMPLIANCE WITH TREASURY POLICY

### 10.1 Interest Expense / Total Income

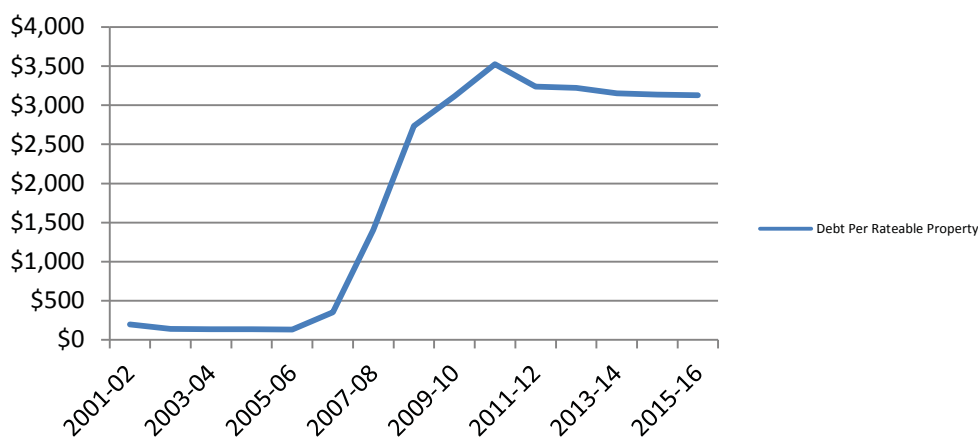
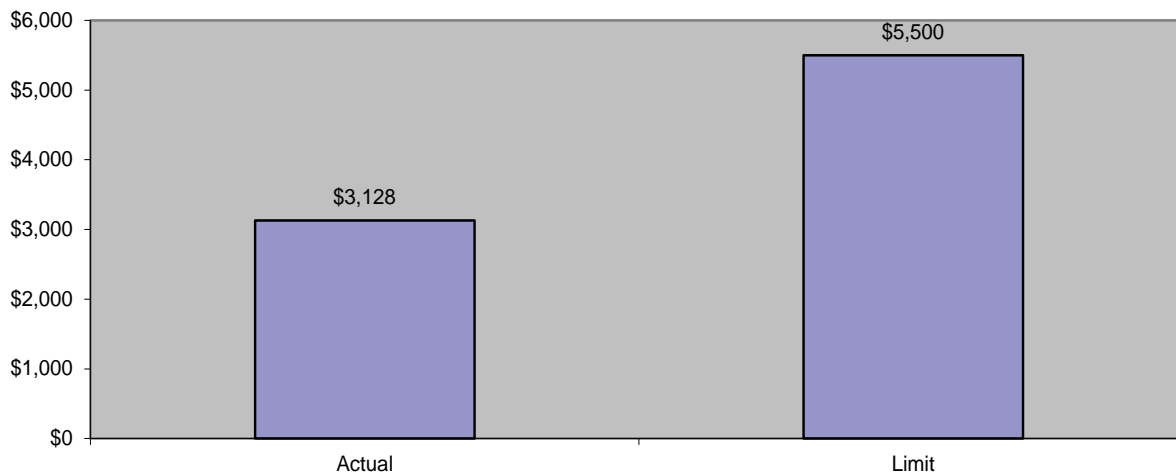


### 10.2 Gross Debt / Total Income

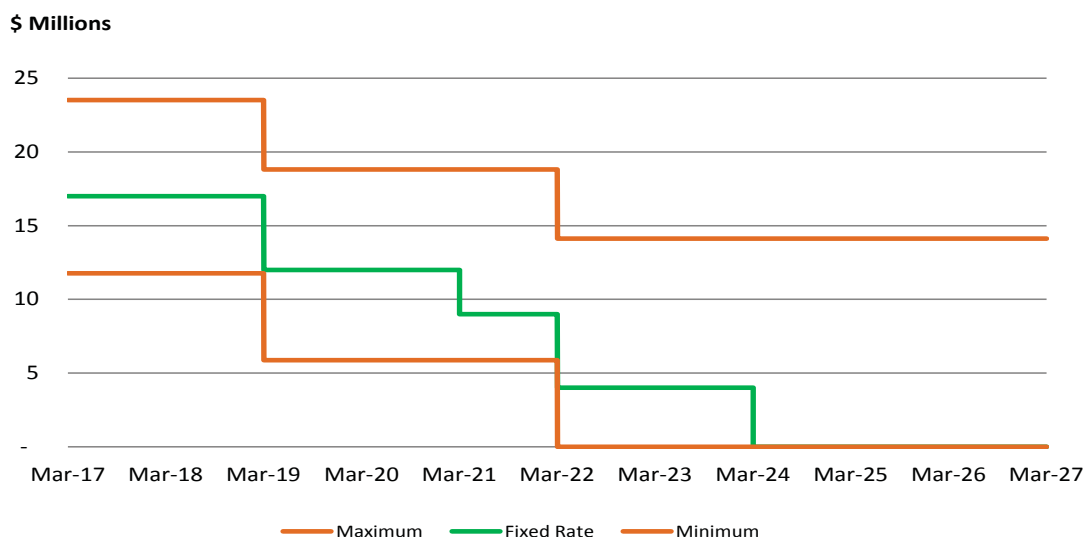




### 10.3 Gross Debt per Rateable Property



### 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

17 MAY 2017

Agenda Item No 6

Prepared by - Lynn Brooks  
- Management Accountant

Prepared by - Dean Phibbs  
- Manager Corporate Services

### CAPITAL INCOME AND CAPITAL EXPENDITURE REPORT

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#### 1. REPORT SUMMARY:

This report presents a high level overview of the annual budget and projected end of year totals for capital income and capital expenditure. This report is presented for information and monitoring purposes.

The following (two) extract pages provide further detail of the capital income and expenditure.

There are not any issues that require a decision of this committee to progress the collection of capital income or utilisation of capital expenditure processes which are underway and ongoing by Council staff.

#### 2. RECOMMENDATION/DRAFT RESOLUTION:

**That the report be received for information.**

#### 3. ISSUES & DISCUSSION

This report is presented to the Finance & Audit Committee to monitor capital income and expenditure movements for Council.

The Finance and Audit Committee require a high level overview of the capital works progress of 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 31 March 2017.

##### 3.1 Capital Income

The Roding and Urban Development program involves negotiation with NZTA for agreed works programmes and associated subsidies. The budget of \$1,117,249 set in the Buller District Annual Plan has a current variance with NZTA's funding budget of \$64,454. The timing of NZTA income received correlates to the capital expenditure incurred which is generally completed during February to April when weather conditions are more favourable for this type of activity, however the weather has been less favourable this year and most of the planned work is estimated to be only 95% complete by year end.

The Water project for Waimangaroa has slowed while an appropriate bore option is decided. The approved subsidy for this project will be available for drawdown once the scheme is completed which is expected to be in the next financial year. The Inangahua Junction supply is now fully operational and the subsidy for this project is expected to be received by balance date. The Ngakawau Hector drinking water project and subsidy income has not progressed as planned and is not projected to be complete by end of year.

Property, Amenities and Reserves includes unbudgeted income of \$226,500 toward the construction of the Springs Junction toilet which was required to be added after the Kaikoura/Waiiau earthquake diverted traffic through this route. The Ministry for Business, Innovation and Employment (MBIE) have agreed to contribute a subsidy of \$199,000 and New Zealand Transport Authority (NZTA) have made payment of a \$27,500 subsidy to Buller District Council.

Community Services includes an unbudgeted receipt of \$20,000 from the NZ Motorhome Association for a waste dump station located at Esplanade.

### **3.2 Capital Expenditure**

Promotion and Development includes an allocation for \$25,000 toward signage this year. The final costs are likely to be \$4,814 over this years' budget.

Community Services expenditure includes an amount of \$603,262 for the urban streetscape projects. Resources and timelines have not been finalised for these projects and it has been proposed to re-budget some of the funds in the draft 17/18 Annual Plan. The Reefton Community Hall Project has progressed close to the scheduled works timeframe and the final cost is estimated to be \$28,000 over budget. This variance represents 4.0% of the \$790,600 project.

Property, Amenities and Reserves are under budget principally because both with the Victoria Square Earthquake Works and the WestReef Depot Works have been completed significantly under budget due to cost savings that were initiated.

Unbudgeted expenditure includes work on the Brewery building is resolving deferred maintenance issues (\$18,399) as reflected in the initial purchase price. This will be capitalised against the initial purchase price which was under budget.

The Springs Junction toilets are expected to cost \$247,000 however a majority of this cost will be offset with a subsidy from NZTA and MBIE.

Water projects are closely monitored as costs for Reefton and Punakaiki have overrun budget to date. A provision for \$649,996 Westport water tunnel bracing will be carried into the next financial year as the work will not be complete by year end June 2017. The Waimangaroa water scheme may have some starting costs incurred by year end, with the remainder of the costs falling into the next year. These totals make up the amount to rebudget or carry over into the 2017/2018 year.

## **4. CONSIDERATIONS**

### **4.1 Strategic Impact**

The capital income & capital expenditure report provides an overview on the provision of capital expenditure projects and helps readers to understand if Council's position taken in the last long term plan (where it was agreed to minimise rates increases and limit capital expenditure to those assets that could be used as a springboard for District economic growth) is apparent.

The provision of capital projects within timeframes and approved budgets provides a measure against this core strategic priority and its probable long term impact on our community.

### **4.2. Significance assessment**

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 by nature as value as Council's capital program is integral to service provision.

### **4.3. Risk analysis**

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

Capital projects are perceived to have some greater than usual potential to place council at risk as the funds involved are usually significant. The project may be an irregular or unusual kind, therefore the costings may need to be revised as the work progresses. The scale of capital projects may result in project delays which result on Council not delivering the assets or services as envisioned in Long Term or Annual Plans.

This risk is mitigated by engaging staff to monitor and regularly report on the projects therefore acting on any issues that arise early on, and to ensure project progress is well understood by staff and governance.

### **4.4. Policy / legal considerations**

The Local Government Act 2002 governs the activities of Buller District Council and sets out the requirement for consulting on the annual plan and long term plan to agree the budget and the key performance indicators with the community.

This report assists with two key purposes of that act (located at 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.

**4.5. Values**

The Buller District Council values are: we care, integrity, one team, community driven and future focussed. This report aligns with those values as it presents information about the capital projects for our community.

**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**

Council's capital projects are consulted on with the community during Long Term and Annual Plan processes.

**4.8 Costs**

There are no extraordinary costs for the capital projects predicted at this stage of the financial year. The amounts which may need to be carried forward to the next financial year are identified so they can be included in the next annual plan budget.

**4.9 Benefits**

The benefits of reviewing the capital income and expenditure periodically are the capital projects and their funding are monitored at a Council wide level.

**4.10 Media / publicity**

There are no media or publicity opportunities with this report.

**BULLER DISTRICT COUNCIL**  
 Capital Projects External Contributions Income Projection for the Year Ended 30 June 2017  
 (Actual to 31 March 2017, Forecast for April 2017 to June 2017)

Activity	BUDGET	INCOME - EXTERNAL CONTRIBUTIONS			VARIANCE ANALYSIS			Significant Variance Details
		Contributions Received	Further Contributions Expected to 30 June 2017	Total Projected	Project Timelines	Funding Sources	Total Variance	
<b>Promotion &amp; Development</b>	0	0	0	0			0	
<b>Community Services</b>								
NBS Theatre	34,700	34,783	0	34,783	83	83	83	Sponsorship agreements in place continue to March 2019
Other - Urban Streetscape	0	20,000	0	20,000	20,000	20,000	20,000	Receipt from the Motor Home Assn for the Waste Dump Station at Esplanade
Solid Energy Centre	500,000	200,000	300,000	500,000	0	0	0	Sponsorship agreements in place continue to April 2022.
<b>Environmental Services</b>	0	0	0	0			0	
<b>Property, Amenities &amp; Reserves</b>								
	0	27,500	199,000	226,500	226,500	226,500	226,500	\$199,000 grant from MBIE due, \$27,500 from NZTA for Springs Junction toilet received after Kaikoura Earthquake. Costs expect to be \$247,000 therefore estimated unbudgeted capital shortfall is \$20,500.
<b>Airport</b>	0	0	0	0	0	0	0	
<b>Roading &amp; Urban Development</b>								
<b>NZ Transport Agency - Capital Funding</b>	1,117,249	498,815	553,980	1,052,795	(64,454)	(64,454)	(64,454)	NZTA revised capital income budget is \$1,052,795. Variation of \$64,454 expected at end of year due to NZTA approved Capital Expenditure. The capital program is usually commenced later in the financial year as weather conditions for these big projects is more suitable over summer therefore the majority of contributions received in the last half of the year.
<b>Solid Waste</b>	0	0	0	0	0	0	0	
<b>Water</b>								
Ngakawau Hector DWS Subsidy	470,000	0	0	0	(470,000)	(470,000)	(470,000)	Project delayed.
Waimangaroa DWS Subsidy	402,638	0	0	0	(402,638)	(402,638)	(402,638)	Awaiting water bore site confirmation, work to start in 2016-17 year but not expected to receive subsidy income until 2017-18 as the work spans two financial years.
Inangahua Junction DWS Subsidy	189,500	0	189,500	189,500	0	0	0	Project completed and await subsidy.
<b>Wastewater</b>	0	0	0	0	0	0	0	
<b>Support</b>	0	0	0	0	0	0	0	
<b>TOTAL</b>	<b>2,714,087</b>	<b>781,098</b>	<b>1,242,480</b>	<b>2,023,578</b>	<b>(690,509)</b>	<b>(872,638)</b>	<b>182,129</b>	<b>(690,509)</b>

**BULLER DISTRICT COUNCIL**  
**Capital Expenditure Projection for the Year Ended 30 June 2017**  
(Actual to March 2017, Forecast from May 2017 to June 2017).

	BUDGET				EXPENDITURE			VARIANCE ANALYSIS			TOTAL VARIANCE over budget (under) budget	SIGNIFICANT VARIANCE DETAILS		
	Carry Over from 2015/16	Budget Set for 2016/17	Combined Budget and Carry Over for 2016/17	Less Budget Provision Now for 2016/17	Final Budget For 2016/17	2015/16 Work in Progress Carried Forward	Projected Expenditure for 2016/17	Total Projected Expenditure and Work in Progress for 2016/17	Projected Budget Under Spend	Projected Budget Over Spend			Unbudgeted Expenditure	Projects to Rebudget or Carry Over into 2017/18
Promotion & Development	-21,314	25,000	3,686	0	3,686	0	8,500	8,500	0	4,814	0	0	4,814	Projected Spend: Signage project. Anticipated overspend this year \$4.814k. \$8,500 costs are yet to be incurred to put in lighting and it is expected to be completed by 30 June 2017.
Community Services	863,960	1,050,679	1,914,639	0	1,914,639	177,862	922,587	1,100,449	(20,308)	28,252	15,949	(6,38,083)	(814,190)	Carry Over from 2015/16 includes library books and fittings (\$7,540), NBS theatre equipment (\$31,670), Vision 2010 funds (\$268,555), the Reefton Community Centre (\$253,200) and \$325,000 for the waterfront project, picnic area and seal loop signage WIP: Reefton Community Centre \$177,862. Budget Underspend: NBS Theatre provision for \$20,308 not anticipated to be fully expended. Over Spend: The Reefton Community Centre is estimated to be over budget by \$28,000, and sundry small theatre and \$1,000 additional funds for Karamea Pool ex Vision 2010 funds. Budget Over Carry Overs 2017/18: The Reefton Pool project has had some assessment work completed and the remainder of budget will carry over to next financial year, along with the Sefton and Inangahua V2010 Projects (\$196,044), and \$603,262 Urban Design to be rebudgeted per the draft Annual Plan.
Environmental Services	0	0	0	0	0	0	0	0	0	0	3,822	0	3,822	Unbudgeted Expenditure: to replace computer screens. It a second hand hose reel at the pound and purchase 7 mobile radios for Civil Defence.
Property, Amenities & Reserves	147,500	346,811	494,311	0	494,311	27,496	531,643	559,139	(42,210)	16,975	275,512	(185,449)	64,828	Carry Over from 2015/16: Garden Beautification \$30,000, Cemetery Berms \$4,500, Cemetery Fences \$3,000, WestReef Equake Strengthening \$60,000 (final costs now less), Victoria Square Equake Strengthening \$50,000 (final costs now less). Underspend: Victoria Square Equake Works and WestReef Depot Works both were completed at less than budget. Overspend: Westport Library wall removal costs were greater than budget, the Passive Garden required pump repairs and greater seating cost for the seat installed on Orowaiti Road. Unbudgeted Expenditure: Springs Junction Toilets \$247,000 (offset by \$226,500 unbudgeted grant income), plus minor building capital works. Carry over or Rebudget 2017/18: Carnegie Library \$50,000, \$95,460 for Punakaiki Community Building \$27,500 for cemetery works and Brougham House upgrade.
Airport	0	10,000	0	0	10,000	0	10,000	10,000	0	0	0	10,000	10,000	Parking Ticket Machine not purchased.
Reading & Urban Development	77,230	1,781,079	1,858,309	0	1,858,309	0	1,881,000	1,681,000	0	0	1,902	(179,211)	(177,309)	Carry Overs from 2015/16: Footpaths \$63,300 and Palmerston Street Came-ras-flags-highs \$13,930. Unbudgeted Expenditure: Emergency Bridge Works \$1,902. Carry Over 2017/18: Roading work dependent on weather, much is done from Nov-May of each year and this season has been difficult so far due to weather. Estimation is that 95% of the roading work will be completed as at 30 June 2017. In addition the completion of one section of Derby St will fall into next year. We are at year 2 of 3 in the NZTA contract.
Solid Waste	17,500	22,158	39,658	0	39,658	0	57,699	57,699	0	18,041	0	0	18,041	Over Spend: Cost for sealing work at transfer station greater than budget and litter bins \$1,365 over budget.
Water	1,461,575	1,350,746	2,812,321	0	2,812,321	89,280	829,343	917,623	(19,500)	75,942	8,770	(1,559,901)	(1,894,689)	Carry Overs 2016/17: Wpt Trunkmain and Reti-culation \$21,000, Wpt Small Tunnel Repairs \$65,960, Wpt Backflow Prevention \$15,000 Reefton Valves \$10,000, Reefton Generator \$35,500, Nga-Hec System \$552,725, Waimangaroa Mains \$64,960, Waimangaroa System \$473,690, Inangahua Junction System \$222,740. Under Spend: Minor works now completed and Westport backflow prevention. Over Spend: Wpt and Reefton works, mostly completed for the year already. Unbudgeted: Punakaiki design work and land \$5,672. Carry over or Rebudget 2017/18: Waimangaroa DWS upgrade progressing over the next two financial years. Waimangaroa reticulation renewals deferred in conjunction with DWS project. Westport Tunnel Piping/Retracing rebudget 2017/18 \$649,996.
Wastewater	441,835	895,304	1,337,139	0	1,337,139	924	781,116	785,040	(15,331)	24,025	0	(663,797)	(555,103)	Carry Overs 2015/16: Sewerage Westport \$155,885, Reefton \$216,850, Little Wanganui \$56,100, Stormwater \$13,000. Overspend: Minor works on Reefton Sewer renewals. Carry over or Rebudget 2017/18: Little Wanganui, Reefton and Westport capital delayed with weather constraints.
Professional Business Unit	0	4,667	4,667	0	4,667	0	0	0	(4,667)	0	0	0	(4,667)	Car Radio Units, purchased in the prior financial year. Nil costs this year.
Support	241,330	163,825	405,155	0	405,155	39,468	282,733	322,201	(8,981)	7,471	108,096	(203,367)	(96,781)	Carry Over 2015/16: Information Systems including Aerial Photography, Document Management, Telephone Replacement and sundry small projects hardware and software \$241,330. Underspend: Mobile phones and furniture. Overspend for projects is network upgrades \$4,407, and aerial photography project. Unbudgeted Expenditure: is two vehicles for new management and radio communications installations at Reefton and Mt Victoria. Carry Over or Rebudget 2017/18: It is expected to carry over the majority of the large information system project which is for document storage, recovery systems. This project is well progressed with planning phase. purchase will be made next financial year.
<b>Total Buller District Council</b>	<b>3,229,616</b>	<b>5,650,269</b>	<b>8,609,885</b>	<b>0</b>	<b>8,679,885</b>	<b>334,000</b>	<b>5,104,621</b>	<b>5,436,651</b>	<b>(10,997)</b>	<b>175,520</b>	<b>414,051</b>	<b>(3,519,806)</b>	<b>(3,441,234)</b>	

## FINANCE AND AUDIT COMMITTEE

15 MARCH 2017

Agenda Item No 7

Prepared by - Lynn Brooks  
- Management Accountant

Prepared by - Dean Phibbs  
- Manager Corporate Services

### SIGNIFICANT PROJECTS REPORT

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#### Report Summary

This report summarises significant projects and priorities of Council at 31 March 2017. 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 Appendix A.

#### Draft Recommendation

**That the report be received for information.**

#### 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 Operations
- 5 Significant Projects

This report does not include every task undertaken, such as low value 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.

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	●	Progress continues with the Little Wanganui/Tapawera/Wangapeka Road and a business case is underway in April 2017. 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 subject.
Corporate Services	●	The 2017/2018 Annual Plan workstream is on target. The Long Term Plan is in the planning phase. The Free Wifi project has progressed well.
Assets and Infrastructure	●	Inangahua bore water scheme is operational, with final costs incurred. The Westport water project is progressing with external expert advice being prepared for presentation to Council. District Signage has progressed so the billboards can be installed however there will be a delay on the wayfinding signs. The riverside development has been reset for the next financial year as it will not be completed by the end of this year. Roading contracts are being completed as planned, taking into account the weather conditions and that the work is typically scheduled in the later part of the financial year. Poor weather has delayed some planned projects and it is estimated the work will be 95% complete by end of year.
Significant Projects	●	The District Plan Review continues to progress well along with the inhouse Information Technology projects. The Rates Overhaul project is able to progress now that the new valuation data is uploaded.

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 last 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.

Indicator	Project Description	Project Manager	Carry Over (over)/under	2016/17 Budget	Total Budget	Actual Cost to Feb 2017	Project Status	Scope, Design, etc	Quote, Tender, etc	Planned Start Date	Planned Completion	Date of completion	Comments / Issues
	<b>MAYOR, COUNCILLORS &amp; CEO</b>												
●	Little Wanganui/ Tapawera/ Wangapeka Road Advocacy	GH + CEO	0	0			In progress			Nov-15			Better Business Case underway in April 2017. Ongoing.
●	Integrated Family Health Unit Advocacy	GH + CEO	0	0						Nov-16	Nov-17		Site selection confirmed. Continuing Advocacy.
●	Future of Westport Port	CCTO Committee	0	0			under continual review			Dec-15	Jun-18		AP LTP Strategy, CCTO Committee and BHL. Updates to be provided.
●	Reefton Historic Power Generation Project	GH	0	0						Dec-17			Advocacy with Greg Topp. Active discussions continuing.
●	Ultra Fast Broadband Advocacy	GH + CEO + IT	0	0			In progress			Nov-15			Government Announcement with WC Projects 2019. Now with Chorus. Progressing with MDC, Creative Developments and BEL.
●	Shared Services Projects with Other Coast Councils	CEO	0	0			ongoing						Ongoing - Roading, IT, Internal Audits, Civil Defence & Local Govt Commission, Economic Development, Policy Development.
●	Housing for Elderly - Advocacy	GH	0	0						Jun-16	Jun-17		Housing stock & ownership structure i.e. Trust
●	Westport Gateway Sign	GH	(21,314)	25,000	3,686	1,769	in progress			Nov-15	May-17		Lighting to be completed by end of financial year.
●	Carters Beach Sea Erosion Advocacy	GH + CEO	0	0						Aug-17			Community Meetings Held. Advocacy role only. Project sits with WCRC.
●	"Ngakawau/Granity Sea Erosion Advocacy - Facilitation"	GH + LB	0	0						Aug-17			Community Meetings Held. Advocacy role only. Project sits with WCRC.
●	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, awaiting plaques.
●	Westport Flood Mitigation	GH	0	0			ongoing						WCRC project, BDC role is advocacy. Submissions close 17 February.
●	Holcim Exit	GH	0	0									Exit Plan.
●	17A Review - Local Government Act 2002	CEO	0	0			underway						Required to review cost effectiveness of current arrangements for meeting community needs. Refer to February Council meeting agenda for more information.
	Other Mayor, Councillors and CEO Projects	GH	0	0									
			(21,314)	25,000	3,686	1,769							

Indicator	Project Description	Project Manager	Carry Over (over/under)	2016/17 Budget	Total Budget	Actual Cost to Feb 2017	Project status	Scope, Design, etc	Quote, Tender, etc	Planned Start Date	Planned Completion	Date of completion	Comments / Issues
	<b>COMMUNITY &amp; ENVIRONMENT</b>												
●	Alcohol Policy	CS + RT	0	0			in progress						"Awaiting evidence from stakeholder groups to feed into policy development & legal outcomes"
●	By-Law Reviews (all require review)	RT	0	0									To do: two in 2017, all the rest by 2018, NOTE this will be a large workload
●	Freedom Camping	CEO	0	0			in progress			Feb-17	Oct-17		Joint compliance and monitoring between all West Coast Councils.
●	Other Community & Environment	CS	0	0									
			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>							

Indicator	Project Description	Project Manager	Carry Over (over)/under	2016/17 Budget	Total Budget	Actual Cost to Feb 2017	Project status	Scope, Design, etc	Quote, Tender, etc	Planned Start Date	Planned Completion	Date of completion	Comments / Issues
	<b>CORPORATE SERVICES</b>												
●	2017/18 Annual Plan	DP	0				In progress			Nov-16	Jun-17		Progressing on time, roadshows advertised at Punakaiki, Reefton, Westport, Ngakawau and Karamea.
●	Free Wifi Proposal for Palm-erston Street in 4 Locations + Airport	GH + RW	4,000	0	4,000	3,611	In progress						Sites installed. Seeking sponsors who will have advertising on the splash page for an annual fee to offset running costs.
●	Review of Costings for Water Schemes	CEO + Finance Team	0	0	0	0							To be completed as further information provided from Assets & Infrastructure Team
●	Fire & Emergency NZ Transition	DP	0	0	0	0	In progress			Apr-16	Jun-17		Information sharing with NZ Fire Service underway
●	Long Term Plan 2018-2028	DP	0	0	0	0	Planning Stage			May-17	Jun-18		Strategic Workshops to be held commencing May/June
●	Other Corporate Services Projects	DP	0	0	0	0							
			<b>4,000</b>	<b>0</b>	<b>0</b>	<b>3,611</b>							

Indicator	Project Description	Project Manager	Carry Over (over)/under	2016/17 Budget	Total Budget	Actual Cost to Feb 2017	Project status	Scope, Design, etc	Quote, Tender, etc	Planned Start Date	Planned Completion	Date of completion	Comments / Issues
	<b>SIGNIFICANT PROJECTS</b>												
●	District Plan Review	RT	(7,712)	20,000	12,288	1,545	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 Review Project Phase II	DP	67,617	0	67,617	15,560	in progress			Apr-16	Jun-18		Committee workshops continue to be held and a workplan is agreed.
●	IT/Information Technology Projects (inhouse)	HS	237,330	163,833	401,163	200,277	in progress				Jun-17		IM Project at selection stage. Major System update occurred in Feb 2017. Telephony upgrade will be completed by end of year. Hardware updates continuing.
●	Other Significant Projects												
			<b>297,235</b>	<b>183,833</b>	<b>481,068</b>	<b>217,382</b>							

Indicator	Project Description	Project Manager	Carry Over (over)/under	2016/17 Budget	Total Budget	Actual Cost to Feb 2017	Project status	Scope, Design, etc	Quote, Tender, etc	Planned Start Date	Planned Completion	Date of completion	Comments / Issues
	<b>ASSETS &amp; INFRASTRUCTURE</b>												
●	Punakaiki Water Intake Easement	MD	6,018	0	6,018	10,313	In Progress						Documents under action. In final discussions.
●	South Granity Water Admin (Tank Supply)	CEO	0				In Progress						MOU to be finalised
●	Little Wanganui Water and Sewerage Easements	MD	0								Jun-17		Work underway to resolve this
●	Karamea Highway Special Purpose Road Advocacy	MD, GH	0				Discussions Ongoing						Business case being prepared in conjunction with NZTA
●	"Punakaiki Camp Lease & Erosion Protection"	TR/MD	0				Advocacy Role Only						A temporary wall is in place. This is a WCRRC project and BDC's role is advocacy only.
●	"Punakaiki Dickson Parade Status and Freedom Camping Issues"	MDG + RT	0										Road Closure signs to be installed.
●	Westport Tunnel Piping/Bracing	MD	65,960	650,000	715,960	65,964	Defer to 17/18						Study in progress to determine methodology and cost. Opus engaged to prepare costings.
●	Inangahua Water Treatment System	MD	222,740	0	222,740	215,680	In Progress						Water system completed. Fencing to be completed. Claim for DWS Funding to be received.
●	Waimangaroa Water Treatment System	MD	567,200	0	567,200	8,661	In Progress						Investigation still underway for bore site.
●	Ngakawau Hector Water Treatment System	MD	552,725	0	552,725	4,680	To be advised						Issue on hold.
●	District Signage (Seal Loop)	MD + GH	75,000	50,000	125,000	20,740	In Progress						Resource Consent applications lodged. Once approved installation can be undertaken. Billboards in progress. Wayfinding signs on hold.
●	Riverside Development \$150k and Waterrfront \$100k		250,000	250,000	500,000	980							Rebudgeted after 2017/2018 Annual Plan workshop discussions.
●	Punakaiki Building Project		0	100,000	100,000	4,540	In Progress						Community Consultation draft report received. Total cost estimated at \$500k+. Funding sources and costings to be reviewed and confirmed before progress can be made. Further community input required.
●	Reefton Community Centre	RB	253,207	537,400	790,607	780,824	Near Completed						Project completed, expect final costs to come in within \$28k of budget. Final costs to be paid after 90 days practical completion.



Indicator	Project Description	Project Manager	Carry Over (over)/under	2016/17 Budget	Total Budget	Actual Cost to Feb 2017	Project status	Scope, Design, etc	Quote, Tender, etc	Planned Start Date	Planned Completion	Date of completion	Comments / Issues
●	Roading - Local Roads Sealed Road Resurfacing	TM	0	470,000	470,000	436,781	In Progress			Mar-17	May-17		Works program is weather dependent. Work materially completed. Costs incurred in March 2017.
●	Derby Street Pavement, Footpath, Water, Sewerage	TR/SM	0	676,643	676,643	360,446					Jun-17		All works underway. Some works will fall into next financial year.
●	Roading - Local & Special Purpose Roads Other Projects	TR/SM	0	818,744	818,744	299,212					Through-out the year		Dependent on weather conditions, therefore starts March of each year. On Target.
●	Earthquake Strengthening of Buildings	RB	110,000	50,000	160,000	56,411	Completed 3 of 4						Includes WestReef Depot, Victoria Square Building, Reefton Service Centre and Carnegie Library. Carnegie deferred until next year.
●	Costing Water Schemes - (Depreciation Funding)	MD	0	0	0	0							
●	Replacement of Westport Water Mains from Treatment Plant to Town	MD	0	0	0	0							The mains replacement continues in line with annual budget and work plan to replace a certain number of lengths per annum.
●	Footpaths- Urban Development	TR	63,296	197,730	261,026	80,738					April-June		Progressing to plan.
●	Peel Street Yard	MD	0	0	0	0							Report for rehabilitation and cost prepared by RB, this report is now at review.
●	Springs Junction Toilet Facility	MD	0	0	0	240,317							Application to EQC to fund operating costs to be completed. Application to MFF for capital costs to be completed. Project completed except for this funding. District Promotion Signage included in the project.
		<b>0</b>	<b>2,166,146</b>	<b>3,800,517</b>	<b>5,966,663</b>	<b>2,586,287</b>							

## FINANCE AND AUDIT COMMITTEE

15 MARCH 2017

Agenda Item No 8

Prepared by - Lynn Brooks  
- Management Accountant

Prepared by - Dean Phibbs  
- Manager Corporate Services

### BULLER HOLDINGS LTD: FINANCIAL REPORT TO 31 MARCH 2017

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#### Report Summary

This report presents the interim (unaudited) financial statements for the nine month period ended 31 March 2017 including the budget for this period. The report also presents results against the Statement of Intent targets which are non-financial measures.

#### Draft Recommendation

1. That the interim Financial Report be received for information and discussion.
2. That the Finance and Audit Committee recommends the Financial Report for the quarter ended 31 March 2017 be received from Buller Holdings Limited is accepted by Council.

#### Issues and Discussion

This report is presented to Council to monitor Buller Holdings Limited financial results.

Buller District Council owns 100% of the shares in Buller Holdings Limited, therefore Buller Holdings Limited is deemed to be a Council Controlled Organisation.

Commentary on the results of each area of Buller Holdings Limited operations which are Westport Harbour Limited, WestReef Services Limited, Buller Recreation Limited (trading as the Solid Energy Centre) are set out in the accompanying report on pages 41 to 54. This information should be read in conjunction with the financial statements to provide detail about the group reported results of \$3,256,000 revenue above budget, and \$1,445,000 expenditure above budget.

#### Considerations

##### 1. Strategic Impact

Buller Holdings Limited is a holding company that was set up to provide a commercial focus in the governance and management of the Buller District Council's commercial assets. The aim of the group is to operate as a successful company and provide a competitive rate of return on the investments of the company.

##### 2. Significance assessment

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 by nature.

**3. Risk analysis**

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

This report provides oversight of the financial operations of Buller Holdings Limited, but does not elaborate on other risks which may be present with those operations. Risk is mitigated by engaging suitably qualified Directors to oversee the operations of the group, and to have a dedicated Committee of Council to oversee and report upon the operations of the group. This Committee is the Council Controlled Trading Organisations Committee.

Financial risk is mitigated when the results of operations are reported on and understood by staff and governance, and provision of the interim report to the Finance and Audit Committee, then to all of Council is made.

**4. Policy / legal considerations**

Buller Holdings Ltd is required to provide quarterly financial results by Council as stipulated in Council's Long Term Plan.

**5. Tangata whenua consultation considerations**

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

**6. Views of those affected**

The provision of services through the holdings company model and the type and nature of those services are consulted upon annually as part of the Annual Plan of Council.

**7. Costs**

There are no extraordinary costs included in the attached reports, nor is there any additional costs raised due to the submission of this report.

**8. Benefits**

The benefits of reviewing a quarterly report is the financial results are monitored at a Council wide level on a regular basis.

**9. Media / publicity**

There are no media or publicity opportunities with this report.

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Financial Report (unaudited)

For

Buller Holdings Ltd

*For the Period Ending 31 March 2017*

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Statement of Financial Performance	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Statement of Financial Position	11

Directors Report to the shareholders of Buller Holdings Ltd on the financial performance for the nine months to 31 March 2017:

**Commentary:**

Revenue exceeds budget for the first 9 months of the group financial year as result of additional out port dredging work and the impact of the North Canterbury Earthquakes on contracting revenues.

Operating costs have also tracked higher than budget due to a variety of reasons, however it is expected this will ease to be more in line with budget over the final quarter.

WestReef has continued to be busy through the quarter with a solid work load across the business and a number of successful tender bids during the quarter, highlight being the successful submission for 2 sections of the Paparoa Memorial track construction project. Going forward preparation for the winter months and winter maintenance on the SH1 Alternative Route continue to be a major focus.

The Kawatiri has completed the dredging requirements for both Eastland & Center Ports and has since returned to Westport. Repairs and Maintenance has now commenced on the vessel in preparation of next year's Nelson dredging and slipping requirements.

A colder sea temperature though the summer period has seen a delayed start to the seasonal fishing season along with a reduction in the quantity of catch to date.

Patronage at Buller Recreation Ltd has continued to fluctuate through the quarter and appears to have benefited from the inclement weather experience over the Xmas period. As always cost savings and opportunities to increase revenue are a major focus of the BRL management team with a number of initiatives investigated during the period.

With a solid forward workload in the contracting business and steady patronage at Buller Recreation the forecast for the coming quarter is positive, however as per previous periods ensuring the stability of Westport Harbour is vital to the end of year result.

Health and Safety continues to be a focus of the Board and it was pleasing to see that there were no significant H & S events occurring in the period and management have continued to develop H&S Systems and compliance.

A detailed update against key indicators is contained in the next section of the report.

**Statement of Intent Targets:**

The targets as set out in the individual statements of intent for each subsidiary are shown below with an update of progress:

**Buller Holdings Limited**

<b>Performance Measure</b>	<b>Target</b>	<b>Achievement</b>
Service Performance	<p>The Board of Directors will meet with the Buller District Council CTO committee on a formal basis a minimum of three times a year and at other times by request.</p> <p>The Chief Executive will provide a formal report to Council on a regular basis or as requested</p> <p>Buller Holdings directors and staff will adhere to the requirements of the protocols and charter agreed with BDC</p> <p>The Chief executive of Buller Holdings Ltd will meet with the Chief executive of Buller District Council six times a year</p>	<p>Council CTO Committee have met with the board on 26/08/16, 12/12/16, 22/02/17</p> <p>No reports requested during period.</p> <p>Requirement achieved</p> <p>2 meetings YTD</p>

**Buller Recreation**

<b>Performance Measure</b>	<b>Target</b>	<b>Achievement</b>
Financial Performance	Revenue and expenditure in line with budget	YTD revenue up 3%  YTD expenditure below budget by 1%
Service Performance	<p><b>Fitness</b> membership- 450 members</p> <p>Retention rate &gt;75%</p> <p><b>Aquatic Services</b></p> <p>4000 visits per month (12 month average)</p> <p>150 swimming students (averaged 4 swimming terms)</p> <p><b>Safety</b></p> <p>Nil serious harm incidents to customers or staff</p> <p>100% compliance with H &amp; S procedures</p>	<p>Currently at 488 for March. Average = 492 for last 12 months.</p> <p>92%</p> <p>Average 4532 for last 12 months</p> <p>188</p> <p>Nil</p> <p>Achieved</p>
Employee Leadership, Development and Retention	<p>Undertake staff satisfaction survey or 360° survey of management to provide feedback on staff engagement and benchmark</p> <p>Hold Bi-monthly meetings with all staff to ensure regular communication with management</p> <p>Document a succession plan for key positions and identify training needs and actions for the next 12 months</p> <p>Complete annual review process with all staff to ensure staff are working to their full potential</p>	<p>Completed December 16</p> <p>Meetings held every four months Meeting held February</p> <p>Completed</p> <p>Completed</p>
Asset management Plan (AMP)	<p>Maintain a comprehensive AMP for the facility, plant and equipment</p> <p>Complete maintenance and replacement in accordance with AMP (monitor monthly)</p>	<p>Updated and reviewed December 2016</p> <p>Achieved</p>



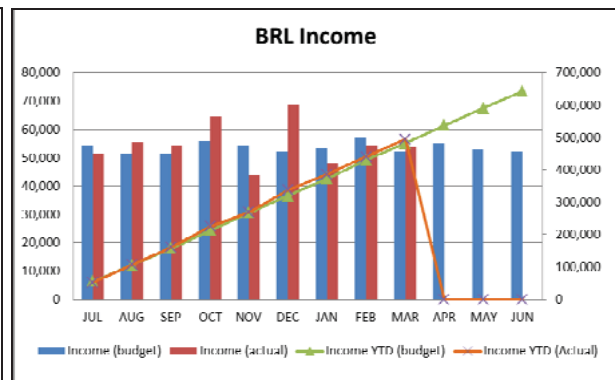
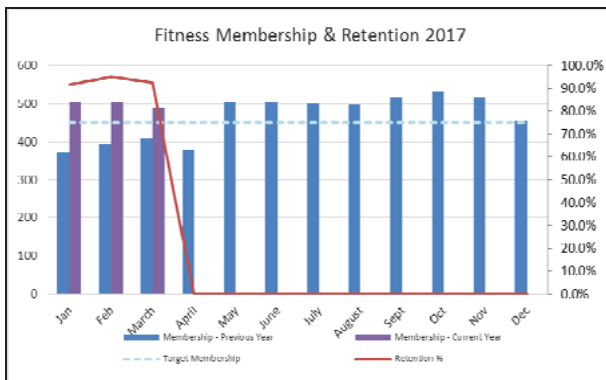
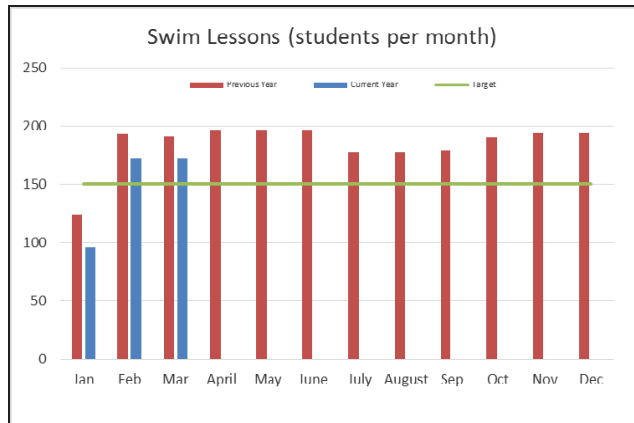
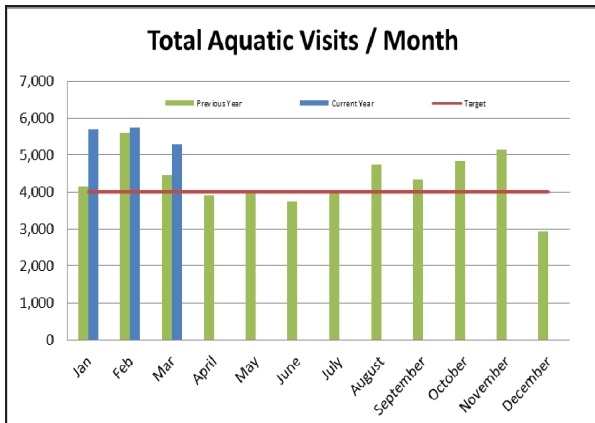
WestReef Services Ltd

Performance Measure	Target	Achievement
Financial Performance	Achieve a pre-tax operating profit of 10% of gross revenue (before any subvention payment)  Grow revenue from competitively procured work – target 30% of gross revenue	12% YTD  57% YTD
Service Performance	Renewal of TQS1 certification  Meet monthly with major clients, BDC engineers and stakeholders/ minimum of 12 meetings per year to obtain feedback  Support activities involved with the social and environmental development in the community. Support six activities	Achieved  9 YTD  30 YTD
Employee Leadership, Development and Retention	Undertake staff satisfaction survey or 360” review of management to provide feedback on staff engagement and a benchmark for future years  Ensure succession plans are in place for all senior management positions  Weekly staff meetings with minutes kept  Lost time incidents <5% of total hours	Survey completed December 16  Achieved  Achieved  Achieved

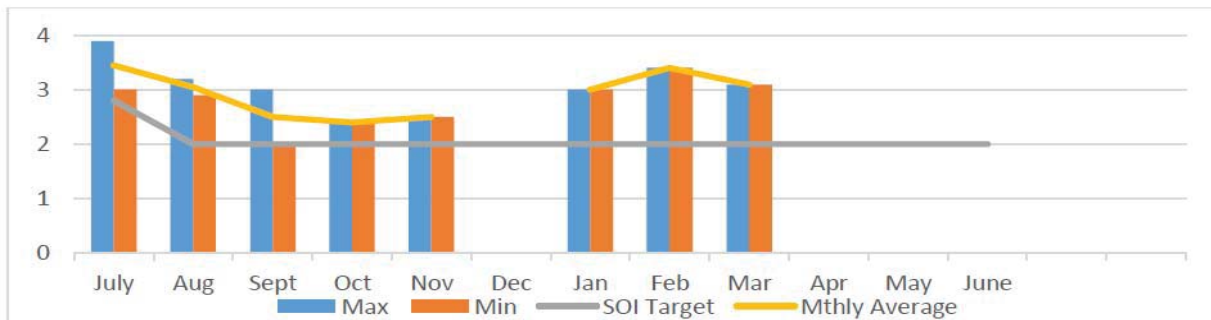
**Westport Harbour Ltd**

<b>Performance Measure</b>	<b>Target</b>	<b>Achievement</b>
Financial Performance	Pre-tax operating profit before dredge slip/maintenance of at least 9% of gross revenue  Pursue all opportunities for growth in business	Not Achieved  Discussions with interested parties continues
Service Performance	Maintain by Dredging: <ul style="list-style-type: none"> <li>• A bar depth of &gt;2.8m at chart datum (CD)</li> <li>• An average river depth in the main navigation channel of 3.8m at CD</li> <li>• Sufficient depths for vessel requirements at wharves &amp; jetties</li> <li>• Consistently deliver services to customers in accordance with contracts</li> </ul>	Revised to 2.0m (post Holcim)YTD Nil Days at< 2.0m recorded  Achieved – sounding 7/2/17 indicating min depth of 3.8m  Achieved –soundings completed but no issues reported  Maintained
Personnel	Maintain competency levels required for all employees to deliver high quality performance in their duties  Undertake staff satisfaction survey or 360” review of management to provide feedback on staff engagement and a benchmark for future years	Achieved – all seafarer medicals and certification are current  Not Achieved – due to restructuring the survey has not yet been completed
Safety	Maintain a comprehensive system of H&S procedures  Promote a safety first/zero harm culture with no LTI’s	MNZ approved “Safety Management System”  6 x monthly meetings held. No Lost time Injuries YTD
Environment	Avoid harm to environment as consequence of port operations  Maintain high quality response to managing any environmental damage	No incidents of environmental damage  Oil Spill Response Training up to date

## Group Trend Graphs



## Buller River Bar Depth



Brian Wood  
Chairman

**STATEMENT OF FINANCIAL PERFORMANCE**

For the period ending 31 March 2017

	ACTUAL	BUDGET	ACTUAL	BUDGET
	GROUP	GROUP	PARENT	PARENT
	\$000	\$000	\$000	\$000
Revenue	10,947	9,691	398	422
Expenses	10,652	9,207	377	416
	295	484	21	6
<b>Less Subvention payment made (received)</b>	917	-	300	-
<b>OPERATING SURPLUS/(DEFICIT) before taxation</b>	<b>-622</b>	<b>484</b>	<b>321</b>	<b>6</b>

For the period ending 31 March 2016

	ACTUAL	BUDGET	ACTUAL	BUDGET
	GROUP	GROUP	PARENT	PARENT
	\$000	\$000	\$000	\$000
Revenue	11,130	10,940	469	413
Expenses	10,473	10,463	417	401
	657	477	51	12
<b>Less Subvention payment made</b>	-	-	-	-
<b>OPERATING SURPLUS/(DEFICIT) before taxation</b>	<b>657</b>	<b>477</b>	<b>51</b>	<b>12</b>

**STATEMENT OF CHANGES IN EQUITY**

For the period ending 31 March 2017

	Actual			Actual		
	Group			Parent		
	Share Capital	Retained Earnings	Total Equity	Share Capital	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance 01 July 2016	19,131	-3,000	16,130	19,131	-3,434	15,697
Profit for the period	-	295	295	-	321	321
	19,131	-2,705	16,425	19,131	-3,113	16,018
<b>Transactions with owners, recorded directly in equity</b>						
Issued capital	42	-	42	42	-	42
Less Subvention paid to shareholders	-	-917	-917	-	-	-
	42	-917	-875	42	-	42
Closing balance 31 March 2017	<b>19,173</b>	<b>-3,622</b>	<b>15,550</b>	<b>19,173</b>	<b>-3,113</b>	<b>16,060</b>

**For the period ending 31 March 2016**

	Actual			Actual		
	Group			Parent		
	Share Capital	Retained Earnings	Total Equity	Share Capital	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance 01 July 2015	19,076	-3,655	15,420	19,076	-3,105	15,971
Rounding		-				
Profit for the period	-	657	657	-	51	51
	19,076	-2,999	16,077	19,076	-3,054	16,022
<b>Transactions with owners, recorded directly in equity</b>						
Issued capital	55	-	55	55	-	55
Less dividend paid to shareholders	-	-	-	-	-	-
	55	-	55	55	0	55
Closing balance 31 March 2016	<b>19,131</b>	<b>-2,999</b>	<b>16,132</b>	<b>19,131</b>	<b>-3,054</b>	<b>16,077</b>

**STATEMENT OF CASH FLOWS**  
For the period ending 31 March 2017

	GROUP	PARENT	GROUP	PARENT
	\$000	\$000	\$000	\$000
	2017		2016	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash was provided from:				
Management fees	774	244	656	322
Receipts from Customers	13,529	229	11,921	152
Interest received	23	12	25	16
	<u>14,326</u>	<u>486</u>	<u>12,602</u>	<u>490</u>
Cash was distributed to:				
Payments to suppliers and employees	12,994	513	11,360	474
Taxes paid	-	-	-	-
Interest paid	-	-	-	-
	<u>12,994</u>	<u>513</u>	<u>11,360</u>	<u>475</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<u>1,332</u>	<u>-27</u>	<u>1242</u>	<u>16</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Realisation of term investments	436	436	2,083	580
Proceeds from sale of fixed assets	11	-	-	-
Loan repayments	-	9	-	9
	<u>447</u>	<u>445</u>	<u>2,083</u>	<u>589</u>
Cash was applied to:				
Term investments	1,011	-	3,117	1,014

Loan Repayments	60	-	60	-
Purchase of fixed assets	351	-	1,350	-
	1,422	-	4,527	1,014
<b>Net cash inflow/(outflow) from investment activities</b>	<b>-975</b>	<b>445</b>	<b>-2444</b>	<b>-425</b>

#### CASH FLOWS FROM FINANCING ACTIVITIES

Cash was provided from:

Subvention received	-	300	-	-
Share Issue	42	42	55	55
	42	342	55	55

Cash was applied to:

Dividend paid	-	-	-	-
Share Issue	-	42	-	55
Subvention payment made	1,317	400	578	578
Inter Company Loan	-	400	-	-
	1,317	842	578	633
<b>Net cash inflow/(outflow) from financing activities</b>	<b>-1,276</b>	<b>-500</b>	<b>-523</b>	<b>-578</b>

Net increase in cash held	-919	-83	-1725	-987
Add opening cash as at 1 July 2016	2,128	151	2,975	1,076
<b>Closing cash balance</b>	<b>1,209</b>	<b>68</b>	<b>1,250</b>	<b>89</b>
Made up of:				
Bank	1,209	68	1,250	89
<b>Closing cash balance</b>	<b>1,209</b>	<b>68</b>	<b>1,250</b>	<b>89</b>

**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2017**

	<b>Group</b>	<b>Parent</b>	<b>Group</b>	<b>Parent</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>EQUITY</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
Share capital	19,173	19,173	19,131	19,131
Accumulated Funds	-622	321	657	51
Retained earnings	-3,000	-3,434	-3,655	-3,105
	<b>15,550</b>	<b>16,060</b>	<b>16,132</b>	<b>16,077</b>

**REPRESENTED BY:**

**ASSETS**

**Current Assets**

Cash and short term deposits	1,210	68	1,251	89
Receivable and prepayments	1,562	48	1,343	58
Inventories	249	0	237	0
Short Term Investments	1,011	0	1,434	434
Distribution Receivable	0	0	0	0
Other	0	451	0	63
<b>Total current assets</b>	<b>4,032</b>	<b>567</b>	<b>4,265</b>	<b>644</b>

**Non-current assets**

Deferred tax	190	16	194	10
Fixed assets	17,696	380	18,495	380
Goodwill	389	0	389	0
Investment in Subsidiaries	0	17,614	0	17,572



<b>Total non-current assets</b>	18,275	18,010	19,078	17,962
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Total Assets	<b>22,307</b>	<b>18,577</b>	<b>23,343</b>	<b>18,606</b>
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**LIABILITIES**

**Current liabilities**

Payables and accruals	1,575	104	1,129	105
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Employee entitlements	615	50	924	60
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Provision for Subvention	-	-	-	-
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<b>Total current liabilities</b>	2,190	154	2,053	165
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**Non current liabilities**

Advance BDC	0	0	479	0
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Deferred Tax	2,117	0	2,163	0
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Buller District Council and EECA Loan	2,450	2,364	2,515	2,364
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<b>Total non-current liabilities</b>	4,567	2,364	5,158	2,364
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<b>Total liabilities</b>	<b>6,757</b>	<b>2,518</b>	<b>7,211</b>	<b>2,529</b>
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<b>Net Assets</b>	<b>15,550</b>	<b>16,060</b>	<b>16,132</b>	<b>16,077</b>
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**FINANCE AND AUDIT COMMITTEE**

**17 MAY 2017**

**Agenda Item No 9**

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

**AUDIT MANAGEMENT ACTION POINTS**

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**RECOMMENDATION/DRAFT RESOLUTION:**

**That the report be received for information and discussion.**

**OUTSTANDING AUDIT MANAGEMENT ACTION POINTS**

2015						
No.	Subject	Detail	Responsible	Status	Comments	Planned Completion Date
1	Infrastructure asset valuations	Improve quality of Roading data in RAMM use for next valuation. Recommendations in GHID report used.	Operational Accountant	In progress	Asset data condition and performance processes were identified in the AMP as an improvement plan item. Council will assess options to effect an appropriate regime during 2015/16. This process will strengthen lifecycle management and asset valuations.	June 2017
2	Transfer of asset revaluation reserve for assets disposed of, be transferred to accumulated funds	No transfer is made.	Operational Accountant	In progress	Methodology to enable this to occur will be finalized and reserve adjustments processed in the 2015/16 financial year  Will be completed during an revaluation year which is scheduled June 2017.	June 2017
4	Internal audit	No formal internal audit reviews were performed in 2014/15	Manager Corporate Services	In progress	Resources have been fully deployed on the Rates Overhaul and LTP this year. An internal assessment of the QV use codes was carried out after year end and in 2015/16 a full internet audit of rates processes will be undertaken with a formal audit report produced. To be incorporated with Shared Services Project.	June 2017
6	Rates review	Complete a review of Council's rates. Wholesale changes are needed in rates as there are antiquated differentials and many fixed amount targeted rates.	Manager Corporate Services	In progress	Confirmed this is still in progress. The new system will not be implemented until 2017/2018 at the earliest.	June 2017

# FINANCE WORK PLAN

	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
<b>Internal Reporting</b>												
<b>F&amp;A Reports</b>												
- BDC Quarterly Financials		- Three quarterly						- Quarterly			- Half yearly	
- BDC Operational												
- BDC Treasury												
- BDC Debtors												
- BDC Capital												
- BDC Significant Projects												
- BHL Quarterly Financials												
<b>Council Reports</b>												
- Budget Carry Overs						- 2017 Carryovers						
<b>Rates Overhaul Project</b>												
- Rates Overhaul												
<b>2017-18 Annual Plan</b>												
- Annual Plan	- Consultation	- Roadshows - Hearings	- Adopt Final Plan							- Workshop	- Workshop	- Workshop Adopt Draft Plan
<b>2016-17 Annual Report</b>												
- BDC Annual Report						- Audit	- Adopt	- Publish Summary & report				- Systems Audit
- BHL Annual Report					- Audit	- Group Figures	- Annual Report					
<b>Other Operational Projects</b>												
- Insurance						- Negotiations	- Finalise					