

AGENDA:

Meeting of the
FINANCE and AUDIT COMMITTEE

Wednesday 23 May 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

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

FINANCE and AUDIT COMMITTEE MEETING

23 MAY 2018

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FINANCE AND AUDIT COMMITTEE

23 MAY 2018

Agenda Item No 1

Prepared by - Dean Phibbs
- Manager Corporate Services

MEMBERS INTEREST

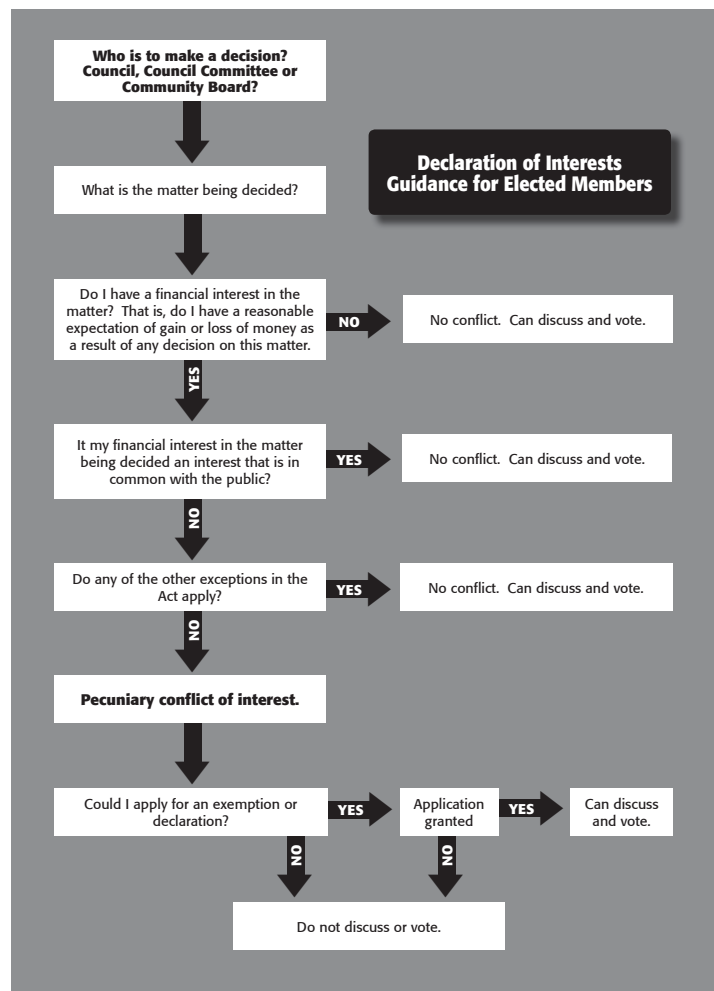
Councillors are encouraged to consider the items on the agenda and disclose whether they believe they have a financial or non-financial interest in any of the items in terms of Council's Code of Conduct.

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

23 MAY 2018

Agenda Item No 2

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

CONFIRMATION OF MINUTES

Minutes of the meeting held 11 April 2018.

DRAFT RECOMMENDATION

That the minutes from the meeting held 11 April 2018 are confirmed.

**MEETING OF THE BULLER DISTRICT COUNCIL FINANCE AND AUDIT COMMITTEE,
COMMENCED AT 5pm, 11 APRIL 2018, AT BROUGHAM HOUSE, BROUGHAM
STREET, WESTPORT**

PRESENT:

Mayor G Howard, P Rutherford, R Nahr and J Cleine (Acting Chairperson).

IN ATTENDANCE:

Manager Corporate Services (D Phibbs).

APOLOGIES:

An apology was received for Councillor S Roche.

**P Rutherford/G Howard
CARRIED UNANIMOUSLY**

1. MEMBER'S INTEREST

No Members Interests were disclosed.

2. MINUTES

RESOLVED that the minutes of the 14 March 2018 meeting be confirmed.

**G Howard/R Nahr
CARRIED UNANIMOUSLY**

3. ACTION POINTS

111. No changes required.

137. No changes required.

145. Change date required to May 2018

147. Change date required to September 2018. Change Action Point to be:
Westport Airport Grazing: a full report to be presented to Council regarding
future use and lease options for the Westport Airport. Update progress: a
meeting has been held with Landcorp, with one more expected during May
2018.

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

**J Cleine/R Nahr
CARRIED UNANIMOUSLY**

4. FINANCIAL PERFORMANCE

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

**P Rutherford/J Cleine
CARRIED UNANIMOUSLY**

5. INVESTMENTS AND BORROWINGS

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

**J Cleine/G Howard
CARRIED UNANIMOUSLY**

6. SIGNIFICANT PROJECTS REPORT

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

**G Howard/R Nahr
CARRIED UNANIMOUSLY**

7. COUNCIL LEASEHOLD REPORT

RESOLVED that the:

- (a) Finance and Audit Committee receive this report for discussion and information purposes.
- (b) Finance and Audit Committee recommend to the full Council meeting of 17 April 2018 that the twenty percent discount of the market value leasehold land scheme be extended for one year, to end on 30 June 2019.

**G Howard/P Rutherford
CARRIED UNANIMOUSLY**

8. AUDIT MANAGEMENT ACTION POINTS

2015:

- 1. Completed
- 4. Completed
- 6. Completed

2016/2017 Annual Plan:

- 3. Change completion date to June 2018
- 4. Change completion date to June 2019
- 5. Completed

Action Point: A report to be presented to full Council when the transfer is complete on the Harbour transition, with details of ongoing operational costs and implications and structure. Due by July 2018 (Dean Phibbs, Manager Corporate Services).

RESOLVED that the report be received for information and discussion.

**G Howard/P Rutherford
CARRIED UNANIMOUSLY**

FINANCE WORK PLAN

- Reviewed.
- Rates review timeline to be updated.

-
- There being no further business the meeting concluded at 5:45pm
 - **Next meeting:** 5pm, Wednesday 23 May 2018, *Clocktower Chambers*, Westport.
-

Confirmed: **Date:**

Name:

FINANCE AND AUDIT COMMITTEE

11 APRIL 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.	May 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.	Wendy Thompson Robyn Nahr	Update expected for May 2018 meeting. CCTO committee now responsible for this action.	May 2018	
145	15 Nov 2017	Peel Street yard: remediation report to be provided by Mike Duff.	Sharon Roche		April 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.	Andy Gowland-Douglas 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.	April 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

23 MAY 2018

Agenda Item No 4

Prepared by - Wendy Thompson
- Financial Accountant

Reviewed by - Dean Phibbs
- Manager Corporate Services

FINANCIAL PERFORMANCE: 31 March 2018

1. REPORT SUMMARY

To provide Council with a financial performance update for the nine month period ending 31 March 2018.

2. RECOMMENDATION/DRAFT RESOLUTION:

That this report be received for information and discussion.

3. ANALYSIS AND DISCUSSION

3.1 Statement of Financial Performance

Operating Result

Council has budgeted for a three quarterly deficit of (\$903,000). The actual result is a deficit of (\$1,639,000) which is an unfavourable difference of \$736,000. Analysis of this result is detailed below.

Operating Revenue

Overall operating revenue totals \$16.7 million compared to a budget of \$16.3 million. There are significant variance items within subsidies and grants revenue. These are unbudgeted DWC Economic Development Fund grants \$450,000 and NZTA subsidy \$460,000 over budget. These are offset by the budgeted subsidy for Waimangaroa water which will not be received this year due to delays with the project.

The other area where there are budget variances is in Fees and Charges which is \$247,000 under the planned budget to date. Lease income comprises the majority of the variance at \$122,000, of this the Westport harbour lease comprises \$ 50,000 and the Airport lease \$52,000 (the airport lease has since been invoiced). There are also smaller variances in planning fees, dog registrations and theatre income.

Operating Expenditure

Operating expenditure totals \$18.4 million compared to a budget of \$17.2 million. The total unfavourable variance is \$1.2m. Other expenses make up the majority of the variance at \$799,000. This comprises unbudgeted DWC Economic Development Fund payments of \$350,000, \$200,000 emergency repairs and maintenance from weather events. Civil defence costs were an additional \$74,000 (a large portion recoverable). Expenses relating to revaluations (\$40,000 budgeted in a prior period),

asset management plans and RAMM upgrades accounted for \$140,000. Westport Water was over budget \$160,000 which was the ongoing cost of electricity and repairs and maintenance.

Employment cost are \$85,000 higher than budgeted to date. Airport employment costs \$40,000 are main contributor to the variance.

Interest expense was \$96,000 under budget due to some debt funded capital projects being deferred.

The movement in the interest rates has resulted in a loss on Derivative contracts of \$242,000. This is a non-cash entry which contributes to the accounting loss for the period.

3.2 Statement of Financial Position

Net debt (being external debt less term deposits) has remained stable since the end of the last financial year. However, debt may increase by the end of the financial year to fund some of Council's significant capital projects including the Westport Water Supply tunnel repairs and other capital expenditure.

3.3 Cash Flow Statement

Net operating cash flow of \$4.4 million remains positive during the nine months to 31 March 2018. This was offset by fixed asset purchases of \$5.1 million. Overall Council's cash position increased by \$1.8 million since 1 July 2017.

3.4 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	●	●	
Roading	●	●	Weather event related repairs and maintenance
Solid Waste	●	●	
Support	●	●	DWC grants. Asset management expenditure
Wastewater	●	●	
Water	●	●	Westport maintenance and electricity.
Airport	●	●	Punakaiki maintenance

4. **DASHBOARD - NON FINANCIAL PERFORMANCE MEASURES FOR THE PERIOD ENDED 31 MARCH 2018**

Activity	No.	Measure	Target	Achieved / Not Achieved	Commentary
Regulatory					
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	●	Audit completed and new Certificate of Accreditation has been received. Next accreditation audit due December 2019.
Resource Management	2	Process non-notified resource consents within statutory deadlines	100% of consents processed within statutory timeframes	●	100% Compliance. There have been 48 Resource consents completed since 1 July 2017 (2017: Full year 60 consents).
Emergency Management	3	Maintain 3 teams of trained civil defence volunteers	30 trained volunteers (3 teams)	●	100 volunteers. Focus is on increased BDC staff and volunteer participation throughout the district.
Water Supplies					
All Water Supplies	4	Safety of drinking water	Meets 100% bacteria/ protozoa compliance criteria	●	Westport & Inangahua Junction compliant. Reefton, Punakaiki & other rural supplies non-compliant.
Westport Water	5	Maintenance/ Renewal of water reticulation main	Number of shutdowns for Westport water trunkmain	●	4 low pressure events due to work on 14" trunkmain but water available
Wastewater / Sewerage					
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	●	1 recorded in September 2017 due to an issue within the property boundary.

4. **DASHBOARD - NON FINANCIAL PERFORMANCE MEASURES FOR THE PERIOD ENDED 31 MARCH 2018**

Activity	No.	Measure	Target	Achieved / Not Achieved	Commentary
Stormwater					
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	●	"No houses have been inundated by stormwater system flooding. Cyclone event inundation was caused by coastal sea surge."
Solid Waste					
Solid Waste (Litter)	8	Provide adequate capacity for the collection of litter	The number of extra litter bins empties by the contractor above that provided for in the contract with Council	●	432 bins (1st quarter 106 bins, 2nd quarter 377 bins).
Health and 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 nil incidents, non-injury 4 incidents, lost time nil days. BHL Group: injury 13 incidents, non-injury 70 incidents, lost time days not recorded"
	10	To comply with Health and Safety policies and legislation	Setup systems, procedures and policies to comply with legislation (commentary on progress required)	●	Implementing Vault software to manage, record and report on systems, policies & procedures and incidents.
Other key areas					
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 542 service requests between 1 July and 31 March 2018. At 31 March there were 283 outstanding requests for various reasons including ongoing monitoring.

4. DASHBOARD - NON FINANCIAL PERFORMANCE MEASURES FOR THE PERIOD ENDED 31 MARCH 2018

Activity	No.	Measure	Target	Achieved / Not Achieved	Commentary
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	●	Required level of passengers achieved

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

5. 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 2017/18 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 2017/18 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 2018**

	Parent			
	31 Mar-18 Actual \$000	31 Mar-18 Budget \$000	2017/2018 Predicted - Full Year \$000	2017/2018 Budget - Full Year \$000
OPERATING REVENUE				
General Rates	6,219	6,235	8,292	8,314
Targeted Rates (excluding Metered Water)	4,122	4,121	5,496	5,517
Metered Water Charges	144	113	192	204
Rate Penalties	105	113	140	150
Subsidies and Grants	3,399	2,737	5,132	4,442
Dividend & Subvention Revenue	0	0	1,000	910
Investment Revenue	434	413	636	636
Development and Financial Contributions	34	79	45	105
Fees & Charges	2,275	2,522	2,993	3,091
Vested Assets	0	0	101	101
Total Operating Revenue	16,732	16,333	24,027	23,470
OPERATING EXPENDITURE				
Employee Costs	3,578	3,494	4,771	4,658
Depreciation & Amortisation	4,108	4,003	5,477	5,462
Finance Costs	722	818	963	1,115
Other Expenses	9,720	8,921	12,667	11,499
Assets Written Off	0	0	350	350
Loss on Derivative Contracts	242	0	150	0
Loss on Sale of Investment Property	1	0	1	0
Total Operating Expenditure	12,121	11,604	23,084	
Net Surplus (Deficit) Before Taxation	18,371	17,235	24,378	23,084
Income Tax Expense	0	0	0	0
Net Surplus (Deficit) After Taxation	(1,639)	(903)	(352)	386
Other Comprehensive Revenue & Expenses				
Increase/(decrease) in Infrastructure Revaluation Reserves	0	0	0	0
Total Comprehensive Revenue and Expenses	(1,639)	(903)	(352)	386

**STATEMENT OF CHANGES OF EQUITY
FOR THE 9 MONTHS ENDED 31 MARCH 2018**

	Parent	
	31 Mar-18 Actual \$000	2017/2018 Budget - Full Year \$000
Equity as at 1 July	318,476	325,979
Total Comprehensive Revenue and Expense	(1,639)	386
Total Equity at End of Period	316,837	326,365
Components of Equity		
Accumulated Funds	167,883	166,725
Reserves	4,993	5,385
Asset Revaluation Reserve	143,961	154,255
Total Equity at End of Period	316,837	326,365

**STATEMENT OF FINANCIAL POSITION
PERIOD ENDED 31 MARCH 2018**

	Parent		
	Mar-18 Actual \$000	2016/2017 Actual \$000	2017/2018 Budget - Full Year \$000
CURRENT ASSETS			
Cash and Cash Equivalents	5,067	3,245	1,030
Trade and Other Receivables	3,009	4,518	4,858
Inventories	9	11	13
Other Current Assets	22	35	35
Short Term Investments	13,675	12,684	13,784
Assets Held for Sale	161	161	0
Total Current Assets	21,943	20,654	19,720
NON CURRENT ASSETS			
Investment in Council Controlled Organisations	19,625	19,576	20,035
Other Investments	469	2,753	0
Investment Property	7,584	7,687	7,568
Infrastructural Assets	275,978	276,324	294,822
Other Non Current Assets	22,479	21,170	19,595
Intangible Assets	62	106	50
Total Non Current Assets	326,197	327,616	342,070
Total Assets	348,140	348,270	361,790
CURRENT LIABILITIES			
Trade and Other Payables	2,954	3,018	3,982
Derivative Financial Instruments	0	0	55
Employee Entitlements	633	580	451
Provisions	35	35	0
Current Portion of Term Debt	4,790	8,510	107
Total Current Liabilities	8,412	12,143	4,595
NON CURRENT LIABILITIES			
Derivative Financial Instruments	998	756	1,100
Provisions	1,566	1,566	1,483
Bond Deposits	82	83	82
Employee Entitlements	246	246	140
Term Debt	20,000	15,000	28,025
Total Non Current Liabilities	22,892	17,651	30,830

	Parent		
	Mar-18 Actual \$000	2016/2017 Actual \$000	2017/2018 Budget - Full Year \$000
EQUITY			
Accumulated Funds	167,883	169,441	166,725
Reserves	4,993	4,992	5,385
Asset Revaluation Reserve	143,961	144,043	154,255
Total Equity	316,837	318,476	326,365
Total Liabilities & Equity	348,140	348,270	361,790

**STATEMENT OF CASHFLOWS
FOR PERIOD ENDED 31 MARCH 2018**

	Parent	
	Mar-18 Actual \$000	2017/2018 Budget - Full Year \$000
CASHFLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Rates	10,649	13,981
Other revenue	5,779	7,532
Interest received	434	636
Dividends and subvention payments received	1,203	1,220
	18,065	23,369
Cash was applied to:		
Payments to suppliers and employers	9,126	17,227
Interest paid	487	1,115
Net GST movement	(66)	0
	9,546	18,342
Net Cash From Operating Activities	2,251	5,027
CASHFLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Sale of investment property	0	100
Investment realised	10,683	0
	10,683	100
Cash was applied to:		
Purchase of fixed assets	5,162	7,225
Purchase of investments	9,407	500
Purchase of equity investments	0	35
	14,569	7,760
Net Cash From Investing Activities	(3,886)	(7,660)
CASHFLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:		
Loans raised	1,280	2,585
Cash was applied to:		
Repayment of loans	0	107
Net Cash From Financing Activities	1,280	2,478
Net Increase (Decrease) in Cash	1,822	(155)
Opening Cash as at 1 July	3,245	1,185
Closing Cash as at 31 December	5,067	1,030

FINANCE AND AUDIT COMMITTEE

23 MAY 2018

Agenda Item No 5

Prepared by - Wendy Thompson
- Financial Accountant

Reviewed by - Dean Phibbs
- Manager Corporate Services

INVESTMENTS AND BORROWINGS: APRIL 2018

1. REPORT SUMMARY

This report summarises Councils cash investments and borrowings for the month ended April 2018, interest earned for the period from 1 July 2017 to 30 April 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 \$0.2 million in total from the last report circulated to the end of March 2018. This is due to the cyclical effect of quarterly rates billing and monthly creditor payment obligations. The trading account closing balance is \$506,625.

3.2 Interest Revenue

Interest revenue to the end of April 2018 is \$773,000 compared to a budget of \$759,000. 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 March, with a current balance of \$24,790,000.

Net debt (borrowings less term investments) has decreased to \$8,714,572 from the \$8,914,572 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

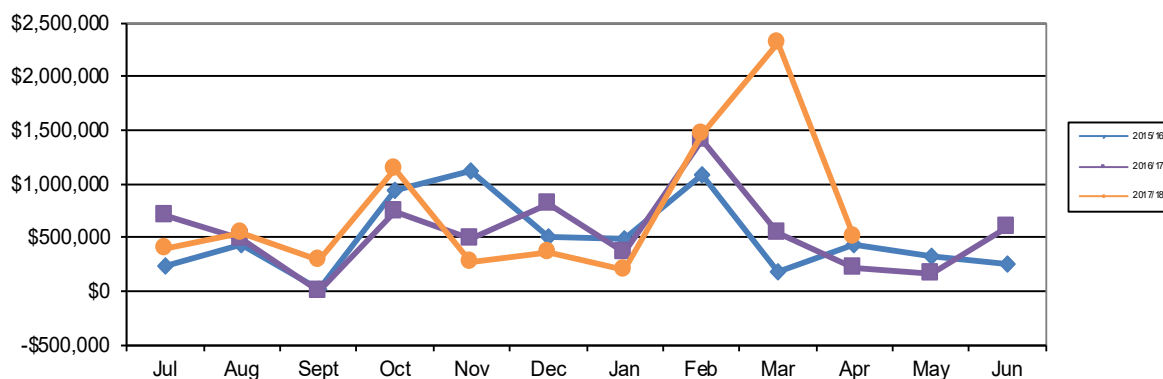
None identified.

INVESTMENTS AND BORROWINGS REPORT

1. BANK BALANCE

	This Month 30 Apr-18	Last Month 31 Mar-18	Last Year 30 Jun-17
Council	\$506,625	\$2,307,263	\$585,661

2. MONTH END BANK BALANCE



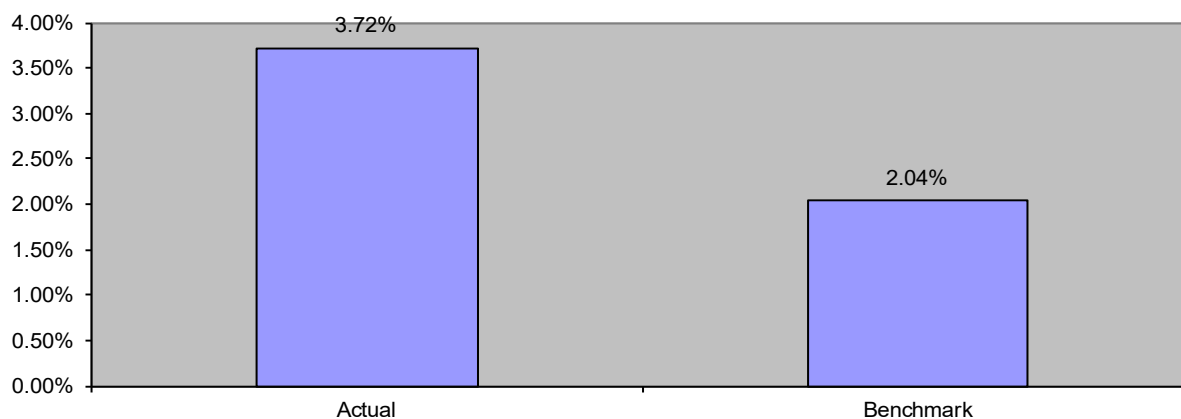
3. SUMMARY OF INVESTMENTS

	This Month 30 Apr-18	Last Month 31 Mar-18	Last Year 30 Jun-17
Term Deposits	16,075,382	15,875,382	17,098,148
Other Loans (includes loan to Holding Company)	2,461,777	2,463,027	2,537,348
Total Investments	\$18,537,159	\$18,338,409	\$19,635,496

4. SOURCE OF FUNDS

	This Month 30 Apr-18	Last Month 31 Mar-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)	1,506,785	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)	2,400,000	2,200,000	2,100,000
	\$16,075,382	\$15,875,382	\$17,098,148

5. INVESTMENTS PORTFOLIO PERFORMANCE (12 Month Average)



6. INTEREST REVENUE

	Actual YTD	Budget YTD	Budget Full Year
Interest Revenue	\$773,457	\$758,930	\$1,220,715

7. COMPLIANCE WITH INVESTMENT POLICY

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

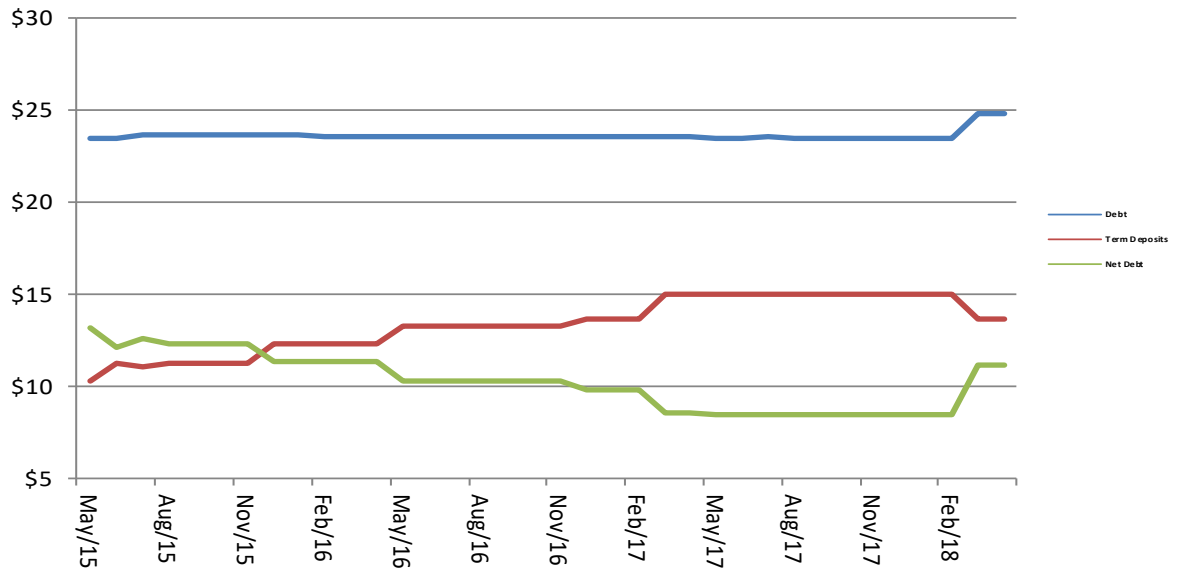
Council has approved the investment in NBS which sees us in breach of the Treasury Management Policy. This breach will continue as investments mature and are rolled over.

8. SUMMARY OF BORROWINGS

	This Month 30 Apr-18	Last Month 31 Mar-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	16,075,382	15,875,382	17,098,148
	\$8,714,572	\$8,914,572	\$6,401,953

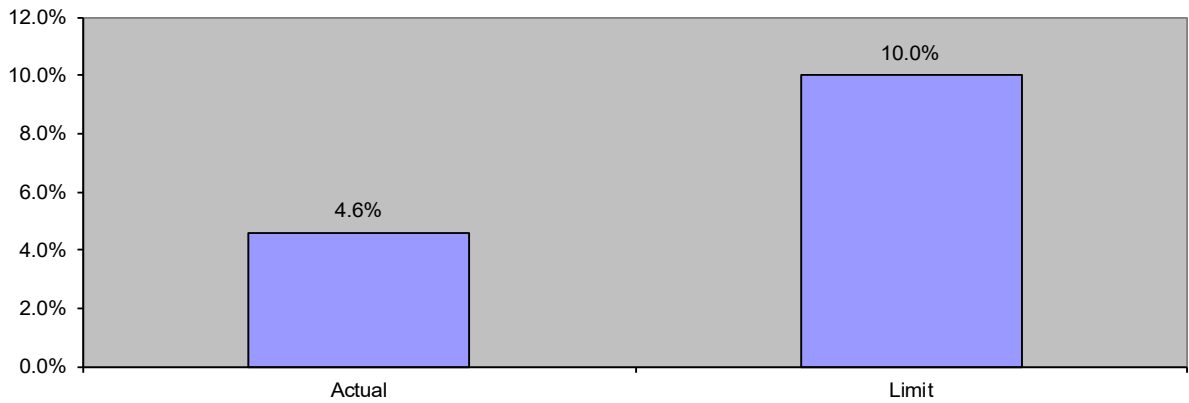
9. DEBT AND INVESTMENTS 3-YEAR TREND

\$ Millions

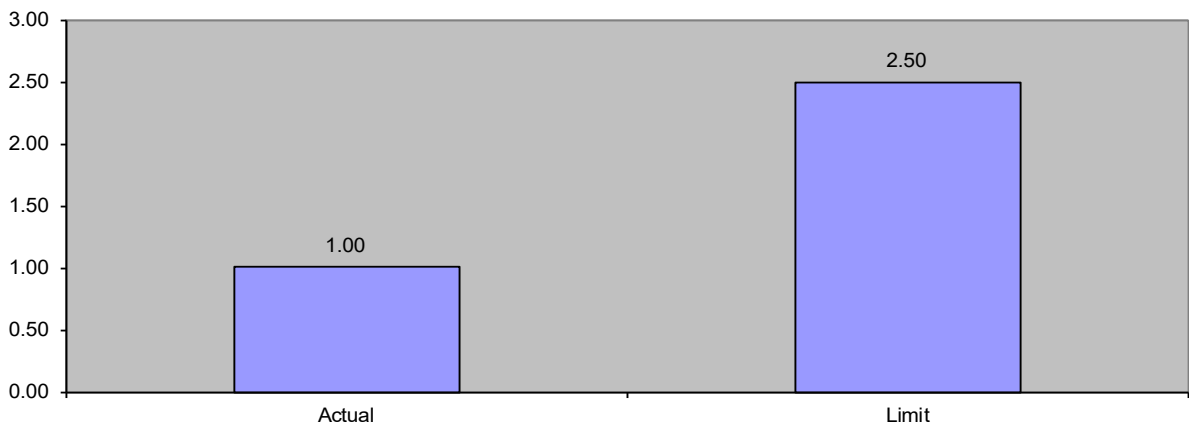


10. COMPLIANCE WITH TREASURY POLICY

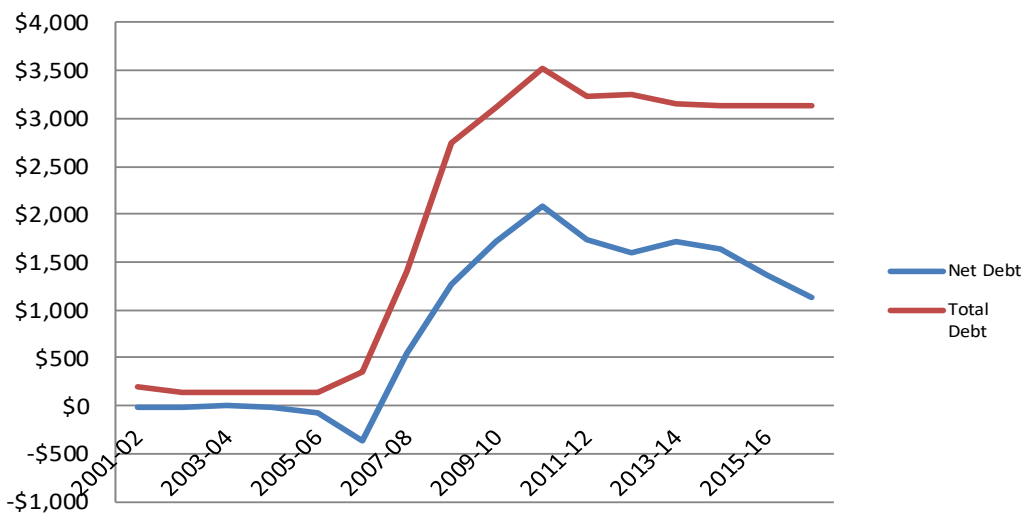
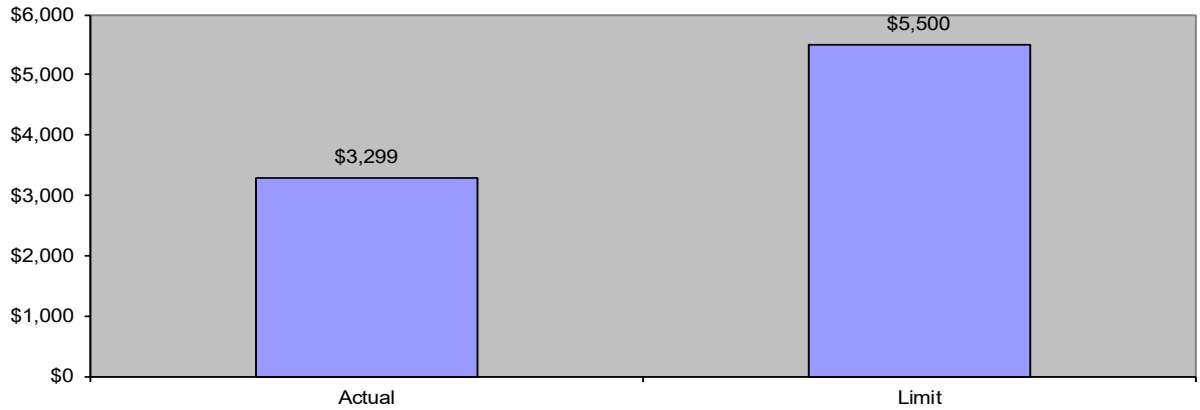
10.1 Interest Expense / Total Income



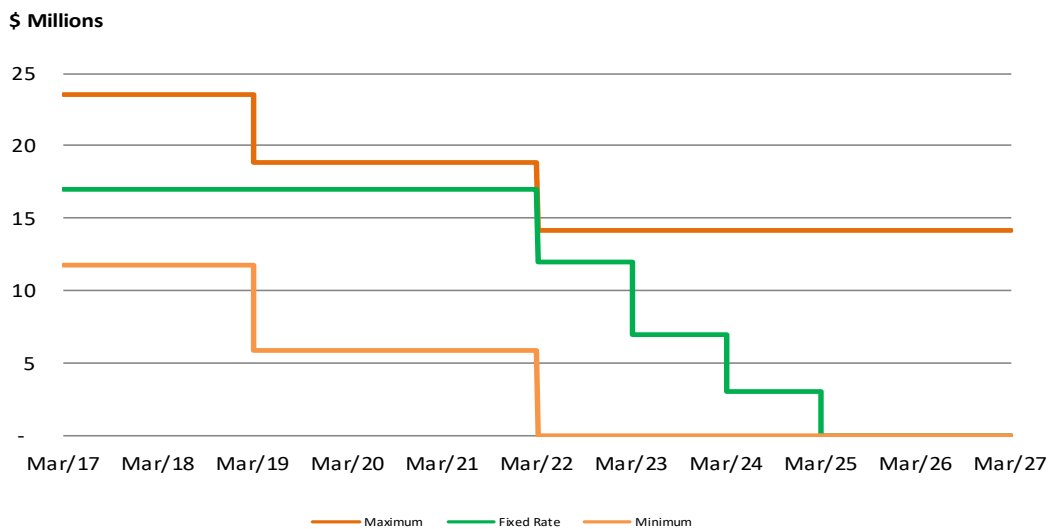
10.2 Gross Debt / Total Income



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

23 MAY 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 March 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 Appendix A.

2. DRAFT RECOMMENDATION

That the report be received for information.

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 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	●	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 consultation phase.
Significant Projects	●	General Projects: The District Plan Review progressed as planned to March 2018. The telephony project has been completed ahead of time. Work continues on the Information Management system which is a key project. Rates Review workshops are planned for Phase III after decision to retain land based general rating system made.
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 in progress. Carnegie Library earthquake report required, this is necessary work that should not be delayed and costs may be over budget at end of year.
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.

Significant Projects Report

Indicator	Project Description	Project Manager	Carry Over (over)/under	2017/18 Budget	Total Budget	Actual Cost to 31 March 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 IMDC, 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	Jun-18		Housing stock & ownership structure i.e. Trust to be investigated.
●	Carters Beach Sea Erosion Advocacy	GH + CEO	0	0						Aug-17			Community Meetings Held. Advocacy role only. Responsibility is with WCRC.
●	Ngakawau/Granity Sea Erosion Advocacy	GH	0	0						Aug-17			Community Meetings Held. Advocacy role only. Responsibility is with WCRC.
●	Westport Flood Mitigation Advocacy	GH	0	0			ongoing						WCRC project, BDC role is advocacy. WCRC Submissions on this issue closed 17 February 2017.
●	Future of Westport Port	CEO & DP	0	0			under continual review			Dec-15	Jun-18		AP, LTP Strategy, CCTO 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.
●	Other Community & Environment Projects	CS	0	0									
			0	0	0	0							

Significant Projects Report

Indicator	Project Description	Project Manager	Carry Over (over)/under	2017 /18 Budget	Total Budget	Actual Cost to 31 March 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	in progress			Apr-16	Dec-17		An agreement is in place with Fire & Emergency NZ for use of rural fire trucks.
●	Long Term Plan 2018-2028	DP	0	0	0	0	at consultation			May 17	Jun-18		Budget workshop completed February 2018. Since completed draft Long Term Plan & Consultation Document for audit.
●	Other Corporate Services Projects	DP	0	0	0	0							
			0	0	0	0							
SIGNIFICANT PROJECTS													
●	District Plan Review	RT	140	20,000	20,000	0	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 and 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	136,568	in progress				Jun-18		IM Project at implementation stage. Telephony upgrade completed. Hardware updates continuing.
●	Other Significant Projects												
			284,756	221,460	506,076	145,013							

Significant Projects Report

Indicator	Project Description	Project Manager	Carry Over (over)/under	2017/18 Budget	Total Budget	Actual Cost to 31 March 2018	Project status	Scope, Design, etc	Quote, Tender, etc	Planned Start Date	Planned Completion	Date of completion	Comments / Issues
ASSETS & INFRASTRUCTURE													
Three Waters													
●	Punakaiki Water Intake Easement and Supply	MD	0	0	0	15,926	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	2,350,000	2,971,199	208,093	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	19,778	In Progress						The sectional mains replacement continues in line with annual budget and work plan to replace a certain number of lengths per annum.
●	Waimangaroa Water Treatment System	MD	0	473,692	473,692	48,508	In Progress						Possible bore sites have been identified, Communications update provided to water board.
●	Ngakawau Hector Water Treatment System	MD	0	0	0	5,516	In Progress						Situation under further review.
●	Costing Water Schemes including assessment of depreciation funding	MD	0	0	0	0	In Progress						Ongoing as required. Considered for part of Long Term Plan.
●	Little Wanganui Water and Sewerage Easements	MD	0	0	0	7,873	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	769,594	In Progress				Jun-18		All works underway.
●	Roading - Special Purpose Road Capital Works	TR	0	369,821	369,821	419,410	In Progress				Jun-18		All works underway.
●	Earthquake Strengthening of Buildings	RB	0	0	0	0					Jun-18		Carnegie Library engineer assessment work ongoing in 2017-2018. Essential work required. Costs will be \$3000 for Stage I and \$15,000 for Stage II.
●	Footpaths- Urban Development	TR	84,791	202,080	286,871	170,064	ongoing				Jun-18		Footpath work plan for 2017/18 FY underway.
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	28,246	In Progress						Site testing analysis and risk assessment undertaken and report being compiled in 2017/2018.
●	Riverside Development and Waterfront Project		0	60,000	60,000	5,998							
●	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	4,761,960	5,724,622	1,796,194							
TOTAL SIGNIFICANT PROJECTS			1,247,418	4,983,420	6,230,698	1,941,207							

FINANCE AND AUDIT COMMITTEE

23 MAY 2018

Agenda Item No 7

Prepared by - Lynn Brooks
- Management Accountant

Reviewed by - Dean Phibbs
- Manager Corporate Services

CAPITAL INCOME AND CAPITAL EXPENDITURE REPORT

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 for the year to date.

There are not any issues that require a decision Council 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 is accepted for information purposes.

3. ISSUES & DISCUSSION

This report is presented to Council to monitor capital income and expenditure movements.

Council requires 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 2018.

3.1 Capital Income

Community Services capital funding records the NBS sponsorship agreement which is in place until March 2019 and the Pulse Energy Recreation Centre sponsorship agreements which are in place until April 2022.

The Roading and Urban Development program involves negotiation with NZTA for agreed works programmes and associated subsidies. The budget of \$1.16m as set in the Buller District Council Annual Plan has a variance with NZTA's funding budget because it is expected BDC will receive \$274,000 additional funding if all the capital works are completed by year end. This additional funding offsets the funding variances in the prior two years which saw less NZTA funding received than budgeted for. The timing of NZTA income received correlates to the capital expenditure incurred which is generally completed during February to June when weather conditions are more

favourable for this type of activity, so we expect to see the largest portion of work being completed in the summer months and into the later part of the financial year.

The Water project for Waimangaroa has been held up while an appropriate bore site option is decided. The approved subsidy for this project will be available for drawdown once the scheme is completed which may fall into the next financial year. The Ngakawau Hector drinking water project and subsidy income has not progressed as planned and receipt of capital funding for this project has not been budgeted for.

Property, Amenities and Reserves includes a budget of \$200,000 Government funding for the Fox River Toilets. The actual subsidy to be received is expected to be \$255,160.

Solid Waste includes a budget of \$85,000 unplanned subsidy to be received toward the four new recycling container units which will be completed toward the end of the financial year.

3.2 Capital Expenditure

Airport capital expenditure is over budget due to the purchase of a mower which was unbudgeted. It is expected the costs will be somewhat offset by lower mower maintenance costs for the remainder of the year.

Community Services expenditure includes library books, library furniture and NBS theatre equipment. The large amount showing as unbudgeted expenditure is the costs of Westport Harbour acquisition.

Environmental Services expenditure includes two items which are unbudgeted, including some necessary communication assets for Civil Defence as well as special features required for the dog control vehicle.

Property, Amenities and Reserves expenditure includes budgets for the Punakaiki Community Centre, cemeteries, new public toilets at Fox River, \$70,000 for the sea wall at Punakaiki Beach Camp and sundry capital for Council buildings. Of these, it is expected \$100,000 may not be required for Punakaiki Community Centre as there is further planning and community input required before this project proceeds. The two new public toilets are expected to cost more than budget, however this is offset in full by a subsidy being received.

Water projects are closely monitored. It is expected the Westport water supply project will be completed during the 2018/2019 financial year, so we have indicated the deferral of \$2.7m of budgeted expenditure in the attached schedule. It is also expected that the Waimangaroa water supply will not progress until later in the 2018/2019 year, therefore the associated costs and income have been deferred until the next financial year also.

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 Councils' strategic 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 being met.

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 for the Year Ended 30 June 2018
(Actual to 31 March 2018, Forecast for April 2018 to June 2018)

Activity	BUDGET	INCOME - EXTERNAL CONTRIBUTIONS				VARIANCE ANALYSIS			Significant Variance Details
		Contributions Received	Further Contributions Expected to 30 June 2018	Total Projected	Projected Variance <i>over/(under)</i>	Project Timelines	Funding Sources	Total Variance <i>over/(under)</i>	
Promotion & Development	0	0	0	0	0			0	
Community Services									
NBS Theatre	34,700	0	34,700	34,700	0			0	0 Sponsorship agreements in place continue to March 2019
Pulse Energy Recreation Centre	400,000	200,000	200,000	400,000	0			0	0 Sponsorship agreements in place continue to April 2022.
Environmental Services	0	0	0	0	0			0	
Property, Amenities & Reserves	200,000	0	255,160	0	55,160		55,160	55,160	Expected to receive greater than expected Government Subsidy for North Beach and Fox River toilets.
Airport	0	0	0	0	0			0	
Roading & Urban Development									NZTA revised capital income budget is \$1,429,134
NZ Transport Agency - Capital Funding	1,155,033	904,454	250,579	1,155,033	0		0	0	Variation of \$274,101 (extra funding) may be received at end of year due to NZTA approved Capital Expenditure if all projects are completed. The capital program is usually commenced later in the financial year as weather conditions for these projects is more suitable from summer onward therefore the majority of contributions are received in the last half of the year.
Solid Waste	0	0	85,000	85,000	85,000		85,000	85,000	There is a high chance of receiving 50% funding for the recycling containers and concrete slabs they sit on from MFE.
Water									
Ngakawau Hector DWS Subsidy	0	0	0	0	0	0		0	0 Project delayed.
Waimangaroa DWS Subsidy	402,638	0	0	0	(402,638)	(402,638)		(402,638)	Awaiting water bore site confirmation. Funding will not be drawn down by end of year 2018.
Wastewater	0	0	0	0	0			0	
Support	0	0	0	0	0			0	
TOTAL	2,192,371	1,104,454	825,439	1,674,733	(262,478)	(402,638)	140,160	(262,478)	

BULLER DISTRICT COUNCIL
Capital Expenditure Projection for the Year Ended 30 June 2018
 (Actual to September 2017, Forecast from October 2017 to June 2018)

	BUDGET					EXPENDITURE			VARIANCE ANALYSIS					SIGNIFICANT VARIANCE DETAILS
	Carry Over from 2016/17	Budget Set for 2017/18	Combined Budget and Carry Over for 2017/18	Less Budget Provision Now Not Required	Final Budget For 2017/18	2016/17 Work in Progress Carried Forward	2017/18 Projected Expenditure	Total Projected Expenditure and Work in Progress for 2017/18	Projected Budget Under Spend	Projected Budget Over Spend	Unbudgeted Expenditure	Projects to Rebudget or Carry Over into 2018/19	TOTAL VARIANCE over budget (under) budget	
Airport	0	5,000	5,000	0	5,000	0	24,516	24,516	0	0	19,516	0	19,516	Projected Spend: \$5,000 Budget for plant. Budgeted spending to date is signs and a gas operated bird scarer. Unbudgeted expenditure ride on mower required replacement (Mower Cost \$16,802) and expected costs for signage, gate and scene lighting required for safety.
Community Services	253,294	301,834	555,128	0	555,128	60,868	1,397,700	1,458,568	(34,934)	2,093	1,040,000	(103,719)	903,440	Carry Over from 2016/17 includes: Urban Streetscape (Seal Loop Signs) \$125,000 and Vision2010 Projects being Inangahua funding \$34,989 and Seddon funding \$93,305. Work in Progress includes: \$2,093 on report for work required to Reefton Pool and \$58,775 on the Urban Streetscape (Seal Loop Signs). Projected spend: This capital expenditure category includes library books and assets, NBS theatre equipment and includes the one-off unbudgeted Westport Harbour Purchase of Land and Buildings cost. Projects to Carry Over to 2018-2019 include Seddon Ward 2010 urban design funding (\$68,730) and Inangahua Ward 2010 Reefton Broadway urban design funding (\$26,559). Projected Underspend Includes the District Signage project offset by the 7 Day Makeover Costs which are \$1,844 over budget, however some of those costs relate to stage two of the project and after analysis will be carried forward to next year. The large item showing Unbudgeted Expenditure of \$1,040,000 is for Westport Harbour land and buildings is included.
Environmental Services	0	38,911	38,911	0	38,911	0	47,531	47,531	0	8,620	0	0	8,620	Unbudgeted Expenditure: to purchase body cameras for the Animal Control Officers (\$2,008) Civil Defence Radio sets (\$2,479), and additional requirements for dog control
Property, Amenities & Reserves	145,960	519,667	665,627	0	665,627	11,456	822,077	833,533	(103,204)	91,118	180,000	0	167,914	Carry Over from 2016/17 includes: \$25,620 garden/playground works, \$100,000 Punakaiki Community Centre, \$20,340 Victoria Square capital work not completed at year end. Work in Progress includes: \$4,777 spent on Punakaiki Community Centre, \$5,000 other land and \$1,679 on Peel Street Yard. Underspend: Punakaiki Community Centre \$100,000 unlikely to progress and be spent by year end and Clocktower clock project not yet completed. Estimated overspend \$86,518 on both Fox and North Beach toilets however this is nearly offset by unbudgeted capital income of \$55,160. Unbudgeted Expenditure includes \$180,000 for Westport Harbour property purchase.
Roading & Urban Development	116,721	1,836,922	1,953,643	0	1,953,643	0	1,956,318	1,956,318	0	2,675	0	0	2,675	Carry Overs from 2016/17: Footpaths \$84,791 and Palmerston Street Cameras+flags+lights \$31,930. It is expected that the roading programme will be completed as budgeted for at year end, very close to budget.
Solid Waste	0	137,900	137,900	0	137,900	0	178,079	178,079	0	40,179	0	0	40,179	Budget is for four large recycling container units. Overspend for the units is expected, but there is a high likelihood of BDC receiving an unbudgeted subsidy of \$85,000 toward the units.
Water	668,470	3,391,684	4,060,154	0	4,060,154	161,573	1,409,841	1,571,414	(1,884)	15,693	685,737	(3,188,286)	(2,488,740)	Carry Overs 2016/17: Westport water supply \$47,271 and Westport Number 1 Tunnel bracing \$621,199. Work in Progress includes: Westport water supply \$5,473 and \$131,995 tunnel bracing costs. Projects to Carry Over to 2018/19 includes an estimated \$2.7m for the Westport water project which after discussion with 3Waters team is expected to be completed in the 2018/2019 year. This also includes \$473,692 for Waimangaroa which is not expected to be spent by end of year and will carry over to next year. Unbudgeted Expenditure includes Westport water costs (\$450,305), Cape Foulwind water costs (\$117,985) and Punakaiki water costs (\$52,943) which was unplanned required capital expenditure.
Wastewater	247,419	615,557	862,976	0	862,976	924	841,993	842,917	0	0	0	(20,059)	(20,059)	Carry Overs 2016/17: Sewer modelling and separation for Westport Sewer and capital works for Reefton Sewer. Work in Progress includes: sewer modelling and separation for Westport Sewer. End of Year: the routine capital works are being met and significant capital works are at implementation stage, except for Little Wanganui which is included in Projects to Rebudget or Carry Over into 2018/19 .
Stormwater	0	205,008	205,008	0	205,008	0	205,008	205,008	0	0	0	0	0	There are no carry overs or Work in Progress. It is expected the budget will be fully spent at year end.
Professional Business Unit	0	5,004	5,004	0	5,004	0	23,980	23,980	(24)	0	19,000	0	18,976	Budget is for software. Unbudgeted Expenditure is the purchase of the Westport Harbour vehicle.
Support	284,636	167,825	452,461	0	452,461	74,533	68,868	143,401	0	0	0	(309,059)	(309,060)	Carry Over 2016/17 includes: MAGIQ system modules \$19,341, GIS system \$11,880, Information Management costs \$151,876, Website costs \$10,000, Systems and network \$19,789, Telephony \$70,000 and mobile phones \$1,750. Work in Progress includes: \$8,725 MAGIQ system modules, \$15,028 Information Management, \$3,271 network upgrades, \$46,424 telephony project (combined with other West Coast Councils) and \$1085 Public WIFI. At this point in the year it is not considered there will be any project over-runs or underspends. We await more information on the Information Management project which may be delayed - better information on this project should be known next quarter.
Total Buller District Council	1,716,500	7,225,312	8,941,812	0	8,941,812	309,354	6,975,912	7,285,266	(140,046)	160,378	1,944,253	(3,621,123)	(1,656,539)	

FINANCE AND AUDIT COMMITTEE

23 MAY 2018

Agenda Item No 8

Prepared by - Lynn Brooks
- Management Accountant

Reveiwed by - Dean Phibbs
- Manager Corporate Services

DEBT RECOVERY REPORT

1. REPORT SUMMARY

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

There are not any customers with arrears that require a decision of Council to progress the debt recovery processes because these processes are underway and continuous.

2. RECOMMENDATION/DRAFT RESOLUTION:

The recommendation is this report be accepted for information purposes.

3. ISSUES & DISCUSSION

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

Council requires a high level overview of the debt owed to Buller District Council. This information, when taken in conjunction with all other aspects of the financial results provides a full view of the financial performance and financial position of Buller District Council at 28 February 2018.

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

The total rates debt at March 2018 is slightly lower over the four years graphed. This shows the increased debt collection measures being used and that the early contact made with ratepayers who start to fall behind is effective.

Comparing the amount of serious default as a proportion of total debt at March 2018 to March 2014, 2015 and 2016, this has also reduced. Rates debt has decreased over the total timeframe reported in the graph.

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

Sundry Debtors debt declines over the timeframe shown in the graph. The serious default category indicated in red in the graph is due to non-payment of leasehold

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

4. CONSIDERATIONS

4.1 Strategic impact

The debt recovery report provides feedback on the effectiveness of the strategic direction of Council and the interaction between Council and our District economy.

In the last long term plan it was agreed to minimise rates increases and limit new services or assets to only those that could be used as a springboard for District economic growth.

The change in Council customers' debt levels and their classification provide a measure against this core strategic priority and provides an overview of its impact on our community.

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

4.2 Significance assessment

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

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

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

5 Risk analysis

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

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

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

6 Values

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

7 Policy / legal considerations

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

8 Tangata whenua consultation considerations

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

9 Views of those affected

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

10 Costs

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

11 Benefits

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

12 Media / publicity

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

Rates Accounts - Debt Recovery Report

Report cutoff date 31 March 2018
 Last rates instalment due date 28 February 2018
 Next rates instalment due date 28 May 2018

Internal Debt Recovery Analysis

Status Flag	Category	No. of Ratepayers	Total Arrears Balance YTD	Current Year Arrears	Previous Year Arrears		Further Action to Commence					Comment	
					\$	%	Formal Review	To Debt Agency	Title Search	Monitor Progress	Further Letter		Continue Sale Process
●	Placed with External Debt Collection	35	235,543	56,007	179,536	32%				✓			Arrears placed with Credit Recoveries. Refer to the analysis below.
●	No current mailing address	2	1,396	695	701	0%		✓					Sent to debt collection for tracing, also tracing some through bank deposits, text messaging & social media.
●	Approach Mortgagee	13	43,521	25,752	17,769	3%							Ratepayers with mortgages are pursued for payment under the Rating Act, collecting prior year arrears.
●	Awaiting Decision	27	80,138	43,419	36,719	7%	✓		✓				More complicated cases, ie house uninhabitable / property on market etc require close monitoring.
●	Missed more than two instalments	12	20,651	16,537	4,114	1%					✓		Reviewing for possibility of Mortgagee Action.
●	Under Action - Short Term Monitored	39	60,660	43,792	16,868	3%	✓					✓	Reviewed systematically with each ratepayer.
●	Payments Insufficient	22	25,157	22,223	2,934	1%				✓	✓		Reviewed systematically. Work through options to increase payments/resolve debt.
●	Long Term Monitored	61	160,927	92,097	68,830	12%	✓						Financial hardship, paying minimum amounts. Reviewed 6 monthly (Aug/Feb), more frequently if in decline.
●	No Payments - Property on Market	0	0	0	0	0%							Annual Review.
●	Missed November 2017 & February 2018 insta	104	111,515	104,391	7,124	1%					✓		Letters sent - monitoring.
●	Missed one instalment only	118	49,318	49,318	0	0%					✓		Letters sent - monitoring.
●	Payment plans	263	24,599	19,467	5,132	1%				✓			Reviewed annually and updated as required.
●	Abandoned Land Tender Project	68	262,543	39,604	222,939	40%						✓	Abandoned Land tender process.
Totals		764	1,075,968	513,302	562,666	100%							

External Debt Recovery Analysis

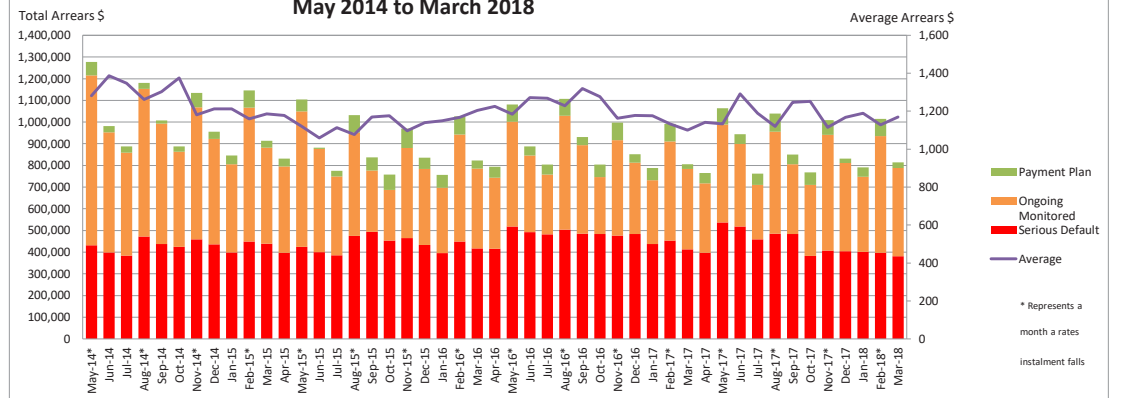
(refer Note 1 & Note 2)

Status Flag	Category	No of Ratepayers	Balance
●	Legal	5	46,121
●	Unable to trace ratepayer (No known address)	5	10,139
●	Active - no arrangement	7	34,153
●	Payment Plans	12	37,456
●	Rating Sale in Progress	4	53,389
Totals		33	181,258

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

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

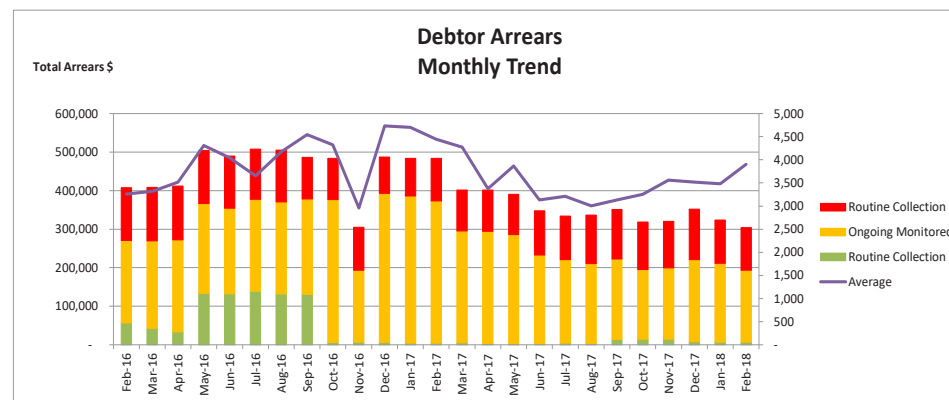
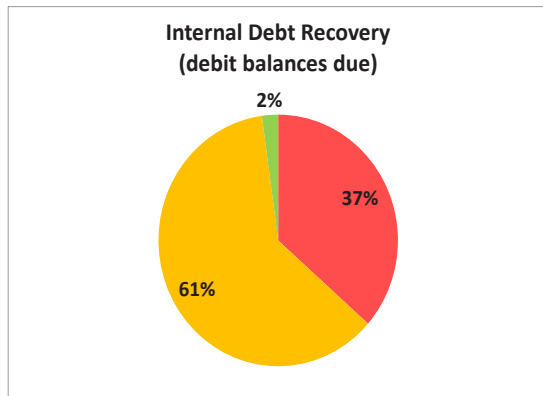
Rate Arrears Monthly Trend from May 2014 to March 2018



Sundry Debtors - Debt Recovery Report

Report cutoff date 28 February 2018
 Ageing cycle - current due 31 March 2018

Status Flag	Debtor Type	Age of Debt		No. of Account Holders per Debt Thresholds			Action to Date				Further Action to Commence					Comments
		No. of Debtors	Overdue	Less than \$2,000	\$2,001 to \$10,000	Over \$10,001	At Debt Agency/ Mortgagee	Letter Sent	Payment Plan	In Dispute	Formal Review	To Debt Agency / Mortgagee	Monitor Progress	Further Letter/ Meeting	Other Options	
●	Leasehold Properties	18	111,086	6	6	6	1		11		✓			✓	✓	Rents invoiced 6 monthly in advance. Long standing arrears receiving increased collection measures.
●	Orowaiti Connection	4	11,280	1	3		1		2		✓					One overdue account remains lodged with Credit Recoveries.
●	Libraries			0												
●	Water	8	6,491	7	1			2					✓			Payment plans promoted for those with long standing debt.
●	Resource Management	11	70,111	6	1	4	4		2	1		✓	✓			Long standing arrears receiving increased collection measures.
●	Rentals	13	93,622	9	2	2	1	2	2							One large amount at debt collection. Others under agreed payment plans and ongoing monitored.
●	Regulatory Licences e.g. Food Premises	7	2,352	7				6								Timing of Annual Licences billing.
●	Sundry	9	3,007	8	1			4					✓			Instalment arrangements entered into for those with long standing debt.
●	Trade Waste	6	3,961	6			1									Annual invoicing cycle in June.
●	Building Consents	1	910	1				1								Where overdue, this represents inspections not yet completed due to timing of building process.
●	Cemetery	1	1,777	1					1							Instalment arrangements entered into for those with long standing debt.
●	LIMs	0														
●	Totals	78	304,597	52	14	12										



FINANCE AND AUDIT COMMITTEE

23 MAY 2018

Agenda Item No 9

**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	<p>This issue highlights the importance of the Council having good asset management plans in place with high-quality asset condition information underlying the plan.</p> <p>The maintenance and replacement of aging infrastructure networks is likely to be a key issue for Council's upcoming Long Term Plan. Asset management plans will need to be updated to reflect the current and planned state of Council's assets.</p>	Group Manager Assets and Infrastructure		<p>Asset management plans will be implemented more efficiently through portfolio co-ordinators to own and drive their respective maintenance and renewal programs, as well as strategic alignment accountability by management.</p> <p>Council intends to review and update existing Asset Management Plans in the process of compiling the 2018-2028 Long Term Plan.</p> <p>(on-going review for 2019/2020 AP).</p>	June 2019

