

# **AGENDA:**

Meeting of the  
**FINANCE & AUDIT COMMITTEE**

**Wednesday 15 November 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

15 NOVEMBER 2017

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# FINANCE AND AUDIT COMMITTEE

15 NOVEMBER 2017

Agenda Item No 1

Prepared by - Dean Phibbs  
- Manager Corporate Services

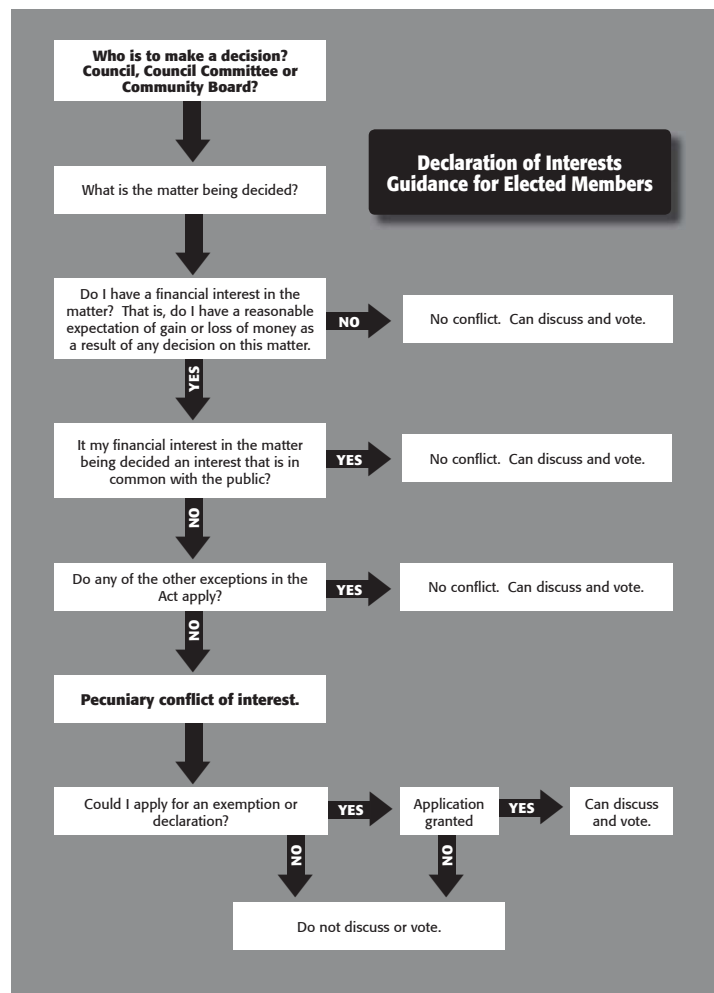
## MEMBERS INTEREST

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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**

**15 NOVEMBER 2017**

**Agenda Item No 2**

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

**CONFIRMATION OF MINUTES**

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Minutes of the meeting held 13 September 2017.

**DRAFT RECOMMENDATION**

**That the minutes from the meeting held 13 September 2017 are confirmed.**

**MEETING OF THE BULLER DISTRICT COUNCIL FINANCE AND AUDIT COMMITTEE, COMMENCED AT 5:00m 18 OCTOBER 2017 AT CLOCKTOWER CHAMBERS, PALMERSTON STREET, WESTPORT**

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**PRESENT:**

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

**IN ATTENDANCE:**

Manager Corporate Services (D Phibbs) and PA Corporate Services (M Wilson).

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**APOLOGIES:**

No apologies were received.

**S Roche/J Cleine  
CARRIED UNANIMOUSLY**

**1. MEMBER'S INTEREST**

Item 6. BHL Share Issue – Cr R Nahr declared an interest.

**2. MINUTES**

**RESOLVED** that the minutes of the 13 September 2017 meeting be accepted.

**J Cleine/R Nahr  
CARRIED UNANIMOUSLY**

**3. ACTION POINTS**

143. Completed.

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

**S Roche/J Cleine  
CARRIED UNANIMOUSLY**

**4. FINANCIAL PERFORMANCE**

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

**S Roche/R Nahr  
CARRIED UNANIMOUSLY**

**5. INVESTMENTS AND BORROWINGS**

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

**P Rutherford/J Cleine  
CARRIED UNANIMOUSLY**

**6. BHL SHARE ISSUE**

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

**S Roche/G Howard  
CARRIED UNANIMOUSLY  
Abstained: Cr R Nahr**

**RESOLVED** that the BHL Share Issue report is forwarded on to Council with the recommendation that 74,149 BHL shares be taken up at a par value of \$74,149.

**S Roche/G Howard  
CARRIED UNANIMOUSLY  
Abstained: Cr R Nahr**

**7. AUDIT MANAGEMENT ACTION POINTS**

- 1. Asset revaluation not completed in time for Annual Report. It is intended to have this completed as at 1 July 2017. Completed.
- 2. Revaluation reserve – has been carried out. Completed.
- 4. Completed.
- 6. Progressing. Consultation document to be adopted 30 October 2017.

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

**R Nahr/J Cleine  
CARRIED UNANIMOUSLY**

**FINANCE WORK PLAN**

Reviewed.

- 
- There being no further business the meeting concluded at 6:05pm
  - **Next meeting:** Wednesday xx November 2017, 5pm, *Council Chambers, Palmerston Street, Westport.*
- 

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

**Name:** .....

## FINANCE AND AUDIT COMMITTEE

15 NOVEMBER 2017

Agenda Item No 3

Prepared by - Dean Phibbs  
- Manager Corporate Services

### ACTION POINT LIST

No.	Meeting of:	Action Point	Responsible?	Progress:	Date required by:	Completed
111	11 May 2016	<b>Leases and Licences to Occupy:</b> Update register and provide report.	Mike Duff	Sharon Roche to discuss with GM A&I.  Report to be available September 2017.	November 2017	
117	15 June 2016	<b>Debt Recovery:</b> clarify the Resource Management debt with Team Leader Planning.	Lynn Brooks	Progressing.  Letter sent to debtor, follow-up required.	November 2017	
137	17 May 2017	<b>WestReef Services:</b> work with WestReef Services to tidy-up how H&S KPI's are measured to provide consistency to the reporting.	Wendy Thompson	Quarterly report to go to Council's October meeting.	November 2017	

### DRAFT RECOMMENDATION

That the report be received for information.



## FINANCE AND AUDIT COMMITTEE

15 NOVEMBER 2017

Agenda Item No 4

Prepared by - Dean Phibbs  
- Manager Corporate Services

### FINANCIAL PERFORMANCE: 30 September 2017

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#### 1. Report Summary :

To provide Council with a financial performance update for the three month period ending 30 September 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 first quarter deficit of (\$803,000). The actual result is a deficit of (\$634,000) which is a favourable difference of \$169,000. Analysis of the quarterly result is detailed below.

##### **Operating Revenue**

Overall operating revenue totals \$5.2 million compared to a budget of \$5.2 million. There were a number of small variances that offset each other to contribute to a result that is on budget.

##### **Operating Expenditure**

Operating expenditure totals \$5.9 million compared to a budget of \$6.0 million. The total favourable variance is \$170,000 and includes:

- Other expenses were \$183,000 lower than budgeted. This is made up of a timing in the payment of insurance premiums of \$284,000 which were budgeted for September but paid in October. This is offset by \$50,000 in additional power costs for the quarter attributable to Westport water. The balance is made up of a number of minor variances.

### 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 is expected increase by the end of the financial year to fund some of Council's significant capital projects including Westport water.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 \$1.4 million remains positive during the quarter to 30 September 2017. This was offset by fixed asset purchases of close to \$1 million. Overall Council's cash position increased by \$0.4m

### 3.4 Dashboard – Operational Financial Performance Indicators

Activity	Revenue	Expenditure	Comment
Democracy	●	●	
Property Amenities & Reserves	●	●	
Economic Development, Tourism & Museum Support	●	●	
Community Services	●	●	
Regulatory	●	●	
Roading	●	●	
Additional emergency reinstatement subsidy	●	●	
Solid Waste	●	●	
Support	●	●	
Wastewater	●	●	
Water	●	●	• Electricity costs overbudget for Westport water.
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.

## Dashboard - Non Financial Performance Measures

Activity	Measure	Target	Achieved/ Not Achieved	Commentary
<b>Regulatory</b>				
Building	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	Process non-notified resource consents within statutory deadlines.	100% of consents processed within statutory timeframes	●	100% Compliance. There have been 12 Resource consents completed since June 2017 (2017: Full year 60 consents)
Emergency Management	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	Safety of drinking water.	Meets 100% bacteria/ protozoa compliance criteria.	●	Westport & Reefton meet standard Punakaiki has not achieved 100% compliance.
Westport Water	Maintenance/renewal of water reticulation main.	Number of shutdowns for Westport water trunkmain.	●	1 shutdown of the Westport Carters Beach main
<b>Wastewater/Sewerage</b>				
All Sewerage Systems	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	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.	●	
<b>Solid Waste</b>				
Solid Waste (Litter)	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 106 bins.

## Dashboard - Non Financial Performance Measures

Activity	Measure	Target	Achieved/ Not Achieved	Commentary
<b>Support</b>				
Health & Safety	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 , non-injury 0, lost time; nil days. Group: injury 7; non injury 24, lost time 28 days."
	To comply with Health and Safety policies and legislation.	Setup systems, procedures and poliices 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	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 163 service requests since June 2017. There are curently 45 outstanding for various reasons including ongoing monitoring.
Westport Airport Authority	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 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 3 MONTHS ENDED 30 SEPTEMBER 2017**

	Parent		
	Sep-17 Actual \$000	Sep-17 Budget \$000	2017/2018 Budget - Full Year \$000
<b>OPERATING REVENUE</b>			
General Rates	2,070	2,080	8,314
Targeted Rates (excluding Metered Water)	1,375	1,379	5,517
Metered Water Charges	28	51	204
Rate Penalties	57	38	150
Subsidies and Grants	681	641	4,442
Dividend & Subvention Revenue	0	0	910
Investment Revenue	151	138	636
Development and Financial Contributions	13	26	105
Fees & Charges	851	874	3,091
Vested Assets	0	0	101
<b>Total Operating Revenue</b>	<b>5,226</b>	<b>5,227</b>	<b>23,470</b>
<b>OPERATING EXPENDITURE</b>			
Employee Costs	1,205	1,165	4,658
Depreciation & Amortisation	1,349	1,325	5,462
Finance Costs	241	292	1,115
Other Expenses	3,065	3,248	11,499
Assets Written Off	0	0	350
<b>Total Operating Expenditure</b>	<b>5,860</b>	<b>6,030</b>	<b>23,084</b>
Net Surplus (Deficit) Before Taxation	(634)	(803)	386
Income Tax Expense	0	0	0
<b>Net Surplus (Deficit) After Taxation</b>	<b>(634)</b>	<b>(803)</b>	<b>386</b>
<b>Other Comprehensive Revenue &amp; Expenses</b>			
Increase/(decrease) in Infrastructure Revaluation Reserves	0	0	0
<b>Total Comprehensive Revenue &amp; Expenses</b>	<b>(634)</b>	<b>(803)</b>	<b>386</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE 3 MONTHS ENDED 30 SEPTEMBER 2017**

	Parent		
	Sep-17 Actual \$000	Sep-17 Budget \$000	Full Year 2017/2018 Budget \$000
<b>Equity as at 1 July</b>	<b>318,476</b>		<b>325,979</b>
Total Comprehensive Revenue and Expense	(634)		386
<b>Total Equity at End of Period</b>	<b>317,842</b>		<b>326,365</b>
<b>Components of Equity</b>			
Accumulated Funds	168,807		166,725
Reserves	4,992		5,385
Asset Revaluation Reserve	144,043		154,255
<b>Total Equity at End of Period</b>	<b>317,842</b>		<b>326,365</b>

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2017**

	Parent		
	Sep-17 Actual \$000	2016/2017 Actual \$000	2017/2018 Budget - Full Year \$000
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3,653	3,245	1,030
Trade and Other Receivables	2,825	4,518	4,858
Inventories	13	11	13
Other Current Assets	22	35	35
Short Term Investments	14,998	12,684	13,784
Assets Held for Sale	161	161	0
<b>Total Current Assets</b>	<b>21,672</b>	<b>20,654</b>	<b>19,720</b>
<b>NON CURRENT ASSETS</b>			
Investment in Council Controlled Organisations	19,591	19,576	20,035
Other Investments	497	2,753	0
Investment Property	7,687	7,687	7,568
Infrastructural Assets	275,924	276,324	294,822
Other Non Current Assets	21,075	21,170	19,595
Intangible Assets	90	106	50
<b>Total Non Current Assets</b>	<b>324,863</b>	<b>327,616</b>	<b>342,070</b>
<b>Total Assets</b>	<b>346,535</b>	<b>348,270</b>	<b>361,790</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	1,827	3,018	3,982
Derivative Financial Instruments	0	0	55
Employee Entitlements	690	580	451
Provisions	35	35	0
Current Portion of Term Debt	8,490	8,510	107
<b>Total Current Liabilities</b>	<b>11,043</b>	<b>12,143</b>	<b>4,595</b>
<b>NON CURRENT LIABILITIES</b>			
Derivative Financial Instruments	756	756	1,100
Provisions	1,566	1,566	1,483
Bond Deposits	82	83	82
Employee Entitlements	246	246	140
Term Debt	15,000	15,000	28,025
<b>Total Non Current Liabilities</b>	<b>17,650</b>	<b>17,651</b>	<b>30,830</b>
<b>EQUITY</b>			
Accumulated Funds	168,807	169,441	166,725
Reserves	4,992	4,992	5,385
Asset Revaluation Reserve	144,043	144,043	154,255
<b>Total Equity</b>	<b>317,842</b>	<b>318,476</b>	<b>326,365</b>
<b>Total Liabilities &amp; Equity</b>	<b>346,535</b>	<b>348,270</b>	<b>361,790</b>



**STATEMENT OF CASHFLOWS  
FOR THE PERIOD ENDING 30 SEPTEMBER 2017**

	Parent	
	Sep-17 Actual \$000	2016/2017 Budget - Full Year \$000
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Rates	3,943	13,981
Other Revenue	2,104	7,532
Interest Received	151	636
Dividends & Subvention Payments Received	0	1,220
	<b>6,196</b>	<b>23,369</b>
<b>Cash was applied to:</b>		
Payments to Suppliers and Employers	4,463	17,227
Interest Paid	241	1,115
Net GST Movement	15	0
	<b>4,719</b>	<b>18,342</b>
<b>Net Cash From Operating Activities</b>	<b>1,477</b>	<b>5,027</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Sale of Investment Property	0	100
Investment Realised	3,683	0
	<b>3,683</b>	<b>100</b>
<b>Cash was applied to:</b>		
Purchase of Fixed Assets	973	7,225
Purchase of Investments	3,758	500
Purchase of Equity Investments	0	35
	<b>4,731</b>	<b>7,760</b>
<b>Net Cash From Investing Activities</b>	<b>(1,048)</b>	<b>(7,660)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Loans Raised	0	2,585
<b>Cash was applied to:</b>		
Repayment of loans	20	107
<b>Net Cash From Financing Activities</b>	<b>(20)</b>	<b>2,478</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>408</b>	<b>(155)</b>
<b>OPENING CASH AS AT 1 JULY</b>	<b>3,245</b>	<b>1,185</b>
<b>CLOSING CASH AS AT 31 MARCH 2017</b>	<b>3,653</b>	<b>1,030</b>

## FINANCE AND AUDIT COMMITTEE

15 NOVEMBER 2017

Agenda Item No 5

Prepared by - Dean Phibbs  
- Manager Corporate Services

### INVESTMENTS AND BORROWINGS: OCTOBER 2017

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#### REPORT SUMMARY

This report summarises Councils cash investments and borrowings for the month ended October 2017, interest earned for the period from 1 July 2017 to 31 October 2017 and policy compliance.

#### RECOMMENDATION/DRAFT RESOLUTION

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

#### ISSUES AND DISCUSSION

##### Investments

Investments have decreased by \$1.1m in total from the last report circulated to the end of September 2017. This is mainly due to the effect of the rates billing cycle and monthly creditor payment obligations. The trading account closing balance is \$1,143,300.

##### Interest Revenue

Interest revenue to the end of October 2017 is \$191,000 compared to a budget of \$184,000. 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.

Net debt (borrowings less term investments) has increased to \$6,792,000 from the \$5,692,000 balance in September 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**

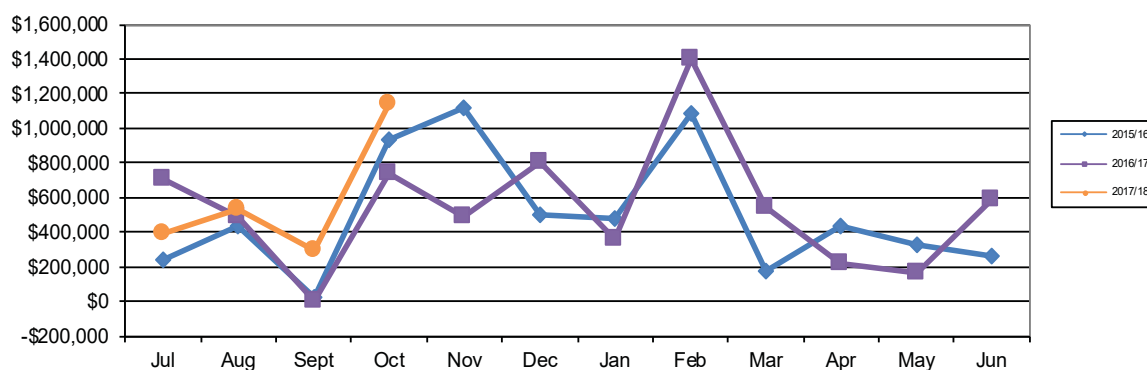
- None identified

## INVESTMENTS AND BORROWINGS REPORT

### 1. BANK BALANCE

	This Month 31 Oct-17	Last Month 30 Sep-17	Last Year 30 Jun-17
Council	\$1,143,250	\$293,654	\$585,661

### 2. MONTH END BANK BALANCE



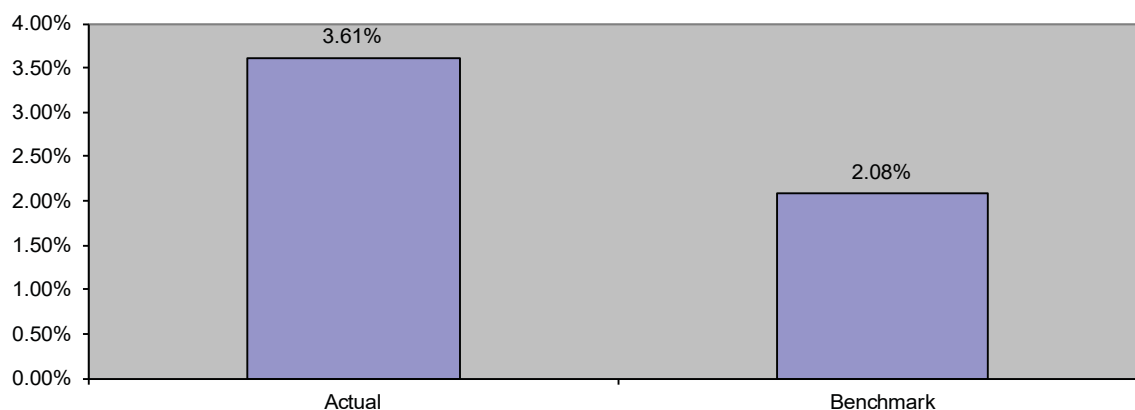
### 3. SUMMARY OF INVESTMENTS

	This Month 31 Oct-17	Last Month 30 Sep-17	Last Year 30 Jun-17
Term Deposits	16,698,148	17,798,148	17,098,148
Other Loans (includes loan to Holding Company)	2,529,068	2,530,318	2,537,348
<b>Total Investments</b>	<b>\$19,227,217</b>	<b>\$20,328,467</b>	<b>\$19,635,496</b>

### 4. SOURCE OF FUNDS

	This Month 31 Oct-17	Last Month 30 Sep-17	Last Year 30 Jun-17
Depreciation Funds	1,000,000	1,000,000	1,000,000
West Coast Package (Govt subsidy for halt to logging)	2,829,551	2,829,551	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 )	1,700,000	2,800,000	2,100,000
	<b>\$16,698,148</b>	<b>\$17,798,148</b>	<b>\$17,098,148</b>

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



## 6. INTEREST REVENUE

	Actual YTD	Budget YTD	Budget Full Year
Interest Revenue	\$191,325	\$183,572	\$1,220,715

## 7. COMPLIANCE WITH INVESTMENT POLICY

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

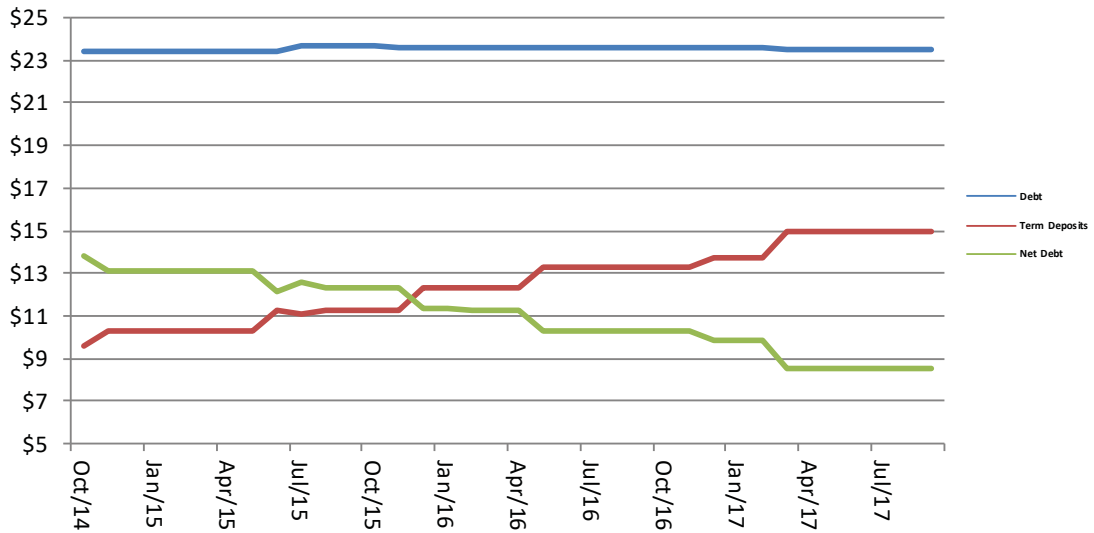
Council has approved the investment in NBS which sees us in breach of the Treasury Management Policy. This breach will continue as investments mature and are rolled over.

## 8. SUMMARY OF BORROWINGS

	This Month 31 Oct-17	Last Month 30 Sep-17	Last Year 30 Jun-17
<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	55,885	55,885	66,241
	<b>\$23,489,745</b>	<b>\$23,489,745</b>	<b>\$23,500,101</b>
Weighted Average Interest Cost	4.00%	4.00%	4.60%
<b>Net Debt:</b>			
Total Borrowings	23,489,745	23,489,745	23,500,101
Less: Term Deposits	16,698,148	17,798,148	17,098,148
	<b>\$6,791,596</b>	<b>\$5,691,596</b>	<b>\$6,401,953</b>

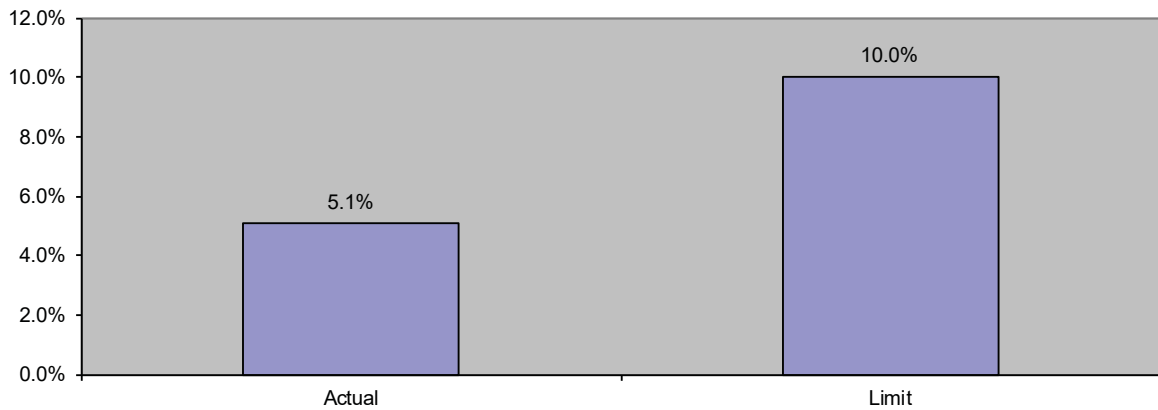
## 9. DEBT AND INVESTMENTS 3-YEAR TREND

\$ Millions

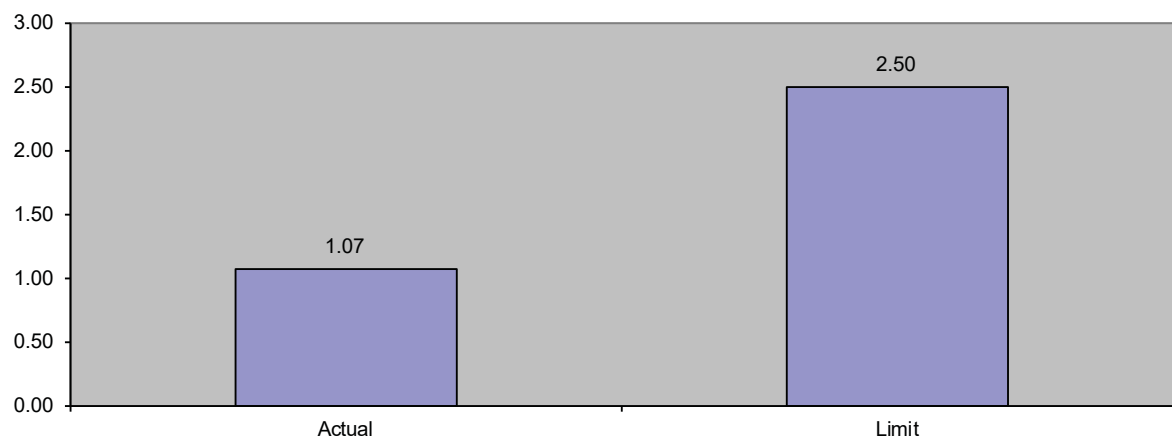


## 10. COMPLIANCE WITH TREASURY POLICY

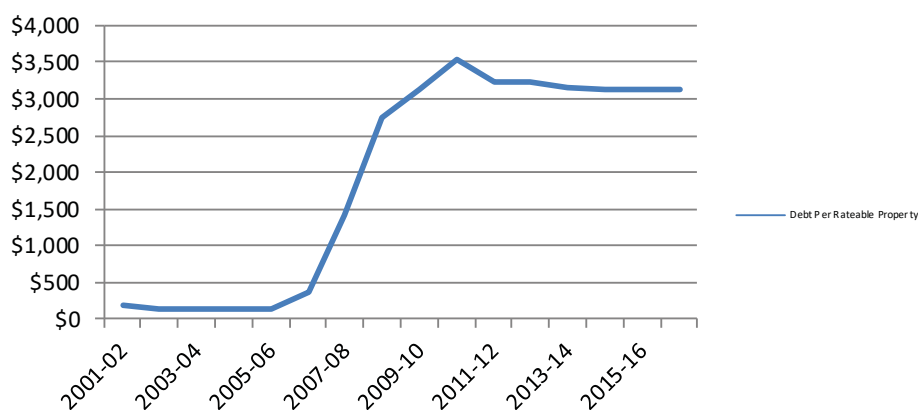
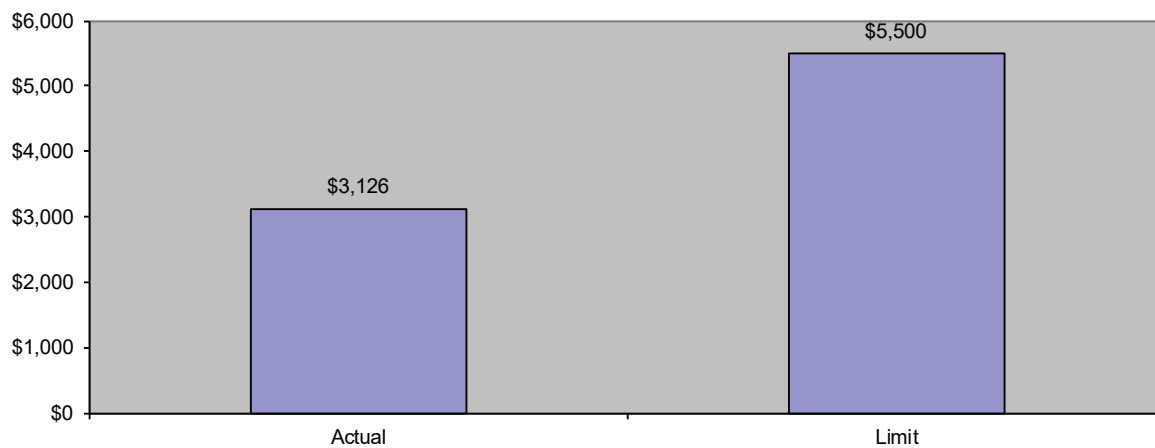
### 10.1 Interest Expense / Total Income



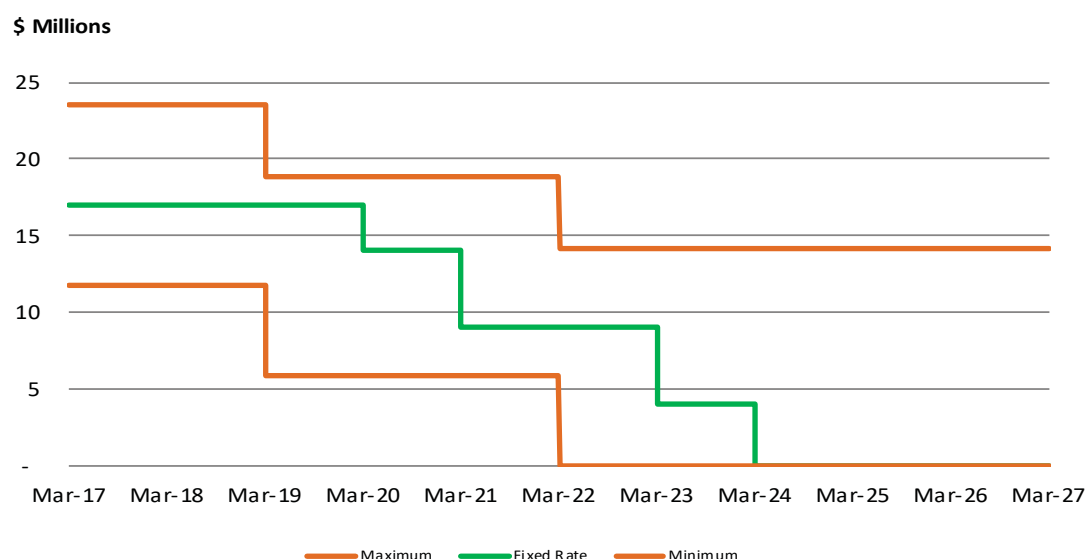
### 10.2 Gross Debt / Total Income



### 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

15 NOVEMBER 2017

Agenda Item No 6

**Prepared by** - Lynn Brooks  
- Management Accountant

**Reveiwed 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 30 September 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		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 Reefton Powerhouse Project continued.
		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 in the planning phase. The Annual Report has since been adopted within the statutory timeframe.
<b>Assets and Infrastructure</b>		<b>Roading and Urban Development:</b> District Signage has progressed and billboards have been installed. Roothing contracts are being completed as planned. Advocacy for the Karamea Highway Special Purpose Road designation continues.
		<b>Water Supplies:</b> The Westport water project is progressing with implementation of the repair option commencing. Investigations into the Waimangaroa Water treatment system continues.
		<b>Water Supplies:</b> Punakaiki Water Intake Easement progressing as planned.
		<b>Properties and Amenities:</b> Peel Street Yard, site testing, analysis and risk assessment in progress.
		<b>Properties and Amenities:</b> Carnegie Library earthquake report required, this is necessary work that cannot be delayed and costs will be over budget at end of year.
		District Signage (Seal Loop) installation in progress.
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	2017/18 Budget	Total Budget	Actual Cost to September 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			August Council resolution - ongoing.
●	Ultra Fast Broadband Advocacy	GH + CEO	0	0			In progress		Nov-15			Government Announcement with WC Projects 2019. Delivery by Chorus. Progressing with MDC, Creative Developments and BEL.
●	Integrated Family Health Centre Advocacy	GH + CEO	0	0					Nov-16	Nov-17		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 & CEO BHL	0	0			under continual review		Dec-15	Jun-18		AP, LTP Strategy, CCTO Committee and BHL as per August 2017 resolution.
●	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					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	0	0	in progress		Nov-15	Dec-17		Lighting yet to be completed.
●	Other Mayor, Councillors and CEO Projects	GH	0	0								
			0	0	0	0						
<b>COMMUNITY &amp; ENVIRONMENT</b>												
●	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								Planned this year: Livestock, Liquor, Water. Remainder due to be completed in 2018, NOTE this will be a large workload. Public Libraries Bylaw and Cultural & Recreational Facilities Bylaw at consultation stage in October 2017.
●	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						

Indicator	Project Description	Project Manager	Carry Over (over)/under	2017/18 Budget	Total Budget	Actual Cost to September 2017	Project status	Scope, Design, etc	Quote, Tender, etc	Planned Start Date	Planned Completion	Date of completion	Comments / Issues
<b>CORPORATE SERVICES</b>													
●	Annual Report	DP	0	0	0	0					Oct-17		Subsequently completed on time and adopted.
●	Fire & Emergency NZ Transition	DP	0	0	0	0	In progress			Apr-16	Dec-17		Information sharing with NZ Fire Service underway and decisions for rural fire asset transfers to be completed.
●	Long Term Plan 2018-2028	DP	0	0	0	0	Planning Stage			May-17	Jun-18		Strategic & Level of Service Workshops continue in Nov and Dec 2017.
●	Other Corporate Services Projects	DP	0	0	0	0							
			0	0	0	0							
<b>SIGNIFICANT PROJECTS</b>													
●	District Plan Review	RT	0	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	DP	0	0	0	0	in progress			Apr-16	Jun-18		At consultation phase during Nov-Dec 2017.
●	IT/Information Technology Projects (inhouse)	HS	284,616	201,460	486,076	91,693	in progress				Jun-18		IM Project at implementation stage. Telephony upgrade completed. Hardware updates continuing.
●	Other Significant Projects												
			284,616	221,460	506,076	91,693							

Indicator	Project Description	Project Manager	Carry Over (over)/under	2017/18 Budget	Total Budget	Actual Cost to September 2017	Project status	Scope, Design, etc	Quote, Tender, etc	Planned Start Date	Planned Completion	Date of completion	Comments / Issues
<b>ASSETS &amp; INFRASTRUCTURE</b>													
<b>Three Waters</b>													
●	Punakaiki Water Intake Easement	MD	0	0	0	12,935	In Progress						Situation under further review. Progressing.
●	South Granity Tank Supply Water Administration	CEO	0	0	0		In Progress						Situation under further review.
●	Westport Tunnel Piping/Bracing	MD	621,199	2,350,000	2,971,199	135,156	In Progress						Method, cost, and schedule of work for repair option developing. Water restrictions reviewed.
●	Replacement of Westport Water Mains from Treatment Plant to Town	MD	0	0	0	0	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	25,841	In Progress						Bore site has been identified, preparations for test drilling underway. Communications update provided.
●	Ngakawau Hector Water Treatment System	MD	0	0	0	4,681	In Progress						Situation under further review.
●	Costing Water Schemes including assessment of depreciation funding	MD	0	0	0	0							Ongoing as required
●	Little Wanganui Water and Sewerage Easements	MD	0	0	0	0	In Progress				Jun-17		Work underway to resolve this
<b>Roading</b>													
●	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	116,408	ongoing				Jun-18		Works program set out for the year ahead.
●	Roading - Special Purpose Road Capital Works	TR	0	369,821	369,821	1,312	ongoing				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.
●	Footpaths- Urban Development	TR	84,791	202,080	286,871	128,600	ongoing				Jun-18		Footpath work plan for 2017/18 FY established.
<b>Property, Amenities &amp; Reserves</b>													
●	Punakaiki Dickson Parade Status and Freedom Camping Issues	MDG	0	0	0	0	In Progress						Temporary Road Closure following WCRC completion of new seawall. Detailed risk assessment before reopening.
●	Peel Street Yard	MD	0	60,000	60,000	9,329	In Progress						Site testing analysis and risk assessment currently in progress. Concept study for options to follow in 2017/18 FY.
●	Riverside Development and Waterfront Project		0	60,000	60,000	5,998							
●	District Signage (Seal Loop)	MD + GH	125,000	0	125,000	86,660	In Progress						Resource Consent application approved. Installation in progress.
●	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.
<b>Other</b>													
●	Other Assets & Infrastructure Projects	MD	0	0	0	0							
			962,662	4,761,960	5,724,622	531,697							

## FINANCE AND AUDIT COMMITTEE

15 NOVEMBER 2017

Agenda Item No 7

Prepared by - Lynn Brooks  
- Management Accountant

Reveiwed by - Dean Phibbs  
- Manager Corporate Services

### DEBT RECOVERY REPORT

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#### REPORT SUMMARY

This report presents and classifies the outstanding balances of rates and sundry debtors as at 30 September 2017 for monitoring and information purposes.

There are not any customers with arrears that require a decision of this committee to progress the debt recovery processes which are underway and continuous.

#### DRAFT RECOMMENDATION

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

#### ISSUES AND DISCUSSION

This report is presented to the Finance & Audit Committee to monitor debt trends for Council.

The Finance and Audit Committee require a high level overview of the debt owed to Buller District Council. This information, when taken in conjunction with all other aspects of the financial results provides a full view of the financial performance and financial position of Buller District Council at 30 September 2017.

**Rates debt** follows an expected pattern whereby every third month, when the rates are accrued the rate debt increases, then it decreases for the following two months. The total rates debt at September 2017 is lower compared to September 2016. Comparing the amount of serious default at September 2017 to September 2015 and 2016, this remains static. Rates debt has decreased over the total timeframe reported in the graph.

Looking into the detail further, the “long term serious monitored” (which is the red category in the graph) is showing some upward movement in the past three months and as a total of the arrears this category is growing slightly over time. We are closely monitoring the debt trends as well as applying many different approaches to combat current debt so that it does not reach the long term and at external debt collection stage. The use of Facebook and text messaging continues to provide some positive results.

**Sundry debtors** continue to decrease. 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. Arrears overall are lesser during the nine month period to September 2017 compared to the last two prior years. This can be attributed to one significant sponsorship debtor being transferred to Councils' CCO as direct sponsorship.

## CONSIDERATIONS

### 1. Strategic impact

The debt recovery report provides a degree of feedback on the effectiveness of the strategic direction of Council. In the last long term plan where 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.

### 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.

### 3. Risk analysis

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

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

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



- 4. 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.
- 5. Policy / legal considerations**  
The collection of rates debt is enforceable under the Local Government (Rating) Act 2002. Other legislation dealing with credit extended by Council and debt recovery include the Property Law Act 2007, Residential Tenancies Act 1986 and the Resource Management Act 1991. The Financial Delegations Policy, Treasury Management Policy and Rates Remission Policies also apply to the collection of Council debt.
- 6. Tangata whenua consultation considerations**  
The contents of the report are not a matter requiring consultation with tangata whenua.
- 7. Views of those affected**  
It is equitable for all our ratepayers, the public and individual debtors that all amounts outstanding should be collected through consistent processes.
- 8. Costs**  
There are no extraordinary costs for debt recovery and the costs for continuing debt recovery are included in the annual plan budget.
- 9. Benefits**  
The benefits to collection of debt is the cash flow of Council is maintained. There is also fairness and equity for all ratepayers and service consumers in that everyone is paying their portion of the cost.
- 10. Media / publicity**  
There are no media or publicity opportunities with the content of this report.

**Rates Accounts - Debt Recovery Report**

Report cutoff date 31 August 2017  
 Last rates instalment due date 28 August 2017  
 Next rates instalment due date 28 November 2017

**Internal Debt Recovery Analysis**

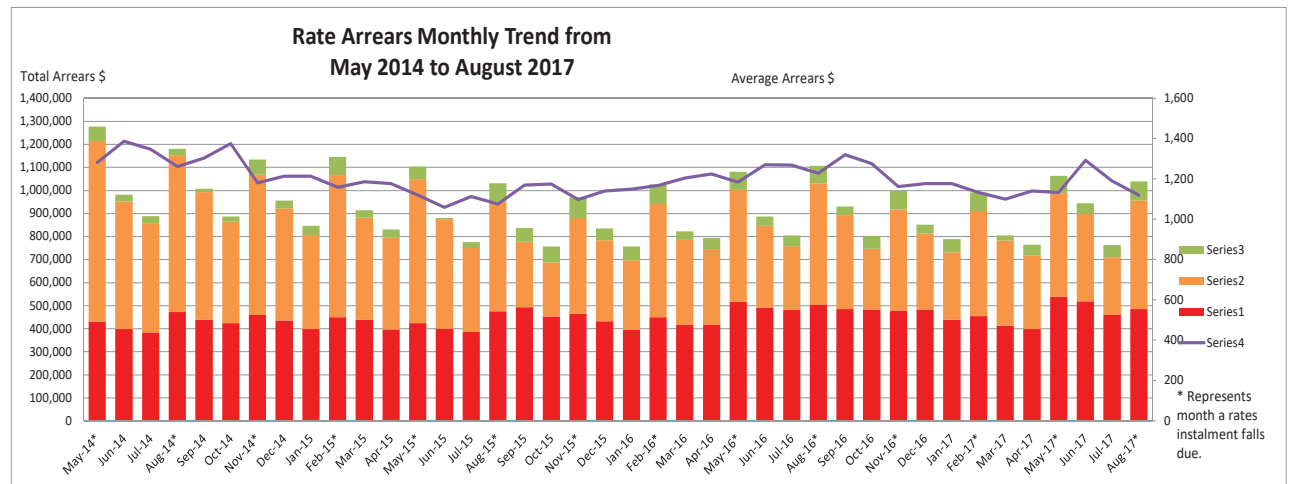
Status Flag	Category	No. of Ratepayers	Total Arrears Balance YTD	Current Year Arrears	Previous Year Arrears		Leasehold Arrears		Further Action to Commence					Comment	
					\$	%	No.	\$	Formal Review	To Debt Agency	Title Search	Monitor Progress	Further Letter		Continue Sale Process
●	Placed with External Debt Collection	43	228,112	17,320	210,792	24%						✓			Arrears placed with Credit Recoveries. Refer to the analysis below.
●	No current mailing address	1	836	135	701	0%					✓				Sent to debt collection for tracing, also tracing some through bank deposits & social media.
●	Approach Mortgagee	16	42,301	7,428	34,873	4%									Ratepayers with mortgages are pursued for payment under the Rating Act, collecting prior year arrears.
●	Awaiting Decision	31	103,564	16,099	87,465	10%	3	27,090	✓		✓				More complicated cases, ie house uninhabitable / property on market etc require close monitoring.
●	Missed more than two instalments	27	110,770	17,390	93,380	11%							✓		Reviewing for possibility of Mortgagee Action.
●	Under Action - Short Term Monitored	33	57,552	16,716	40,836	5%			✓				✓		Reviewed systematically with each ratepayer.
●	Payments Insufficient	33	50,103	20,767	29,336	3%						✓	✓		Reviewed systematically. Work through options to increase payments/resolve debt.
●	Long Term Monitored	45	79,144	22,359	56,785	6%	1	22,315	✓						Financial hardship, paying minimum amounts. Reviewed 6 monthly (Aug/Feb), more frequently if in decline.
●	No Payments - Property on Market	4	10,469	2,535	7,934	1%			✓						Annual Review.
●	Missed May 2017 & August 2017 instals	49	63,193	23,417	39,776	5%							✓		Letters sent - monitoring.
●	Missed one instalment only	443	209,300	190,388	18,912	2%							✓		Letters sent - monitoring.
●	Payment plans	203	83,741	44,369	39,372	4%	2	4,468				✓			Reviewed annually and updated as required.
●	Abandoned Land Tender Project	68	232,428	9,485	222,943	25%								✓	Abandoned Land tender process.
<b>Totals</b>		<b>996</b>	<b>1,271,513</b>	<b>388,408</b>	<b>883,105</b>	<b>100%</b>	<b>6</b>	<b>53,872</b>							

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

Status Flag	Category	No of Ratepayers	Balance
●	Legal	10	102,942
●	Unable to trace ratepayer (No known address)	9	47,451
●	Active - no arrangement	5	17,136
●	Payment Plans	8	34,111
●	Abandoned Land	1	3,655
<b>Totals</b>		<b>33</b>	<b>205,295</b>

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

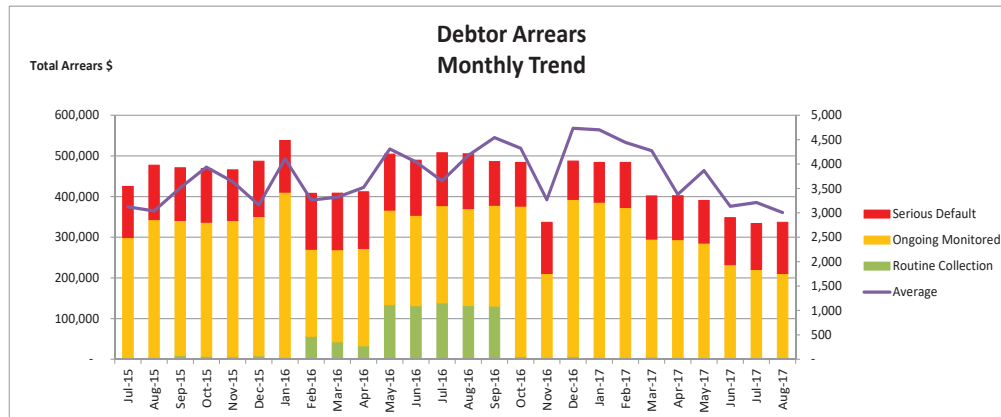
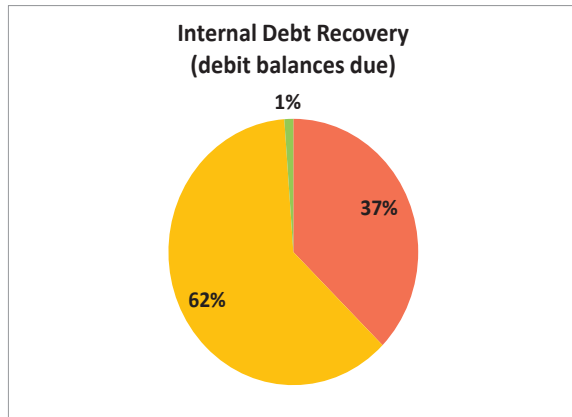
**Note 2** Timing differences exist between account totals as payments received by Credit Recoveries are updated and processed by Council monthly.



Sundry Debtors - Debt Recovery Report

Report cutoff date 31 August 2017  
 Ageing cycle - current due 20 September 2017

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	30	125,687	16	10	4	1		11		✓			✓	✓	Rents invoiced 6 monthly in advance. Some long standing arrears receiving increased collection measures.
●	Orowaiti Connection	6	11,390	3	3		2		2		✓					Two overdue accounts remain lodged with Credit Recoveries.
●	Libraries	5	531	5			2	3								Debts lodged with Credit Recoveries.
●	Water	27	25,691	22	5		1	3	1				✓			Payment plans promoted for those with long standing debt.
●	Resource Management	9	71,029	4	1	4	3	2	4	2		✓	✓			Some long standing arrears receiving increased collection measures.
●	Rentals	8	94,038	5	1	2	0	2	2	1						One very large amount under legal action. Others under agreed payment plans and ongoing monitored.
●	Regulatory Licences e.g. Food Premises	1	350	1			1									Timing of Annual Licences billing, most of group are aged two months only.
●	Sundry	15	4,020	14	1		3	1	1	1			✓			Instalment arrangements entered into for those with long standing debt.
●	Trade Waste	3	1,339	3			1									Annual invoicing cycle in June.
●	Building Consents	5	1,338	5												Where overdue, this represents inspections not yet completed due to timing of building process.
●	Cemetery	3	1,205	3												Instalment arrangements entered into for those with long standing debt.
●	LIMs	0														Short term debtor.
●	<b>Totals</b>	<b>112</b>	<b>336,618</b>	<b>81</b>	<b>21</b>	<b>10</b>										



## **FINANCE AND AUDIT COMMITTEE**

**15 NOVEMBER 2017**

**Agenda Item No 8**

**Prepared by** - Lynn Brooks  
- Management Accountant

**Reviewed 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 is accepted for information purposes.**

#### **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 30 September 2017.

### 3.1. Capital Income

- The NBS Theatre sponsorship agreement is in place until March 2019 and it is recommended that a plan to secure future funding be investigated.
- The Roothing 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 \$274k 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 April 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 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.
- Community Services is not expected to receive any capital funding.

### 3.2. Capital Expenditure

- Community Services expenditure includes library books, library furniture and NBS theatre equipment. It is expected the expenditure will meet budget.
- 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.
- Water projects are closely monitored. It is expected the Westport water supply tunnel repairs will be completed by the first quarter of 2018/2019 financial year, so we have indicated the deferral of \$2.6m of budgeted expenditure in the attached schedule.

## 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 2018  
(Actual to 30 September 2017, Forecast for October 2017 to June 2018)

Activity	BUDGET	INCOME - EXTERNAL CONTRIBUTIONS				VARIANCE ANALYSIS			Significant Variance Details
		Contributions Received	Further Contributions Expected to 30 June 2017	Total Projected	Projected Variance <i>over/(under)</i>	Project Timelines	Funding Sources	Total Variance <i>over/(under)</i>	
<b>Promotion &amp; Development</b>	0	0	0	0	0			0	
<b>Community Services</b>									
NBS Theatre	34,700	0	34,700	34,700	0			0	Sponsorship agreements in place continue to March 2019
Solid Energy Centre	400,000	0	400,000	400,000	0			0	Sponsorship agreements in place continue to April 2022.
<b>Environmental Services</b>	0	0	0	0	0			0	
<b>Property, Amenities &amp; Reserves</b>	200,000	0	200,000	0	0		0	0	Budgeted to receive Government Subsidy for Fox River toilets.
<b>Airport</b>	0	0	0	0	0			0	
<b>Roading &amp; Urban Development</b>									NZTA revised capital income budget is \$1,429,134
<b>NZ Transport Agency - Capital Funding</b>	1,155,033	76,515	1,352,619	1,429,134	274,101		274,101	274,101	Variation of \$274,101 (extra funding) 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 projects is more suitable over summer therefore the majority of contributions are received in the last half of the year.
<b>Solid Waste</b>	0	0	0	0	0			0	
<b>Water</b>									
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, work was expected to start in 2016-17 year but not expected to receive subsidy income until 2018-19 as the work spans two financial years.
<b>Wastewater</b>	0	0	0	0	0			0	
<b>Support</b>	0	0	0	0	0			0	
<b>TOTAL</b>	<b>2,192,371</b>	<b>76,515</b>	<b>1,987,319</b>	<b>1,863,834</b>	<b>(128,537)</b>	<b>(402,638)</b>	<b>274,101</b>	<b>(128,537)</b>	

**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	5,000	5,000	0	0	0	0	0	<b>Projected Spend:</b> \$5,000 Budget for plant provided for. Spending to date on signs and a gas operated bird scarer (\$1,592 spent to date).
Community Services	253,294	256,823	510,117	0	510,117	60,868	449,249	510,117	0	0	0	0	0	<b>Carry Over from 2016/17</b> includes: Urban Streetscape (Seal Loop Signs) \$125,000 and Vision2010 Projects being Inangahua funding \$34,989 and Seddon funding \$93,305. <b>Work in Progress includes:</b> \$2,093 on report for work required to Reefton Pool and \$58,775 on the Urban Streetscape (Seal Loop Signs). <b>Projected spend:</b> This capital expenditure category includes library books, library furniture and NBS theatre equipment and it is not expected that these items will be overspent by the year end.
Environmental Services	0	38,911	38,911	0	38,911	0	38,911	40,774	0	0	1,863	0	1,863	<b>Unbudgeted Expenditure:</b> to purchase body cameras for the Animal Control Officers, this may be offset by spending not required in other area.
Property, Amenities & Reserves	145,960	599,667	745,627	0	745,627	11,456	634,171	645,627	(100,000)	0	0	0	(100,000)	<b>Carry Over from 2016/17 includes:</b> \$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. <b>Underspend:</b> Punakaiki Community Centre unlikely to progress and be spent by year end.
Roading & Urban Development	116,721	1,836,922	1,953,643	0	1,953,643	0	1,953,643	1,953,643	0	0	0	0	0	<b>Carry Overs from 2016/17:</b> 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.
Solid Waste	0	137,900	137,900	0	137,900	0	137,900	137,900	0	0	0	0	0	<b>Budget</b> is for litter bins.
Water	668,470	3,391,684	4,060,154	0	4,060,154	161,573	1,298,581	1,460,154	(2,600,000)	0	0	(2,600,000)	(2,600,000)	<b>Carry Overs 2016/17:</b> Westport water supply \$47,271 and Westport Number 1 Tunnel bracing \$621,199. <b>Work in Progress includes:</b> Westport water supply \$5,473 and \$131,995 tunnel bracing costs. <b>Project Underspend:</b> includes an estimated \$2.6m for the Westport Tunnel bracing which after discussion with 3Waters team is expected to be completed in the first quarter of 2018/2019 year.
Wastewater	247,419	615,557	862,976	0	862,976	924	862,052	862,976	0	0	0	0	0	<b>Carry Overs 2016/17:</b> Sewer modelling and separation for Westport Sewer and capital works for Reefton Sewer. <b>Work in Progress includes:</b> sewer modelling and separation for Westport Sewer. <b>End of Year:</b> the routine capital works are being met however the significant capital works may be at risk of not meeting schedule as the design work has not yet been completed.
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	0	5,004	0	0	0	0	0	<b>Budget</b> is for software. Purchased two handheld radios.
Support	284,636	167,825	452,461	0	452,461	74,533	377,928	452,461	0	0	0	0	0	<b>Carry Over 2016/17 includes:</b> 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. <b>Work in Progress includes:</b> \$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.
<b>Total Buller District Council</b>	<b>1,716,500</b>	<b>7,260,301</b>	<b>8,976,801</b>	<b>0</b>	<b>8,976,801</b>	<b>309,354</b>	<b>5,962,443</b>	<b>6,278,664</b>	<b>(2,700,000)</b>	<b>0</b>	<b>1,863</b>	<b>(2,600,000)</b>	<b>(2,698,137)</b>	



**FINANCE AND AUDIT COMMITTEE**

**15 NOVEMBER 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 GHD report used.	Management 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.	Management Accountant	✓	Methodology was completed with the 2016/2017 Annual Report.	June 2017
4	Internal audit.	No formal internal audit reviews were performed in 2014/2015.	Manager Corporate Services	1 internal audit carried out.	Internal Audits have been carried out. 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 2018/2019 at the earliest.	February 2018

## FINANCE WORK PLAN

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
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### Internal Reporting

F&A Reports									
- BDC Quarterly Financials		Quarterly			Half yearly			Three quarterly	
- BDC Operational									
- BDC Treasury									
- BDC Debtors									
- BDC Capital									
- BDC Significant Projects									
- BHL Quarterly Financials									

### Council Reports

- Budget Carry Overs									
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### Rates Overhaul Project

- Rates Overhaul		Consultation	Consultation	Deliberations	Amendments to rating model	Finalise & adopt for inclusion in LTP			
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### 2018-2028 Long Term Plan

- Long Term Plan		Workshop	Workshop	Workshop	Workshop	Workshop + Adopt Draft LTP	Consultation	Roadshows + Hearings	Adopt Final Plan
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### 2016/17 Annual Report

- BDC Annual Report	Adopt	Publish Summary & report				Systems Audit			
- BHL Annual Report	Annual Report								

### Other Operational Projects

- Insurance								Negotiations	Finalise
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