

# Pre-Election Report 2016



Local Elections 2016  
**YOUR VOTE**  
**YOUR COMMUNITY**

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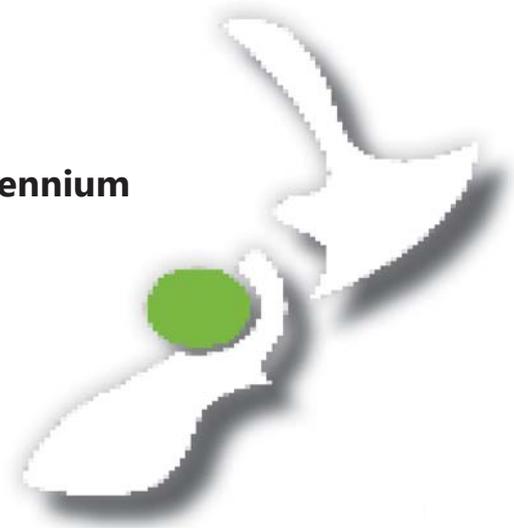
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## **Basis of Preparation**

Legislation does not require the pre-election report to be audited. However the reader can take assurance that the information which has been taken from the Annual Reports and Long Term Plan can be directly verified to these documents should the reader wish to do so. All Annual Reports and the Long Term Plan have been audited. Therefore by default much of the financial information in this pre-election report has already been audited.

Information has been also used from the 2016/2017 Annual Plan. The Annual Plan is not required to be audited but has been reviewed by Audit New Zealand.

# Introduction



The **2016 Pre-Election Report** is intended to provide information to promote public discussion about the issues facing the **Buller District Council** in advance of the upcoming Council elections.

Please take the time to read and carefully consider the issues

and projects planned for your community that are outlined in this document.

The report has a particular focus on how the Council is performing financially, including the Council's current financial position and signalling the key spending issues over the coming years. It also provides information on what major

projects the Council expects to deliver over the next three years.

This document is intended to enable you to engage in informed debate during the local election campaigns, when you consider the funding and expenditure issues facing the **Buller District Council** in the coming three years.

## What is in a Pre-Election Report?

This is Council's second pre-election report and contains information that will enable you, the voter, to assess Council's past performance and also what it intends to do for the next three years after an election. *The report includes:*

- *Financial statements for the 3 years preceding and 3 years following the election year (2016). Council has also included budgeted financial statements for the election year for continuity, although it is not required to do so by legislation.*
- *A report on compliance with Council's financial strategy set out in the 2012-2022 Long Term Plan. This includes comparison on limits on rates, rate increases, debt and returns on investments.*
- *Major projects planned for the 3 years following the election including rationale for the project, cost of the project, and any changes to projects and costings from those which were predicted in the 2015-2025 Long Term Plan.*

## ...and why do we need one?

A pre-election report is required to be produced by each local authority under section 99A of the Local Government Act 2002.

A pre-election report is a report that is required to be produced by the Chief Executive of a local authority that will enable voters to consider how well the Council has performed to date and promote discussion about the issues facing Council in the future. This will make it easier for people to vote at the upcoming elections in October for candidates whose priorities align with their own.

Section 99A (6) of the Local Government Act (2002) requires that a pre-election report must not contain any statement by, or photograph of any elected member, or any narrative produced by the Mayor/ Chairperson. This document complies fully with the Act in this respect.



# Message from the Chief Executive



## What has Council been doing?

Council was committed to carrying out the major projects that were set out in the 2012/2022 Long Term Plan when it began its term of office three years ago. The main focus was to complete the urban and rural water upgrades, a number of Vision 2010 projects and construct new elderly housing units in Karamea. In addition Council had to replace and renew core assets in line with the asset management plans.

There have been a number of challenges along the way! Two flood events, one in 2013 and another in late 2014, as well as Cyclone Ita in April 2014 meant Council had to reprioritise resources to enable restorative work to be carried out on assets throughout in the district. This continued into the following year, resulting in Council spending close to \$1.6m on the clean-up bill. Fortunately the New Zealand Transport Agency contributed the full cost of emergency work required on the Karamea highway which made up over \$1m of this total.

Water was identified as one of Council's key priorities. Stage one of the Westport water upgrade was completed in the 2014/2015 year. For various reasons, not always under Council's control, the rural water upgrades have been challenging for Council. Karamea, Little Wanganui and South Granity Tank (administered by Council only) water supplies upgrades did not proceed due to subsidy availability and affordability issues. Ngakawau-Hector residents voted against proceeding with their water upgrade. On the positive side Inangahua Junction and Waimangaroa water upgrades are proceeding as planned despite one of the aforementioned flood events destroying the Waimangaroa water intake which required redesigning the scheme to take advantage of an alternative artesian water supply option.

Another key project for Council was the Rates Overhaul Project. The project was started in early 2014 and recognised that the existing system had been modified over time and evolved into a complex structure with more than 40 different categories of ratepayers all being rated on a unique basis. This gave rise to questions about equity and fairness. The 2015/2025 Long Term Plan predicted that the Rates Overhaul project would be completed by 1 July 2016 however this will now not occur for a number of reasons. The new date for completion of this project is 1 July 2017 and will be completed by the incoming Council.

## ...and what is Council planning on doing?

The new Council will face a number of challenges in what is currently a difficult economic environment for a region that has in the past relied heavily on primary industry. Having said that, there are other opportunities in the service industry brought about by the increases in domestic and international visitors to our region. Council built on this opportunity with its 2016/2017 Annual Plan to ensure that our district was being promoted in the best possible manner and that our towns and rural settlements were welcoming and attractive for visitors. Council is also encouraging and promoting initiatives that would encourage the growth of the service sector throughout the district.

Council plans to spend \$19 million on capital expenditure over the next triennium. The water projects and the rates overhaul are likely to be completed early in the new Council's tenure therefore focus will shift to completing the Waterfront Project which links the town of Westport to the river as well as completing the Westport Town Heart project. Elderly housing units are scheduled for Reefton and Westport in 2018/2019 and the District Plan review will also continue on a rolling review basis over the next three years.

In addition there may need to be decisions made with regard to Council's roading networks which will depend on the outcome of the New Zealand Transport Authority (NZTA) One Network Road classification system. This may require decisions by Council on the levels of service provided for the roading network or potentially funding any difference in the levels of service proposed by NZTA. A decision may also be required on the Karamea Highway remaining a Council special purpose road or reverting to a State highway should the 100% funding be withdrawn by NZTA.



Craig Scanlon

# What makes Buller unique?



**The Buller District** has its own unique challenges which influence the direction that Council chooses to take and the services that are delivered to the ratepayers and the community.

- *The District covers 8,574 square kilometers stretching from Karamea in the north to Punakaiki in the south, and inland as far as Springs Junction. The location adjacent to the Southern Alps captures high rainfall which can put pressure on drainage systems and roading infrastructure.*
- *Buller is home to a population of 10,500 residents (as at the 2013 census) and has a low ratepayer base of 7,533 ratepayer properties. In comparison to other Councils, given the geography of the district, it is relatively expensive to deliver the same number of services to ratepayers.*
- *The 2012-2022 Long Term Plan signaled a growth strategy based on anticipated growth in mining which did not eventuate forcing Council to revise its approach in the 2015-2025 Long Term Plan to a 'consolidate, plan and act' strategy.*
- *Buller District Council has approximately 35% of its economy reliant on primary industries which means that the District's economy and workforce are exposed to the effect of movements in commodity prices.*
- *On a positive note the Buller District has more than 1 in 11 (9%) resident jobs that are supported by tourism. The Tourism spend is approximately 20% of the regions GDP which is second only to Otago with 25%. The recent upswing in tourism activity, driven mainly by the low dollar and oil prices, creates opportunities for the District.*

## Current Strategic Direction

In the 2016/2017 Annual Plan the Council remained committed to delivering the strategic direction set out by the 2015/2025 Long Term Plan. This approach is expected to continue over the three years covered by this Pre-Election Report.

Council's strategic approach in the Long Term Plan was – Consolidate, Plan and Act which consisted of 8 key principles:

1. Tight cost control.
2. Maintain existing service levels.
3. Work with other West Coast Councils wherever this can bring about enhancement and/or savings.
4. Maintain existing quality of assets and avoid deterioration.
5. Reposition or introduce new services only when these provide springboard for growth.
6. Maintain capital investment programme to complete transformation to a competitive modern district.
7. Borrow for capital works or new developments where these provide a strategic advantage and Council stays within its financial prudence guidelines.
8. Produce a balanced budget with small surpluses.

# Financial Performance

## How has Council performed to-date?

This section provides an overview of the major projects and financial position of the Council for the last two financial years. It should be read in conjunction with the section on How Council Has Performed against its Financial Strategy (page 6) to get a holistic view of Council's overall performance.

The information has been drawn from Council Annual Reports. If you are interested in more information each Annual Report explains in greater detail what the Council delivered compared to what it planned to do and also contains information about what activities and services cost compared to what was budgeted for.

The 2013/2014 and 2014/2015 Annual Reports are located on Council's website [www.bullerdc.govt.nz](http://www.bullerdc.govt.nz) and Westport and Reefton Offices and Public Libraries.

Information contained for 2014/2015 has been drawn from the 2015-2025 Long Term Plan which is also available from Council Offices and Public Libraries in Westport and Reefton, and Council's website [www.bullerdc.govt.nz](http://www.bullerdc.govt.nz).

## 2013/2014

Our 2012-2022 ten year plan set the financial strategy, which includes a set of self-imposed financial parameters that guide what we deliver and how we make decisions in funding and expenditure. This section details our performance against these financial parameters.

*Core foundations of our financial strategy:*

- To exercise financial discipline and provide the agreed level of service to our community within approved budgets.

- To address past infrastructure deficits and continue to maintain and improve assets.

- To deliver the capital infrastructure upgrade programme within the agreed financial parameters.

- To maintain sustainable levels of borrowings while delivering the capital infrastructure programme.

Council has had a pleasing financial result with an operating surplus of \$0.5m versus a budgeted operating surplus of \$0.4m. This was despite several unforeseen events beyond Council's control which impacted on operating expenditure.

Total Revenue was \$25m. This was primarily due to the greater financial assistance than budgeted (\$0.4m), unanticipated Reserves and

Development Contributions (\$0.5m), vested assets (\$256,000) and a gain on derivative contracts (\$0.4m). This was offset by lower fees and charges mainly in building and planning (\$0.4m) due to a downturn in economic activity and a lower distribution from the holding company (\$175,000).

Operating expenditure was \$24.5m compared to a budget of \$24.6m. This is indicative of a well controlled fiscal environment given that Council faced several significant storm events during 2013/2014:

The October 2013 Inangahua river flooding necessitated remedial work to direct the river away from the landfill (\$130,000).

Over Easter 2014, Cyclone Ita brought heavy rain and winds to the Buller coastal area. This storm event affected areas from Westport to Karamea. At the peak of the storm, when winds reached approximately 143km/h, there was widespread property damage with scattered debris and fallen trees across properties and roads. This caused damage to roads and clean-up effort in Westport and Karamea in Roothing (\$250,000) and Parks and Reserves (\$85,000).

A further significant rainfall event (May 2014) caused damage to the Karamea Highway.

## Major Projects

- Council spent \$8m on infrastructure assets compared to a budget of \$10.7m. Of this \$3.6m improved the level of service for the community and \$4.4m replaced existing assets.

- A budget of \$2.5m was to be carried forward to complete the Westport and Karamea water supply upgrades. This was offset by unbudgeted expenditure for the construction of a rock wall in the Inangahua River (\$189,000) and a budget over run on the construction of the Pensioner Housing in Karamea (\$145,000).

- \$2.8m was spent on drinking water supply upgrades (mainly in Westport and Karamea).

- Construction and fitout of Karamea housing for the elderly (\$544,000).

## Other Projects

*Replacement of assets were mainly in following areas:*

- Rural fire vehicle for Seddonville (\$153,000).
- Roothing (\$2,019m).
- Water (\$0.5m).
- Wastewater (\$0.3m).
- Stormwater (\$147,000).
- Solid Waste (\$242,000).
- Community Services (\$640,000).
- Property Management, Amenities and Reserves (\$182,000).
- Support Services, IT Services (\$176,000).

## 2014/2015

Total Revenue was \$24.4m, \$0.7m below budget and total operating expenditure was \$25.5m. Overall this has meant Council has a \$1m net deficit compared to a predicted surplus of \$1.6m.

Operating revenue (excluding non-capital related income items namely asset revaluations and write-offs), was reduced mainly due to the development slowdown that resulted from the economic decline in the district. The anticipated financial assistance was not achieved due to the delayed onset of drinking water upgrade projects in Waimangaroa, Ngakawau-Hector and South Grinity for reasons not solely attributable to the Council. Expenditure was higher than budget due to asset disposals, losses on investment property and a loss on derivative contracts.

Although the overall accounting result was significantly lower than expected, reviewing the controllable expenditure reveals a \$56,000 favourable variance. The favourable expenditure variance included

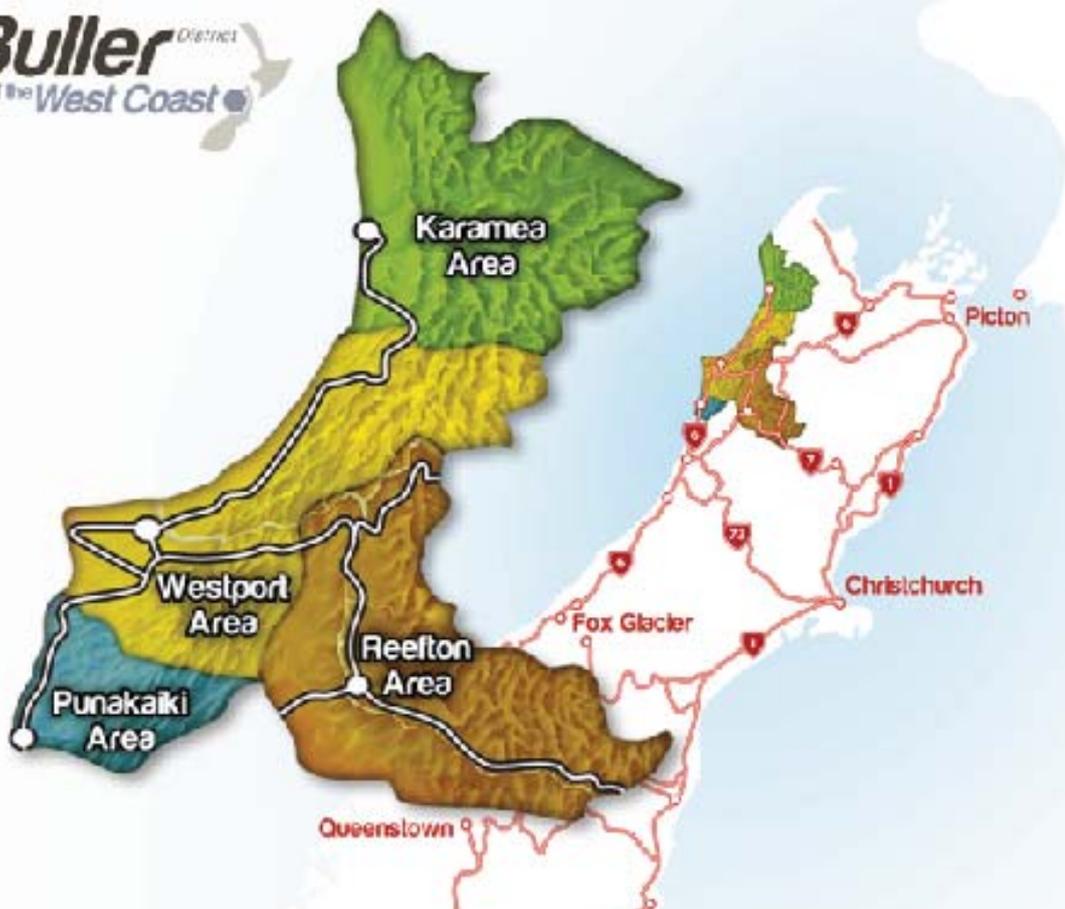
an unbudgeted write-off for the Karamea Drinking Water Standards project investigation (\$93,000) as a result of the community vote to not proceed with their drinking water upgrade. Therefore the gross favourable expenditure variance for controllable items totalled \$149,000 below budget.

The uncontrollable market forces on property, asset and derivative revaluations have resulted in a book value loss of \$1.5m with asset disposals accounting for a further \$1.1m. This demonstrates success with one of the key elements of the financial strategy which is stringent financial discipline by the Council, management and staff. Losses on derivative contracts and on revaluations of investment land are directly related to the market conditions and not within the control of the Council. Depreciation and asset write-offs are non-cash items. These entries while they impact the overall accounting deficit have no immediate impact on the ratepayer.

### Major Projects

*Major projects this year have included:*

- Completion of Stage I of the Westport Water supply (\$5m, \$3.3m was work in progress in 2013/2014).
- Roothing (\$1.8m being replacements of assets and \$200,000 improving the level of service).
- Remedial upgrades to the Karamea Highway (\$509,000). This continued after balance date.
- Overall Council replaced \$3.6m of Infrastructure Assets and spent \$1.9m on Capital Expenditure that improved the level of service provided. This is across all areas of infrastructure; roading, water and wastewater, and all other Council activities.





## How does this tie in with Council's current Financial Strategy?

The Financial Strategy sets out where we are heading over the medium to long term, and the financial limits we are committed to working within.

This Pre Election Report covers a 6 year period and two Long Term Plans (LTP) which means there are minor differences in the Financial Strategy, however core elements of the strategies remain the same and can be summarised from the 2015-2025 LTP as follows:

1. Produce a balanced budget.
2. Expenditure policy: No more than minimum to maintain services in short term but enough to at least maintain quality and avoid deterioration of assets and capacity. Providing for new services or upgrades only if these will provide spring board for growth.
3. Prudently managing debt and finance costs: We have set a net debt ceiling at \$20m.
4. Allowing for Rates increases if this attracts new economic activity and retains the loyalty of existing economic activity. Borrowing for new development if this provides a strategic advantage.
5. Affordability: Keeping rate increases within long range Local Government Cost Index.

## .....and how is Council performing against it's Financial Strategy?

One of the overarching aims of Council's financial strategy is to ensure that rates remain affordable to the average ratepayer and that net borrowings are financial sustainable and are kept within pre-set limits, all the while providing the community with reliable infrastructure and community facilities and embracing opportunities that may be available to stimulate economic growth in the district.

The Financial Prudence Benchmarks highlighted (*pages 7 to 8*) capture many aspects of Council's current financial strategy. Management of rates levels and increases and well as debt levels and servicing are reflected in the benchmarks, as are levels of infrastructure replacement and prudent financial management through maintaining a balanced budget and sufficient cash-flows.

Council has met most of the key aspects of its financial strategy as measured by the benchmarks. Where Council has met or not met the relevant measures, this has been explained in detail on *pages 7 and 8*. Generally events beyond Council's control and changes to the LTP through the Annual Plan process contributed to nearly all of the deviations from the benchmarks that measure compliance with the key aspects of its financial strategy. For instance *Cyclone Ita* contributed greatly to the balanced budget and operations control benchmarks not being met over the periods. Public consultation through the Annual Plan which brought forward the Westport water upgrades contributed to higher rates increases than predicted and accelerated net debt which affected the debt control benchmark.

Overall Council operates comfortably within its financial strategy in the management of its debt and is also providing adequate resources for replacement of its key infrastructure assets.

## Key Dates!

### Local Government Elections

#### 15 July 2016

Nominations OPEN  
Electoral Roll is open for inspection

#### 12 August 2016

Nominations CLOSE (12noon)  
Electoral Roll is closed

#### 16 September 2016 - 21 September 2016

Voting Papers are delivered

#### 8 October 2016

ELECTION DAY!



Local Elections 2016

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# Financial Prudence Benchmarks



## Measuring the effectiveness of our Financial Strategy:

On 1 May 2014 the Local Government (Financial Reporting and Prudence) Regulations 2014 were introduced. **These regulations seek to:**

- assist in identifying local authorities where further enquiry is warranted in relation to their financial management; and
- promote prudent financial management by local authorities.

The regulations prescribe how Councils must report these benchmarks and indicators in their Annual Plans, Annual Reports and Long Term Plans.

## 2013/2014 Annual Report

			Benchmarks met	
			Benchmarks not met	
Affordability benchmarks	Rates Income affordability benchmark	Rates income complies with the limits set in the council's financial strategy (Rates will not exceed 65% of total income less excluded items).		
	Rates increases affordability benchmark	Rates increases comply with the limits set in the council's financial strategy. (Rates increases will not exceed percentage limits set out in the LTP)		
	Debt affordability benchmark	Debt complies with the limits set in the council's financial strategy. (Finance costs/Total revenue does not exceed 15%)		
Sustainability benchmarks	Balanced budget benchmark	Operating revenue, excluding development and financial contributions and revenue from revaluations, exceeds operating expenditure.		
	Essential services benchmark	Capital expenditure on the five network infrastructure services exceeds depreciation on those five services.		
	Debt servicing benchmark	Interest expense is less than 10% of operating revenue, as defined in the balanced budget benchmark, except for local authorities with projected population growth greater than or equal to New Zealand's projected population growth. For those authorities the benchmark is 10% of operating revenue.		
Predictability benchmarks	Debt control benchmark	Net debt is less than or equal to forecast debt in the long-term plan. (Actual net debt quantified as debt less term deposits with banks is equal to or less than budgeted net debt)		
	Operations control benchmark	Net cash flow from operations equals or exceeds budget.		

### **Council reported meeting 4 of the 8 financial prudence benchmarks:**

■ Council met 2 of the 3 affordability benchmarks, 2 of the 3 sustainability benchmarks and none of the 2 predictability benchmarks.

■ Council comfortably met the **rates income affordability benchmark**. The **rates increases affordability benchmark** set in the Long Term Plan was not achieved. This is because there was a six month delay in the commencement of the contracted approach to Solid Waste which was not anticipated in the LTP.

■ Council did not meet the **balanced budget benchmark**. One off events such as extra repairs and maintenance as a result of Cyclone Ita and also lower income from fees and charges due to an economic slowdown were the main contributors to not meeting the benchmark.

■ Council continued its investment in infrastructure and met the **essential services benchmark**.

■ Council did not meet the **operations control benchmark**. This is because of the unanticipated expenditure as a result of Cyclone Ita as well as lower cash being received from Council fees and charges due to the economic slowdown in the district.

■ Council met its **debt servicing benchmark** and **debt affordability benchmarks**. The **debt control benchmark** was not met due to the accelerated water upgrade proposed through the Annual Plan process which commenced in 2013/2014. This increased net debt earlier than anticipated in the LTP.

# 2014/2015 Annual Report

Benchmarks met 

Benchmarks not met 

Affordability benchmarks	Rates Income affordability benchmark	Rates income complies with the limits set in the council's financial strategy. (Rates will not exceed 65% of Total income less excluded items.)	
	Rates increases affordability benchmark	Rates increases comply with the limits set in the council's financial strategy. (Rates increases will not exceed percentage limits set out in the LTP)	
	Debt affordability benchmark	Debt complies with the limits set in the council's financial strategy. (Finance costs/Total revenue does not exceed 15%)	
Sustainability benchmarks	Balanced budget benchmark	Operating revenue, excluding development and financial contributions and revenue from revaluations, exceeds operating expenditure.	
	Essential services benchmark	Capital expenditure on the five network infrastructure services exceeds depreciation on those five services.	
	Debt servicing benchmark	Interest expense is less than 10% of operating revenue, as defined in the balanced budget benchmark, except for local authorities with projected population growth greater than or equal to New Zealand's projected population growth. For those authorities the benchmark is 10% of operating revenue.	
Predictability benchmarks	Debt control benchmark	Net debt is less than or equal to forecast debt in the long-term plan. (Actual net debt quantified as debt less term deposits with banks is equal to or less than budgeted net debt)	
	Operations control benchmark	Net cash flow from operations equals or exceeds budget.	

## Council reported meeting 5 of the 8 financial prudence benchmarks:

■ Council met 2 of the 3 affordability benchmarks, 2 of the sustainability benchmarks and 1 of the 2 predictability benchmarks.

■ Council met the **rates income affordability benchmark**. There were approved budget changes via the Annual Plan process which meant that the **rates increases affordability benchmark** set in the Long Term Plan was not achieved.

■ Council continued to work towards meeting the balanced budget benchmark, but external weather events in 2013/2014 resulted in unanticipated expenditure in 2014/2015. Market conditions, resulted in movements in interest rates which resulted in losses to Councils fixed interest contracts. Both of these events contributed to Council not meeting its **balanced budget benchmark**.

■ Council continued its investment in infrastructure, completed Stage 1 of the Westport Water Upgrade and met the **essential services benchmark**.

■ Council met its **debt servicing benchmark** and operated well below the low growth benchmarks. It also met the **debt affordability benchmark**. The **debt control benchmark** was not met due to the agreed accelerated water upgrade through the Annual Plan process which increased net debt earlier than anticipated in the LTP.

■ Finally, Council maintained good financial discipline as evidenced in meeting the **operations control benchmark**.



# Looking Forward....to the next Triennium

**There are a number of projects planned for the next 3 years** following Council elections in October. Including projects from the 2016/2017 Annual Plan, Council plans to spend \$24.8m on capital projects of the \$62m set out in the 2015/2025 Long Term Plan.

## Roading Programme

Council is planning to spend \$5.9m on the roading and footpath network over the next triennium. Roothing maintenance, renewals and improvements are Council's biggest annual expense. An important component within the roading programme is the financial assistance received from the New Zealand Transport Agency (NZTA). By 2017/2018 the funding subsidy will have risen to

63% which is the maximum rate that NZTA will pay to Councils for the roading activity. For small Councils like Buller the subsidy is important because it otherwise would be paid for by the local ratepayer or the ratepayer would have to accept a lower level of service.

At the time of release of this document the Karamea Highway was still designated a special purpose highway and fully subsidised by NZTA. Should this designation change Buller ratepayers are unlikely to be able to afford to pay for maintenance on the road therefore the Karamea

Highway is likely to revert to a State Highway.

In addition the NZTA One Network Road classification system which would introduce different levels of service across roads of different classification has not yet been introduced. The risk is that these levels of service may result in changes in funding levels by NZTA. Similarly ratepayers may be offered a choice of changing the current level of service and/or funding the difference in cost should this eventuate.

## Housing for the Elderly

Construction of new elderly housing units are planned for 2018/2019 in both Reefton and Westport. In the Long Term Plan Council determined that an expenditure on elderly housing should be self-funding over

time. However Council continues to explore moving to a Trust-based structure particularly if this offers any financial advantages from a funding perspective.

## Rationalising Council Property and Investing in our Towns

Under the new legislation Council must take a long term view of assets as well as the requirement to deal with buildings that are required to be brought up to current earthquake standards.

In the Long Term Plan Council considered 4 options to improve the town heart, and decided to modernise and extend the Clocktower to provide a long term solution for Council Offices and the Council meeting room. Council decided on a staged approach over a number of years for the town heart development on the proviso that the district wide water projects were completed.

*Three stages are covered in this pre-election report, which includes:*

- Development of the Westport waterfront area.
- Modernise and extend the Clocktower building, sell Brougham House and strengthen Victoria Square's Grandstand building.
- Relocate the Sue Thomson Memorial Library to the renovated and modernized Carnegie Library and neighboring buildings.

## District Plan

Every District Council is required to have a District Plan under the Resource Management Act 1991 (the RMA). District Plans assist councils to carry out their functions in order to achieve the purpose of the RMA, "to promote the sustainable management of natural and physical resources." The RMA also requires councils to review each provision of their District Plan every 10 years.

Council is carrying out a rolling review of the Buller District Plan. This is an ongoing project that began in 2008 and a number of changes have been made to the Plan as a result. In 2016 Council began the public consultation process for proposed changes to Parts 1-4 of the District Plan (introductory content, issues objectives and policies) and the rules for electricity utilities.

In the next triennium work on the District Plan Review is likely to focus on those parts of the Plan containing rules. This will involve reviewing existing provisions, drafting potential changes and undertaking the process in Schedule 1 of the RMA for changing a District Plan.

If the provisions in the Resource Legislation Amendment Bill relating to a national planning template receive the Royal assent before the 2016 local body elections, Council may also have to amend the Buller District Plan as directed by the national planning template, along with any consequential amendments, during the next triennium.

## Major Capital Projects

Activity	Project	Council Annual Plan 2016/2017 (forecast)	Council LTP 2017/2018 (forecast)	Council LTP 2018/2019 (forecast)	Council LTP 2019/2020 (forecast)	Totals
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Support Services</b>	Information Technology, Vehicle Replacement	164	139	217	173	<b>653</b>
<b>Regulatory Services</b>	Vehicle Replacement, Rural Fire Equipment	0	54	38	39	<b>131</b>
<b>Community Services</b>	Urban Streetscape, Vision 2010 Projects	389	421	0	0	<b>721</b>
	Theatres, Recreation Facilities and Libraries	662	166	106	92	<b>971</b>
	Promotion and Development	25	0	0	0	<b>25</b>
	Reserves, Playgrounds and Camping Grounds	167	63	65	67	<b>357</b>
	Cemetaries	20	8	62	9	<b>79</b>
<b>Amenities &amp; Reserves</b>	Council Properties & Buildings, Public Toilets	85	81	2,898	2,989	<b>6,132</b>
	Housing for the Elderly	76	94	1,236	3	<b>1,409</b>
<b>Roading &amp; Urban Development</b>	Roading	1,578	1,750	1,797	1,696	<b>6,821</b>
	Footpaths, Security Cameras, Street Banners	216	221	226	232	<b>895</b>
<b>Solid Waste</b>	Contracted Refuse (litter bins & transfer stn)	22	8	24	8	<b>62</b>
	Westport Sewer	484	445	406	516	<b>1,851</b>
<b>Sewerage</b>	Reefton Sewer	152	169	154	176	<b>651</b>
	Little Wanganui Sewer	1	38	1	31	<b>71</b>
<b>Water</b>	Westport Water	1,196	398	409	441	<b>2,429</b>
	Reefton Water	110	132	118	120	<b>480</b>
	District Water Schemes	54	8	46	8	<b>116</b>
<b>Stormwater</b>	Stormwater Upgrades & Replacements	258	211	219	220	<b>908</b>
<b>Professional Services Business Unit</b>	Vehicle Radios	5	0	0	0	<b>5</b>
<b>Airport</b>	Minor capital and Rock wall	10	0	0	56	<b>66</b>
<b>Total Capital Projects</b>		<b>5,673</b>	<b>4,406</b>	<b>8,022</b>	<b>6,876</b>	<b>24,833</b>

# Funding Impact Statement

	Council Annual Report 2013/2014 (actual) \$000	Council Annual Report 2014/2015 (actual) \$000	Council LTP 2015/2016 (forecast) \$000	Council Annual Plan 2016/2017 (forecast) \$000	Council LTP 2017/2018 (forecast) \$000	Council LTP 2018/2019 (forecast) \$000	Council LTP 2019/2020 (forecast) \$000
<b>Operating Funding</b>							
<b>Sources of Operating Funding</b>							
General rates, uniform annual general charge, rates penalties	7,424	7,872	7,982	8,006	8,374	8,433	8,712
Targeted rates	5,234	5,438	5,332	5,514	5,894	6,052	6,202
Subsidies and grants for operating purposes	2,737	3,106	2,066	2,216	2,192	2,244	2,300
Fees and charges	216	211	181	187	199	214	222
Interest and dividends from investments	1,400	1,976	1,620	1,523	1,717	1,738	1,711
Local authorities fuel tax, fines, infringements fees & other receipts	3,743	3,393	3,263	3,105	3,367	3,481	3,604
<b>Total Operating Funding</b>	<b>20,754</b>	<b>21,996</b>	<b>20,444</b>	<b>20,550</b>	<b>21,743</b>	<b>22,162</b>	<b>22,751</b>
<b>Applications of Operating Funding</b>							
Payments to Suppliers and staff	15,817	14,962	14,707	14,733	15,522	15,855	16,347
Finance Costs	1,505	1,471	1,438	1,219	1,711	1,628	1,793
Other operating funding applications	801	984	480	515	482	483	484
<b>Total Applications of Operating Funding</b>	<b>18,123</b>	<b>17,417</b>	<b>16,625</b>	<b>16,467</b>	<b>17,715</b>	<b>17,966</b>	<b>18,624</b>
<b>Surplus/ (deficit) of Operating Funding</b>	<b>2,631</b>	<b>4,579</b>	<b>3,819</b>	<b>4,084</b>	<b>4,028</b>	<b>4,196</b>	<b>4,127</b>
<b>Sources of Capital Funding</b>							
Subsidies and grants for capital expenditure	2,441	1,648	2,650	1,520	1,414	1,450	1,395
Development and financial contributions	545	221	100	100	105	108	111
Increase/(decrease) in debt	(1,955)	(50)	2,890	1,546	506	1,366	(46)
Gross proceeds from sale of assets	630	10	160	100	168	172	625
Lump sum contributions	645	550	535	535	400	400	400
Other dedicated capital funding	0	0	0	0	0	0	0
<b>Total Sources of Capital Funding</b>	<b>2,306</b>	<b>2,379</b>	<b>6,335</b>	<b>3,800</b>	<b>2,593</b>	<b>3,496</b>	<b>2,485</b>
<b>Application of Capital expenditure</b>							
- to meet additional demand	0	0	0	0	0	0	0
- to improve the level of service	3,591	1,864	4,445	1,823	1,002	701	411
- to replace existing assets	4,420	3,574	4,160	3,850	3,404	7,321	6,465
Increase/ (decrease) in reserves	(1,742)	876	1,334	2,069	2,012	(680)	(946)
Increase/ (decrease) in investments	(1,332)	644	215	142	203	350	682
<b>Total applications of Capital Funding</b>	<b>4,937</b>	<b>6,958</b>	<b>10,154</b>	<b>7,884</b>	<b>6,621</b>	<b>7,692</b>	<b>6,612</b>
<b>Surplus/ (deficit) of Capital Funding</b>	<b>(2,631)</b>	<b>(4,579)</b>	<b>(3,819)</b>	<b>(4,084)</b>	<b>(4,028)</b>	<b>(4,196)</b>	<b>(4,127)</b>
<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
							<b>(A-B)+(C-D)</b>

# Summary Statement of Financial Position

	Council Annual Report 2013/2014 (actual) \$000	Council Annual Report 2014/2015 (actual) \$000	Council LTP 2015/2016 (forecast) \$000	Council Annual Plan 2016/2017 (forecast) \$000	Council LTP 2017/2018 (forecast) \$000	Council LTP 2018/2019 (forecast) \$000	Council LTP 2019/2020 (forecast) \$000
<b>Current Assets</b>							
Financial Assets (cash and term deposits)	13,139	14,309	11,792	13,648	13,037	13,185	12,848
Other Current Assets	4,992	4,429	5,011	4,721	5,006	5,104	5,220
<b>Total Current Assets</b>	<b>18,131</b>	<b>18,738</b>	<b>16,803</b>	<b>18,368</b>	<b>18,043</b>	<b>18,289</b>	<b>18,068</b>
<b>Non Current Assets</b>							
Financial Assets (shares, loans, bond deposits)	20,370	20,156	19,890	20,253	19,967	19,465	19,523
Other Non Current Assets	310,870	308,785	324,650	321,747	337,382	339,139	354,027
<b>Total Current Assets</b>	<b>331,240</b>	<b>328,941</b>	<b>344,540</b>	<b>342,000</b>	<b>357,349</b>	<b>358,604</b>	<b>373,550</b>
<b>TOTAL Assets</b>	<b>349,371</b>	<b>347,679</b>	<b>361,343</b>	<b>360,369</b>	<b>375,392</b>	<b>376,893</b>	<b>391,618</b>
<b>Current Liabilities</b>							
Public Debt (overdrafts & borrowings)	80	80	56	77	132	147	226
Other Current Liabilities	4,513	3,226	4,376	4,321	4,649	4,750	4,876
<b>Total Current Liabilities</b>	<b>4,593</b>	<b>3,306</b>	<b>4,432</b>	<b>4,397</b>	<b>4,781</b>	<b>4,897</b>	<b>5,102</b>
<b>Non Current Liabilities</b>							
Public Debt (borrowings)	23,614	23,565	26,731	26,201	27,581	28,932	28,806
Other Non Current Liabilities	2,023	2,711	2,022	2,525	1,968	1,942	1,916
<b>Total Non Current Liabilities</b>	<b>25,637</b>	<b>26,276</b>	<b>28,753</b>	<b>28,726</b>	<b>29,549</b>	<b>30,874</b>	<b>30,722</b>
<b>Equity</b>							
<b>Total Equity</b>	<b>319,141</b>	<b>318,097</b>	<b>328,158</b>	<b>327,246</b>	<b>341,062</b>	<b>341,122</b>	<b>355,794</b>
<b>TOTAL Liabilities and Equity</b>	<b>349,371</b>	<b>347,679</b>	<b>361,343</b>	<b>360,369</b>	<b>375,392</b>	<b>376,893</b>	<b>391,618</b>

# Statement on Compliance with Financial Strategy

Council Annual Report 2013/2014 (actual) \$000	Council Annual Report 2014/2015 (actual) \$000	Council LTP 2015/2016 (forecast) \$000	Council Annual Plan 2016/2017 (forecast) \$000	Council LTP 2017/2018 (forecast) \$000	Council LTP 2018/2019 (forecast) \$000	Council LTP 2019/2020 (forecast) \$000
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## Rates levels and limits

Council limit on rates revenue (limited to 65% of Total Revenue)

Average percentage increase per ratepayer (total rates)

Council limit on average percentage increase per ratepayer (Total rates)

51.3%	55.3%	57.4%	55.1%	59.4%	59.2%	59.5%
6.2%	6.0%	-0.3%	1.5%	3.7%	1.5%	3.0%
2.6%	-3.5%	3.0%	3.0%	3.0%	3.0%	3.0%

## Borrowing levels and limits

Debt Servicing costs as a percentage of Total Operating Revenue

Debt Servicing costs limit as a percentage of Total Operating Revenue (limited to 10% in LTP, 15% in 2013/2014 and 2014/2015)

Actual Net debt (\$000)

Limit on Net debt (\$000)

13,054	12,361	15,815	13,993	15,713	17,079	17,532
No limit set	No limit set	20,000	20,000	20,000	20,000	20,000

## Investment Revenue and Performance (\*)

Interest Revenue (\$000)

Dividends And Subvention Payments Revenue (\$000)

Total Term Deposits (\$000)

Total Other Investments (equity) (\$000)

Return on Total Investments

\* **Note:** there are no investment performance benchmarks set in Council Long Term Plan other than a forecast level for term deposits

759	670	745	613	796	810	759
641	1,306	875	910	921	928	952
10,640	11,284	10,972	12,284	12,000	12,000	11,500
20,370	20,156	19,890	20,253	19,967	19,465	19,523
4.5%	6.3%	5.2%	4.7%	5.4%	5.5%	5.5%

Benchmark achieved

Benchmark not achieved



# Where to find out more...

This report has been prepared from the following documents:

- Long Term Plan 2012-2022
- Long Term Plan 2015-2025
- Annual Plan 2016/2017
- Annual Reports

Visit Council's website [www.bullerdc.govt.nz](http://www.bullerdc.govt.nz) or contact our Customer Services team [info@bdc.govt.nz](mailto:info@bdc.govt.nz) to obtain access to these reports.

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Ph 64 3 732 8821  
Fax 64 3 732 8822

## **Sue Thomson-Casey Memorial Library**

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