

AGENDA:

Meeting of the
FINANCE and AUDIT COMMITTEE

Wednesday 19 June 2019
Commencing at 5:00pm

Clocktower Chambers
Palmerston Street, Westport

Finance & Audit Committee Members:

- His Worship the Mayor Garry Howard
- Cr J Cleine
- Cr D Hawes
- Cr S Roche (Chair)
- Cr R Nahr
- Cr P Rutherford
- Cr R Sampson

Terms of Reference

Finance and Audit Committee

Purpose

The Finance and Audit Committee will monitor and assess the following:

- The correct level of service is being delivered within the approved financial parameters.
- External financial funding is on track to be received within the budgeted financial year.
- Council's level of borrowing is financially sustainable and intergenerational equity requirements are achieved.
- Council's investments are growing as predicted and invested as per Treasury Management Policy and that all breaches of policy are reported and approved by Council.
- Rates are being collected and that debt recovery is under control.
- Monitoring of Council's fiscal prudence indicators.
- Both external and internal audit requirements are met.

Delegated Powers

- The Finance and Audit Committee has authority to undertake the following functions and to make recommendations to Council as required:

Financial and Performance Monitoring

- Monitoring financial performance to budgets
- Monitoring service level performance to key performance indicators
- Monitoring of Rates and General Debt collection

External Reporting and Accountability

- Enquire of external auditors for any information that affects the quality and clarity of the Council's financial statements, and assess whether appropriate action has been taken by management.
- Satisfy itself that the financial statements are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (ie letters of representation), and recommend signing of the financial statements by the Chief Executive and Mayor and adoption by Council.

External Audit

- Confirm the terms of the appointment and engagement, including the nature and scope of the audit, timetable and fees, with the external auditor.
- Receive the external audit report(s) and review action to be taken by management on significant issues and audit recommendations raised
- Enquire of management and the independent auditor about significant business, political, financial and control risks or exposure to such risks. Internal Audit
- Review the internal audit coverage and annual work plans.

Frequency of Meetings

Monthly

Reporting To

Council

Reporting Timeline

Monthly dashboard report

Membership

Chair:

- Sharon Roche

Members:

- Garry Howard
- Robyn Nahr
- Phil Rutherford
- Dave Hawes
- Jamie Cleine
- Rosalie Sampson

FINANCE and AUDIT COMMITTEE MEETING

19 JUNE 2019

INDEX

| ITEM: | PAGE: |
|-------------------------------------------|-------|
| Apologies | |
| 1. Members Interest..... | 1 |
| 2. Confirmation of Minutes..... | 2 |
| 3. Action Point List..... | 6 |
| 4. Financial Performance Report..... | 8 |
| 5. Investments and Borrowings Report..... | 12 |
| 6. Significant Projects Report | 18 |
| 7. Debt Recovery Report | 25 |
| 8. Audit Management Actions Points..... | 30 |
| 9. Finance Work Plan | 33 |
| 10. Public Excluded | 35 |
| 10.1 Monthly BHL Update..... | 36 |

FINANCE AND AUDIT COMMITTEE

19 JUNE 2019

Agenda Item No 1

Prepared by - Dean Phibbs
- Group Manager Commercial and Corporate Services

MEMBERS INTEREST

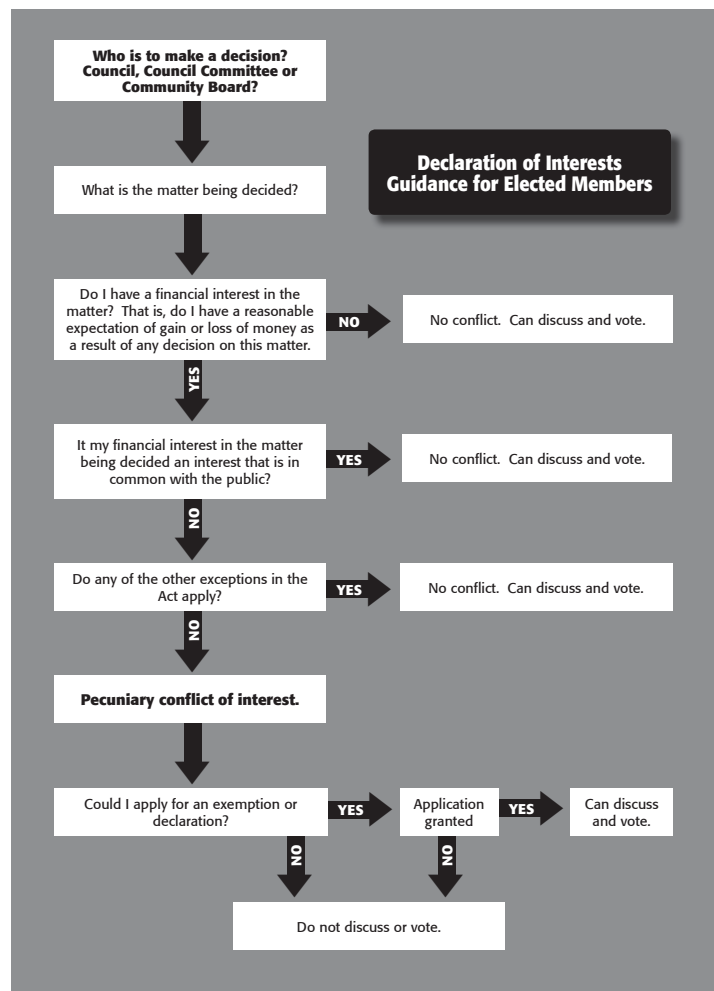
Councillors are encouraged to consider the items on the agenda and disclose whether they believe they have a financial or non-financial interest in any of the items in terms of Council's Code of Conduct.

Councillors are encouraged to advise the Personal Assistant, Corporate Services, of any changes required to their declared Members Interest Register.

The follow flowchart may assist Councillors in making that determination (Appendix A from Code of Conduct).

DRAFT RECOMMENDATION

That the Finance and Audit Committee members disclose any financial or non-financial interest in any of the agenda items.



FINANCE AND AUDIT COMMITTEE

19 JUNE 2019

Agenda Item No 2

**Prepared by - Dean Phibbs
- Group Manager Commercial and Corporate Services**

CONFIRMATION OF MINUTES

DRAFT RECOMMENDATION

That the Finance and Audit Committee receive and confirm meeting minutes from 17 April 2019.

**MEETING OF THE BULLER DISTRICT COUNCIL FINANCE AND AUDIT COMMITTEE,
COMMENCED AT 4:30pm, 15 MAY 2019, AT CLOCKTOWER CHAMBERS,
PALMERSTON STREET, WESTPORT**

PRESENT:

His Worship the Mayor G Howard, Councillor's J Cleine (Chair), P Rutherford, R Sampson and R Nahr.

IN ATTENDANCE:

Councillor's E Miazga and S Barry

Chief Executive Officer (S Mason), Group Manager Commercial and Corporate Services (D Phibbs), Management Accountant (L Brooks), Financial Accountant (W Thompson) and EA Commercial and Corporate Services (M Wilson).

RESOLVED that the Finance and Audit Committee accept apologies from Councillor's S Roche and D Hawes.

**J Cleine /R Sampson
CARRIED UNANIMOUSLY**

1. MEMBER'S INTEREST

No financial or non-financial interests were declared.

2. MINUTES

RESOLVED that the Finance and Audit Committee confirm meeting minutes from 17 April 2019.

**J Cleine/R Nahr
CARRIED UNANIMOUSLY**

3. ACTION POINT LIST

- 111.** Change person responsible to Rachel Townrow. Update progress. Item complete.
- 152.** Update progress.
- 153.** Update progress. Item complete.
- 155.** Update progress. Item complete.
- 159.** Update progress.

RESOLVED that the Finance and Audit Committee receive the Action Point update for Information and discussion.

**J Cleine/R Nahr
CARRIED UNANIMOUSLY**

4. FINANCIAL PERFORMANCE REPORT

Discussion took place around the report with explanations being provided by Financial Accountant (W Thompson) and GMCCS (D Phibbs).

RESOLVED that the Finance and Audit Committee receive the quarterly Financial Performance Report for information and discussion.

**P Rutherford /G Howard
CARRIED UNANIMOUSLY**

5. INVESTMENTS AND BORROWINGS REPORT

RESOLVED that the Finance and Audit Committee receive the Investments and Borrowings Report for information and discussion.

**J Cleine/G Howard
CARRIED UNANIMOUSLY**

6. SIGNIFICANT PROJECTS REPORT

Carnegie Library's future was discussed, CEO advised that a workshop will be held in July 2019 regarding future usage of Council's property stock.

RESOLVED that the Finance and Audit Committee receive the Significant Projects Report for information and discussion.

**J Cleine/R Nahr
CARRIED UNANIMOUSLY**

7. ABANDONED LAND PROJECT

RESOLVED that the Finance and Audit Committee receive the Abandoned Land project update for information and discussion.

**P Rutherford/G Howard
CARRIED UNANIMOUSLY**

8. CAPITAL INCOME AND CAPITAL EXPENDITURE REPORT

RESOLVED that the Finance and Audit Committee recommend to Council that the Capital Income and Capital Expenditure Report be adopted.

**J Cleine/R Nahr
CARRIED UNANIMOUSLY**

9. AUDIT MANAGEMENT ACTION POINTS

5. Change date to June 2019.

RESOLVED that the Finance and Audit Committee receive the Audit Management Action Point report for information and discussion.

**J Cleine/P Rutherford
CARRIED UNANIMOUSLY**

10. FINANCE WORK PLAN

Abandoned Land and Rating Review Policy – include timelines.

RESOLVED that the Finance and Audit Committee receive the Finance Work Plan for information and discussion.

**J Cleine/R Sampson
CARRIED UNANIMOUSLY**

ADDITIONAL ITEM

GMCCS (D Phibbs) provided a verbal update on Buller Holdings Ltd.

Cr J Cleine declared a conflict of interest over this discussion because of his BHL directorship.

-
- There being no further business the meeting concluded at 5:27pm
 - **Next meeting:** 5:00pm Wednesday 12 June 2018, *Council Chambers, Palmerston Street, Westport.*
-

Confirmed: **Date:**

Name:

FINANCE AND AUDIT COMMITTEE

19 JUNE 2019

Agenda Item No 3

**Prepared by - Dean Phibbs
- Group Manager Commercial and Corporate Services**

ACTION POINT LIST

DRAFT RECOMMENDATION

That the Finance and Audit Committee receive the Action Point List report for information and discussion.

FINANCE & AUDIT COMMITTEE: CURRENT ACTION POINTS

| No. | Meeting of: | Action Point | Responsible? | Progress: | SLT update for meeting: | Date required by: |
|-----|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-------------------|
| 152 | 11 July 2018 | Abandoned land: a report to be provided to the November 2018 Council meeting regarding the Abandoned Land status and how this can be progressed. | Lynn Brooks | <ul style="list-style-type: none"> • Clarification of the process and a timeline were given, and determined as helpful. • A brief update to be provided to the December F&A meeting. • Further information to go to Council's February meeting. • Delay in completing project caused by lack of resources. • Report for required for F&A July 2019 meeting, indicating how land could be packaged for sale. • Project being worked on with an update going to May's F&A meeting. | <ul style="list-style-type: none"> • A project timeline to be presented to Council's June meeting. | July 2019 |
| 159 | 17 April 2019 | Rates policy review: a timeline for continuation of the project to be set. | Sharon Mason | <ul style="list-style-type: none"> • The report will be presented at Council's May meeting. • Suggest complete after this has occurred. | <ul style="list-style-type: none"> • Report to be presented to Council's July meeting. | May 2019 |

FINANCE AND AUDIT COMMITTEE

19 JUNE 2019

Agenda Item No 4

Prepared by - Wendy Thompson
- Financial Accountant

Reviewed by - Dean Phibbs
- Group Manager Commercial & Corporate Services

FINANCIAL PERFORMANCE: 30 APRIL 2019

1. REPORT SUMMARY

To provide the Committee with an update on the operational performance to 30 April 2019.

2. RECOMMENDATION/DRAFT RESOLUTION:



























That this report be received for information and discussion.

3. OPERATIONAL FINANCIAL PERFORMANCE

3.1 Operational Performance Report - Summary of Results April 2019

| | Actual YTD | Budget YTD | Projected Full Year | Budget Full Year | Projected Variance Full Year |
|-------------|---------------|---------------|------------------------|---------------------|------------------------------------|
| Income | \$20,964,000 | \$19,443,000 | \$23,670,000 | \$22,190,000 | \$1,480,000 |
| Expenditure | \$21,539,000 | \$20,517,000 | \$26,765,000 | \$25,502,000 | \$1,263,000 |
| | | | | | \$217,000 |

3.2 Dashboard – Operational Financial Performance Indicators

| Activity | Revenue | Expenditure | Comment |
|------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Democracy |  |  | |
| Property Amenities & Reserves |  |  | |
| Economic Development, Tourism & Museum Support |  |  | |
| Community Services |  |  | |
| Regulatory |  |  | |
| Roading & Urban Development |  |  | Punakaki Masterplan unanticipated |
| Professional Services |  |  | |
| Solid Waste |  |  | |
| Support |  |  | Overbudget salaries, consulting & recruitment |
| Wastewater |  |  | |
| Water |  |  | |
| Airport |  |  | |
| Harbour |  |  | Unbudgeted dredging activity and slipping and overbudget port operating costs |

Operational Financial Report for the period ending 30 April 2019

| | Year to Date | | | | | | | | Temporary or Permanent Variance | Explanation of Variances of \$50,000 or greater |
|---------------------------------------|-------------------|-------------------|------------------|----------|----------------------|-------------------|-------------------------------|-----|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| | Actual | Budget | YTD Variance | U/F | Full Year Prediction | Annual Budget | Variance Full Year Prediction | U/F | | |
| INCOME | | | | | | | | | | |
| Community Services | 313,387 | 359,010 | (45,623) | U | 437,325 | 437,325 | 0 | U | | |
| Westport Harbour | 1,539,416 | 184,570 | 1,354,846 | F | 1,601,484 | 221,484 | 1,380,000 | F | Permanent | Unanticipated dredging income \$1.38 million. |
| Democracy | 2,498 | 0 | 2,498 | F | 0 | 0 | 0 | | | |
| Tourism & Promotion | 0 | 0 | 0 | | 0 | 0 | 0 | | | |
| Water Supply | 2,817,959 | 2,787,132 | 30,827 | F | 2,836,088 | 2,836,088 | 0 | | | |
| Airport | 200,999 | 174,580 | 26,419 | F | 200,496 | 200,496 | 0 | | | |
| Amenities & Reserves | 588,874 | 650,210 | (61,336) | U | 740,252 | 780,252 | (40,000) | U | Permanent and Temporary | Underbudget cemeteries fees \$34,000, Property rentals \$21,000, Predicted underbudget \$40,000. |
| Roading & Urban Development | 2,075,288 | 1,814,088 | 261,200 | F | 2,466,360 | 2,326,360 | 140,000 | | Temporary | Timing and composition of roading programme compared to budget allocation; Punakaiki Masterplan grant unanticipated \$140,000. |
| Regulatory | 708,555 | 733,640 | (25,085) | U | 857,072 | 857,072 | 0 | | | |
| Solid Waste | 736,366 | 741,596 | (5,230) | U | 764,428 | 764,428 | 0 | | | |
| Support Services | 57,770 | 55,830 | 1,940 | F | 66,996 | 66,996 | 0 | | | |
| Council (General Rates & Investments) | 9,323,506 | 9,350,328 | (26,822) | U | 11,083,156 | 11,083,156 | 0 | | | |
| Wastewater | 2,599,794 | 2,591,900 | 7,894 | F | 2,615,968 | 2,615,968 | 0 | | | |
| Total Income | 20,964,412 | 19,442,884 | 1,521,528 | F | 23,669,625 | 22,189,625 | 1,480,000 | | | |

| | Year to Date | | | | | | | | Temporary or Permanent Variance | Explanation of Variances of \$50,000 or greater |
|-------------------------------------|-------------------|-------------------|--------------------|----------|----------------------|-------------------|-------------------------------|----------|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Actual | Budget | YTD Variance | U/F | Full Year Prediction | Annual Budget | Variance Full Year Prediction | U/F | | |
| EXPENDITURE | | | | | | | | | | |
| Community Services | 2,618,118 | 2,699,048 | 80,930 | F | 3,964,434 | 4,014,434 | 50,000 | F | Permanent | Predicted underbudget grants \$50,000. |
| Westport Harbour | 1,479,888 | 401,923 | (1,077,965) | U | 1,549,288 | 464,288 | (1,085,000) | U | Permanent | Unanticipated dredging expenditure \$609,000 and slipping \$272,000, the balance is overbudget port operations \$197,000. |
| Democracy | 432,881 | 382,150 | (50,731) | U | 504,650 | 464,650 | (40,000) | U | Permanent | Overbudget audit fees \$20,000, salaries \$20,000. |
| Tourism & Promotion | 454,044 | 494,462 | 40,418 | F | 522,716 | 522,716 | 0 | | | |
| Water Supply | 1,814,648 | 2,048,373 | 233,725 | F | 2,367,151 | 2,517,151 | 150,000 | F | Permanent and Temporary | Underbudget repairs & outwork \$188,000, interest \$143,000; offset by overbudget power \$67,000. Projected underbudget interest \$150,000. |
| Airport | 316,806 | 286,934 | (29,872) | U | 340,330 | 340,330 | 0 | | | |
| Amenities & Reserves | 1,927,889 | 2,007,135 | 79,246 | F | 2,490,338 | 2,373,338 | (117,000) | U | Permanent and Temporary | Primarily repairs & outwork underbudget across the activity; offset by Responsible Camping operating costs \$117,000 (permanent variance). |
| Roading & Urban Development | 5,069,378 | 4,752,763 | (316,615) | U | 5,934,415 | 5,809,415 | (125,000) | U | Permanent and Temporary | Timing and composition of roading programme compared to NZTA approved budgets; Punakaiki Masterplan unanticipated \$125,000 (funded by Government Grant). |
| Professional Services Business Unit | 550,850 | 619,132 | 68,282 | F | 695,975 | 745,975 | 50,000 | F | Permanent | Salary expenses underbudget due to position vacancies. |
| Regulatory | 1,071,858 | 1,185,225 | 113,367 | F | 1,438,346 | 1,428,346 | (10,000) | U | Permanent and Temporary | Underbudget salaries \$107,000, legal fees \$10,000; offset by overbudget contractor fees \$30,000. Prediction underbudget net salaries/contractors \$130,000; offset by unanticipated remediation \$110,000 and IANZ audit costs \$30,000. |
| Solid Waste | 826,301 | 787,509 | (38,792) | U | 925,706 | 925,706 | 0 | | | |
| Support Services | 3,050,784 | 2,916,021 | (134,763) | U | 3,622,218 | 3,486,218 | (136,000) | U | Permanent and Temporary | Overbudget consulting and legal \$169,000, employment costs \$63,000, insurance \$34,000, recruitment \$31,000; offset by underbudget depreciation \$105,000, bank fees and interest \$27,000. |
| Wastewater | 1,926,206 | 1,936,441 | 10,235 | F | 2,409,878 | 2,409,878 | 0 | | | |
| Total Expenditure | 21,539,650 | 20,517,116 | (1,022,534) | U | 26,765,445 | 25,502,445 | (1,263,000) | | | |
| Net Variance | | | \$498,994 | F | | | \$217,000 | F | | |

FINANCE AND AUDIT COMMITTEE

19 JUNE 2019

Agenda Item No 5

Prepared by - Wendy Thompson
- Financial Accountant

Reviewed by - Dean Phibbs
- Group Manager Commercial and Corporate Services

INVESTMENTS AND BORROWINGS - MAY 2019

1. REPORT SUMMARY

This report summarises Council's cash investments and borrowings for the month ended May 2019, interest earned for the period from 1 July 2018 to 31 May 2019, and compliance with Council policy.

2. RECOMMENDATION/DRAFT RESOLUTION

That the report be received for information.

3. ISSUES AND DISCUSSION

Investments

Investments have increased by \$2.3 million in total from the last report circulated to the end of April 2019. This is due to the cyclical effect of quarterly rates billing and monthly creditor payment obligations; especially around some of Council's large capital projects. The trading account closing balance is \$293,000.

Interest Revenue

Interest revenue to the end of May 2019 is \$790,000 compared to a budget of \$866,000.

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 have increase by \$2.0 million from April 2019, with a current balance of \$26,770,000. Net debt (borrowings less term investments and call account balance) has decreased to \$8,956,000 from the \$9,256,600 balance in April 2019 due to the movement in debt being offset by an increase in short term investments.

4. CONSIDERATIONS

4.1. Strategic impact

It is important that Council retains suitable cash holdings and credit facilities to ensure its activities and capital projects are able to be funded in a timely and affordable manner.

4.2. Significance assessment

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

4.3. Values assessment

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

Treasury management functions and reporting align most strongly with the values of Future Focussed and Integrity.

Consideration of current and future cash requirements and intergenerational equity are required when managing cash deposits and credit facilities.

Public reporting of investments and borrowings encourages open and honest discussion and decision making.

4.4. Risk analysis

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

Cash flow management is an integral part of ensuring Council is able to deliver the services and projects it has committed to in successive Long Term and Annual Plans.

This risk is mitigated by establishing policies and procedures, engaging staff to manage investment and borrowings and regular reporting to Council to ensure high level oversight.

4.5. Policy / legal considerations

The Local Government Act (2002) and associated regulations prescribe prudent financial management and nationwide benchmarks. The financial prudence benchmarks are now compulsory sections included in Council Long Term/Annual Plans and Annual Reports.

Council's Investment Policy and Treasury Policy govern the management of cash assets and borrowings.

4.6. Tangata whenua considerations

None identified

4.7. Views of those affected

Council's financial strategies, investment levels and borrowing projections are included in the Long Term Plan and Annual Plan consultation processes.

4.8. Costs

There are no extraordinary costs relating to investments and borrowings.

4.9. Benefits

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

4.10. Media / publicity

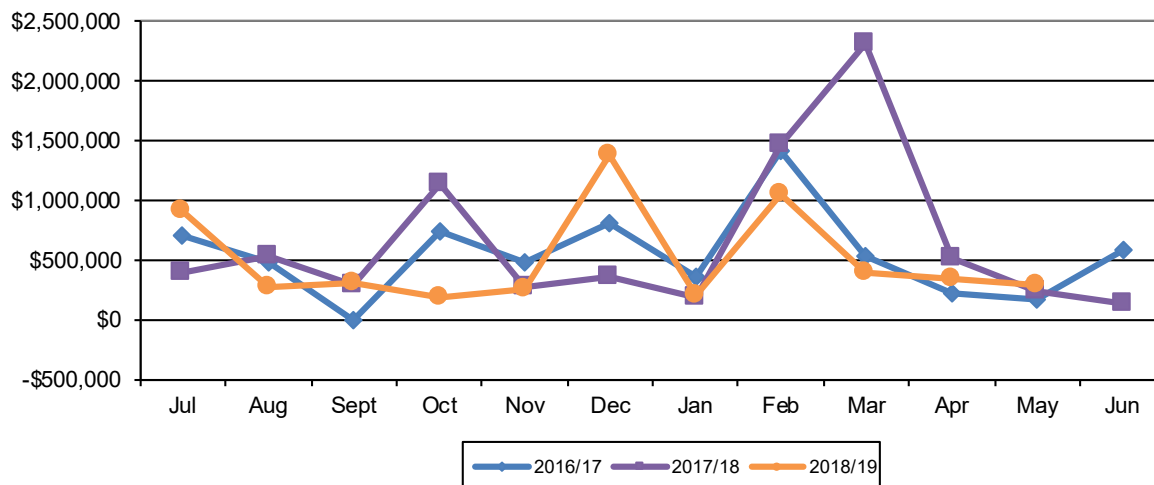
None identified

INVESTMENTS AND BORROWINGS REPORT

1. BANK BALANCE

| | This Month 31 May 2019 | Last Month 30 Apr 2019 | Last Year 30 Jun 18 |
|---------|---------------------------|---------------------------|------------------------|
| Council | \$293,029 | \$339,623 | \$139,474 |

2. MONTH END BANK BALANCE



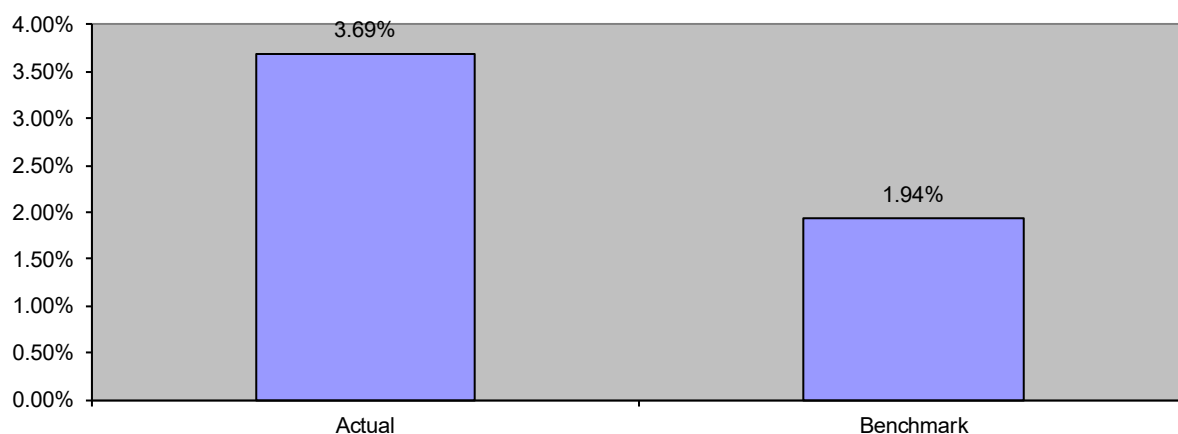
3. SUMMARY OF INVESTMENTS

| | This Month 31 May 2019 | Last Month 30 Apr 2019 | Last Year 30 Jun 18 |
|------------------------------------------------|---------------------------|---------------------------|------------------------|
| Term deposits (includes Call Account) | 17,817,292 | 15,517,292 | 17,500,382 |
| Other loans (includes loan to Holding Company) | 2,433,280 | 2,434,529 | 2,537,348 |
| Total Investments | \$20,250,571 | \$17,951,821 | \$20,037,730 |

4. SOURCE OF FUNDS

| | This Month 31 May 2019 | Last Month 30 Apr 2019 | Last Year 30 Jun 18 |
|----------------------------------------------------------------------------|---------------------------|---------------------------|------------------------|
| Depreciation Funds | 1,000,000 | 1,000,000 | 1,000,000 |
| West Coast Package (Govt subsidy for halt to logging) | 2,831,785 | 2,831,785 | 2,831,785 |
| 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 | 1,331,540 | 1,331,540 | 1,314,630 |
| Short Term Funds (rates income plus term deposits pending debt reduction) | 2,800,000 | 500,000 | 2,500,000 |
| | \$17,817,292 | \$15,517,292 | \$17,500,382 |

5. INVESTMENTS PORTFOLIO PERFORMANCE (12 Month Average)



6. INTEREST REVENUE

| | Actual YTD | Budget YTD | Budget Full Year |
|------------------|------------|------------|------------------|
| Interest Revenue | \$789,972 | \$865,577 | \$1,344,928 |

7. COMPLIANCE WITH INVESTMENT POLICY

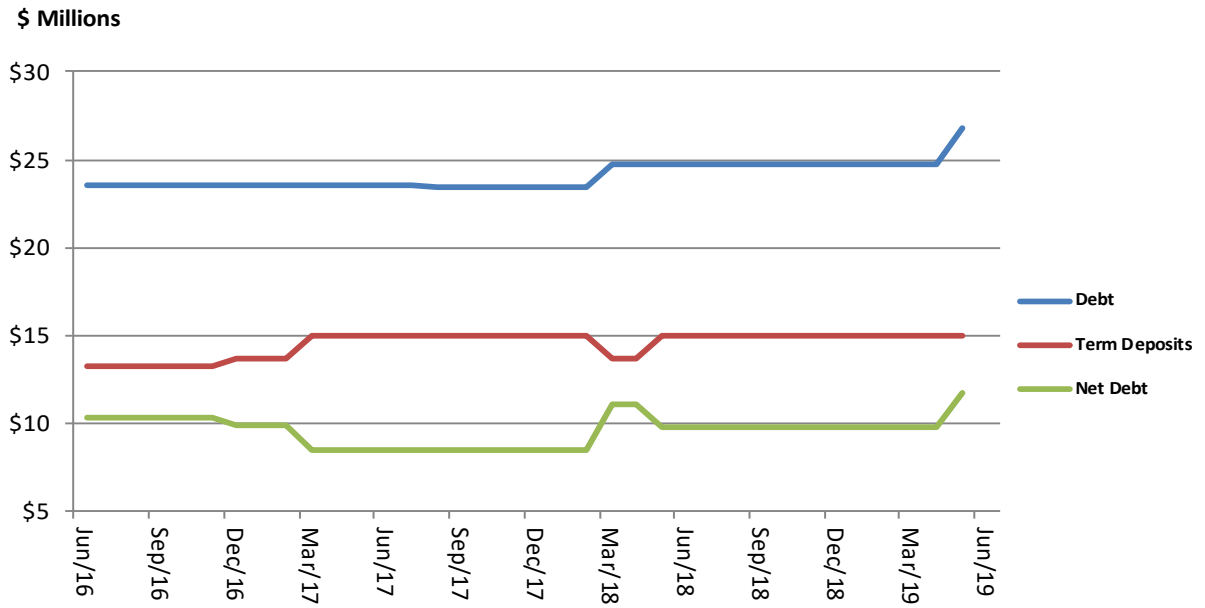
All term deposits are held with New Zealand Registered banks with no more than \$10 million with any one institution. The terms and maturity dates of investments are spread to minimise Council's exposure to interest rate fluctuations while still aiming to optimise interest earned.

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

8. SUMMARY OF BORROWINGS

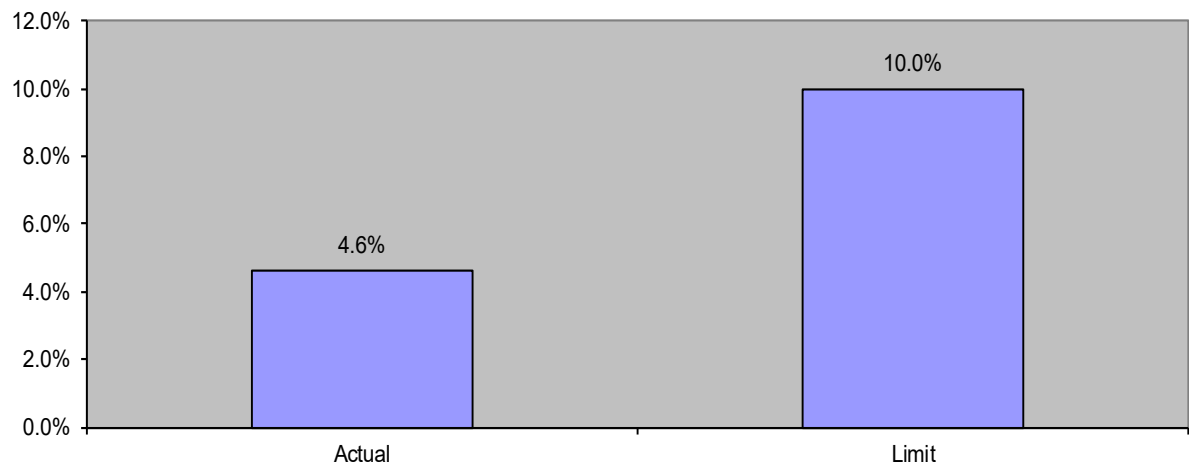
| | This Month 31 May 2019 | Last Month 30 Apr 2019 | Last Year 30 Jun 18 |
|----------------------------------------------|---------------------------|---------------------------|------------------------|
| External Debt: | | | |
| Westpac Loan Facility | 6,773,860 | 4,773,860 | 4,773,860 |
| LGFA Loan Facility | 20,000,000 | 20,000,000 | 20,000,000 |
| | \$26,773,860 | \$24,773,860 | \$24,773,860 |
| Weighted Average Interest Cost | 4.00% | 4.00% | 4.60% |
| Net Debt: | | | |
| Total Borrowings | 26,773,860 | 24,773,860 | 24,773,860 |
| Less: Term deposits (including Call Account) | 17,817,292 | 15,517,292 | 17,500,382 |
| | \$8,956,568 | \$9,256,568 | \$7,273,478 |

9. DEBT AND INVESTMENTS 3-YEAR TREND

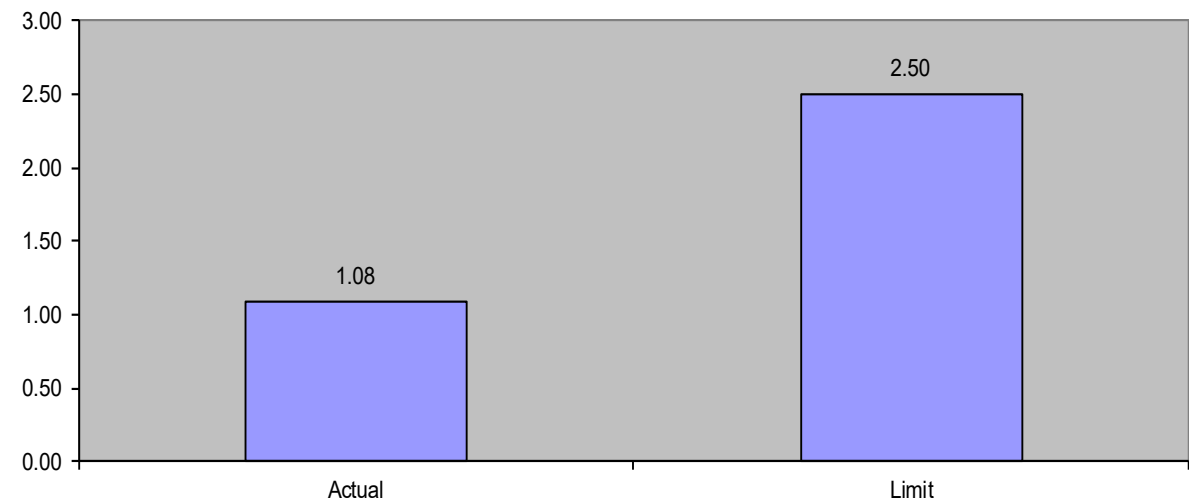


10. COMPLIANCE WITH TREASURY POLICY

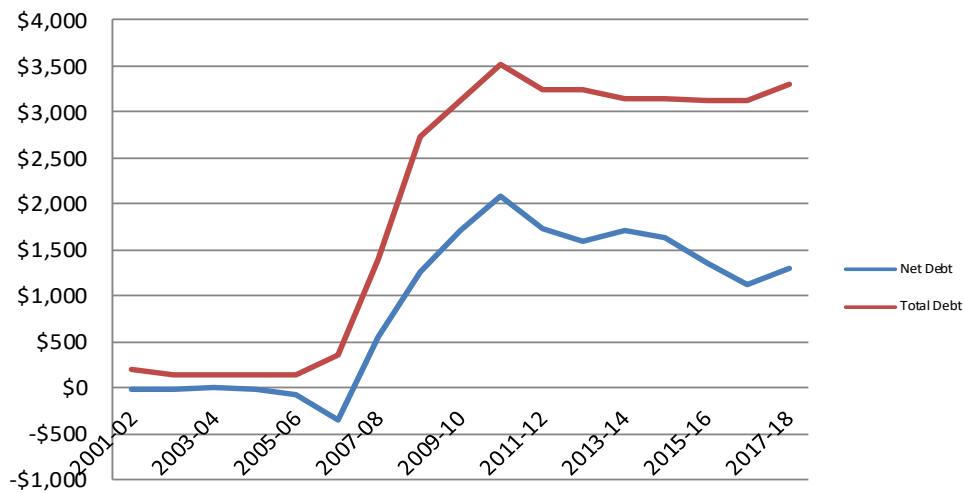
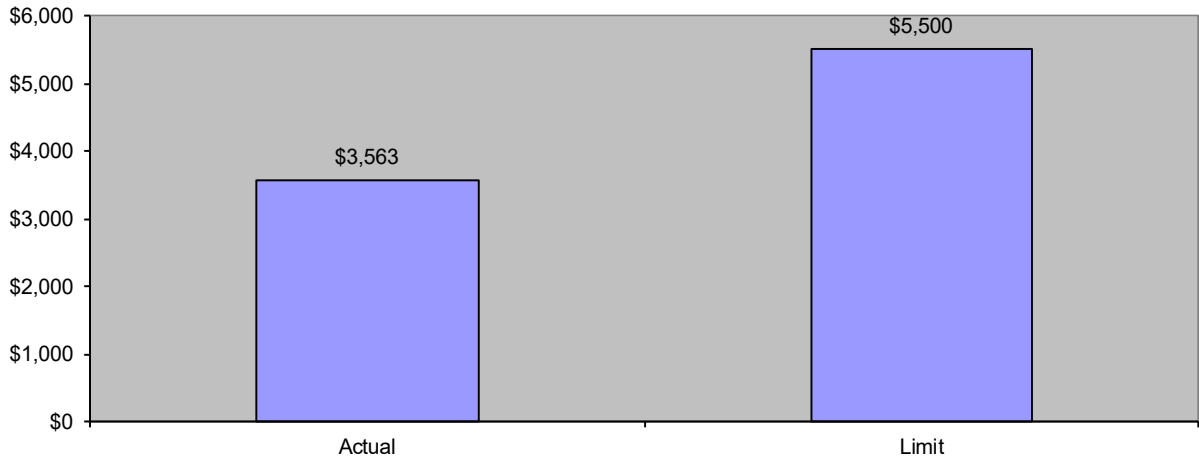
10.1 Interest Expense / Total Income



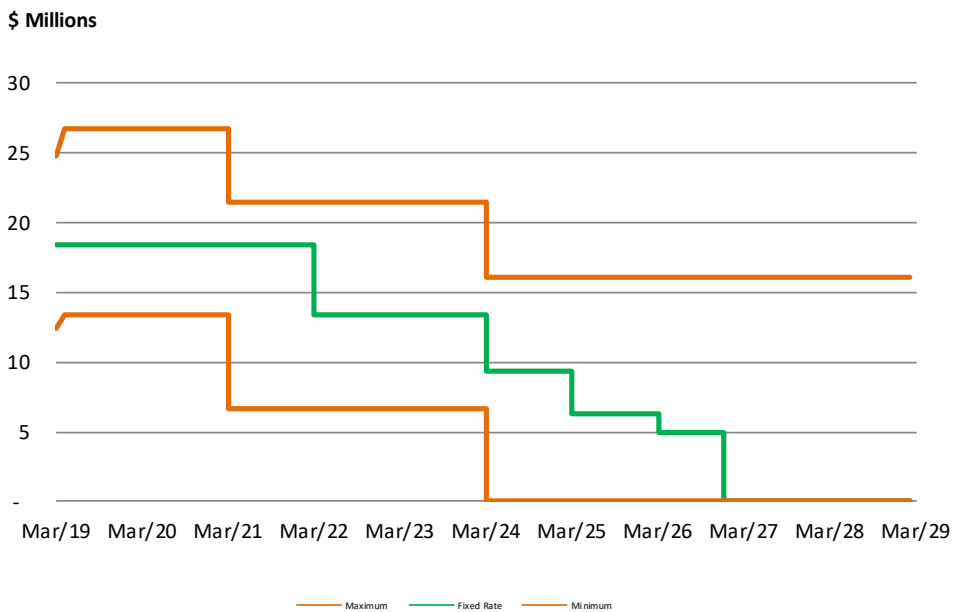
10.2 Gross Debt / Total Income



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

19 JUNE 2019

Agenda Item No 6

Prepared by - Lynn Brooks
- Management Accountant

Reviewed by - Dean Phibbs
- Group Manager Commercial and Corporate Services

SIGNIFICANT PROJECTS REPORT

1. REPORT SUMMARY

This report summarises significant projects and priorities of Council as at 30 April 2019. It records both current and future work streams, and is for discussion and monitoring purposes. It should be read in conjunction with the attached detailed Appendix A.

2. DRAFT RECOMMENDATION

That the report be received for information.

3. ISSUES AND DISCUSSION











The report provides a high summary of some projects and priorities of Council by each of the following sectors:

- 1 Mayor, Councillors and Chief Executive Officer
- 2 Community Services
- 3 Regulatory Services
- 4 Commercial and Corporate Services
- 5 Infrastructure Services
- 6 Significant Projects

This report does not include every task undertaken, such as routine roading contract work or other regular services provided by Council. Instead it highlights the high value projects at an aggregated level, and/or the non-routine projects which are very important for community and Council but may not have a dollar budget attributed to them, such as advocacy projects.

The Chief Executive Officer 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 financial management reports and is included for consistency with those other reports of Council.

| Activity | Indicator | Comment |
|-----------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mayor, Councillors and Chief Executive |  | <ul style="list-style-type: none"> Advocacy for a range of projects is ongoing. These projects do not have a budget nor require one, however are very important for community outcomes. Overall, advocacy for numerous projects is on target. The future of the Westport Port is under continual review and a Business Case Workshop was held during May 2019 |
| |  | <ul style="list-style-type: none"> Advocacy for the water supplies that must be improved to meet Drinking Water Standards, but the upgrade would significantly increase the cost of water rates is ongoing. A report will be put to the June 2019 Council meeting. |
| Community Services |  | Property: <ul style="list-style-type: none"> The Peel Street yard building rehabilitation work is continuing and on budget. |
| Regulatory Services | | <ul style="list-style-type: none"> The current tasks are on plan and budget. |
| Commercial and Corporate Services |  | <ul style="list-style-type: none"> The Annual Plan has been completed and will be adopted by 30 June 2019. |
| Significant Projects |  | General Projects: <ul style="list-style-type: none"> The Tai Poutini Plan (One District Plan) work is underway. The Information Management / Document Management project team has selected a supplier and is now at implementation planning stage. Information sharing and collaboration has been achieved in conjunction with other NZ Councils. The Rates Policy Review is ongoing. A project timeline for completion of the review must be agreed. |
| Infrastructure Services |  | Roading and Urban Development: <ul style="list-style-type: none"> The annual work program is planned to be completed on budget. Advocacy for the Karamea Highway Special Purpose Road designation continues. |
| |  | Waimangaroa Water Supply: <ul style="list-style-type: none"> Investigation into the Waimangaroa Water treatment system continues, including options and costs and community meetings and consultation. Advocacy on the ongoing affordability of the upgraded Waimangaroa water scheme is ongoing. |
| |  | Westport Water Supply: <ul style="list-style-type: none"> The Westport water raw water project to pipe the tunnel is progressing well. |
| Project on time and budget |  | |
| Project delays or budget overruns |  | |

4. CONSIDERATIONS

4.1. 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 strategies set out in the 2018-2028 Long Term Plan.

4.2. 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 processes.

4.3. 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.

4.4. 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.

4.5. 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.

4.6. Tangata Whenua Consultation Considerations

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

4.7. 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.

4.8. 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.

4.9. 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.

4.10. Media/Publicity

There are many media or publicity opportunities with the content of this report.

Significant Projects Report

| Indicator | Project Description | Project Manager | Total Carry Over (over)/under including WIP | 2018/2019 Budget | Total Budget | Actual Cost to 30 April 2019 | Project status | Scope, Design, etc | Quote, Tender, etc | Planned Start Date | Planned Completion | Date of completion | Comments / Issues |
|-------------------------------------|------------------------------------------------------|-----------------|---------------------------------------------|------------------|--------------|------------------------------|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MAYOR, COUNCILLORS & CEO | | | | | | | | | | | | | |
| ● | Ultra Fast Broadband Advocacy | M + CEO | 0 | 0 | | | In progress | | | Nov-15 | Jun-19 | | Successful advocacy has been undertaken for the Punakaiki/Hartmount Place area. Coghlan's Point is still work in progress. |
| ● | Housing for Elderly - Advocacy | M + CEO | 0 | 0 | | | | | | Jun-16 | Dec-18 | | Workshop to be held during June 2019 |
| ● | Carters Beach Sea Erosion Advocacy | M + CEO | 0 | 0 | | | | | | Aug-17 | | | Community Meetings Held. Advocacy role only. Responsibility is with WCRC. |
| ● | Westport 2100 Working Group (Flood Mitigation Group) | M | 0 | 0 | | | ongoing | | | | | | WCRC project, BDC role is advocacy. Draft terms of reference adopted. Crs Roche and Barry are included in the Working Group and updates are being provided to Council. |
| ● | Future of Westport Port | CEO + GMCCS | 0 | 0 | | | In progress | | | Dec-15 | | | Progressing with out-port dredging opportunities to source additional income to offset harbour costs. Sale of surplus assets and PGF application for core asset upgrades planned |
| ● | Holcim Exit | CEO | 0 | 0 | | | | | | | | | Holcim currently demolishing plant. Community advocacy is underway in regards to legacy. |
| ● | Shared Services Projects with Other Coast Councils | CEO | 0 | 0 | | | ongoing | | | | | | Ongoing - Roading, Various IT Projects, Civil Defence, One District Plan, Economic Development, Policy Development, Asset Valuation |
| ● | Kawatiri Cycle Trail | M & MCS | 0 | 0 | | | | | | | | | MOU has been completed. Manager Community Services engaged as part of Council project team. |
| ● | Kawatiri Sculpture Symposium | M | 0 | 0 | | | near complete | | | May-16 | Jul-19 | | Sculptures installed in all but 2 locations. |
| ● | Dolomite Point Advocacy- Punakaiki Master Plan | M + CEO | 0 | 0 | | | In progress | | | | | | A Greater Master Plan (stage 2) is being developed including funding requests. |
| ● | Responsible Camping Advocacy | M + CEO | 0 | 0 | | | In progress | | | Mar-19 | | | A workshop has been completed. A Request for funding operational costs is underway and future infrastructure funding is also being considered. |
| ● | Advocacy for Water Schemes | M + CEO+ GMIS | 0 | 0 | 0 | 0 | In Progress | | | | | | Advocacy for water supplies that have higher rates payable due to higher costs under Drinking Water Standards. |
| | | | 0 | 0 | 0 | 0 | | | | | | | |
| COMMUNITY SERVICES | | | | | | | | | | | | | |
| ● | Local Alcohol Policy | GMES | 0 | 0 | | | in progress | | | | | | Included in the work programme for the Risk and Policy committee. |
| ● | By-Law Reviews (all require review) | GMES | 0 | 0 | | | in progress | | | | | | Significant number of by-laws must be reviewed by June 2020, NOTE this is a large workload. Risk and Policy Committee are prioritising and timetabling work on the reviews. Freedom Camping by-Law is completed. |
| ● | Reefton Pool | GMES | 0 | 0 | | | | | | Jun-18 | Jun-20 | | A review of the pool has been undertaken. Provision was made in the 2019-2020 Annual Plan for some maintenance/upgrade work to be undertaken, alongside working with the community on the long term options. |
| ● | MBIE Responsible Camping Fund | GMES & GMIS | 0 | 0 | | | in progress | | | | | | Unbudgeted grant of \$580,000 covered a review of the Freedom Camping Bylaw, signage across the Buller District that identified areas allowing self-contained freedom camping, areas were it was prohibited, advice re waste disposal and also of available commercial camping options. It also covered toilet and rubbish facilities and the cleaning thereof at various sites. Extra compliance staff in Punakaiki to assist the Westport and Reefton staff and finally small earthworks to ensure the sites were left tidy. |

Significant Projects Report

| Indicator | Project Description | Project Manager | Total Carry Over (over)/under including WIP | 2018/2019 Budget | Total Budget | Actual Cost to 30 April 2019 | Project status | Scope, Design, etc Quote, Tender, etc | Planned Start Date | Planned Completion | Date of completion | Comments / Issues |
|------------------------------------------|---------------------------------------------------------------|-----------------|---------------------------------------------|------------------|--------------|------------------------------|----------------|---------------------------------------|--------------------|--------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| REGULATORY SERVICES | | | | | | | | | | | | |
| Property, Amenities and Reserves | | | | | | | | | | | | |
| ● | Earthquake Strengthening of Buildings | GMCS | 0 | 0 | 0 | 23,446 | | | | Jun-19 | | Carnegie Library engineer earthquake reports and building works completed. |
| ● | Peel Street Yard | GMCS | 60,000 | 60,000 | 120,000 | 65,178 | In Progress | | | | | Recladding the building walls and roof is underway. A final decision on the future use of the site has yet to be decided. |
| ● | Punakaiki Building Project | GMCS | 100,000 | 0 | 100,000 | 4,777 | On Hold | | | | | The need for a community building has been included in Phase 2 of the "Greater Punakaiki Master Plan" project. A potential site has been identified, and a concession is being sought from the Department of Conservation. |
| COMMERCIAL AND CORPORATE SERVICES | | | | | | | | | | | | |
| ● | Fire & Emergency NZ Transition | GMCCS | 0 | 0 | 0 | 0 | In Progress | | Apr-16 | Jun-19 | | A 2 year agreement is in place with Fire & Emergency NZ for use of rural fire equipment and a renewal of the agreement is being processed. |
| ● | Annual Plan 2019/2020 | GMCCS | 0 | 0 | 0 | 0 | in progress | | Nov-18 | Jun-19 | | Annual Plan hearings have been held and deliberations made. The Annual Plan is now at finalisation stage to be adopted at the June meeting. |
| | | | 0 | 0 | 0 | 0 | | | | | | |
| SIGNIFICANT PROJECTS | | | | | | | | | | | | |
| ● | Tai Poutini Plan (One District Plan) and District Plan Review | GMCS | 0 | 15,000 | 15,000 | 7,136 | in progress | | Nov-14 | TBA | | The Hearings Committee heard submissions on Plan Changes 133-145, then put the process on hold pending the outcome of the proposal for the Tai Poutini Plan (One District Plan). Work is now set to recommence on Plan Changes 133-145. |
| ● | Rates Policy Project Phase III | GMCCS | 0 | 0 | 0 | 2,937 | in progress | | Apr-16 | Jun-20 | | A project timeline for the next phase of the Rates Policy Project is to be prepared for Council. |
| ● | Information/Document Management IT system (inhouse) | GMCCS | 161,875 | 25,000 | 186,875 | 19,893 | in progress | | | Jun-20 | | The Information Management/Document Management Project team are planning and researching best practice for implementation, linking in with other NZ Councils who use the selected product. |
| | | | 161,875 | 40,000 | 201,875 | 29,966 | | | | | | |

Significant Projects Report

| Indicator | Project Description | Project Manager | Total Carry Over (over)/under including WIP | 2018/2019 Budget | Total Budget | Actual Cost to 30 April 2019 | Project status | Scope, Design, etc | Quote, Tender, etc | Planned Start Date | Planned Completion | Date of completion | Comments / Issues |
|-----------------------------------|-----------------------------------------------|-----------------|---------------------------------------------|------------------|------------------|------------------------------|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| INFRASTRUCTURE SERVICES | | | | | | | | | | | | | |
| Three Waters | | | | | | | | | | | | | |
| ● | Punakaiki Water Supply Advocacy | GMIS | 0 | 0 | | 0 | | | | Nov-17 | Jun-20 | | Advocacy for the water supply is incorporated in Greater Punakaiki Master Plan concept. |
| ● | Westport Raw Water Conveyance | GMIS | 3,065,960 | 0 | 3,065,960 | 2,104,703 | In Progress | | | | | | Pipe Solution in Progress. Community newsletter updates are being provided and reports are made by Infrastructure Services to Council. |
| ● | Waimangaroa Water Treatment System | GMIS | 0 | 473,692 | 473,692 | 49,257 | In Progress | | | | | | A community meeting and consultation has been undertaken, seeking community feedback on options for a new supply. Any new scheme equates to a large increase in water rates charges for ratepayers. A report is due to the June 2019 Council meeting. |
| ● | Ngakawau Hector Water Treatment System | GMIS | 0 | 0 | 0 | 4,681 | In Progress | | | | | | Community Water Board members have met with Council prior to a "Water Workshop" in May 2019. Upgrading the water supply to the Drinking Water Standards remains on hold. |
| ● | Little Wanganui Water and Sewerage Easements | GMIS | 36,732 | 0 | 36,732 | 9,096 | In Progress | | | | Jun-20 | | Progress continues. Updates are made to Council in the quarterly Infrastructure Services update. |
| Roading | | | | | | | | | | | | | |
| ● | Karamea Highway Special Purpose Road Advocacy | M + GMIS | 0 | 0 | 0 | 0 | In Progress | | | | | | Business case prepared in conjunction with NZTA. Meetings are ongoing and 100% Special Purpose Road funding is confirmed for two years. Council is working to achieve a sustainable transition plan that does not place an additional burden on ratepayers. |
| ● | Roading - Local Roads Capital Works | GMIS | 0 | 1,109,056 | 1,109,056 | 942,022 | In Progress | | | | Jun-19 | | All works underway. Weather dependent. |
| ● | Roading - Special Purpose Road Capital Works | GMIS | 0 | 357,529 | 357,529 | 183,246 | In Progress | | | | Jun-19 | | All works underway. Weather dependent. |
| Transportation | | | | | | | | | | | | | |
| ● | Footpaths- Urban Development | GMIS | 0 | 200,000 | 200,000 | 277,180 | In Progress | | | | Jun-19 | | Work plan for 2018/19 year underway. This is weather dependent work which is also constrained by the Fibre Rollout. The footpaths are being reinstated after the Fibre installation for efficiency. It is expected that approximately one third of the footpath budget will not be spent in full by year end due to the Fibre installation and the unspent budget will be carried into the 2019-2020 year. The budget is now three times what was planned, as subsequent to the LTP, NZTA have agreed to co-fund footpaths. |
| | | | 3,102,692 | 2,140,277 | 5,242,969 | 3,570,185 | | | | | | | |
| TOTAL SIGNIFICANT PROJECTS | | | 3,264,567 | 2,180,277 | 5,444,844 | 3,600,151 | | | | | | | |

FINANCE AND AUDIT COMMITTEE

19 JUNE 2019

Agenda Item No 7

- Prepared by** - Lynn Brooks
- Management Accountant
- Reviewed by** - Dean Phibbs
- Group Manager Commercial and Corporate Services

DEBT RECOVERY REPORT

1. REPORT SUMMARY

This report presents and classifies the outstanding balances of rates and sundry debtors as at March 2019 for monitoring and information purposes.

There are not any customers with arrears that require a decision of Council to progress the debt recovery processes because these processes are delegated to staff and are part of the business as usual activities of Council.

2. RECOMMENDATION/DRAFT RESOLUTION:

The recommendation is this report be accepted for information purposes.

3. ISSUES & DISCUSSION

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

Council requires a high level overview of the debt owed to Buller District Council. This information, when taken in conjunction with all other aspects of the financial results provides a full view of the financial performance and financial position of Buller District Council at 31 March 2019.

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

The total rates debt at March 2019 remains well controlled. The local housing market remains reasonably active therefore assisting some significant historical arrears which have been cleared at the time of sale and purchase of property.

Rates debt is managed in a two-fold way. Firstly the serious defaults category are periodically reviewed and each case at review is targeted with additional debt collection measures. Where consent is received from the ratepayer Council works alongside them as well as their bank (if relevant), Budget Advice, and other support services. This produces some positive outcomes where the ratepayer has the support they need and has independent advice about their debt and obligations.

Secondly, early intervention is made when ratepayers miss one or two instalments. This is to try and prevent ratepayers falling behind and then not being able to clear the arrears. Council has been encouraging direct debits as a payment method over

the last year and the number of ratepayers using this service has increased. The amount of ratepayers on payment plans remains high compared with prior years and this early intervention made with ratepayers who start to fall behind is showing long term benefits to both the ratepayers in arrears and Council.

Sundry Debtors average debt declines over the timeframe shown in the graph. There is one month (February 2019) where a spike is recorded. This is for a grant due to be paid by MBIE. In the following month this amount has been paid.

The serious default category indicated in red in the graph is due to non-payment of leasehold property. This continues to be an area of focus and increasing collection measures including staff working closely on target cases. The twenty percent discount on purchase option provided by Council can provide assistance for these long term lease arrears, either encouraging the lessee to purchase and refinance, or for them to sell the lease with the new owner wishing to freehold.

On the whole this class of debtors are well monitored and the decline in debt indicates the debt collection measures in place are appropriate.

4. CONSIDERATIONS

4.1 Strategic impact

Council has key strategies of being resilient, growing the economy, providing quality infrastructure, investing in our towns and being affordable by growing non-rates income.

Debt recovery strategies are essential for effective collection of customer arrears and to ensure fair and equitable interaction between Council and our customers.

Keeping Council customers' debt levels in check and reporting on the level of debt provides a measure against the strategies of Council and provides an overview of the cost impact on our community.

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

4.2 Significance assessment

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

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

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

4.3 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.

4.4 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.

4.5 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.

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

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

4.8 Costs

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

4.9 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.

4.10 Media / publicity

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

Rates Accounts - Debt Recovery Report

Report cutoff date 31 March 2019
 Last rates instalment due date 28 February 2019
 Next rates instalment due date 28 May 2019

Internal Debt Recovery Analysis

| Status Flag | Category | No. of Ratepayers | Total Arrears Balance YTD | Current Year Arrears | Previous Year Arrears | | Further Action to Commence | | | | | Comment |
|---------------|-----------------------------------------|-------------------|---------------------------|----------------------|-----------------------|-------------|----------------------------|----------------|--------------|------------------|----------------|----------------------------------------------------------------------------------------------------------|
| | | | | | \$ | % | Formal Review | To Debt Agency | Title Search | Monitor Progress | Further Letter | |
| ● | Placed with External Debt Collection | 29 | 246,693 | 49,382 | 197,311 | 33% | | | | ✓ | | Arrears placed with Credit Recovery Agency. Refer to the analysis below. |
| ● | No current mailing address | 1 | 253 | 253 | 0 | 0% | | ✓ | | | | Tracing addresses through bank deposits & social media undertaken. |
| ● | Approach Mortgagee | 3 | 7,988 | 5,712 | 2,276 | 0% | | | | | | Ratepayers with mortgages are pursued for payment under the Rating Act provisions. |
| ● | Awaiting Decision | 18 | 83,255 | 42,090 | 41,165 | 7% | ✓ | | ✓ | | | More complicated cases, ie house uninhabitable / property on market etc require close monitoring. |
| ● | Missed more than two instalments | 35 | 90,865 | 65,094 | 25,771 | 4% | | | | ✓ | | Reviewing for possibility of Mortgagee Action. |
| ● | Under Action - Short Term Monitored | 24 | 26,393 | 20,727 | 5,666 | 1% | ✓ | | | ✓ | | Reviewed systematically with each ratepayer. |
| ● | Payments Insufficient | 31 | 17,124 | 16,454 | 670 | 0% | | | ✓ | ✓ | | Reviewed systematically. Work through options to increase payments/resolve debt. |
| ● | Long Term Monitored | 60 | 125,632 | 73,990 | 51,642 | 9% | ✓ | | | | | Financial hardship, paying minimum amounts. Reviewed 6 monthly (Aug/Feb), more frequently if in decline. |
| ● | No Payments - Property on Market | 9 | 33,254 | 18,538 | 14,716 | 2% | ✓ | | | | | Annual Review. |
| ● | Missed November & February 2019 instals | 66 | 61,301 | 60,762 | 539 | 0% | | | | ✓ | | Letters sent - monitoring. |
| ● | Missed one instalment only | 140 | 63,236 | 63,210 | 26 | 0% | | | | ✓ | | Letters sent - monitoring. |
| ● | Payment plans | 261 | 9,920 | 7,624 | 2,296 | 0% | | | ✓ | | | Reviewed annually and updated as required. |
| ● | Abandoned Land Tender Project | 69 | 305,426 | 42,417 | 263,009 | 43% | | | | | ✓ | Report to June 2019 Council Meeting. |
| Totals | | 746 | 1,071,340 | 466,253 | 605,087 | 100% | | | | | | |

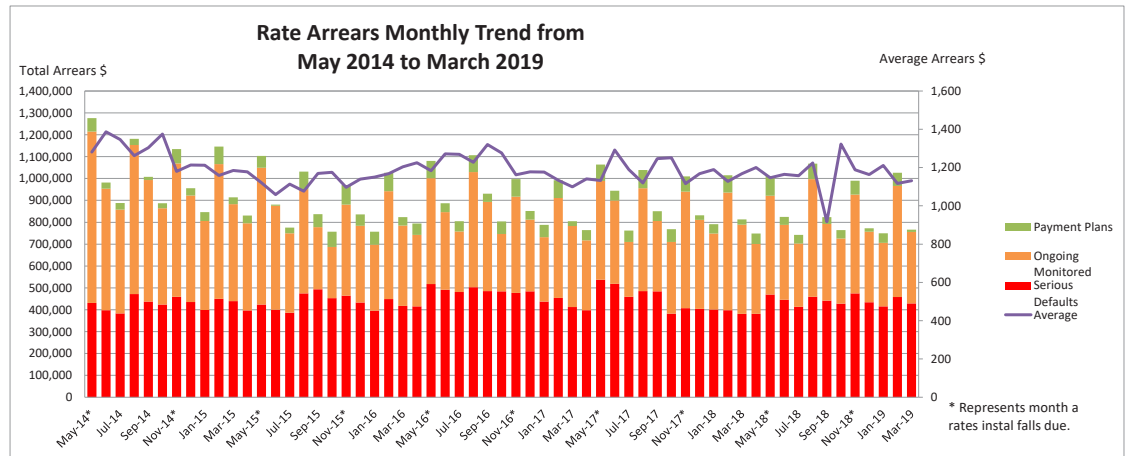
External Debt Recovery Analysis (refer Note 1 & Note 2)

| Status Flag | Category | No of Ratepayers | Balance |
|---------------|----------------------------------------------|------------------|----------------|
| ● | Legal | 8 | 51,268 |
| ● | Unable to trace ratepayer (No known address) | 1 | 575 |
| ● | Active - no arrangement | 5 | 13,427 |
| ● | Payment Plans | 8 | 26,909 |
| ● | Rating Sale in Progress | 5 | 99,196 |
| Totals | | 27 | 191,375 |

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

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

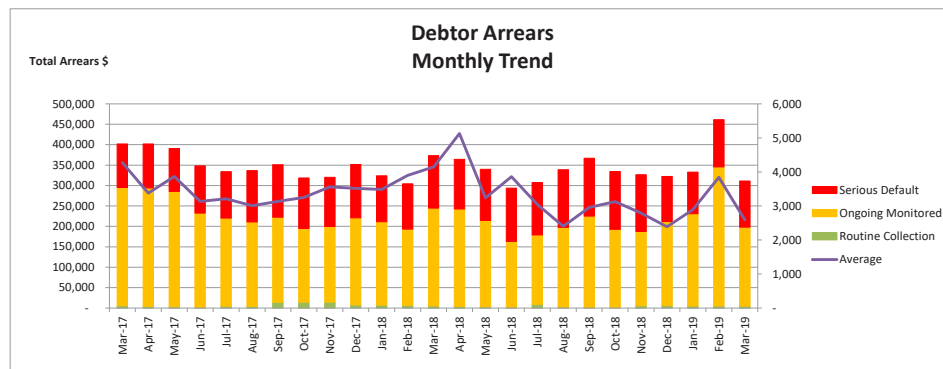
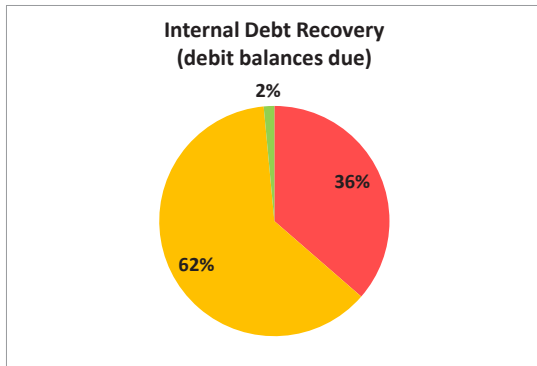
Rate Arrears Monthly Trend from May 2014 to March 2019



Sundry Debtors - Debt Recovery Report

Report cutoff date 31 March 2019
Ageing cycle - current due 30 April 2019

| 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 | 15 | 113,248 | 5 | 5 | 5 | 1 | | 11 | | ✓ | | | ✓ | ✓ | Rents invoiced 6 monthly in advance. Long standing arrears receiving increased collection measures. |
| ● | Orowaiti Connection | 4 | 11,180 | 1 | 3 | | 1 | | 0 | | ✓ | | | | | One overdue account remains lodged with Credit Recoveries. |
| ● | Libraries | 15 | 1,574 | 15 | | | | | | | | ✓ | | | | Overdue/Lost Library Books |
| ● | Water | 20 | 22,000 | 18 | 2 | | | 5 | 2 | | | | ✓ | | | Payment plans promoted for those with long standing debt. |
| ● | Resource Management | 9 | 64,304 | 5 | | 4 | 4 | | 2 | 1 | | ✓ | ✓ | | | Long standing arrears receiving increased collection measures. |
| ● | Rentals | 10 | 64,842 | 8 | 1 | 1 | 1 | 2 | 2 | | | | | | | One large amount at debt collection. Others under agreed payment plans and ongoing monitored. |
| ● | Regulatory Licences e.g. Food Premises | 7 | 2,665 | 7 | | | | | | | | | | | | Timing of Annual Licences billing. |
| ● | Sundry | 19 | 19,473 | 16 | 1 | 2 | | 4 | | | | | ✓ | | | Instalment arrangements entered into for those with long standing debt. |
| ● | Westport Harbour | 10 | 7,341 | 10 | | | | | 8 | | | | | | | Annual payment plans in place. Rents, Berthage etc |
| ● | Trade Waste | 3 | 4,052 | 3 | | | 2 | | | | | | | | | Annual invoicing cycle in June. |
| ● | Airport Parking | 2 | 442 | 2 | | | | | | | | | | | | |
| ● | Building Consents | | | 0 | | | | | | | | | | | | Where overdue, this represents inspections not yet completed due to timing of building process. |
| ● | Cemetery | 1 | 115 | 1 | | | | | 0 | | | | | | | |
| ● | LIMs | | | 0 | | | | | | | | | | | | |
| ● | Totals | 115 | 311,236 | 91 | 12 | 12 | | | | | | | | | | |



FINANCE AND AUDIT COMMITTEE

19 JUNE 2019

Agenda Item No 8

Prepared by - Dean Phibbs
- Group Manager Commercial and Corporate Services

AUDIT MANAGEMENT ACTION POINTS

DRAFT RECOMMENDATION

That the Finance and Audit Committee receive the Audit Management Action Point report for information and discussion.

CURRENT AUDIT MANAGEMENT ACTION POINTS

| 2016/2017 Annual Report | | | | | | |
|-------------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| No. | Subject | Detail | Responsible | Status | Comments | Planned Completion Date |
| 4 | Asset management plans | <p>This issue highlights the importance of the Council having good asset management plans in place with high-quality asset condition information underlying the plan.</p> <p>The maintenance and replacement of aging infrastructure networks is likely to be a key issue for Council's upcoming Long Term Plan. Asset management plans will need to be updated to reflect the current and planned state of Council's assets.</p> | Group Manager Assets and Infrastructure | | <p>Asset management plans will be implemented more efficiently through portfolio co-ordinators to own and drive their respective maintenance and renewal programs, as well as strategic alignment accountability by management.</p> <p>Council intends to review and update existing Asset Management Plans in the process of compiling the 2018-2028 Long Term Plan.</p> <p>(on-going review for 2019/2020 AP).</p> <p>Asset Management Plan training to take place.</p> <p>Work in progress.</p> | June 2019 |

CURRENT AUDIT MANAGEMENT ACTION POINTS

| 2017/2018 Annual Report | | | | | | |
|-------------------------|----------------------|-------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------|-------------------------------------------|-------------------------|
| No. | Subject | Detail | Responsible | Status | Comments | Planned Completion Date |
| 1 | Asset management | Improve asset information data for infrastructure assets including roading assets and the RAMM data. | Group Manager Assets & Infrastructure | | | June 2019 |
| 5 | Risk register | Update Council's risk register on a regular basis to ensure the reflected risks are up to date to enable effective risk management. | Group Manager Corporate Services | | Framework and risk register being updated | June 2019 |
| 6 | Assets held for sale | Formal valuation of assets held for sale is required on a yearly basis. | Group Manager Corporate Services | | | June 2019 |

FINANCE AND AUDIT COMMITTEE

19 JUNE 2019

Agenda Item No 9

**Prepared by - Dean Phibbs
- Group Manager Commercial and Corporate Services**

FINANCE WORK PLAN

DRAFT RECOMMENDATION

That the Finance and Audit Committee receive the Finance Work Plan for information and discussion.

WORK PLAN
- Commercial and Corporate Services

| | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-18 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 |
|---------------------------------|--------------------------|-----------------|------------------|-------------------------------|----------------------------------------------------------------------------------|----------------------------|--------------------------------------------------------|---------------------------------------|----------|----------|-------------|------------------------------------|
| Internal Reporting | | | | | | | | | | | | |
| F&A Reports | | | | | | | | | | | | |
| - BDC Quarterly Financials | | Three quarterly | | | Full year | | | Quarterly | | | Half yearly | |
| - BDC Operational | | | | | | | | | | | | |
| - BDC Treasury | | | | | | | | | | | | |
| - BDC Debtors | | | | | | | | | | | | |
| - BDC Capital | | | | | | | | | | | | |
| - BDC Significant Projects | | | | | | | | | | | | |
| - BHL Quarterly Financials | | | | | | | | | | | | |
| Council Reports | | | | | | | | | | | | |
| - Budget Carry Overs | | | | | | | 2019 Carryovers | | | | | |
| - CCO Statements of Intent | | | | | | | | | | | | |
| - Rates Resolution | | | | | | | | | | | | |
| 2019/2020 Annual Plan | | | | | | | | | | | | |
| - Annual Plan | Consultation & Roadshows | Hearings | Adopt Final Plan | | | | | Timeline presented to Council meeting | Workshop | Workshop | Workshop | Workshop + Adopt Draft Annual Plan |
| 2018/2019 Annual Report | | | | | | | | | | | | |
| - BDC Annual Report | | | | | | Audit | Adopt | Publish Summary & report | | | | Systems Audit |
| - BHL Annual Report | | | | | Audit | Group Figures | Annual Report | | | | | |
| Rating Policy Review | | | | | | | | | | | | |
| - Rating Policy Review | | | | | | | | | | | | |
| 2019 Elections | | | | | | | | | | | | |
| - BDC Pre-election report | | Preparation | Proofing | Release 1 July | | | | | | | | |
| - Tri-annual Election | | | | Nominations open 19 July 2019 | Nominations close 16 August 2019; date and candidates publicised; roll finalised | Voting documents delivered | Election Day: 12 October 2019; appointment & Induction | | | | | |
| Other Operating Projects | | | | | | | | | | | | |
| - Insurance | | | | | | Negotiations | Finalise | | | | | |
| - Abandoned Land | | | | | | | | | | | | |
| - Information Management | | | | | | | | | | | | |

FINANCE AND AUDIT COMMITTEE

19 JUNE 2019

Agenda Item No 10

Prepared by - Dean Phibbs
- Group Manager Commercial and Corporate Services

PUBLIC EXCLUDED

1. REPORT SUMMARY

Subject to the Local Government Official Information and Meetings Act 1987 S48(1) right of Local Authority to exclude public from proceedings of any meeting on the grounds that:

2. DRAFT RECOMMENDATION

That the public be excluded from the following parts of the proceedings of this meeting.

| Item No | Minutes/Report of: | General Subject | Reason for Passing Resolution Section 7 LGOIMA 1987 |
|---------|-----------------------------------------------|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Group Manager Commercial & Corporate Services | Monthly Update on Buller Holdings Limited | Section 2(b)(ii) - Would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. Section 7(2)(i) - Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations, including commercial and industrial negotiations. |