

# AGENDA

Meeting of the  
Risk and Audit Committee

**Wednesday 23 November 2022**  
commencing at 3.30pm

*To be held:*  
Clocktower Chambers,  
Palmerston Street, Westport

# Risk and Audit Committee

<b>Reports to:</b>	The Council
<b>Chairperson:</b>	Mayor Jamie Cleine (interim)
<b>Membership:</b>	The Mayor, all Councillors and Māori Representative
<b>Meeting Frequency:</b>	Monthly
<b>Quorum:</b>	A majority of members (including vacancies)

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## Purpose

The Risk and Audit Committee is responsible for:

1. Monitoring Council's financial strategy, and financial performance against the Annual and Long Term Plans.
2. Monitoring Council's interests in its Council Controlled Organisations (CCOs).
3. Reviewing the Council's risk register and associated process for managing current and emerging risk.
4. Ensuring the independence and effectiveness of Council's External and Internal Audit processes.
5. Monitoring existing corporate policies and recommending new or amended policies as required.
6. Ensuring that council policies and practices will prevent unethical, questionable or illegal activities.
7. Providing a communication link between management, internal auditors/external auditors and Council.
8. Supporting measures to improve management performance and internal controls.

***In addition to the common delegations on page 7 the Risk and Audit Committee is delegated the following Terms of Reference and powers:***

## Terms of Reference:

1. To receive regular reports regarding Council's financial and non-financial performance against Annual and Long Term Plans.
2. To consider reports related to significant expenditure outside of the Annual and Long Term Plans and make appropriate recommendations to Council.
3. To develop and monitor policy related to the following matters:
  - a) Financial management;
  - b) Revenue generation;
  - c) Procurement and tendering; and

- d) The appointment and remuneration of directors and CCOs
4. To monitor the probity of processes relating to policies developed by the Risk and Audit Committee.
  5. To provide clear direction to Council's CCOs on Council's expectations, including feedback on draft statements of intent.
  6. To receive Quarterly reports of Council's CCOs, including board performance.
  7. To undertake any reviews of CCOs and make appropriate recommendations for approval by Council.
  8. Review CCO requests for major transaction approval and recommend appropriate actions to Council.
  9. To monitor Council's debt and investments to ensure compliance with Council policy.
  10. To monitor the Council's outstanding debtors' positions.
  11. Engage with Council's external auditors regarding the external audit work programme and agree the proposed terms and arrangements of the external audit.
  12. Assess management response to audit reports and the extent to which external audit recommendations concerning internal accounting controls and other matters are implemented.

#### **Internal Audit**

13. Agree the scope of internal audits.
14. Monitor the delivery of the internal audit work programme and results
15. Assess whether Internal Audit's recommendations have been properly implemented by management.
16. Review the annual Internal Audit Plans to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place.

#### **Other Matters**

17. Review the effectiveness of the risk control environment established by management to safeguard Council's financial and non-financial assets, including the adequacy and appropriateness of insurance policies in place and management's actions to mitigate risks
18. Review the effectiveness of the systems for monitoring the Council's compliance against legislation, regulation, policy, and guidelines (including health and safety).
19. Conduct and monitor special investigations in accordance with Council policy and approved budget or in response to material matters raised by staff or committee members, including engaging expert assistance, on matters within its Terms of Reference.
20. Provide an annual review of Council's risk management framework and amend as required.
21. Review and monitor business continuity planning.

#### **The Committee is delegated the following powers:**

- The Committee may make recommendations to Council.
- The Committee may make recommendations to other Committees.

- The Committee will provide three-monthly reports to Council on its activities with appropriate recommendations.

#### **Special Notes:**

- In fulfilling their role on the committee, members shall be impartial and independent at all times.
- The Chairperson will be an independent appointment, not an elected member, to strengthen the independent nature of the Committee's monitoring responsibility of Council activities.
- Members are appointed for an initial term of no more than three years that aligns with the triennial elections, after which they may be eligible for extension or reappointment.
- The Chief Executive Officer and Chief Financial Officer are required to attend all meetings but are not members and have no voting rights. Other Council officers may attend the Committee meetings, as required.
- The Chairperson of the Committee shall review the travel and other reimbursed expenses of the Chief Executive Officer and confirm compliance with Council policies and practice. This information will be provided to the Chairperson on a monthly basis.
- The Chairperson shall review the travel and other reimbursed expenses of the Mayor and confirm compliance with Council policies. This information will be provided to the Chairperson on a monthly basis.
- The Chief Executive Officer (Principal Advisor) shall be responsible for drawing to the Committee's immediate attention to any material matter that relates to the financial condition of Council, any material breakdown in internal controls, and any material event of fraud or malpractice.
- The Chairperson shall present an annual Audit and Risk Self Review to Council summarising the Committee's activities during the year and any related significant results and findings.

#### **Oversight of Policies:**

- *Risk Management Framework*
- *Freeholding of Leasehold Land*
- *Revenue and financing*
- *Rates remission*
- *Development and financial contributions*
- *Significance and engagement*
- *Treasury Management*
- *Sensitive Expenditure*

# Risk and Audit Committee

Clocktower Chambers,  
Palmerston Street, Westport



23 November 2022 03:30 PM

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## **RISK AND AUDIT COMMITTEE**

**23 NOVEMBER 2022**

### **AGENDA ITEM 1**

**Prepared by** Douglas Marshall  
Chief Financial Officer

#### **APOLOGIES**

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##### **1. REPORT SUMMARY**

That the Risk and Audit Committee receive any apologies or requests for leave of absence from elected members.

##### **2. RECOMMENDATION**

**That there are no apologies to be received and no requests for leave of absence.**

**OR**

**That the Risk and Audit Committee receive apologies from *name* and accepts *name* request for leave of absence.**

## RISK AND AUDIT COMMITTEE

23 NOVEMBER 2022

### AGENDA ITEM 2

**Prepared by** Douglas Marshall  
Chief Financial Officer

#### MEMBERS INTEREST

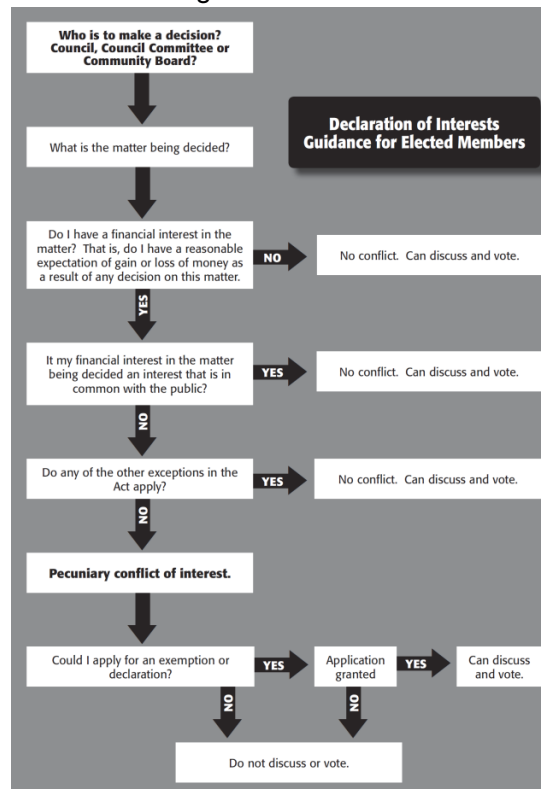
Members are encouraged to consider the items on the agenda and disclose whether they believe they have a financial or non-financial interest in any of the items in terms of Council's Code of Conduct.

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

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

#### RECOMMENDATION:

**That Members disclose any financial or non-financial interest in any of the agenda items.**





**RISK AND AUDIT COMMITTEE**

**23 NOVEMBER 2022**

**AGENDA ITEM 3**

**Prepared by** Douglas Marshall  
Chief Financial Officer

**CONFIRMATION OF MINUTES**

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**1. RECOMMENDATION**

**That the Risk and Audit Committee receive and confirm minutes from the meeting of 21 September 2022.**



**MEETING OF THE FINANCE, RISK AND AUDIT COMMITTEE, HELD AT 3.00PM ON WEDNESDAY 21 SEPTEMBER 2022 AT CLOCKTOWER CHAMBERS, PALMERSTON STREET, WESTPORT.**

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**PRESENT:** Deputy Mayor S Roche (Chair), Mayor J Cleine, Councillors J Bougen, D Hawes, J Howard, Cr M Montgomery, R Nahr, P Rutherford, R Sampson, G Weston, N Tauwhare (Iwi Representative).

**IN ATTENDANCE:** S Mason (CEO), R Townrow (Deputy CEO), D Marshall (Chief Financial Officer), M Williams (Manager Infrastructure Services), L Brooks (Finance Manager), K Trigg (Manager Community Services), G Martyn (Manager Human Resources and H&S), G Barrell (Governance Secretary).

**MEDIA:** Nil

**MEETING DECLARED OPEN AT: 3.00pm**

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**1. APOLOGIES (Page 8)**

**Discussion:**

Mayor J Cleine and Cr R Sampson will be late.

**RESOLVED** that the Finance, Risk and Audit Committee receive no apologies and no requests for leave of absence

**DM S Roche/Cr M Montgomery**  
**9/9**  
**CARRIED UNANIMOUSLY**

**2. MEMBERS INTEREST (Page 9)**

**Discussion:**

Cr R Nahr declared an interest in Item 14 and will remove herself from the discussion.

**RESOLVED** that Finance, Risk and Audit Committee members disclose any financial or non-financial interest in any of the agenda items.

**Cr G Weston/Cr J Howard**  
**9/9**  
**CARRIED UNANIMOUSLY**

Cr R Sampson arrived at 3.02pm

**3. CONFIRMATION OF MINUTES (Page 10)**

**Discussion:**

Nil

**RESOLVED** that the Finance, Risk and Audit Committee receive and confirm minutes from the meeting of 24 August 2022.

**Cr J Bougen/Cr R Nahr**

**10/10**

**CARRIED UNANIMOUSLY**

**4. ACTION POINTS (Page 24)**

**Discussion:**

Two items in the Action Points Register will be addressed in this meeting.

**RESOLVED** that the Finance, Risk and Audit Committee receive the Action Point Report for information.

**Cr M Montgomery/Cr D Hawes**

**10/10**

**CARRIED UNANIMOUSLY**

Mayor J Cleine arrived at 3.04pm

**5. FINANCIAL PERFORMANCE REPORT JULY 2022 (Page 26)**

**Discussion:**

D Marshall spoke to the report.

Cr R Sampson referenced Page 26 regarding expenditure that is not included in the Operations report. She asked if the Operations report would have brought things through; the bills are coming in before it hits the Operations report?

Mr Marshall clarified that this is a timing issue. Normally the costs are incurred prior to the claim. Sometimes budgets are not carried forward from one financial year to the next, being the timing issue.

Live reporting issues are easier to explain. This looks like we have a profit at this point but will be balanced out in time.

**RESOLVED** that the Finance, Risk and Audit Committee receive the Report for information.

**Cr R Nahr/Cr M Montgomery**

**11/11**

**CARRIED UNANIMOUSLY**

**6. PROJECTS IN PARTNERSHIP THREE WATERS REFORM PROGRAMME  
(Page 30)**

**Discussion:**

**Westport Flood Recovery Programme**

Cr R Sampson queried Page 34. The Tranche 2 approved funding; total betterment being different from the Three Waters Betterment Fund? She questioned the eligibility section of \$1.5m.

R Townrow clarified that \$1.5m betterment is a term in that it's not a 'like for like' repair of a damaged asset. We were allowed to put forward betterment a proposal that would create extra resilience should there be an additional event. This is outside of 'like for like'. The question marks reference is not relating to the betterment figure, but to the 'like for like' repair. She explained that the dash in the yellow NEMA column 60/40 is over and above special consideration.

NEMA normally would pay 60% and Council will pay 40%. In Tranche 2 NEMA will pay 100% of agreed betterment.

DM S Roche advised Council that Tranche 2 will now be reported within Projects in Partnership.

S Mason furthered that the Buller Flood Steering Group is now being wrapped into the Projects in Partnership Group. A government member has been invited to be part of this group. She noted that this is a good sign of central government being happy with how we are managing our business, and we will no longer need such a broad group of people around the table.

Mayor J Cleine added that the reporting template may also change in time, depending on what NEMA requires us to report on.

DM S Roche acknowledged and thanked S Mason for setting up Projects in Partnership framework for reporting.

Cr P Rutherford noted the July 2021 repairs show completed as at the end of August. These are good news stories that should be spread to the community.

He noted that in the Tiphead project it stated that contractors were made aware of whitebait season. He asked what this meant?

M Williams replied that we will be preparing during October and work will commence after the whitebait season.

**Infrastructure Services Portfolio Reports  
District Revitalisation Programme (Westport Waterfront)**

S Mason noted there are only a few weeks left then this project will be completed.

**Commercial & Corporate Services Portfolio Report  
Buller District Ports Package**

No additional comments.

**Community Services Portfolio  
Community Halls and Memorials**

S Mason advised this has been approved by Kanoa and this project will be closing off. There is a small amount of funding remaining and the team will continue to work with Waimangaroa Community Board to tidy up some operational items.

Code of Compliance is yet to come.

**THREE WATERS REFORM PROGRAMME UPDATE**

**Three Waters Reform Funded:  
Westport Water Supply Trunk Main Stage 2**

No additional comments.

**Council Funded:  
Waimangaroa Water Supply Upgrade**

S Mason provided a verbal update on access Conns Creek Road with DOC.

She advised that DOC have indicated that their priority is currently mending the Heaphy Track however, Council will work to keep Waimangaroa Water as a priority for them.

Cr D Hawes stated that DOC should have the capacity to work in two different places at once. This is a priority thing, and the urgency should be conveyed back to Mark Davies at DOC.

S Mason confirmed that Mr Davies certainly is aware of our priorities and expectations.

**RESOLVED** that the Finance, Risk and Audit Committee receive the Projects in Partnership Update Report for information.

**DM S Roche/Cr J Howard**

**11/11**

**CARRIED UNANIMOUSLY**

**7. DEBT MANAGEMENT REPORT (Page 87)**

**Discussion:**

Nil.

**RESOLVED** that the Finance, Risk and Audit Committee receive the Report for information

**Cr D Hawes/Cr J Bougen**

**11/11**

**CARRIED UNANIMOUSLY**

**8. INVESTMENTS AND BORROWINGS REPORT (Page 94)**

**Discussion:**

D Marshall noted there is a new report on Page 99 with graphs and appreciated the feedback on the source of funding. The Finance team are hoping to make the reader experience more positive with some changes.

L Brooks spoke to the report regarding Action Point noted on Table 3.3.

Cr J Bougen asked if there was a reason why the return from NBS bank is so low? S Mason clarified this is pro-quo arrangement regarding sponsorship with NBS.

DM S Roche thanked staff for the evolution of the reports.

**RESOLVED** that the Finance, Risk and Audit Committee receive the Report for information.

**Cr G Weston/Cr P Rutherford**

**11/11**

**CARRIED UNANIMOUSLY**

**9. FRAC WORKPLAN (Page 105)**

**Discussion:**

Nil

**RESOLVED** that the Finance, Risk and Audit Committee receive the Finance, Risk and Audit Work Plan for information

**Mayor J Cleine/Cr P Rutherford**

**11/11**

**CARRIED UNANIMOUSLY**

**10. STRATEGIC RISK REGISTER SEPTEMBER 2022 (Page 107)**

**Discussion:**

DM S Roche thanked G Martyn for this report.

Cr J Howard noted the different format for number 7, the Mayors Taskforce.

Mayor J Cleine clarified that this is not as open to application as initially, noting the focus has shifted. Not so much a covid response now.

K Trigg furthered that this is a new subcontract with Buller REAP. The team will be providing wrap around support for putting people into jobs.

Ms Howard noted that a public person advised her that there is a need for older people retraining.

Ms Trigg advised that although this is primarily younger people focussed, there is an criteria that is not just for youth.

Ms Howard queried regarding Number 8 and the dredge engine requirements. What are the new legislative requirements?

D Marshall advised that these requirements are aligned with (MARPOL) regulations regarding emissions, which will mean the dredge is unable to be operated from around March 2025. We will get a direction in terms of what the dredging requirements will look like.

S Mason added that this fits in with Kawatiri Dredge Strategy.

Ms Howard questioned regarding Number 9. Are we lacking specific infrastructure?

Ms Martyn answered that when this was originally identified as a risk it was back in 2019. There are now new considerations that need to come into this.

M Williams advised there is resilience work coming up, mostly around water but also IAF for resilience for infrastructure. They are currently working with flood mitigation with the multi tool. He noted that we need to get this right. We are currently awaiting funding from Better Off and Multi Tool.

S Mason furthered that we need to also look at tourism for return to Buller post covid.

Cr P Rutherford observed regarding control measures. Many of the risks have some connection with climate. This seems very light on reference to the climate change adaptation strategy. He felt some of this could be woven in.

S Mason advised that the risk register would be reviewed with new the Council in March 2023.

**RESOLVED** That the Finance, Risk and Audit Committee agree to the amendments of the control plans of the strategic risk register as detailed below;

- 1. Coastal erosion and sea inundation of Westport Airport runway**  
A seawall has been put in place to reduce possibility of effect of erosion from sea surge. A review of the effectiveness of the seawall will occur July 2023. *Progress update September 2023.*
- 2. Climate change and flooding impacts on Council assets and infrastructure (other than Airport)**  
A large amount of the Stormwater assets have been repaired or are currently in the process of remediation. However, there are still a number of Betterment works awaiting approval by NEMA. Flood impacted Roding assets are still in negotiations with Waka Kotahi and are expected to be out to tender by early 2023. *Progress update February 2023.*
- 3. Major flooding of Westport township**  
Following August 2022 red weather warning declaration additional bund works were carried out under emergency work. Tranche 2 funding activity has commenced, and a programme of work developed to repair infrastructure from July/February floods. Central Governments are reviewing the Co-Investment Business Case, anticipated timeframe for a response is November 2022. Further flood mitigation assessment are being undertaken by BDC/WestReef staff to Coates Street and a cost benefit analysis is being undertaken to ascertain the purchase of pumps versus hiring of pumps. *Progress update February 2023.*
- 4. Central Government three-waters reform**  
No changes to control plan. *Progress update December 2022.*
- 5. Climate change impacts public safety**  
A draft Westport evacuation plan has been developed and will be peer reviewed. The EMO role is readvertised. The August red weather warning demonstrated an improved EOC demonstrating lessons learnt from previous events. *Progress update February 2023.*
- 6. Information Management**  
Project is progressing with the appointment of a staff resource to project management the day-to-day issues with document management while Information Leadership have been engaged to lead the development of the systems and processes needed for the document management system. The proposed completion date of the project is March 2023. *Progress update December 2022.*



- 7. Failure to attract business and industry to the district**  
Partnership Programme Governance group is transitioning towards oversight of the Tranche 2 funding programme. The Co-Investment business case for multi modal adaptations has been submitted to Central Government. BDC is a strategic operational partner with the Alliance coastal shipping group, the partnership will generate income associated with the Kawatiri dredge and port. Buller Environmental Improvement & Prosperity strategy continues with partnerships KMTT and the Nature Conservancy. Other projects have created up to \$2m funding and creation of local jobs. Westland Mineral sands progressing the extractive business associated with Westport port. Local employment opportunities are created. The Mayors for Jobs Taskforce has been funded for a further 12months albeit in a different format however this still provides opportunities to support apprenticeships etc. *Progress update February 2023.*
- 8 Financial loss from depreciate assets and unrealised opportunities at Westport Port**  
Tranche 2 funding for the dredging of the harbour and river areas have been approved by Central Government, that projects funding totals \$4.7 million. A further dredge funding programme for the Westport harbour and river areas has been secured from Buller Port Limited totalling just over \$1.5 million. These 2 funding programmes provide income until December 2024 while contracts with Nelson Port for dredging (currently being undertaken) provide further cash to keep the dredge operational until the Marpol regulations apply to the emissions from the dredges engines which means the dredge can't be operated from about March 2025. From March 2025, decisions will need to be made as to how the Westport harbour is dredged with a different vessel. *Progress update February 2023.*
- 9. Lack of key infrastructure for growing tourism demands**  
Council to consider through the District Plan (TToPP) and additional regulations. Other infrastructure options and funding opportunities to be explored, alongside strategic planning for growth and development, with considerations to reforms, rebuild programmes, resilience and climate change. *Progress update February 2023.*
- 17. Legal compliance for reserves**  
Regular meetings held with subcommittees. Terms of reference in place for most, the others are under review. Health and safety requirements discussed, and any volunteer work now have records and risk assessments completed. Currently working on developing AMPs / RMPs for all subcommittees – 2 members of BDC staff now have ongoing communications with the groups with oversite from Group Manager. *Progress update June 2023.*
- 17. Reefton water supply non-chlorination**  
With budget agreed in the 22/23 Annual Plan work is currently underway to proceed with this project. *Progress update June 2023.*

**Cr P Rutherford/Cr D Hawes**

**11/11**

**CARRIED UNANIMOUSLY**

**11. HEALTH AND SAFETY QUARTERLY UPDATE (Page 118)**

**Discussion:**

G Martyn spoke to the report.

Cr G Weston spoke regarding the excavator operator incident, noting this is a common occurrence that Buller Electricity Ltd (BEL) are not being notified that people are working close to lines.

S Mason advised that this best be advised to the CEO of BEL.

DM S Roche noted the outstanding job the frontline staff do and acknowledged the risks they come up against on a daily basis from the community.

**RESOLVED** that the Finance, Risk and Audit Committee receive the Health and Safety Report for information.

**Cr D Hawes/Cr M Montgomery**

**11/11**

**CARRIED UNANIMOUSLY**

**12. RATING POLICY PROPOSED TIMETABLE (Page 122)**

**Discussion:**

DM S Roche noted this is primarily because we are wanting to leave this project in a tidy position for new Council noting we have been working on it for nearly nine years and had not managed to come to a resolution.

Cr J Howard acknowledged there is a lot of talk around feeling the timeline is too short given there will be a lot of new councillors coming on. She feels this is not feasible to put into such a condensed timeframe.

Mayor J Cleine responded that this is not setting anything in stone and that the new Councillors will be able to resolve to extend timeframes. There may also be new funding mechanism changes with the Future Local Government.

The community aren't happy as it is, and we do need to continue to work to address this.

He noted it was good to have Mr Marshall on board with potentially a fresh set of eyes, who may present things in a format we haven't considered before.

Mr Marshall noted that next year will be a good time to address this. We want to make sure we use what is seen as acceptable in previous reviews. We will try to get it done by 1 July 2023 but if we need longer time, then we need it.

Cr D Hawes noted that at each point along the path, we need to keep public informed, and there are actual decisions made. The challenge is to depoliticise the process was his advice to new council, leave prejudice at the door and learn with an open mind.

He furthered, it is important to inform public the whole way to avoid controversy and anxiety.

Cr P Rutherford said he was astounded by the number of ratepayers who have no concept of how their rates are struck. There is a large knowledge gap in the public. It needs to be broken down for public.

Cr R Sampson agreed with Mr Rutherford and noted that the last time it fell over was because the database was flawed and should we be using this database for our next review.

S Mason advised a lot of work has been done on this and that these errors had now been rectified. The external review stated that the database was not flawed, rather a few figures within there.

DM S Roche was very satisfied by the external review that the database was acceptable. After nine years, we tried our very best to get the information out to the community with open workshops, noting not a lot of the community came to those. The rate payers will want the Councillors to make a sensible decision based on information.

**RESOLVED** that the Finance, Risk and Audit Committee receive the proposed work programme and timetable to undertake a review by 30 June 2023 of how the Council's rates are levied.

**DM S Roche/Cr D Hawes**  
**10/11**  
**Cr R Sampson opposed**  
**CARRIED**

G Allen (A BHL Director) arrived at 3.55pm.

DM S Roche called a 10-minute adjournment at 3.57pm.

C Scanlon (CEO BHL) arrived at 4.01pm.

The meeting resumed at 4.12pm.

**13. PUBLIC EXCLUDED (Page 125)**  
**Discussion:**

**RESOLVED** that the public be excluded from the following parts of the proceedings of this meeting

<b>Item No.</b>	<b>Minutes/Report of:</b>	<b>General Subject</b>	<b>Reason For Passing Resolution Section 7 LGOIMA 1987</b>
14	Douglas Marshall - Chief Financial Officer	Report of BHL Proposed Land Purchase	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.
15	Krissy Trigg - Acting Group Manager Community Services	Update on Punakaiki Campground Activities	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.

**DM S Roche/Cr D Hawes**  
**11/11**  
**CARRIED UNANIMOUSLY**

**RESOLVED** that G Allen and C Scanlon be present for the Buller Holdings Ltd proposed land purchase to assist with the committee decision making process.

**Mayor J Cleine/Cr R Sampson**  
**10/10**  
**Cr R Nahr abstained**  
**CARRIED**

## **RISK AND AUDIT COMMITTEE**

**23 NOVEMBER 2022**

### **AGENDA ITEM 4**

**Prepared by** Douglas Marshall  
Chief Financial Officer

#### **ACTION POINTS**

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##### **1. RECOMMENDATION**

**That the Risk and Audit Committee receive the Action Point report for information.**

## RAC Action Points - CURRENT

No.	Meeting Of / Action Point	Responsible	Update:	Date Required By:
202	21 September 2022 Punakaiki Campground Update Add Punakaiki Campground to the Risk Register	D Marshall	To be updated in December RAC meeting	14 December 2022

## **RISK AND AUDIT COMMITTEE**

**23 NOVEMBER 2022**

### **AGENDA ITEM 5**

**Prepared by:** Neil Engelbrecht  
Financial Accountant

Lynn Brooks  
Finance Manager

**Reviewed by:** Douglas Marshall  
Chief Financial Officer

**Attachment 1:** RAC Monthly Operational Report to the period end 30 September 2022

### **OPERATIONAL PERFORMANCE – THREE MONTHS TO 30 SEPTEMBER 2022**

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#### **1. REPORT SUMMARY**

This report provides the Committee with an update on the financial performance for the three months ending 30 September 2022. To help explain the variances this report is presented in three sections including “operational business as usual”, “additional grants”, and “flood event” sections.

The business-as-usual result to date is a loss of \$1.626m against a budgeted loss of \$0.807m, a negative variance of \$0.819m. This difference is mostly due to a timing variance in expenditure which is expected to resolve as the year progresses. Otherwise, income and expenditure is mainly on budget.

The additional grant income and expenditure shows a surplus of \$0.493m, as a portion of grants relate to capital expenditure which is not included in this operations report.

The flood event result to date is an overall surplus of \$5.030m, it should be noted a portion of the flood event income relates to capital expenditure of \$4.976m which is not included in this operations report.

The total reported surplus to September 2022 is \$3.898m compared to a budgeted loss of \$0.702m. The main reason for this variance is grant and flood recovery income and expenditure. It is also due to timing differences between when the budget anticipated the revenue or expenditure would occur and the actual timing of the income and expenses.

#### **2. RECOMMENDATION**

**That the Risk and Audit Committee receive the report for information.**

### 3. OPERATIONAL FINANCIAL PERFORMANCE

A summary of the results is set out below, along with greater details in the following pages.

	Actual YTD	Annual Plan	YTD Variance		Projected Full Year	Annual Plan Full Year	Projected Variance Full Year
Operational Income	6,939,574	6,820,865	118,709	●	32,072,727	32,032,727	40,000
Operational Expenditure	8,565,419	7,627,738	(937,681)	■	31,893,006	31,831,006	(62,000)
TOTAL OPERATIONAL VARIANCE			(818,973)	■			(22,000)
Additional Grant Income	711,225	121,107	590,118	●	913,052	913,052	
Additional Grant Expenditure	217,478	16,709	(200,769)	■	77,552	77,552	
TOTAL ADDITIONAL GRANT VARIANCE			389,350	●			
Flood Event Income	6,018,066	0	6,018,066	●			
Flood Event Expenditure	987,490	0	(987,490)	■			
TOTAL FLOOD EVENT VARIANCE			5,030,576	●			
TOTAL PROFIT / (LOSS)			3,006,953	●			
<b>Net Profit / (loss)</b>	<b>3,898,478</b>	<b>(702,475)</b>	4,600,953	●	<b>1,015,221</b>	<b>1,037,221</b>	(22,000)

**Key:** ● Favourable Variance + \$50k ■ Unfavourable Variance - \$50k ▲ Neutral Variance +/- \$50k



### **3.1 Operational Performance Report – Summary of Results to September 2022 and Projection for the Year Ahead**

Overall, operating income is \$0.118m higher than budgeted with the variance due to timing. \$40k of additional funding is expected to be received from the Ministry of Transport for Airport capital expenditure.

Because the corresponding expenditure is not reported in this Operations Report, this additional income will be reported as a favourable difference for the remainder of the accounting year.

Operational expenditure is \$0.937m higher than budgeted mainly due to rehabilitation work on the dredge which was expected to be completed prior to 30 June 2022.

The work was delayed to allow for completion of dredging in Westport prior to June 2022 and to occur when a dredging contract in Nelson was secured. The Nelson work was undertaken in August/September 2022.

The cost of this work, as well as the operating cost of dredge, is all funded via the Tranche 2 Central Government service contract.

The dredge slipping expenditure will be a mixture of capital expenditure and repairs, and this work is being completed in line with the 2021-2031 Long-Term Plan which sets out that the work on the dredge would only be completed if a sound business case was developed, and it was.

To date, additional grant income consists of advance funding from Provincial Growth Fund (PGF) for the ongoing port projects, Mayors Taskforce for Jobs, and National Transition Unit and Department of Internal Affairs. PGF grants will be spent on a combination of capital expenses and repairs.

Council will receive significant funding over the next 12 months for flood recovery works. As more information is confirmed regarding grant funding this will be included in future reports.

The report includes confirmed grant funding from the National Emergency Management Agency (NEMA) (Tranche 2) projects for the port projects.

NEMA are also funding flood recovery water infrastructure projects, and Ministry of Business and Innovation are providing funding for the temporary housing development at Alma Rd.

Waka Kotahi have funded flood recovery roading costs for both capital and operational costs, and Department of Internal Affairs have funded wages costs for flood recovery salaries.

**BULLER DISTRICT COUNCIL**  
**Operating Report for the Three Months to September 2022**

Prepared by: Neil Engelbrecht  
Reviewed by: Lynn Brooks

	Actual Year to Date	Annual Plan Budget	YTD Variance	Status	Full Year Prediction	Annual Plan Budget	Variance Full Year Prediction	Explanation of Variances of \$50,000 or great
<b>Operational Income</b>								
Community Services	147,987	75,291	72,696	●	341,119	341,119	0	NBS Theatre higher than predicted shop sales, admissions. and timine of external fundine
Westport Harbour	448,714	476,014	(27,300)	▲	2,766,000	2,766,000	0	
Governance & Representation	0	0	0	▲	33,600	33,600	0	
Water Supplies	942,266	929,288	12,978	▲	3,877,579	3,877,579	0	
Airport	50,013	36,223	13,790	▲	198,538	158,538	40,000	Ministry of Transport additional capital funding
Community Facilities	175,993	210,295	(34,302)	▲	1,355,759	1,355,759	0	
Roading & Transport	975,255	1,002,873	(27,618)	▲	6,079,712	6,079,712	0	
Regulatory Services	514,808	409,367	105,441	●	1,365,695	1,365,695	0	Higher than predicted building activity
Solid Waste	252,700	248,554	4,146	▲	1,012,696	1,012,696	0	
Support Services	18,063	16,853	1,210	▲	76,361	76,361	0	
Council - General Rates & Treasury	2,697,545	2,685,993	11,552	▲	12,043,974	12,043,974	0	
Wastewater	727,849	729,006	(1,157)	▲	2,916,676	2,916,676	0	
Stormwater	(11,619)	1,108	(12,727)	▲	5,018	5,018	0	
<b>Total Operational Income</b>	<b>6,939,574</b>	<b>6,820,865</b>	<b>118,709</b>	●	<b>32,072,727</b>	<b>32,032,727</b>	<b>40,000</b>	
<b>Operational Expenditure</b>								
Community Services	1,117,867	1,077,853	(40,014)	▲	4,121,329	4,121,329	0	
Westport Harbour	1,128,805	515,951	(612,854)	■	2,535,881	2,535,881	0	Variance mainly due to timing of slipping costs (to date \$540k) incurred in advance of external funding for Westport dredging
Governance & Representation	423,901	467,237	43,336	▲	1,808,374	1,808,374	0	
Water Supplies	912,532	824,603	(87,929)	■	3,731,799	3,669,799	(62,000)	Higher than budgeted repairs to date Westport Water \$91k and Inangahua Water \$8k, less underspends in other expenses and water supplies. Maintenance Contract review \$32k, pump hire for \$30k not able to be claimed from flood recovery, will be permanent overspend at end of year if unable to be mitigated in Westport Supply. Remainder of variance expected to be timine difference only.
Airport	135,753	119,302	(16,451)	▲	509,699	509,699	0	
Community Facilities	789,229	848,997	59,768	●	3,336,964	3,336,964	0	
Roading & Transport	2,006,231	2,078,482	72,251	●	7,912,099	7,912,099	0	
Infrastructure Delivery (income and expenditure netted off)	120,446	(18,913)	(139,359)	■	(27)	(27)	0	Timing Only
Regulatory Services	699,453	676,204	(23,249)	▲	2,895,908	2,895,908	0	
Solid Waste	379,680	352,150	(27,530)	▲	1,475,992	1,475,992	0	
Support Services	36,330	(76,304)	(112,634)	■	234,780	234,780	0	Timing Only
Wastewater	601,022	601,885	863	▲	2,645,599	2,645,599	0	
Stormwater	214,171	160,291	(53,880)	■	684,609	684,609	0	Timing Only
<b>Total Operational Expenditure</b>	<b>8,565,419</b>	<b>7,627,738</b>	<b>(937,681)</b>	■	<b>31,893,006</b>	<b>31,831,006</b>	<b>(62,000)</b>	
<b>OPERATIONAL PROFIT / (LOSS)</b>	<b>(1,625,846)</b>	<b>(806,873)</b>	<b>(818,973)</b>	■	<b>179,721</b>	<b>201,721</b>	<b>(22,000)</b>	
<b>Additional Grant Income</b>								
Community Services	319,987	5,628	314,359	●	25,500	25,500	0	Mayors Taskforce for Jobs and other small sundry grants
Westport Harbour	171,337	0	171,337	●	0	0	0	Provincial Growth Fund Port projects grant
Commercial and Corporate Services	133,917	0	133,917	●	0	0	0	National Transition Unit and Department of Internal Affairs funding
Water Supplies	0	0	0	▲	0	0	0	
Community Facilities	82,873	79,049	3,824	▲	587,552	587,552	0	
Roading & Transport	0	36,430	(36,430)	▲	300,000	300,000	0	Transport Activity Tourism Infrastructure Fund Pathways
Solid Waste	3,113	0	3,113	▲	0	0	0	
<b>Total Additional Grants income</b>	<b>711,225</b>	<b>121,107</b>	<b>590,118</b>	●	<b>913,052</b>	<b>913,052</b>	<b>0</b>	
<b>Additional Grant Expenditure (excludes Capital Expenditure)</b>								
Community Services	22,575	0	(22,575)	▲	0	0	0	
Westport Harbour	159,993	0	(159,993)	■	0	0	0	Provincial Growth Fund Port projects
Commercial and Corporate Services	0	0	0	▲	0	0	0	
Water Supplies	0	0	0	▲	0	0	0	
Community Facilities	33,650	16,709	(16,941)	▲	77,552	77,552	0	
Roading & Transport	0	0	0	▲	0	0	0	
Solid Waste	1,260	0	(1,260)	▲	0	0	0	
<b>Total Additional Grants Expenditure</b>	<b>217,478</b>	<b>16,709</b>	<b>(200,769)</b>	■	<b>77,552</b>	<b>77,552</b>	<b>0</b>	
<b>ADDITIONAL GRANTS PROFIT / (LOSS)</b>	<b>493,748</b>	<b>104,398</b>	<b>389,350</b>	●	<b>835,500</b>	<b>835,500</b>	<b>0</b>	
<b>Flood Event Income</b>								
All Flood Event Income	6,018,066	0	6,018,066	●	0	0	0	MBIE Housing, NEMA funding, DIA funding, Waka Kotahi flood events
<b>Total Unbudgeted Flood Event Income</b>	<b>6,018,066</b>	<b>0</b>	<b>6,018,066</b>	●	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Flood Event Expenditure (excludes Capital Expenditure)</b>								
Flood Event Operational Expenditure	987,490	0	(987,490)	■	0	0	0	Flood related operational expenditure to Sept including Mayoral Relief Fund payments. Projection is for operational exnses only, not capital
<b>Total Unbudgeted Flood Event Expenditure</b>	<b>987,490</b>	<b>0</b>	<b>(987,490)</b>	■	<b>0</b>	<b>0</b>	<b>0</b>	
<b>FLOOD EVENT PROFIT / (LOSS)</b>	<b>5,030,576</b>	<b>0</b>	<b>5,030,576</b>	●	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL PROFIT / (LOSS)</b>	<b>3,898,478</b>	<b>(702,475)</b>	<b>4,600,953</b>	●	<b>1,015,221</b>	<b>1,037,221</b>	<b>(22,000)</b>	

**Key**  
Favourable ● Favourable variance + \$50k or more  
Unfavourable ■ Unfavourable variance - \$50k or more  
Neutral +/- ▲ Neutral variance within +/- \$50k

## **RISK AND AUDIT COMMITTEE**

**23 NOVEMBER 2022**

### **AGENDA ITEM 6**

**Prepared by:** Neil Engelbrecht  
Financial Accountant

Lynn Brooks  
Manager Finance

**Reviewed by** Douglas Marshall  
Chief Financial Officer

**Attachments** A - Statement of Financial Position 30 September 2022  
B - Statement of Comprehensive Revenue & Expense 30 September 2022  
C - Statement of Cashflows 30 September 2022  
D - Non-Financial Performance 30 September 2022

### **QUARTERLY FINANCIAL REPORT TO 30 SEPTEMBER 2022**

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#### **1. REPORT SUMMARY**

To provide Council with an update of whole of Council financial results for the three-month period ending 30 September 2022.

#### **2. DRAFT RECOMMENDATION**

**That the Risk and Audit Committee receive the quarterly report for the three months ended 30 September 2022 for information.**

#### **3. ANALYSIS & DISCUSSION**

##### **3.1 Statement of Financial Performance**

###### **Operating Result**

Council has budgeted for a three-month loss of \$0.711 million. The actual result is a surplus of \$2.318 million which is a favourable difference of \$3.029 million.

Analysis of this result is detailed below.

###### **Operating Revenue**

Overall operating revenue is \$13.556m compared to a budget of \$6.915m, a positive variance of \$6.640m. The main contributor is Subsidies and Grants

income which is over budget due to receipt of unbudgeted grant income totalling \$6.596m.

This variance includes flood recovery grants, port precinct and floating jetties grants, funding for Mayors Taskforce for Jobs and additional funding from the National Transition Unit and Department of Internal affairs relating to 3Waters transition.

All other income is near to the projected budget for the year to date.

### **Operating Expenditure**

Operating expenditure totals \$11.238m compared to a budget to date of \$7.627 million, a variance of \$3.611m.

Employment costs are \$140k greater than budget to date. In the main, this overspend relates to flood recovery wages which were not anticipated costs when the budget was set during the Long-Term Plan process. These extra wages costs have corresponding grant income to offset this expenditure.

Other Expenses category budget up to September 2022 is \$3.730m, with the actual results to date \$7.172m.

The variance of \$3.442m includes flood recovery costs (which are offset by corresponding grant revenue), and port projects expenditure (also funded by external grant revenue).

There is also a budget phasing difference in the roading programme expenditure being undertaken which differs from the “flat” budget set in the Council Annual Plan and the Waka Kotahi budgets. Any phasing/timing differences are expected to be resolved by the end of the three-year road funding programme which started 1 July 2021.

## **3.2 Statement of Financial Position**

As at 30 September 2022 Council reports a sound position.

## **3.3 Current Assets and Liabilities**

As well as the business-as-usual creditors, Trade and Other Payables category includes a provision for grants revenue received in advance, and this is reflected in the cash and cash equivalents showing in current assets.

Other investments include Local Government Funding Agency (LGFA) Borrower Notes (required to be held as part of the loan funding agreement with LGFA) and other small bonds held.

Net debt (being external debt less term deposits) is \$18.89m. By the end of year, its budgeted net debt will be \$22.061m, this debt having been used to fund assets and infrastructure additions.

### **3.4 Cash Flow Statement**

Net operating cash inflow of \$2.642m was positive during the three months to 30 September 2022. The net Investing cash outflow of \$6.875m was the result of fixed asset purchases. Overall Council's cash position has decreased by \$4.233m since 1 July 2022.

### **3.5 Non- Financial Key Performance Indicators**

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

The table of non-performance measures has been collated from the key performance indicators (KPIs) which were revised in each activity section of the 2021-2031 Long Term Plan.

Just the vital key performance indicators have been included in the table, not all of the KPIs that are included in the Long-Term Plan. The rationale being that these selected KPIs highlight key risk areas of Council and to help monitor organisational efficiency within Council. Refer to the Performance section of the attached quarterly report for details.

## **4 CONSIDERATIONS**

### **4.1 Strategic Impact**

The quarterly financial reports provide an overview of Council's financial performance and position during the financial year. This allows Council to monitor trends and evaluate progress against the strategies, financial budgets and service delivery adopted in the 2021-2031 Long-Term Plan.

### **4.2 Significance Assessment**

The Significance and Engagement policy sets out the criteria and framework for a matter or transaction to be deemed significant. The content included in this report is not considered significant for the purpose of public consultation but is an important component of monitoring progress against the 2021-2031 Long-Term Plan.

### **4.3 Values Assessment**

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

A performance reporting system aligns most strongly with Integrity.

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

#### **4.4 Risk Analysis**

Risk is assessed by considering the likelihood of an event occurring and the result of that event.

Council prepares financial budgets to balance income and spending for each financial year. Budgets are based on the best information available at the time, but subsequent financial performance will be affected by events outside Council's control during the year.

Regular monitoring of financial performance reduces the risk of financial pressure on Council because income and expenditure variances are identified early, and mitigating actions can be put in place as required.

#### **4.5 Policy / Legal Considerations**

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

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

#### **4.6 Tangata Whenua Considerations**

Not applicable.

#### **4.7 Views of Those Affected**

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

#### **4.8 Costs**

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

#### **4.9 Benefits**

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

#### **4.10 Media / Publicity**

There are no media or publicity opportunities with this report.

# STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Sept-22 Actual \$000	2022/2023 Budget \$000	2021/2022 (Unaudited) Actual \$000
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5,105	1,040	9,339
Trade and Other Receivables	2,590	6,412	7,844
Derivative Financial Instruments	0	0	0
Inventories	16	20	16
Other Current Assets	253	186	259
Short Term Investments	14,324	13,313	11,153
Assets Held for Sale	5	0	5
<b>Total Current Assets</b>	<b>22,293</b>	<b>20,971</b>	<b>28,616</b>
<b>NON CURRENT ASSETS</b>			
Investment in Council Controlled Organisations	19,355	22,087	19,355
Other Investments	719	0	719
Investment Property	10,985	8,039	10,985
Infrastructural Assets	405,979	377,389	402,159
Other Non Current Assets	26,850	36,758	28,788
Derivative Financial Instruments	1,055	0	1,055
Deferred Tax	0	0	0
Intangible Assets	14	394	14
<b>Total Non Current Assets</b>	<b>464,958</b>	<b>444,667</b>	<b>463,075</b>
<b>Total Assets</b>	<b>487,251</b>	<b>465,638</b>	<b>491,692</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	3,761	6,162	10,238
Derivative Financial Instruments	0	552	0
Tax Payable	0	0	0
Employee Benefits	695	693	977
Provisions	35	42	35
Current Portion of Borrowings	5,000	320	5,000
<b>Total Current Liabilities</b>	<b>9,490</b>	<b>7,769</b>	<b>16,249</b>
<b>NON CURRENT LIABILITIES</b>			
Derivative Financial Instruments	0	2,404	0
Provisions	1,981	1,436	1,981
Bond Deposits	208	88	208
Employee Entitlements	161	161	161
Deferred Tax	0	0	0
Borrowings	28,214	36,487	28,214
<b>Total Non Current Liabilities</b>	<b>30,564</b>	<b>40,576</b>	<b>30,563</b>
<b>EQUITY</b>			
Accumulated Funds	183,800	184,306	181,482
Reserves	6,147	3,584	6,147
Asset Revaluation Reserve	257,250	229,404	257,250
<b>Total Equity</b>	<b>447,197</b>	<b>417,294</b>	<b>444,878</b>
<b>Total Liabilities &amp; Equity</b>	<b>487,251</b>	<b>465,639</b>	<b>491,692</b>

**STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE**  
for the period ended 30 September 2022

	Sept-22 Actual \$000	Sept-22 Budget \$000	2021/2022 (Unaudited) Actual \$000	Variance Sept-22 Actual Vs Budget	Comments (Variances above \$50k)
<b>CONTINUING OPERATIONS</b>					
<b>OPERATING REVENUE</b>					
General Rates	2,529	2,540	9,419	-11	
Targeted Rates (excluding Metered Water)	1,859	1,848	6,594	11	
Metered Water Charges	27	19	202	8	
Rate Penalties	47	38	145	10	
Subsidies and Grants	7,714	1,118	25,324	6,596	\$6.596m variance: Mayors Task Force for Jobs grant,
Investment Income	121	109	1,594	12	flood recovery from NEMA, DIA, MBIE and Waka Kotahi.
Other Income	0	0	1	0	Also NTU and DIA funding for 3 Waters transition.
Development and Financial Contributions	4	12	74	-8	
Fees & Charges	1,255	1,233	5,502	22	
Gain on Sale of Investment Property	0	0	16	0	
Vested Assets	0	0	0	0	
Profit on Sale of Assets	0	0	0	0	
Gain on Derivative Contracts	0	0	2,723	0	
Gain on Revaluations of Investment Property	0	0	1,033	0	
Share in Profit (Loss) of Associate	0	0	0	0	
<b>Total Operating Revenue</b>	<b>13,556</b>	<b>6,915</b>	<b>52,626</b>	<b>6,640</b>	
<b>OPERATING EXPENDITURE</b>					
Employment Costs	1,880	1,740	8,090	140	\$140k variance: mainly due to flood recovery wages.
Depreciation & Amortisation	1,822	1,822	6,125	0	
Finance Costs (excluding loss on derivative contracts)	364	335	1,524	30	
Loss on Derivative Contracts	0	0	0	0	
Other Expenses	7,172	3,730	28,454	3,442	\$3.442m variance: Slipping cost of \$540k, higher water
Loss on Sale of Assets	0	0	343	0	supply costs, flood recovery expenditure of \$0.987m and
Assets Written Off	0	0	522	0	other sundry expenses many of which are due to timing
Loss on Revaluations of Investment Property	0	0	0	0	differences.
Loss on Revaluations of Assets Held for Sale	0	0	0	0	
Loss on Sale/Write Off of Investments	0	0	500	0	
Loss on Sale/Write Off of Investment in Associate	0	0	0	0	
Loss on Sale/Write Off of Investment Property	0	0	0	0	
<b>Total Operating Expenditure</b>	<b>11,238</b>	<b>7,627</b>	<b>45,559</b>	<b>3,611</b>	
<b>Net Surplus (Deficit) from continuing operations</b>	<b>2,318</b>	<b>(711)</b>	<b>7,067</b>	<b>3,029</b>	
<b>DISCONTINUED OPERATIONS</b>					
Surplus (deficit) for the year from discontinued operations	0	0	0	0	
<b>Net Surplus (Deficit) before Taxation</b>	<b>2,318</b>	<b>(711)</b>	<b>7,067</b>	<b>3,029</b>	
Income Tax Expense/(Benefit)	0	0	0	0	
<b>Net Surplus (Deficit) after Taxation</b>	<b>2,318</b>	<b>(711)</b>	<b>7,067</b>	<b>3,029</b>	
<b>Other Comprehensive Revenue &amp; Expense</b>					
Gain on Revaluations of Assets Held for Sale	0	0	0	0	
Increase/(decrease) in Infrastructure Revaluation Reserves	0	0	46,531	0	
Gain/(Loss) on Investment Recognised in Asset Revaluation Reserve	0	0	0	0	
<b>Total Comprehensive Revenue &amp; Expense</b>	<b>2,318</b>	<b>(711)</b>	<b>53,598</b>	<b>3,029</b>	

**STATEMENT OF CHANGES IN EQUITY**  
for the period ended 30 September 2022

	Parent Sept-22 Actual \$000	Parent Sept-22 Budget \$000	Parent 2021/2022 (Unaudited) Actual \$000
Equity as at 1 July	444,878	400,338	391,280
Total Comprehensive Income	2,318	(711)	53,598
Transactions with Owners recorded directly in Equity			
<b>Total Equity at End of Year</b>	<b>447,196</b>	<b>399,627</b>	<b>444,878</b>
<b>Components of Equity</b>			
Accumulated Funds	183,800	179,576	181,482
Reserves	6,147	4,100	6,147
Asset Revaluation Reserve	257,250	229,404	257,250
<b>Total Equity at End of Year</b>	<b>447,197</b>	<b>413,080</b>	<b>444,878</b>



# STATEMENT OF CASHFLOWS

## for the period ended 30 September 2022

Note	Sept-22 Actual \$000	Sept-22 Budget \$000	2021/2022 (Unaudited Actual) \$000
Cashflows from Operating Activities			
<b>Cash was provided from:</b>			
Rates	4,248	16,208	16,550
Other Income	10,320	14,236	32,346
Interest Received	95	149	516
Tax Received	-	-	-
Dividends & Subvention Payments Received	0	1,300	1,300
	14,663	31,893	50,712
<b>Cash was applied to:</b>			
Payments to Suppliers and Employees	11,951	23,376	36,749
Interest Paid	364	818	1,524
Income Tax Paid	-	-	-
Net GST Movement	(295)	-	(147)
	12,020	24,194	38,127
Net Cash from Operating Activities	2,642	7,699	12,585
Cashflows from Investing Activities			
<b>Cash was provided from:</b>			
Sales of Assets	0	-	165
Investments Realised	11,153	3,160	23,610
	11,153	3,160	23,774
<b>Cash was applied to:</b>			
Purchase of Fixed Assets	3,704	10,794	13,577
Purchase of Investments	14,324	602	20,717
Purchase of Intangibles	-	-	-
	18,028	11,396	34,294
Net Cash from Investing Activities	(6,875)	(8,236)	(10,520)
Cashflows from Financing Activities			
<b>Cash was provided from:</b>			
Loans Raised	1,440	-	1,440
Principal Elements of Lease Payments	-	-	-
	1,440	-	1,440
<b>Cash was applied to:</b>			
Repayment of Loans	1,440	230	-
Net Cash from Financing Activities	0	(230)	1,440
Net Increase/(Decrease) in Cash	(4,233)	(767)	3,506
Opening Cash as at 1 July	9,338	1,764	5,832
Closing Cash as at 30 September	5,105	997	9,338

KPI met	●
KPI not met	■

Segment	Key performance indicator	Target	Achieved	Achievement
Regulatory services	Quality assurance requirements for building consent are met.	≥ 100% of building consents are technically correct and granted within statutory timeframes.	■	100% granted within statutory timeframes in January - February. 97.92% in March.
		≥ Continue to retain accreditation by passing the biennial IANZ Audits.	●	December 2021 Audit 'Passed'.
Roading & transport	Maintaining safety quality of the road network	No changes or reduction in the safety quality of the roading network from the previous financial year.	●	Achieved. Extra grading required due to extreme weather events. Significant traffic control required to protect public at multiple slip sites.
Water supplies	Maintain safe drinking water standards.	≥ Full compliance (100%) with part 4 ( bacteria compliance criteria)	■	Not achieved. Punakaiki UV non-compliance.
		≥ Full compliance (100%) with part 5 (protozoa compliance criteria)	■	Not achieved. No water supply has met protozoa compliance.
Wastewater	Wastewater and sewerage systems provide adequate capacity in relation to dry weather overflows.	Less than five sewerage overflows per 1,000 connections.	●	Expected to have achieved and be compliant. However while there have been a lot of weather events that have had a negative impact; the dry weather performance is at adequate capacity for now, but note further developments in Westport will exceed capacity.
Stormwater	The number of flooding events in the stormwater systems is managed to a target level of service set in the performance measure.	For each flooding event, the number of habitable floors affected ( expressed per 1,000 properties connected Councils stormwater system) is not more than five houses flooded for each event.	■	There have been a lot of events relating to weather that have had a negative impact. Damage to the reticulation has meant that currently even more minor rainfall has resulted in more severe effects.
Solid waste	Ensure ethical, economical, and efficient waste management service	100% compliance with regulations set in the RMA, and the resource consents and environmental national regulations.	●	100% compliance to date. Operating and closed landfills, transfer stations, Material Recovery Facilities and kerbside collection services operating within the national regulations and resource consents. However working with Regional Council to understand environmental impacts of the Birchfield Legacy Landfill.
	Concepts of sustainability and social responsibility are equally valued alongside cost.	Undertake two community engagement events, and two community education events to encourage the reduction of waste generated and increase of diversion from landfill.	■	Two Sustainability projects have been developed to date (e-waste recycling in Westport and Reefton and batteries recycling in Karamea, Westport and Reefton). AgRecovery project to be delivered in Reefton has been delayed to Q4. Composting educative workshop has been completed in Q4
Community services	The community feels informed, included, and empowered to access Council services and resources.	A biennial customer satisfaction survey will be carried out, and will ask how satisfied the community is with the information they receive from Council and their opportunities to engage with Council.	●	Survey due next year
Governance, representation	Provide annual budgeting and financial planning processes.	≥ Meet statutory deadlines for councils LTP, AP before 30th June in each respective year.	●	In progress
		≥ Meet statutory obligations for requests for information under LGOIMA, greater than or equal to 90% of the time.	●	94% of requests for information provided within statutory timeframe.
		≥ To meet legislative requirements for strategic planning workshop held with Councillors.	●	Achieved
Support Services	High functioning Health and Safety committee that empowers employees, contractors, and visitors.	100% compliance with health and Safety Work Act 2015 ( HSWA 2015).	●	Continuing to monitor COVID-19 requirements. Training programs delivered for working with angry and aggressive people and mental wellbeing.
Property	The district's parks, reserves, cemeteries and other amenities are maintained to ensure we are providing compliant, safe and vibrant social spaces for the Community and visitors.	Receive and review monthly reports from the Reserves and Public Amenities Contractor. An up-to-date register of Council owned and operated buildings and associated infrastructure is maintained.	●	Completed service requests in timely manner to ensure facilities are maintained upto the standard. Buildings and fleet register has been updated. WestReef monthly reports have been reviewed. Communication with contractors and sub-committees ongoing.
Commercial infrastructure- airport	An airport facility that is safe, compliant and available for use. Providing a high level of customer service and community opportunity.	Complete and annual customer survey. Retain CAA certification 100% of the time. Judged against projected income and expenses	●	CAA approval of SMS as being Present and Suitable (next 12 months to show SMS is operating and effective.) Continued positive customer feedback.
Buller Holdings Limited	Achieving budget revenue and expenditure.	Operate within budget	●	Favourable variance in operating surplus.
	Delivery of unaudited quarterly reports by due date.	Provision of quarterly reports to Council by due dates.	●	Achieved.

## **RISK AND AUDIT COMMITTEE**

**23 NOVEMBER 2022**

**AGENDA ITEM: 7**

**Prepared by** Neil Engelbrecht  
Financial Accountant

Lynn Brooks  
Manager Finance

**Reviewed by** Douglas Marshall  
Chief Financial Officer

**Attachment 1** Buller Holdings Limited Quarterly Report September 2022

### **BULLER HOLDINGS LTD - FINANCIAL REPORT TO 30 SEPTEMBER 2022**

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#### **1. REPORT SUMMARY**

This report presents the quarterly (unaudited) financial statements for the three-month period ended 30 September 2022 including the budget for this period. The report also presents results against the Statement of Intent targets which are non-financial measures.

#### **2. DRAFT RECOMMENDATION**

**That the Risk and Audit Committee receives the quarterly Financial Report for the period ending September 2022 for information.**

#### **3. ISSUES AND DISCUSSION**

This report is presented to Council to monitor the Buller Holdings Limited (BHL) financial results.

The Council owns 100% of the shares in BHL, therefore BHL is deemed to be a Council Controlled Organisation.

Commentary on the results of each area of BHL operations which are WestReef Services Limited and Buller Recreation Limited (trading as the Pulse Energy Recreation Centre) are set out in the accompanying report.

This information should be read in conjunction with the financial statements to provide detail about the overall group results.

The Group posted a surplus of \$389K for the three months to 30 September 2022 against a budgeted surplus of \$134K.

#### **4. CONSIDERATIONS**

##### **4.1 Strategic Impact**

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

##### **4.2 Significance Assessment**

The significance and engagement policy sets out the criteria and framework for a matter or transaction to be deemed significant. The content included in this report is not considered significant by nature.

##### **4.3 Values**

The Council values are Future Focussed, Community Driven, One Team, Integrity and We Care. Monitoring the performance of BHL is important. The strong performance of BHL is integral to ensuring Council can fund current and future services for the community.

##### **4.4 Risk Analysis**

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

This report provides oversight of the financial operations of BHL but does not elaborate on other risks which may be present with those operations.

Risk is mitigated by engaging suitably qualified Directors to oversee the operations of the group.

Financial risk is mitigated when the results of operations are reported on and understood by staff and governance, and provision of the interim report to the Risk & Audit Committee.

##### **4.5 Policy / Legal Considerations**

BHL is required to provide quarterly financial results by Council as stipulated in Council's Long-Term Plan or Annual Plan.

##### **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**

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

**4.8 Costs**

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

**4.9 Benefits**

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

**4.10 Media/Publicity**

There are no media or publicity opportunities with this report.

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# Financial Report (unaudited)

For

Buller Holdings Ltd

*For the Period Ending 30 September 2022*

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Statement of Changes in Equity	9
Statement of Cash Flows	10
Statement of Financial Position	12

Directors Report to the shareholders of Buller Holdings Ltd on the financial performance for the three months to 30 September 2022

**Commentary:**

The result for the first 3 months of the financial year is currently tracking ahead of the budget set.

This is particularly pleasing as we had several weather events during the quarter that impacted on trading conditions for a period of time. In July there were a couple of extremely strong wind events, and in August the Buller District was placed in a Red warning for flooding. These events restricted activities for a number of days.

We were very pleased with the company's response during these recent events. We had crews working to ensure vital infrastructure was operational during a challenging period for the Buller community. We stopped work on some projects to ensure we had prioritised this infrastructure work was completed.

WestReef Services Ltd (WSL) has had an excellent financial start to the new year. Work volumes are strong into the immediate future. WSL continue to look for new opportunities to maximize commercial returns.

The Kawatiri to Charleston trail continues to progress very well. We are aiming to have another section of the trail completed by Labour weekend. We continue to receive excellent feedback on the standard of the track from users.

WSL has well and truly outgrown its current Russell St depot and IT systems. A long-held strategy for the company has been the search / development of a new depot. WSL have done a considerable amount of work on this project to date and there is now a conditional sale agreement in place. The company has also continued work on the IT Systems review which will see us adopt and implement an up-to-date and fit for purpose IT systems package over the next 12 months. A supplier has been chosen, that meets the needs of the group. These are significant portions of work that commit a large proportion of retained earnings, with the outcomes being pivotal to ongoing success as a business moving forward.

Buller Recreation Ltd has continued to perform very strongly. Winter sports are continuing their competitions, and this is expected to continue through to early December for some sports. The Pulse Energy Recreation Centre has recently held a couple of basketball and hockey tournaments with a number of visiting teams. This has greatly enhanced the local economy with a large of competitors and families visiting the district. For some, it was their first visit to the district and they were very complimentary of the facilities at the centre.

The Group continues to look for new opportunities for the individual companies and any other opportunities that present themselves. The group now employs approximately 135 staff and is one of the biggest employers within the district, providing social and economic well being spread throughout the district.

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

On behalf of the Board

Steve Grave

Chair



**Statement of Intent Targets:**

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

**Buller Holdings Limited**

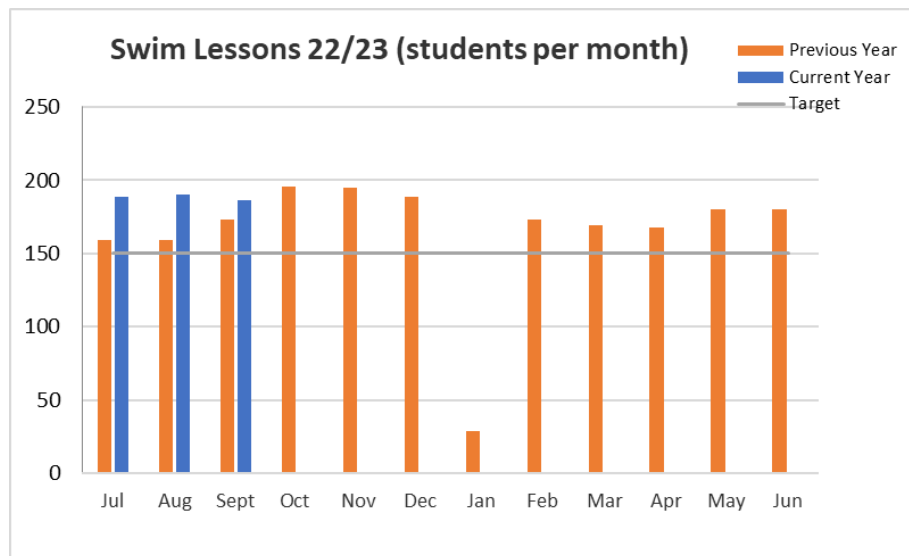
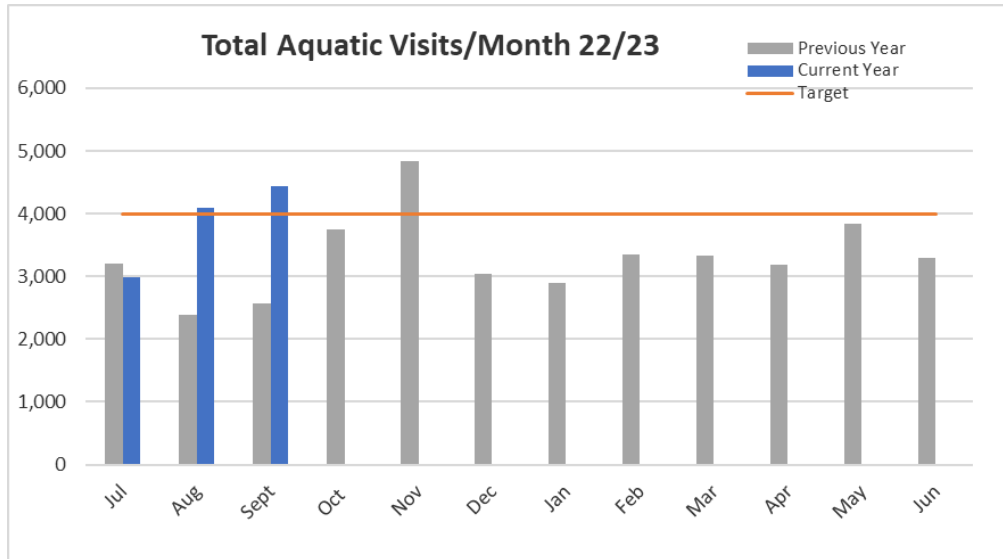
	Key Performance Measure	Target	Achieved
<b>Health &amp; Safety</b>	Medical Treatment Injury	Nil	Nil
	Serious harm accidents	Nil	Nil
	LTI Target	Nil	Nil
<b>Operational</b>	The board of directors will meet with the BDC, CCTO Committee on a formal basis: (per/year)	3	1
	The Buller Holdings Ltd Chief Executive will provide a formal and or informal report to Council as requested.	As requested	1 Report
	The Chief Executive of Buller Holdings Ltd will meet with the Chief Executive of Buller District Council when requested.	As requested	3
<b>PARENT</b> Financial (000's)	Revenue	\$588	\$150 YTD
	Expenditure	\$583	\$165 YTD
	Net Operating Surplus	\$5	\$(15) YTD
	Ratio of Shareholders Funds to Total Assets	60%	78%
<b>GROUP</b> Financial (000's)	Group Revenue	\$15,493	\$6,051 YTD
	Group Expenditure	\$14,957	\$5,662 YTD
	Group Operating Surplus	\$536	\$389 YTD
	Provision for capex	\$1.298m	\$472 YTD
	Forecasted distribution to Shareholders	\$1.3m	On Track

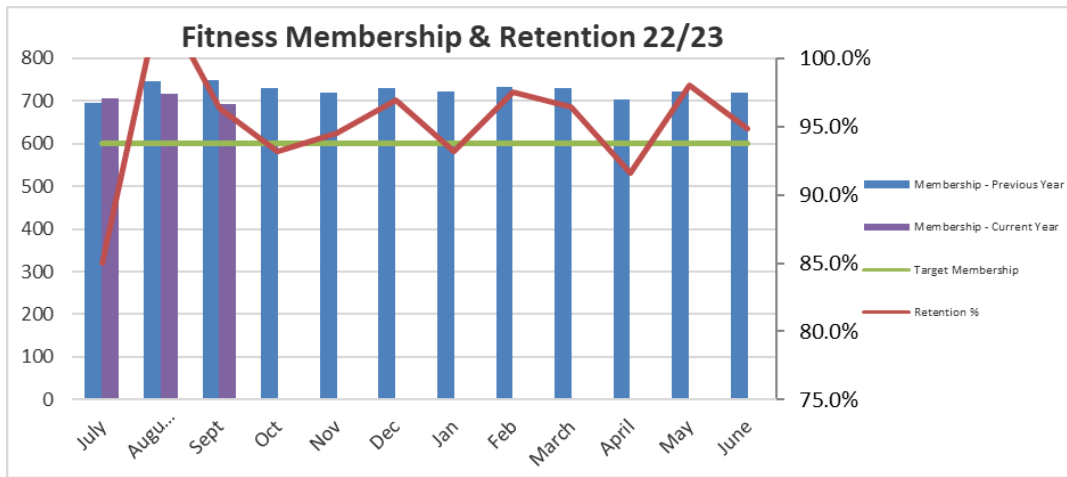
**WestReef Services Ltd**

OBJECTIVE	KEY PERFORMANCE INDICATOR	Target	Achieve
<b>HEALTH &amp; SAFETY</b>	Medical Treatment Injuries	Nil	1
	Serious Harm Accidents	Nil	0
	LTI Target	Nil	1
	ISO 45001 Accreditation	Maintain	Achieved
<b>OPERATIONAL</b>	Employee Satisfaction – Staff turnover excluding retirement, redundancy and internal transfers	Within the range of +/- 5% of the national benchmark	Achieved
	Client Satisfaction – Min 12 meetings per year	12	3
	Renewal of TQS1 certification	Achieve	Achieved July 21
<b>EMPLOYEE DEVELOPMENT &amp; SATISFACTION</b>	Undertake staff satisfaction survey (2 yearly)	Undertake Survey Sept 22	Achieved
	Regular department staff meetings	Achieve	Achieved
<b>FINANCIAL (\$ 000)</b>	Revenue (\$ 000)	\$13,395	\$5,506 YTD
	Expenditure	\$ 12,076	\$4,949 YTD
	Net Operating Surplus	\$1,319	\$557 YTD
	Provision for Capex	\$1.115m	\$322 YTD
	Competitively Procured Revenue	45%	86%
	Ratio of Shareholders Funds to Total Assets	60%	72%
<b>ENVIRONMENTAL</b>	Number of Enforcement notices	Nil	Achieved
<b>COMMUNITY</b>	Support Minimum community activities	25	6 YTD

**Buller Recreation Ltd**

Performance Measure	Key Performance Indicator	Target	Achieved 30.09.22
Fitness membership	Average membership over 12-month period.	700	718
	Average retention rate over 12-month period	>75%	94%
Aquatic centre usage	Average visits per month over 12 months	3,750	3,584 YTD
	Achieve number of students over 4 swimming terms	140	170 YTD
Safety	MTI	Nil	Achieved
	Serious Harm Accidents	Nil	Achieved
	LTI	Nil	Achieved
Work Environment	Maintain regular communication with all employees through weekly emailed updates and meetings with all staff every 4 months.		Weekly meetings held with management and quarterly meetings with each department
	Review the succession plan for key positions and identify training needs and actions for the next 12 months		Achieved. Consideration given at Management meeting to skills and training if personnel in key positions leave.
	Complete annual review process with all staff		To be completed by 30 June 2023
	Undertake staff satisfaction survey every second year	Survey	To be completed by 30 June 2024
	Undertake client satisfaction survey every second year.	Survey	To be completed by June 2023
Asset Management	Review of the Asset Replacement Schedule annually		Comprehensive asset management Plan in place
	Complete maintenance and replacement in accordance with AMP (monitor monthly)		Ongoing
	Ratio of Shareholders Funds to Total Assets	60%	95%
Financial Forecasts \$000's	Revenue	\$659	\$181 YTD
	BDC Service level fee	\$851	\$213 YTD
	Expenditure	\$2,297	\$547 YTD
	Net operating surplus (deficit)	(\$787)	\$(153) YTD
	Provision for capex	\$183	\$8 YTD





July, August, September			
	2020	2021	2022
Pool	12651	8158	11505
Gym	5812	4854	6227

**STATEMENT OF FINANCIAL PERFORMANCE**

For the period ending 30 September 2022

	ACTUAL	BUDGET	ACTUAL	BUDGET
	GROUP	GROUP	PARENT	PARENT
	\$000	\$000	\$000	\$000
Revenue	6,051	3,873	150	147
Expenses	5,662	3,739	165	146
<b>OPERATING SURPLUS/(DEFICIT) before taxation</b>	<b>389</b>	<b>134</b>	<b>(15)</b>	<b>1</b>

**STATEMENT OF FINANCIAL PERFORMANCE**

For the period ending 30 September 2021

	ACTUAL	BUDGET	ACTUAL	BUDGET
	GROUP	GROUP	PARENT	PARENT
	\$000	\$000	\$000	\$000
Revenue	5,267	3,862	142	130
Expenses	4,709	3,697	148	129
<b>OPERATING SURPLUS/(DEFICIT) before taxation</b>	<b>558</b>	<b>165</b>	<b>(6)</b>	<b>1</b>

**STATEMENT OF CHANGES IN EQUITY**

For the period ending  
30 September 2022

Actual

Actual

Group

Parent

	Share Capital	Retained Earnings	Total Equity	Share Capital	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance 01 July 2022	19,934	(9,184)	10,750	19,934	(13,938)	5,996
Profit for the period	-	389	389	-	(15)	(15)
	19,934	(8,795)	11,139	19,934	(13,953)	5,981
Transactions with owners, recorded directly in equity						
Issued capital	-	-	-	-	-	-
Closing balance 30 September 2022	19,934	(8,795)	11,139	19,934	(13,953)	5,981

For the period ending  
30 September 2021

Actual

Actual

Group

Parent

	Share Capital	Retained Earnings	Total Equity	Share Capital	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance 01 July 2021	19,832	(2,018)	17,814	19,832	(13,936)	5,896
Profit for the period	-	558	558	-	(6)	(6)
	19,832	(1,460)	18,372	19,832	(13,942)	5,890
Transactions with owners, recorded directly in equity						
Issued capital	-	-	-	-	-	-
Closing balance 30 September 2021	19,832	(1,460)	18,372	19,832	(13,942)	5,890

**STATEMENT OF CASH FLOWS**  
**For the period ending 30 September 2022**

	GROUP	PARENT	GROUP	PARENT
	\$000	\$000	\$000	\$000
	2022	2022	2021	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash was provided from:				
Management fees	212	139	213	133
Receipts from Customers	7,002	11	6,809	31
Interest received	1	0	7	0
	<u>7,215</u>	<u>150</u>	<u>7,029</u>	<u>164</u>
Cash was applied to:				
Payments to suppliers and employees	<u>7,128</u>	<u>154</u>	<u>5,850</u>	<u>165</u>
	<u>7,128</u>	<u>154</u>	<u>5,850</u>	<u>165</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<u>87</u>	<u>(4)</u>	<u>1,179</u>	<u>(1)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash was provided from:				
Realisation of term investments	4,077	123	3,228	121
Proceeds from sale of fixed assets	<u>23</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,100</u>	<u>123</u>	<u>3,228</u>	<u>121</u>
Cash was applied to:				
Term investments	2,868	123	1,426	121
Purchase of fixed assets	<u>472</u>	<u>-</u>	<u>427</u>	<u>-</u>
	<u>3,340</u>	<u>123</u>	<u>1,853</u>	<u>121</u>
<b>Net cash inflow/(outflow) from investment activities</b>	<u>760</u>	<u>0</u>	<u>1,375</u>	<u>0</u>



	GROUP	PARENT	GROUP	PARENT
	\$000	\$000	\$000	\$000
	2022	2022	2021	2021
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash was provided from:				
Dividends received	-	-	-	-
Share Issue	-	-	-	-
	-	-	-	-
Cash was applied to:				
Share Issue	-	-	-	-
Subvention payment made	-	-	-	-
	-	-	-	-
<b>Net cash inflow/(outflow) from financing activities</b>	-	-	-	-
Net increase in cash held	847	(4)	2,554	(1)
Add opening cash as at 1 July 2022	959	140	1,296	127
<b>Closing cash balance</b>	1,806	136	3,850	126
Made up of:				
Bank	1,806	136	3,850	126
<b>Closing cash balance</b>	1,806	136	3,850	126

**STATEMENT OF FINANCIAL POSITION**  
**As at 30 September 2022**

	Group	Parent	Group	Parent
	\$000	\$000	\$000	\$000
	2022	2022	2021	2021
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and short-term deposits	1,806	136	3,850	126
Receivable and prepayments	2,755	56	2,046	54
Inventories	288	0	127	0
Short Term Investments	3,278	123	1,426	121
<b>Total current assets</b>	<b>8,127</b>	<b>315</b>	<b>7,449</b>	<b>301</b>
<b>Non-current assets</b>				
Deferred tax	220	12	245	13
Fixed assets	8,186	406	14,531	410
Goodwill	389	0	389	0
Investment in Subsidiaries	0	6,892	0	6,790
<b>Total non-current assets</b>	<b>8,795</b>	<b>7,310</b>	<b>15,165</b>	<b>7,213</b>
<b>Total Assets</b>	<b>16,922</b>	<b>7,625</b>	<b>22,614</b>	<b>7,514</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables and accruals	1,692	90	1,365	80
Employee entitlements	706	54	739	43
Provision for Subvention	1,300	0	0	0
<b>Total current liabilities</b>	<b>3,698</b>	<b>144</b>	<b>2,104</b>	<b>123</b>

**Non current liabilities**

Deferred Tax	585	0	638	0
Buller District Council Loan	1,500	1,500	1,500	1,500
<b>Total non-current liabilities</b>	<b>2,085</b>	<b>1,500</b>	<b>2,138</b>	<b>1,500</b>
<b>Total liabilities</b>	<b>5,783</b>	<b>1,644</b>	<b>4,242</b>	<b>1,623</b>

**EQUITY**

Share capital	19,934	19,934	19,832	19,832
Accumulated Funds	389	(15)	558	(6)
Retained earnings	(9,184)	(13,938)	(2,018)	(13,936)
	<b>11,139</b>	<b>5,981</b>	<b>18,372</b>	<b>5,890</b>

**Net Assets**

<b>16,922</b>	<b>7,625</b>	<b>22,614</b>	<b>7,514</b>
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## **RISK AND AUDIT COMMITTEE**

**23 NOVEMBER 2022**

### **AGENDA ITEM 8**

**Prepared by** Lynn Brooks  
Finance Manager

**Reviewed by** Douglas Marshall  
Chief Executive Officer

**Attachments** 1 - Westport Airport Authority Annual Report 2021  
2 - Audit NZ Report - Westport Authority Auditor Report to Buller District Council 2021  
3 - FNS 2021 Buller Health Trust - Performance Report

#### **ANNUAL REPORT 2021 – WESTPORT AIRPORT AUTHORITY AND BULLER HEALTH TRUST**

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##### **1. REPORT SUMMARY**

To adopt the audited 2020 / 2021 Annual Report for the Westport Airport Authority as required by section 67 of the Local Government Act 2002; and to receive for information purposes the 2020/2021 Annual Report for the Buller Health Trust.

##### **2. DRAFT RECOMMENDATION**

**That the Risk and Audit Committee:**

- 1. Adopt the Annual Report for the Westport Airport Authority for the year ending 30 June 2021.**
- 2. Receive the Annual Report for the Buller Health Trust for the year ending 30 June 2021 for information purposes.**

##### **3. ISSUES & DISCUSSION**

In accordance with section 67 of the Local Government Act 2002, Council Controlled Organisations are required to deliver a yearly report to shareholders.

The audit for Westport Airport Authority financial statements for year end 30 June 2021 were completed later than usual because Audit New Zealand was not able

to meet the usual timeframe due to auditor shortages and consequential effects of Covid-19, including lockdowns.

The overall operating deficit was \$191,441; close to the deficit budget of \$194,392.

Further information about the annual results can be found on Page 14 of the Financial Statements (Refer Attachment 1) at the Performance Commentary.

The audit report (Refer Attachment 2) shows an unmodified opinion which means the auditors were satisfied the financial statements and statement of service performance are fairly presenting the Authority's activity for the year, and its financial position for the year. There were no issues identified during the audit.

The Buller Health Trust Annual Report 2021 is presented to Council for information purposes, as the Mayor and Chief Executive Officer are appointed as Trustees under the terms of Trust Deed. An operating deficit of \$83,292 was recorded, compared to an operating surplus of \$60,720 for the prior year end 30 June 2020.

Buller Health Trust is a registered charitable trust under the Charities Act 2005 and due to its revenue threshold is required to have an audit review under this Act.

The Trust's accounts have been audit reviewed by an external provider Nelson Marlborough Audit Limited, and their report concludes the performance report fairly presents the financial position, performance and cashflows for the year.

#### **4. CONSIDERATIONS**

##### **4.1 Strategic Impact**

Appropriate reporting provides valuable information to enable decisions to be made on the future operations of the entities.

##### **4.2 Significance Assessment**

This matter is not deemed significant under the Council's Significance and Engagement Policy.

##### **4.3 Risk Analysis**

If reports are not provided, a number of legislative requirements would be breached. Analysis of financial reports enables adjustment to future operations to be made contributing to better efficiency and effectiveness.

##### **4.4 Values**

Reports provide accountability to the shareholders and the community and assurance that ratepayer funds are being utilised in an effective manner.

The Buller District Values are: Integrity, Future Focussed, Community Driven, One Team and We Care.

**4.5 Policy / Legal Considerations**

Compliance is required under various Acts with regard to provision of Annual Reports.

**4.6 Tangata Whenua Considerations**

There is no requirement to consult with iwi.

**4.7 Views of Those Affected**

There is no requirement to consult or seek the views of other parties with respect to this report.

**4.8 Costs**

The cost of providing an Annual Report is included in budgets.

**4.9 Benefits**

Provision of an annual report provides accountability to the shareholders / ratepayers. This also enables future decisions to be made on the provision of services.

**4.10 Media / Publicity**

There are no media opportunities.

# **WESTPORT AIRPORT AUTHORITY**

## **FINANCIAL STATEMENTS**

**For the year ended  
30 June 2021**



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**WESTPORT AIRPORT AUTHORITY**  
**Entity Information**  
**For the year ended 30 June 2021**

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**Legal name**

Westport Airport Authority (the Authority).

**Type of entity and legal basis**

The Authority was established by a Joint Venture Agreement entered into by the Crown and the Buller District Council pursuant to section 5 of the Airport Authorities Act 1966. The Authority is controlled by Buller District Council and is a Council Controlled Organisation (CCO) as defined by section 6(1) of the Local Government Act 2002.

**The Authority's purpose or mission**

The Authority's primary business activity is the operation of an airport. An airport is considered a crucial aspect of regional infrastructure servicing the Buller district.

**The structure of the Authority's operations, including governance arrangements**

The Authority comprises of a Chief Executive Officer who runs the day-to-day operations of the airport including compliance with Civil Aviation regulation. This is supported by staff who assist the day-to-day operations and maintenance of the airport. All staff are appointed by Buller District Council who also oversees the governance of the Authority through Council.

**Main sources of the Authority's cash and resources**

Landing fees and lease income are the primary sources of funding for the Authority.

**WESTPORT AIRPORT AUTHORITY**  
**Statement of Accounting Policies**  
**For the year ended 30 June 2021**

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**BASIS OF PREPARATION**

The financial statements presented here are for the Westport Airport Authority. The Airport Authority is a public benefit entity for financial reporting purposes under PBE IPSAS.

The financial statements have been prepared in accordance with generally accepted accounting practice NZ GAAP, the Local Government Act 2002 and the Joint Venture Agreement. The financial statements comply with PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) This standard has been applied on the basis that the Authority does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Reliance is placed on the fact that the Authority will continue to receive financial, operational and administrative support from the Buller District Council sufficient to maintain its services. The attention of readers is drawn to note 9.

The financial statements have been prepared on the basis of historical cost. All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are presented in New Zealand dollars and are stated at whole dollar amounts. The functional currency of the Westport Airport Authority is New Zealand Dollars.

The financial statements are prepared on the assumption that the Authority will continue to operate in the foreseeable future.

**ACCOUNTING POLICIES****Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition and construction of the asset.

**Depreciation**

Depreciation of fixed assets, other than land, has been provided on a straight-line basis at rates calculated to allocate the cost of the assets over their estimated useful lives. The depreciation rates applied are:

Buildings	2.5% -5.0%
Runway - Basecourse	1.30%
- Seal	2.0% - 7.7%
Runway Lighting	10.0% - 20.0%
Fuel Facility	8.0%
Other Assets	1.0%-15.0%
Seawall	0.0%

**Goods and Services Tax**

The financial statements have been prepared exclusive of Goods and Services Tax except for accounts payable and receivable which are stated inclusive of GST. The Westport Airport Authority is not registered for GST on their own account, GST is accounted for as a division of Buller District Council.

**Income Tax**

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior tax liabilities.

**Cash and Bank Accounts**

Cash and bank accounts include cash on hand and deposits held at call with banks.

**Trade and Other Receivables**

Trade and other receivables are initially measured at the amount owed. When it is likely that the amount owed (or some portion) will not be collected, a provision for impairment is recognized and the loss is recorded as a bad debt expense.

**Buller District Council Current Account**

Buller District Council advances funds to the Airport Authority on a current account basis to enable the Authority's creditor obligations to be met as they fall due. This current account advance is recognised as either a current asset or a current liability. The account is measured at amortised cost using the effective interest rate method.

**Creditors and Other Payables**

Creditors and other payables are measured at the amount owed.

**Revenue and Expenditure**

Landing fees and Grazing income are billed by the Authority and are recognised when receivable. Expenses are recognised when they are incurred. Leases are recognised on a straight-line basis over the lease term.

**Significant Management Estimates and Assumptions**

There are no significant management assumptions or estimates for the period.

**Changes in Accounting Policies**

There have been no changes in accounting policies applied or adopted during the period. (2020 Nil).

**WESTPORT AIRPORT AUTHORITY**  
**Statement of Financial Position**  
**As at 30 June 2021**

	Note	2021 \$	2020 \$
<b>Current Assets</b>			
Accounts receivable and accruals	3	17,168	36,089
Prepayments		2,647	2,951
<b>Total Current Assets</b>		<b>19,815</b>	<b>39,040</b>
<b>Non-Current Assets</b>			
Property, plant & equipment	5	5,565,443	5,333,528
<b>Total Assets</b>		<b>5,585,257</b>	<b>5,372,568</b>
<b>Current Liabilities</b>			
Accounts payable and accruals		54,132	595,436
Buller District Council - current account	9	132,896	478,823
<b>Total Current Liabilities</b>		<b>187,028</b>	<b>1,074,258</b>
<b>Net Assets</b>		<b>5,398,230</b>	<b>4,298,310</b>
<b>Equity</b>			
Equity: Ministry of Transport	7	1,804,072	1,534,868
<u>Less: Share of accumulated losses</u>		(171,720)	(452,451)
		<b>1,632,352</b>	<b>1,082,367</b>
Equity: Buller District Council	7	3,976,382	3,707,178
<u>Less: Share of accumulated losses</u>		(210,504)	(491,235)
		<b>3,765,878</b>	<b>3,215,893</b>
Equity: Ministry of Transport & Buller District Council		5,780,453	5,241,994
<u>Less: Total accumulated losses</u>		(382,224)	(943,686)
<b>Total Equity</b>		<b>5,398,230</b>	<b>4,298,310</b>

Authorised for issue on behalf of the Westport Airport Authority on 12 September 2022 by:



**Rachel Townrow**  
**CHIEF EXECUTIVE**



**Jamie Cleine**  
**CHAIRPERSON**

*The accompanying Notes are an integral part of and are to be read  
in conjunction with these statements.*

**WESTPORT AIRPORT AUTHORITY**  
**Statement of Financial Performance**  
**For the year ended 30 June 2021**

2020	Note	2021	Unaudited Budget
\$		\$	\$
<b>Revenue</b>			
32,117		41,747	48,000
97,971		111,683	121,704
35,000		42,000	42,000
<b>165,089</b>		<b>195,430</b>	<b>211,704</b>
<b>Less: Expenditure</b>			
30,586		57,298	80,496
197,656	4	211,446	197,728
13,678	12	13,264	9,996
64,632	5	63,122	64,992
8,044		8,344	9,000
354		2,500	996
10,075		10,594	11,196
17,646		20,303	31,692
<b>342,670</b>		<b>386,871</b>	<b>406,096</b>
<b>(177,580)</b>		<b>(191,441)</b>	<b>(194,392)</b>
<b>Less:</b>			
7,971	9	658	-
68,282	5	2,069	-
<b>Plus:</b>			
217			-
<b>(253,616)</b>		<b>(194,168)</b>	<b>(194,392)</b>
-	2		-
<b>(253,616)</b>		<b>(194,168)</b>	<b>(194,392)</b>
<b>Plus Capital Grant Funding</b>			
1,242,557	11	755,630	-
<b>988,941</b>		<b>561,462</b>	<b>(194,392)</b>
<b>Attributable to:</b>			
494,471		280,731	
494,470		280,731	

The accompanying Notes are an integral part of and are to be read  
in conjunction with these statements.

**WESTPORT AIRPORT AUTHORITY**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2021**

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	Note	2021 \$	2020 \$
Equity at Start of the Period		4,298,310	3,278,419
Total Comprehensive Revenue and Expense		561,462	988,941
Contributions from Buller District Council		269,229	-
Contributions from the Crown		269,229	30,950
<b>Equity at End of the Period</b>		<b>5,398,230</b>	<b>4,298,310</b>

The accompanying Notes are an integral part of and are to be read  
in conjunction with these statements.

**WESTPORT AIRPORT AUTHORITY**  
**Statement of Cash Flows**  
**For the year ended 30 June 2021**

	Note	2021 \$	2020 \$
<b>Cash Flows from Operating Activities</b>			
<i>Cash was provided from:</i>			
Landing Fees & Airport Dues		58,201	38,440
Rental, Service Charges & Other Income		111,683	97,971
Farming Lease		42,000	35,000
Grant Received		755,630	1,242,557
		<b>967,514</b>	<b>1,413,968</b>
<i>Cash was applied to:</i>			
Payments to Suppliers and Employees		(312,156)	(295,239)
Interest Paid		(658)	(7,971)-
Net GST		(68,138)	73,940
		<b>(380,952)</b>	<b>(229,269)</b>
<b>Net Cash Flows from Operating Activities</b>		<b>586,562</b>	<b>1,184,700</b>
<b>Cash Flows from Investing Activities</b>			
<i>Cash was provided from:</i>			
Sale of Assets		8,261	4,348
<i>Cash was applied to:</i>			
Purchase of fixed assets		(787,356)	(1,161,541)
<b>Net Cash Flow from Investing Activities</b>		<b>(779,095)</b>	<b>(1,157,193)</b>
<b>Cash Flows from Financing Activities</b>			
<i>Cash was provided from:</i>			
Contributions from Joint Venture Partners		538,459	30,950
		<b>538,459</b>	<b>30,950</b>
<i>Cash was provided to:</i>			
Buller District Council Current Account		(345,296)	(58,457)
<b>Net Cash Flows from Financing Activities</b>		<b>(192,532)</b>	<b>(27,507)</b>
<b>Net Increase in Cash and cash equivalents</b>		<b>0</b>	<b>0</b>
Add Cash and cash equivalents at Start of Year			0
<b>Cash and cash equivalents End of Year</b>	<b>1</b>	<b>0</b>	<b>0</b>

The accompanying Notes are an integral part of and are to be read  
in conjunction with these statements.

**WESTPORT AIRPORT AUTHORITY**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2021**

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**1. Cash**

Buller District Council provides administrative services to the Authority. The Airport does not run a bank account and all Airport income and expenses are paid through the Buller District Council general bank account.

**2. Taxation**

	2021 \$	2020 \$
Net Surplus (Deficit) before Tax	(194,168)	(253,616)
Tax at 28%	(54,367)	(71,012)
Temporary Differences not recognised	-37,310	2,862
Tax Losses not recognized	91,677	68,150
Tax Expense	0	0

Unrecognised tax losses of \$2,206,524 (2020:\$2,009,490) with a tax effect of \$617,827 (2020: \$562,657) are available to carry forward.

**3. Accounts Receivable and Accruals**

Accounts receivable and accruals are disclosed net of any provision for impairment. There was no impairment recognized in 2021 (2020: Nil).

**4 Support by Buller District Council**

The operation of the Authority is undertaken by the Buller District Council, which is also responsible for the financing of those Operations.

Buller District Council has included in its Annual Plan provision to support the Westport Airport Authority for the next twelve months to enable the Authority to maintain its current level of operation. This support includes all financial, operational and administrative support services. Administrative support includes employment of operational staff and internal charges for administration of the Authority.

	2021 \$	2020 \$
Employment related costs	183,285	171,008
Buller District Council - internal charges	28,007	26,648
<b>Total Administration Expenses</b>	<b>\$211,446</b>	<b>\$197,656</b>



## 5. Property, Plant and Equipment

Property, Plant and Equipment - 2021								
	Cost 1 July 2020	Accumulated Depreciation 1 July 2020	Additions	Disposals & Transfers	Depreciation 30 June 2021	Accumulated Depreciation 30 June 2021	Cost 30 June 2021	Carrying Amount 30 June 2021
Land & Improvements	2,693,196	-	187,082	1,738,295	-	-	4,618,573	4,618,573
Runway	387,977	50,645	-	-	16,271	66,916	387,977	321,061
Runway Lighting	512,199	512,199	-	-	-	512,199	512,199	-
Terminal Building	542,554	172,939	-	-	13,564	186,503	542,554	356,051
Toilet Block	13,995	7,114	-	-	700	7,814	13,995	6,181
Furniture & Fittings	12,774	11,433	-	-	471	11,903	12,774	870
Other PPE	245,620	58,751	100,255	-14,234	32,117	88,678	331,641	242,963
Fuel Facility	288,195	288,195	-	-	-	288,195	288,195	-
Capital WIP	1,738,295	-	19,744	-1,738,295	-	-	19,744	19,744
	6,434,805	1,101,276	307,081	-14,234	63,122	1,162,209	6,729,842	5,565,443

\* Disposals for Fixed Assets in 2021 includes \$2,190 of accumulated depreciation.

Property, Plant and Equipment - 2020								
	Cost 1 July 2019	Accumulated Depreciation 1 July 2019	Additions	Disposals & Transfers	Depreciation 30 June 2020	Accumulated Depreciation 30 June 2020	Cost 30 June 2020	Carrying Amount 30 June 2020
Land & Improvements	2,693,196	-	-	-	-	-	2,693,196	2,693,196
Runway	680,342	267,374	-	-292,366	7,376	50,645	387,977	337,331
Runway Lighting	512,199	512,199	-	-	-	512,199	512,199	-
Terminal Building	542,554	159,375	-	-	13,564	172,939	542,554	369,615
Toilet Block	13,995	6,415	-	-	700	7,114	13,995	6,881
Furniture & Fittings	14,987	13,175	-	2,183	471	11,433	12,774	1,341
Fixed Assets	239,927	38,278	13,688	7,995	23,971	58,751	245,620	186,869
Fuel Facility	288,195	269,643	-	-	18,551	288,195	288,195	-
Capital WIP	88,333	-	1,649,962	-	-	-	1,738,295	1,738,295
	5,073,728	1,266,459	1,663,650	302,544	64,632	1,101,276	6,434,834	5,333,528

Disposals for Fixed Assets in 2020 includes \$229,815 of accumulated depreciation.

**6. Post Balance Date Events**

Westport township and surrounds experienced significant flooding on 17-19 July 2021. Floodwaters inundated the airport building and runway. The damage to the building has been remedied after an insurance claim. The airport runway lights have been approved to be replaced at a cost of \$124,000 subsequent to balance date. Buller District experienced significant rainfall with subsequent flooding, slips and infrastructure damage on 9-10<sup>th</sup> February 2022, however the Westport Airport was not affected during this event as it was in the July flood event. Another significant rainfall event occurred in August 2022 however there was no damage to the Westport Airport. (2020: No post balance date events occurred).

**7. Equity**

The Airport Authority capital is equity. Equity is represented by net assets.

The Statement of Intent requires the Airport Authority to manage its revenue, expenses, assets, liabilities, investments and general financial dealings prudently. The Authority's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing the Airport Authority's equity is to ensure it effectively achieves its objectives and purpose, while remaining a going concern.

**8. Shareholders Statement of Intent**

The 2020/2021 Draft Statement of Intent was required to be delivered by the Authority to shareholders under Part 2 of Schedule 8 of the Local Government Act 2002 by 1 March 2020. The Draft Statement of Intent was delivered to shareholders on 24 February 2020.

**9. Related Party Transactions**

The Westport Airport Authority is a joint venture between the Crown and Buller District Council, with each holding a 50% interest. During the period the following related party transactions occurred between the Airport Authority and Buller District Council at an arms-length basis:

	2021	2020
	\$	\$
Services Provided by Buller District Council	211,446	186,210
Interest Charges (interest charged at 7.25%)	658	7,971
Rates charges	634	-
Current Account balance owed by/(owed to) Buller District Council	(132,896)	(478,823)

WestReef Services Limited is a CCO of Buller District Council. During the period the following related party transactions occurred between the Airport Authority and WestReef Services Limited:

	2021	2020
	\$	\$
Services Provided by WestReef Services Limited	2,435	2,199
Balance owed to WestReef Services Limited		-

There were equity contributions totaling \$538,458 in 2021 by the joint venture partners. (2020: \$30,950).

#### 10. Commitments, Contingent Assets and Contingent Liabilities

The Authority had no contingent assets as at 30 June 2021 (2020: Nil). The Authority had no contingent liabilities in 2021. (2020: Nil).

The Authority had the following commitments as at 30 June 2021:

	2021 \$	2020 \$
Land leased to So Big Dairies Ltd	42,000	42,000
Plant leased to BP Ltd (lease expired July 2019)	4,416	4,048

#### 11. External Contributions - Grant Funding

This grant is provided by the Ministry of Business and Innovation. It is from the Critical Infrastructure Resilience Fund. The total grant approved was \$2,074,000. To date \$1,998,187 has been received. The grant is paid after expenditure is incurred by the Westport Airport Authority and there is no portion of grant received in advance which must be accounted for at 30 June 2021. (2020: Nil).

#### 12. Audit

Audit fees include \$10,300 for Audit NZ to complete the annual audit and \$2,964 for Civil Aviation Audits. (2020: \$9,247 for Audit NZ and \$3,828 for Civil Aviation Audits).

	2021 \$	2020 \$
Audit New Zealand (for annual report audit)	10,300	9,850
Civil Aviation Authority (for aviation audit)	2,964	3,828

#### 13. COVID-19

The COVID-19 pandemic had a minor impact on the Westport Airport Authority financial results.

The non-financial performance of the Authority was not adversely affected, and the Authority is still able to provide facilities and services for the landing of aircraft and facilitation of passengers and cargo through the Airport as well as meeting all non-financial measures set in the 2021 Statement of Intent.

Key assumptions concerning the future of the Authority are that the Westport Airport Authority will be able to continue to operate as a going concern into the future. While future changes to Alert Levels or changes to the appetite/need to travel by the general public is difficult to predict due to COVID-19, this entity has Central Government support via funding from Ministry of Transport. It is also supported by Buller District Council. Therefore the basis of preparation under the going concern principle is appropriate.

There have been no material restatements required nor any estimates included in this annual report due to COVID-19.

There are no subsequent events for matters that occurred after 30 June 2021 due to COVID-19.

(2020: During Alert Level 3 and 4 the airport main service provider Sounds Air Limited was unable to operate at their usual capacity. This meant a reduction in landing fees and other revenue for the Westport Airport Authority.

The financial performance of the Authority was adversely affected and the target income was below budget by \$66,903 (29% below). The Authority provided some rent relief to Sounds Air Limited and other airport terminal lease holders, and this resulted in the lower income, along with a reduction in landing fees while Alert Level 3 and 4.

Costs were closely monitored in recognition of the reduced income for the Authority. Expenditure was also \$36,685 below budget (9% below). This was mainly due to non-cash depreciation being lower than budgeted due to the 2004 runway reseal which was removed from the asset register as this item became obsolete this year. Income was reduced by \$16,275 during the year, this was written off Westport Airport Authority airport charges income).

**14. Delay in completion of the audited Annual Report**

The Westport Airport Authority, as a Council Controlled Organisation, was required to complete its 2020/21 Annual Report within five months after the end of the financial year (i.e. by 30 November 2021).

This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.

**WESTPORT AIRPORT AUTHORITY  
Statement of Service Performance  
For the year ended 30 June 2021**

The Westport Airport Authority operates an Airport at Westport. It is involved in the provision, maintenance, upgrading and enhancement of services and facilities to accommodate the landing of aircraft and the efficient and safe facilitation of passengers and cargo through the Airport, having regard to the regulatory requirements of the Civil Aviation Authority of New Zealand.

The principal objective of the Authority is to:

- Operate as close as possible to a commercial business in a cost effective and efficient manner;
- Maintain the airport's assets; and
- Enter into any commercial undertakings at the airport that will complement the Airport operation and that are considered desirable.

The Authority's performance in comparison to its performance targets is outlined as follows.

**PERFORMANCE COMMENTARY**

Operating Revenue for the Westport Airport Authority was \$16,274 lower than budgeted, predominately due lesser terminal rental and other income, and landing fees and other dues income being less than budget.

Operating Expenditure was \$19,225 lower than budgeted. Management made minor reductions in most expenses to adjust for lesser income than budgeted.

Interest costs of \$658 were incurred (2020: \$7,971) but not budgeted due to the current account which was overdrawn for the last month of the financial year.

The Capital Budget allowed for \$22,000 of capital expenditure as set out below. This budget was for various small value fixed assets. During the year much greater was actually spent for completion of the Rock Protection Wall. This significant asset was first budgeted for in the 2019 financial year and revised costs were approved for up to \$2,400,000 of capital expenditure on the wall. As well as revised costs, additional grant funding income from the Ministry of Business and Innovation was confirmed.

	2021		2020	
	Actual Performance	Performance Targets (as per SOI)	Actual Performance	Performance Targets (as per SOI)
Operating Revenue	195,429	211,704	165,089	232,000
Operating Expenditure	386,871	406,096	342,670	389,581
Net Profit (Loss)	(191,441)	(194, 392)	(177,580)	(157,581)
<b>Capital Expenditure:</b>			1,663,650	10,200
Signs			-	-
Furniture and Fittings			-	-
Other Plant			-	-
Website			-	-
Other Assets	100,255	22,000	13,688	10,200
Airport Runway			-	-
Rock Protection Wall	295,159		1,649,962	-
Fence	73,672		-	-
Debris Fence			-	-
<b>Capital Income:</b>				
MBIE Grant	755,630		1,242,557	-
<b>Ratio Performance:</b>				
<b>Total Equity/total Assets (excluding liabilities)</b>	<b>96%</b>	<b>99%</b>	<b>87%</b>	<b>99%</b>

## CONTRIBUTIONS BY THE JOINT VENTURE PARTNERS

Equity Account as at 30 June 2021	Ministry of Transport \$	Buller District Council \$	Total \$
Land		2,159,000	2,159,000
Contributions for assets purchased to 30 June 2021	1,476,212	1,470,623	2,946,835
Contributions for accumulated losses to 30 June 2021	327,860	346,759	674,619
Total before share of accumulated losses or surplus	1,804,072	3,976,382	5,780,453

Equity Account as at 30 June 2020	Ministry of Transport \$	Buller District Council \$	Total \$
Land	0	2,159,000	2,159,000
Contributions for assets purchased to 30 June 2020	1,261,605	1,256,066	2,517,721
Contributions for accumulated losses to 30 June 2020	273,213	292,112	565,325
Total before share of accumulated losses or surplus	1,534,818	3,707,178	5,241,996

**WESTPORT AIRPORT AUTHORITY**  
**Equity Appropriation Account**  
**For the year ended 30 June 2021**

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2021		2020
\$		\$
(943,686)	Opening Balance (Accumulated Losses)	(1,932,627)
561,462	Net Surplus / (Deficit)	988,941
(382,224)	Closing Balance (Accumulated Losses)	(943,686)



## Independent Auditor's Report

### To the readers of the Westport Airport Authority's financial statements and performance information for the year ended 30 June 2021

The Auditor-General is the auditor of the Westport Airport Authority (the Authority). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Authority on his behalf.

## Opinion

We have audited:

- the financial statements of the Authority on pages 2 to 12, 15 and 16, that comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Authority on pages 13 and 14.

In our opinion:

- the financial statements of the Authority on pages 2 to 12, 15 and 16:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2021; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) Standard; and
- the performance information of the Authority on pages 13 and 14 presents fairly, in all material respects, the Authority's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Authority's objectives for the year ended 30 June 2021.

***Our audit was completed late***

Our audit was completed on 12 September 2022. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Buller District Council and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

**Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of the Buller District Council for the financial statements and the performance information**

The Buller District Council is responsible on behalf of the Authority for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Buller District Council is also responsible for preparing the performance information for the Authority.

The Buller District Council is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Buller District Council is responsible on behalf of the Authority for assessing the Authority's ability to continue as a going concern. The Buller District Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Buller District Council intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

The Buller District Council's responsibilities arise from the Local Government Act 2002 and a Deed between the Buller District Council and the Crown.

## **Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Buller District Council.
- We evaluate the appropriateness of the reported performance information within the Authority's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Buller District Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Buller District Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### **Other Information**

The Buller District Council is responsible for the other information. The other information comprises the information included on page 1 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the Authority in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Authority.



S B Lucy  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

**Report to the  
Buller District Council  
on the audit of the  
Westport Airport Authority**

For the year ended 30 June 2021

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## Key messages

We have completed the audit of the annual report of Westport Airport Authority (the Authority) for the year ended 30 June 2021. This report sets out our findings from the audit.

### **Audit opinion**

We have issued an unmodified audit opinion 12 September 2022.

Our audit report included an acknowledgement that our audit was completed later than required by the Local Government Act 2002 and that this was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

### **Issues identified during the audit**

We did not identify any significant issues during our audit.

We have made no new recommendations in the current year and there are no outstanding recommendations from the prior year.

### **Thank you**

We would like to thank the management and staff of Buller District Council for their support throughout the audit.

Stephen Lucy  
Appointed Auditor

# 1 Our audit report

## 1.1 We issued an unmodified audit report



We issued an unmodified audit report on 12 September 2022.

This means we were satisfied that the financial statements and statement of service performance present fairly the Authority's activity for the year and its financial position at the end of the year.

Our audit report included an acknowledgement that our audit was completed later than required by the Local Government Act 2002 and that this was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

As a Council Controlled Organisation, the Local Government Act 2002 required the Authority to complete its 2020/21 Annual Report within five months after the end of the financial year (i.e. by 30 November 2021).

## 1.2 Uncorrected misstatements

The financial statements are free from material misstatements, including omissions.

During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. There were no significant misstatements with regards to financial and performance reporting and there were no disclosure deficiencies identified during the audit that required correcting.



## 2 Public sector audit



The Authority is accountable to a local authority and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the Authority said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audit, we have considered if the Authority has fairly reflected the results of its activities in its financial statements and non-financial information.

We also considered if there is any indication of issues relevant to the audit with:

- compliance with its statutory obligations that are relevant to the annual report;
- the Authority carrying out its activities effectively and efficiently;
- waste being incurred as a result of any act or failure to act by the Authority;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the Authority or by one or more of the Buller District Council employees involved in the management of the Authority; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by the Authority or by one or more of the Buller District Council employees involved in the management of the Authority.

We did not identify any issues.

## Appendix 1: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information]and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Buller District Council (as governance for the Authority) of their responsibilities.</p> <p>Our Audit Engagement Letter contains a detailed explanation of the respective responsibilities of the auditor and the Buller District Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Buller District Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the Authority in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p>
Fees	<p>The audit fee for the year is \$10,300, as detailed in our Audit Proposal Letter.</p> <p>No other fees have been charged in this period.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Authority that is significant to the audit.</p> <p>The audit team supervisor for the audit of the Authority's 2020/21 financial statements has commenced employment at Buller District Council since the end of the financial year. Our audit work with regards to the Authority had been substantially completed before he undertook employment discussions for the role at the District Council and he did not perform any work on the audit from the time that he accepted an interview for the position. We are therefore satisfied that there were no independence or conflict of interest issues that would compromise the outcomes of the audit and the appropriateness of the audit report issued.</p>



AUDIT NEW ZEALAND

Mana Arotake Aotearoa

PO Box 99  
Wellington 6140

[www.auditnz.parliament.nz](http://www.auditnz.parliament.nz)



# Performance Report

Buller Health Trust  
For the year ended 30 June 2021

Prepared by MMCA Tasman Limited

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## Entity Information

### **Buller Health Trust** **For the year ended 30 June 2021**

**Legal Name of Entity**

Buller Health Trust

**Entity Type**

Charitable Trust

**Registration Number**

CC20025

**Entity's Purpose or Mission**

Providing dental and medical healthcare services to the Buller District.

**Entity Structure**

Buller Health Trust is a discretionary trust governed by the Trustees, being the Mayor and CEO of the Buller District Council. The day to day business and administration tasks are run by the employees of the Buller Health Trust. The Buller District Council provide financial and non financial support to the Trust as required.

**Main Sources of Entity's Cash and Resources**

The provision of dental and medical healthcare service to the Buller District.

**Main Methods Used by Entity to Raise Funds**

The Trust is funded by income from the sale of goods and services to the public.

**Entity's Reliance on Volunteers and Donated Goods or Services**

The Trust relies on gifts of volunteer time and expertise to complete work in the essential role of governance. Day to day operations are managed by paid staff.

**IRD Number**

068-792-460

**Trust Formation Date**

21 March 1997

**Settlor**

Buller District Council

**Trustees**

Buller Mayor - Jamie Cleine  
Buller District Council CEO: Sharon Mason

**Beneficiary**

All people of the Buller District

**Accountants**

MMCA Tasman Limited  
315A Hardy Street  
Nelson 7010

**Reviewer**

NMA Nelson Marlborough Audit Limited  
PO Box 732  
Nelson 7040

**Bankers**

Westpac  
NBS

**Solicitors**

Connors Legal

## Approval of Financial Report

### **Buller Health Trust**

### **For the year ended 30 June 2021**

The Trustees are pleased to present the approved financial report including the historical financial statements of Buller Health Trust for the year ended 30 June 2021.

APPROVED

For and on behalf of the trustees

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Jamie Cleine

Date :

---

Sharon Mason

Date :



# Statement of Service Performance

## Buller Health Trust

### For the year ended 30 June 2021

#### Performance Measurement

To support the provision of appropriate dental and medical services to the Buller community on a breakeven basis.

#### Actual Performance

The Trust supported the provision of healthcare services by providing and being able to provide, dental and medical services to the community throughout the year.

The Trust reports a deficit of (\$83,292) in 2021. (2020: \$60,720 surplus).

#### Statement of Outcomes

The Trust's intention is to provide a quality dental and medical care service to the Buller region. The Buller region is some what isolated and before the Trust was set up the nearest Dental Healthcare centers were over a two hour drive away from Northern Buller. Qualified dentists were not re-locating to set up a small town practice so the Buller District Council saw the need to set up this trust for the good of the Buller District.

Locum Dentists were contracted into the district and locals employed in administration and support roles.

From the 6th November 2019, Malloch McClean, Chartered Accountants, were asked to act as the accountants and professional advisors.

#### Statement of Outputs

Dental Healthcare services have continued to be provided to the people living and visiting the Buller area. Two full time permanent dentists are employed for most of the 2020 – 2021 financial year.

The Buller Health Trust also employs three full time and one casual support staff members for the dental clinic. At year end only two full time dentists are employed. The clinic operates 9am to 5pm Monday to Friday.

Coast Medical practice continues to ensure the Buller District community retain a choice of medical care providers.

The single GP practice became a 2 full time GP practice in November 2020 and continues to grow. The Trust employs three part time General Practitioners, the community support the Trust by continuing to enrol. Another GP has expressed interest to work for Coast Medical and will be starting November 2021.

## Statement of Financial Performance

### Buller Health Trust

For the year ended 30 June 2021

	NOTES	2021	2020
<b>Revenue</b>			
Revenue from providing goods or services	1	1,861,064	850,126
Interest, dividends and other investment revenue	1	163	197
Other revenue	1	-	82,896
<b>Total Revenue</b>		<b>1,861,227</b>	<b>933,219</b>
<b>Expenses</b>			
Volunteer and employee related costs	2	1,484,473	628,507
Costs related to providing goods or service	2	385,140	204,848
Other expenses	2	74,906	39,145
<b>Total Expenses</b>		<b>1,944,520</b>	<b>872,500</b>
<b>Surplus/(Deficit) for the Year</b>		<b>(83,292)</b>	<b>60,720</b>

This statement has should be read in conjunction with the attached Review Report.

## Statement of Financial Position

### Buller Health Trust As at 30 June 2021

	NOTES	30 JUN 2021	30 JUN 2020
<b>Assets</b>			
<b>Current Assets</b>			
Bank accounts and cash	3	248,703	307,035
Debtors and prepayments	3	83,172	84,982
Inventory	3	13,612	4,969
<b>Total Current Assets</b>		<b>345,487</b>	<b>396,987</b>
<b>Non-Current Assets</b>			
Goodwill	4	30,000	30,000
Property, Plant and Equipment	6	135,011	123,576
<b>Total Non-Current Assets</b>		<b>165,011</b>	<b>153,576</b>
<b>Total Assets</b>		<b>510,498</b>	<b>550,563</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Creditors and accrued expenses	5	86,483	78,012
Goods and services tax	5	30,697	23,386
Employee Entitlements	5	73,595	46,150
<b>Total Current Liabilities</b>		<b>190,775</b>	<b>147,547</b>
<b>Total Liabilities</b>		<b>190,775</b>	<b>147,547</b>
<b>Total Assets less Total Liabilities (Net Assets)</b>		<b>319,723</b>	<b>403,016</b>
<b>Accumulated Funds</b>			
Trust Capital	7	100	100
Retained Profits	7	319,623	402,916
<b>Total Accumulated Funds</b>		<b>319,723</b>	<b>403,016</b>

This statement has should be read in conjunction with the attached Review Report.

## Statement of Cash Flows

### Buller Health Trust

### For the year ended 30 June 2021

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Receipts from providing goods and services	1,810,328	824,104
Interest, dividends and other investment receipts	163	197
Donations, Fundraising and Other Similar Receipts	40,000	-
Cash receipts from other operating activities	-	82,896
GST	9,188	5,177
Payments to suppliers and Employees	(1,863,276)	(848,478)
<b>Total Cash Flows from Operating Activities</b>	<b>(3,597)</b>	<b>63,896</b>
<b>Cash Flows from Investing and Financing Activities</b>		
Payments to acquire property, plant and equipment	(54,735)	(56,585)
Payments to acquire intangible assets	-	(30,000)
Repayment of loans borrowed from other parties	-	-
Cash flows from other investing activities	-	-
<b>Total Cash Flows from Investing and Financing Activities</b>	<b>(54,735)</b>	<b>(86,585)</b>
Net Increase/Decrease in Cash	(58,332)	(22,689)
	2021	2020
<b>Cash Balances</b>		
Cash and cash equivalents at beginning of period	307,035	329,724
Cash and cash equivalents at end of period	248,703	307,035
Net change in cash for period	(58,332)	(22,689)

## Depreciation Schedule

### Buller Health Trust For the year ended 30 June 2021

NAME	COST	OPENING VALUE	PURCHASES	RATE	METHOD	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
<b>Furniture &amp; Fittings - Coast Medical</b>								
Chairs	780	759	-	16.00%	DV	121	142	638
<b>Total Furniture &amp; Fittings - Coast Medical</b>	<b>780</b>	<b>759</b>	<b>-</b>			<b>121</b>	<b>142</b>	<b>638</b>
<b>Furniture &amp; Fittings - Westport Dental</b>								
2 x Air Conditioners	5,844	2,693	-	20.00%	DV	539	3,690	2,154
2 x Armchairs and Side Table	598	296	-	20.00%	DV	59	361	237
2 x Dental Assistant Chairs	2,050	1,150	-	16.00%	DV	184	1,084	966
3 X Staff Lockers	1,408	481	-	16.00%	DV	77	1,004	404
Doctors Diplomat Stool	775	341	-	13.00%	DV	44	478	297
Free Standing Seating	1,036	-	-	12.00%	DV	-	1,036	-
Heavy Duty Office Chair	584	313	-	16.00%	DV	50	321	263
Luxaflex Blinds	712	564	-	25.00%	DV	141	289	423
Office Chairs	313	-	-	10.50%	DV	-	313	-
Office Table	348	-	-	8.50%	DV	-	348	-
Salli Sway Saddle Chair	650	428	-	13.00%	DV	56	278	372
<b>Total Furniture &amp; Fittings - Westport Dental</b>	<b>14,319</b>	<b>6,266</b>	<b>-</b>			<b>1,150</b>	<b>9,203</b>	<b>5,116</b>
<b>Intangible Assets - Westport Dental</b>								
Examine Pro Multi-user Licence	2,500	27	-	50.00%	DV	13	2,487	13
EXDOC-e Clinipad 1st Licence	2,400	226	-	50.00%	DV	113	2,287	113
Software of Excellence	9,699	11	-	50.00%	DV	5	9,694	5
<b>Total Intangible Assets - Westport Dental</b>	<b>14,599</b>	<b>263</b>	<b>-</b>			<b>131</b>	<b>14,468</b>	<b>131</b>
<b>Motor Vehicles - Westport Dental</b>								

NAME	COST	OPENING VALUE	PURCHASES	RATE	METHOD	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
2005 Suzuki Swift HSQ143	4,348	3,986	-	20.00%	DV	797	1,159	3,188
<b>Total Motor Vehicles - Westport Dental</b>	<b>4,348</b>	<b>3,986</b>	<b>-</b>			<b>797</b>	<b>1,159</b>	<b>3,188</b>
<b>Plant &amp; Equipment - Coast Medical</b>								
HP Elitebook 850 - Laptop	1,440	-	1,440		Full	1,440	1,440	-
HP Elitebook 850 i5-10210U	1,450	-	1,450		Full	1,450	1,450	-
HP Prodesk 600 G6 i5 (Dot)	1,575	-	1,575		Full	1,575	1,575	-
Lateral Baby Trainer 200 Manikin	7,841	-	7,841	20.00%	DV	1,568	1,568	6,273
Little Family QCPR Manikin Set	1,929	-	1,929		Full	1,929	1,929	-
Manikin Kid Advanced	11,370	-	11,370	20.00%	DV	2,274	2,274	9,096
Manikin RA Simulator AED Link IV arm right (no SimPad)	10,741	-	10,741	20.00%	DV	2,148	2,148	8,593
Milano Emergency Cart Base Unit Red	1,395	-	1,395	13.00%	DV	15	15	1,380
Plant & Equipment on Purchase	45,000	43,875	-	10.00%	DV	4,388	5,513	39,488
PRF Centrifuge	1,990	-	1,990		Full	1,990	1,990	-
Queen Bed - Dr Smyth (rental bed)	1,738	-	1,738		Full	1,738	1,738	-
SimPad Plus System	7,289	-	7,289	50.00%	DV	3,645	3,645	3,645
Tablet PC Instructor (Manikins)	3,158	-	3,158		Full	3,158	3,158	-
Treatment Table X2	2,800	-	2,800		Full	2,800	2,800	-
Yealink VOIP Telephone	1,413	-	1,413		Full	1,413	1,413	-
<b>Total Plant &amp; Equipment - Coast Medical</b>	<b>101,130</b>	<b>43,875</b>	<b>56,130</b>			<b>31,531</b>	<b>32,656</b>	<b>68,474</b>
<b>Plant &amp; Equipment - Westport Dental</b>								
1.5 HP Pump (for Compressor)	848	274	-	20.00%	DV	55	629	219
2 X ADEC 411 Dental Chairs & Accessories	73,300	37,173	-	13.00%	DV	4,833	40,960	32,341
3x Marley Little Get Together Signature	715	524	-	40.00%	DV	210	400	315
Air Conditioning Unit	3,644	174	-	24.00%	DV	42	3,512	132
Air Scaler (Hand Piece)	861	158	-	25.00%	DV	39	743	118
Apex Locator	1,385	-	-	36.00%	DV	-	1,385	-

# ATTACHMENT 3

Depreciation Schedule

NAME	COST	OPENING VALUE	PURCHASES	RATE	METHOD	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
Apple iPad Air	795	17	-	67.00%	DV	12	789	6
Autoclave Printer	1,020	134	-	25.00%	DV	33	920	100
Cattani Turbo Smart Suction System	12,038	1,191	-	26.40%	DV	314	11,162	876
Compressor	5,500	1,038	-	16.00%	DV	166	4,628	872
Computer & Software	3,337	6	-	60.00%	DV	3	3,335	2
DeGotzen X-Ray Unit	9,520	2,370	-	20.00%	DV	474	7,624	1,896
DeGotzen X-Ray Unit	9,375	1,310	-	20.00%	DV	262	8,327	1,048
DEN8S Dental Compressor	3,850	1,198	-	20.00%	DV	240	2,891	959
Digital View Image Plate - Xray	11,500	1,748	-	25.00%	DV	437	10,189	1,311
Electronic Scaler (attached to Dental Chair)	3,150	1,190	-	25.00%	DV	298	2,257	893
Electronic Scaler (attached to Dental Chair)	3,150	1,190	-	25.00%	DV	298	2,257	893
Heartstart Defibrillator	2,836	1,981	-	10.00%	DV	198	1,053	1,783
HP Elitebook 850	1,388	868	-	50.00%	DV	434	954	434
HP Probook 4530	1,493	4	-	50.00%	DV	2	1,491	2
HP Probook Laptop	1,208	12	-	60.00%	DV	7	1,203	5
HP Probook450 C6 Computer	1,523	730	-	50.00%	DV	365	1,158	365
HP Prodesk400 G5 Computer	1,456	698	-	50.00%	DV	349	1,107	349
Photocopier	357	-	-	30.00%	DV	-	357	-
Promix Amalgamator	1,101	-	-	13.50%	DV	-	1,101	-
Samsung Galaxy A70	684	340	-	67.00%	DV	228	572	112
Steriliser Unit	8,500	2,062	-	12.00%	DV	247	6,686	1,814
Sterilising Unit	12,360	10,197	-	10.00%	DV	1,020	3,183	9,177
Thermaprep	1,032	629	-	25.00%	DV	157	561	471
Vacuum Forming Machine	1,024	419	-	20.00%	DV	84	689	335
Vitality Scanner	1,189	793	-	20.00%	DV	159	555	634
V-Ring Operatory Pack	586	-	-	30.00%	DV	-	586	-
<b>Total Plant &amp; Equipment - Westport Dental</b>	<b>180,725</b>	<b>68,428</b>	<b>-</b>			<b>10,965</b>	<b>123,262</b>	<b>57,463</b>

# ATTACHMENT 3

Depreciation Schedule



NAME	COST	OPENING VALUE	PURCHASES	RATE	METHOD	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
Total	315,901	123,577	56,130			44,695	180,890	135,011



# Statement of Accounting Policies

## Buller Health Trust

### For the year ended 30 June 2021

#### Basis of Preparation

The entity has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

#### Goods and Services Tax

The entity is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

#### Income Tax

The Trust is not subject to income tax pursuant to Section CW42 of the Income Tax Act 2007.

#### Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

#### Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

#### Investments

Investments have been valued at current market value. All interest due is recorded as owing to the entity. Term investments represent funds invested with a maturity exceeding 12 months.

#### Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, excluding goods and services tax rebates and discounts, to the extent it is probable that the economic benefits will flow to the entity and revenue can be reliably measured.

- Sales of services are recognised in the period by reference to the stage of completion of the transaction at the end of the reporting period.
- Interest received is recognised as interest accrues, gross of refundable tax credits received.

#### Accounts Receivable

Accounts receivables are stated at expected realisable value. Individual debts that are known to be uncollectable are written off in the period that they are identified.

### **Property, Plant and Equipment**

Property, plant and equipment is stated at historical cost less any accumulated depreciation and impairment losses, with the exception of land and buildings which have been revalued in line with the latest government valuation/registered valuation.

An item of property, plant and equipment or investment property is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

### **Depreciation**

Depreciation has been charged using the maximum rates permitted by the Income Tax Act 2007. The rates and methods applied are set out in the accompanying asset register.

### **Tier 2 PBE Accounting Standards Applied**

The Trustees have not adopted any Tier 2 PBE Accounting Standards in the preparation of these accounts.

# Notes to the Performance Report

## Buller Health Trust For the year ended 30 June 2021

	2021	2020
<b>1. Analysis of Revenue</b>		
<b>Revenue from providing goods or services</b>		
<b>Coast Medical</b>		
ACC Rural Contract	59,598	5,028
BT Mining	33,872	-
Fundraising	40,000	-
General Practice Fees	220,270	36,638
HealthPAC	11,570	4,540
PHO Capitation	487,901	84,051
PHO Covid-19	-	6,322
Rent Received	4,809	522
<b>Total Coast Medical</b>	<b>858,019</b>	<b>137,101</b>
<b>Westport Dental</b>		
Sales - General Public	940,658	687,273
Sales - MOH Adolescent	62,387	25,752
<b>Total Westport Dental</b>	<b>1,003,045</b>	<b>713,025</b>
<b>Total Revenue from providing goods or services</b>	<b>1,861,064</b>	<b>850,126</b>
<b>Interest, dividends and other investment revenue</b>		
<b>Coast Medical</b>		
Interest Income	69	6
<b>Total Coast Medical</b>	<b>69</b>	<b>6</b>
<b>Westport Dental</b>		
Interest Income	94	191
<b>Total Westport Dental</b>	<b>94</b>	<b>191</b>
<b>Total Interest, dividends and other investment revenue</b>	<b>163</b>	<b>197</b>
<b>Other revenue</b>		
<b>Westport Dental</b>		
Wage Subsidy	-	39,348
<b>Total Westport Dental</b>	<b>-</b>	<b>39,348</b>
<b>Coast Medical</b>		
Wage Subsidy	-	43,548
<b>Total Coast Medical</b>	<b>-</b>	<b>43,548</b>
<b>Total Other revenue</b>	<b>-</b>	<b>82,896</b>

	2021	2020
<b>2. Analysis of Expenses</b>		
<b>Volunteer and employee related costs</b>		
<b>Coast Medical</b>		
Accommodation & Flights - Locums	11,719	452
Locums & Contractors	31,167	-
Recruitment Expenses	1,883	3,893
Staff Training & Courses	9,812	152
Wages	729,362	100,737
<b>Total Coast Medical</b>	<b>783,944</b>	<b>105,234</b>
<b>Westport Dental</b>		
ACC Levy	607	555
Accommodation - Locums & Dentist	2,707	12,575
Entertainment	-	1,050
Dentist Locum Fees	237,742	119,977
Recruitment Expenses	5,287	-
Staff Training & Courses	4,227	6,512
Uniforms	982	646
Wages	448,977	381,958
<b>Total Westport Dental</b>	<b>700,529</b>	<b>523,272</b>
<b>Total Volunteer and employee related costs</b>	<b>1,484,473</b>	<b>628,507</b>
<b>Costs related to providing goods or services</b>		
<b>Coast Medical</b>		
Advertising	687	67
Cleaning	6,197	1,148
Computer Expenses	20,941	4,917
Equipment Hire	303	237
General Expenses	1,538	636
Insurance	8,536	7,813
Interest Expenses	-	-
Light, Power & Heating	3,868	795
Low Cost Assets	1,872	-
Medical Supplies	29,717	5,315
Medical Waste Removal	1,226	226
Motor Vehicle Expenses	4,154	636
Postage, Freight & Cartage	681	87
Printing & Stationery	9,820	3,057
Rent & Rates	29,249	7,292
Repairs & Maintenance	9,232	2,126
Security	1,460	394
Subscriptions & Licences	7,147	3,335
Telephone & Tolls	7,447	951
<b>Total Coast Medical</b>	<b>144,075</b>	<b>39,031</b>

	2021	2020
<b>Westport Dental</b>		
Advertising & Sponsorship	1,512	2,747
Cleaning	3,381	2,161
Computer Expenses	2,443	4,656
Consumables	5,409	2,920
Equipment Hire	1,604	1,276
General Expenses	185	43
Insurance	4,068	6,666
Lab Expenses	96,249	42,922
Light, Power & Heating	3,931	3,409
Low Cost Assets	263	269
Medical Supplies	84,934	71,440
Office Expenses	-	(10)
Postage, Freight & Cartage	1,076	2,350
Printing & Stationery	3,548	1,872
Repairs & Maintenance - Building	294	309
Repairs & Maintenance - Plant & Equipment	11,256	3,902
Rent & Rates	11,936	10,810
Subscriptions & Licences	6,326	6,005
Telephone & Tolls	2,650	2,070
<b>Total Westport Dental</b>	<b>241,066</b>	<b>165,818</b>
<b>Total Costs related to providing goods or services</b>	<b>385,140</b>	<b>204,848</b>
<b>Other expenses</b>		
<b>Coast Medical</b>		
Accounting Fees	7,804	2,645
Accounting Fees - Business Development	2,450	-
Audit Review Fee	1,522	-
Bank and Merchant Fees	653	143
Legal Expenses	375	2,870
<b>Total Coast Medical</b>	<b>12,803</b>	<b>5,658</b>
<b>Westport Dental</b>		
Accounting Fees	7,804	8,732
Accounting Fees - Business Development	2,450	2,500
Audit Review Fee	1,522	2,890
Bank and Merchant Fees	5,632	2,351
Debt Collection	-	45
Legal Expenses	-	125
<b>Total Westport Dental</b>	<b>17,408</b>	<b>16,644</b>
Depreciation	44,695	16,843
<b>Total Other expenses</b>	<b>74,906</b>	<b>39,145</b>

	2021	2020
<b>3. Analysis of Assets</b>		
<b>Cash &amp; Bank Balance</b>		
Cash on Hand	345	350
Funds Held by Buller District Council	100	100
NBS 26 Account	129	-
Westpac 00 Account	123,925	231,862
Westpac 02 Account	124,203	74,723
<b>Total Cash &amp; Bank Balance</b>	<b>248,703</b>	<b>307,035</b>
<b>Debtors and Prepayments</b>		
Accounts Receivable	83,172	84,982
<b>Total Debtors and Prepayments</b>	<b>83,172</b>	<b>84,982</b>
<b>Inventory</b>		
Inventory	4,017	2,609
Work in Progress	9,595	2,360
<b>Total Inventory</b>	<b>13,612</b>	<b>4,969</b>
	2021	2020
<b>4. Goodwill</b>		
Goodwill	30,000	30,000
<b>Total Goodwill</b>	<b>30,000</b>	<b>30,000</b>
	2021	2020
<b>5. Analysis of Liabilities</b>		
<b>Creditors and Accrued Expenses</b>		
Accounts Payable	41,215	15,373
Income in Advance	48,483	62,639
Westpac Credit Card	(3,214)	-
<b>Total Creditors and Accrued Expenses</b>	<b>86,483</b>	<b>78,012</b>
<b>GST</b>		
GST	30,697	23,386
<b>Total GST</b>	<b>30,697</b>	<b>23,386</b>
<b>Employee Entitlements</b>		
Employee Leave Entitlements	73,595	46,150
<b>Total Employee Entitlements</b>	<b>73,595</b>	<b>46,150</b>

	2021	2020
<b>6. Property, Plant and Equipment</b>		
<b>Motor Vehicles</b>		
Motor Vehicles	4,348	4,348
Accumulated Depreciation - Motor Vehicles	(1,159)	(362)
<b>Total Motor Vehicles</b>	<b>3,188</b>	<b>3,986</b>
<b>Furniture and Fittings</b>		
Furniture and Fittings	15,099	15,099
Accumulated Depreciation - Furniture and Fittings	(9,345)	(8,073)
<b>Total Furniture and Fittings</b>	<b>5,754</b>	<b>7,026</b>
<b>Plant and Equipment</b>		
Plant and Equipment	281,855	225,725
Accumulated Depreciation - Plant and Equipment	(155,918)	(113,422)
<b>Total Plant and Equipment</b>	<b>125,937</b>	<b>112,303</b>
<b>Intangible Assets</b>		
Intangible Assets	14,599	14,599
Accumulated Depreciation - Intangible Assets	(14,468)	(14,337)
<b>Total Intangible Assets</b>	<b>131</b>	<b>262</b>
<b>Total Property, Plant and Equipment</b>	<b>135,011</b>	<b>123,576</b>
	<b>2021</b>	<b>2020</b>
<b>7. Accumulated Funds</b>		
<b>Accumulated Funds</b>		
Opening Balance	403,016	342,296
Surplus / (Deficit) for the Year	(83,292)	60,720
<b>Total Accumulated Funds</b>	<b>319,723</b>	<b>403,016</b>
<b>Total Accumulated Funds</b>	<b>319,723</b>	<b>403,016</b>

## 8. Covid19 Subsidy

No wage subsidy was received during the year. (2020: The Covid19 employer subsidy was received during this financial year. The employer subsidy is non-assessable income and the payment of the subsidy to employees is non-deductible. In the financial statements we have treated the subsidy as assessable and the payment to employees as deductible).

## 9. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 30 June 2021 (2020 - Nil).

## 10. Events After the Balance Date

There were no known events to have occurred subsequent to balance date which would have a material effect on the Performance Report.

## 11. Ability to Continue Operating

The entity will continue to operate for the foreseeable future.

## 12. Related Parties

There were no significant transactions involving related parties during the financial year. (2020 - Nil)



## Independent Reviewer's Report

**Buller Health Trust**

**For the year ended 30 June 2021**



NMA Nelson Marlborough Audit Ltd

## **INDEPENDENT ASSURANCE PRACTITIONER'S REVIEW REPORT**

**To the Beneficiaries of Buller Health Trust**

### **Report on the Performance Report**

We have reviewed the accompanying performance report of Buller Health Trust which comprises the entity information, the statement of financial position as at 30 June 2021, the statement of service performance, the statement of financial performance and the statement of cash flows for the year then ended, and notes to the performance report including a summary of significant accounting policies and other explanatory information.

### **Trustees Responsibility for the Performance Report**

The Trustees are responsible on behalf of the entity for:

- (a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable, and understandable, to report in the statement of service performance.
- (b) the preparation and fair presentation of the performance report which comprises:
  - the entity information
  - the statement of service performance
  - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board.

- (c) for such internal control as the Trustees determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

### **Assurance Practitioner's Responsibility**

Our responsibility is to express a conclusion on the performance report. We conducted our review in accordance with International Standards on Review Engagements (New Zealand) (ISRE (NZ) 2400, *Review of Historical Financial Statements Performed by an Assurance Practitioner who is not the Auditor of the Entity*. ISRE (NZ) 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the performance report, taken as a whole, is not prepared in all material respects in accordance with the applicable financial reporting framework.

A review of the performance report in accordance with ISRE (NZ) 2400 is a limited assurance engagement. The assurance practitioner performs procedures, primarily consisting of making enquiries

### ATTACHMENT 3

of management and others within the entity, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on these financial statements.

Other than in our capacity as assurance practitioner we have no relationship with, or interests in, Buller Health Trust.

#### Conclusion

Based on our review nothing has come to our attention that causes us to believe that the performance report does not present fairly, in all material respects, the financial position of Buller Health Trust as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) standards.

*NMA Nelson Marlborough Audit Ltd*

NMA Nelson Marlborough Audit Ltd  
PO Box 732  
Nelson

28 September 2021

## **RISK AND AUDIT COMMITTEE**

**23 NOVEMBER 2022**

### **AGENDA ITEM 9**

**Prepared by:** Douglas Marshall  
Chief Financial Officer

**Attachment 1:** RAC Work Plan

#### **RISK AND AUDIT WORK PLAN**

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##### **1. DRAFT RECOMMENDATION**

**That the Risk and Audit Committee receive the Risk and Audit Work Plan for information.**

## ATTACHMENT 1

**WORK PLAN**  
**- RAC**

	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
<b>FRAC Reports</b>														
- BDC Quarterly Financials					Quarterly			Half yearly BDC & WAA			Three quarterly			
- BDC Financial Performance														
- BDC Investments and Borrowings														
- BDC Debtors														
- BDC Capital Income and Expenditure														
- BHL Quarterly Financials					Quarterly			Half yearly			Three quarterly			
- Strategic Risk Register and Report	Quarterly		Quarterly			Quarterly			Quarterly			Quarterly	Quarterly	
- Health and Safety Report	Quarterly		Quarterly			Quarterly			Quarterly			Quarterly	Quarterly	
- Budget Carry Overs						2022 Carryovers								
- CCO Statements of Intent						Letter of expectation			Draft			Final		
- CCO Director Appointments and Remuneration								Review Appointments						Remuneration
- PIP Reports and Minutes Monthly														
<b>2023/2024 Annual Plan</b>														
- Annual Plan				Strategic Planning for Annual Plan	Workshop, budgets templates open	Complete budgets, workshop including BHL inputs to AP		Final review of draft estimates, budget result workshop	Adopt draft Annual Plan and Consultation Document	Submissions open, community consultation	Submissions close, hearing and deliberations	Adopt final Annual Plan		
<b>2021/2022 Annual Report</b>														
- BDC Annual Report	Preparation of Annual Report	Preparation of Annual Report	Preparation of Annual Report	Preparation of Annual Report	Final Audit Adopt and publish Annual Report							Interim Audit	Preparation of Annual Report	Preparation of Annual Report
- BHL Annual Report				Receive CCO Annual Reports										
<b>Rating Policy Review</b>														
- Rating Policy Review	Under Review	Update Paper to FRAC	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review
<b>Other Operating Projects</b>														
- Insurance			Insurance Update Report			Finalise								
- Abandoned Land	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review