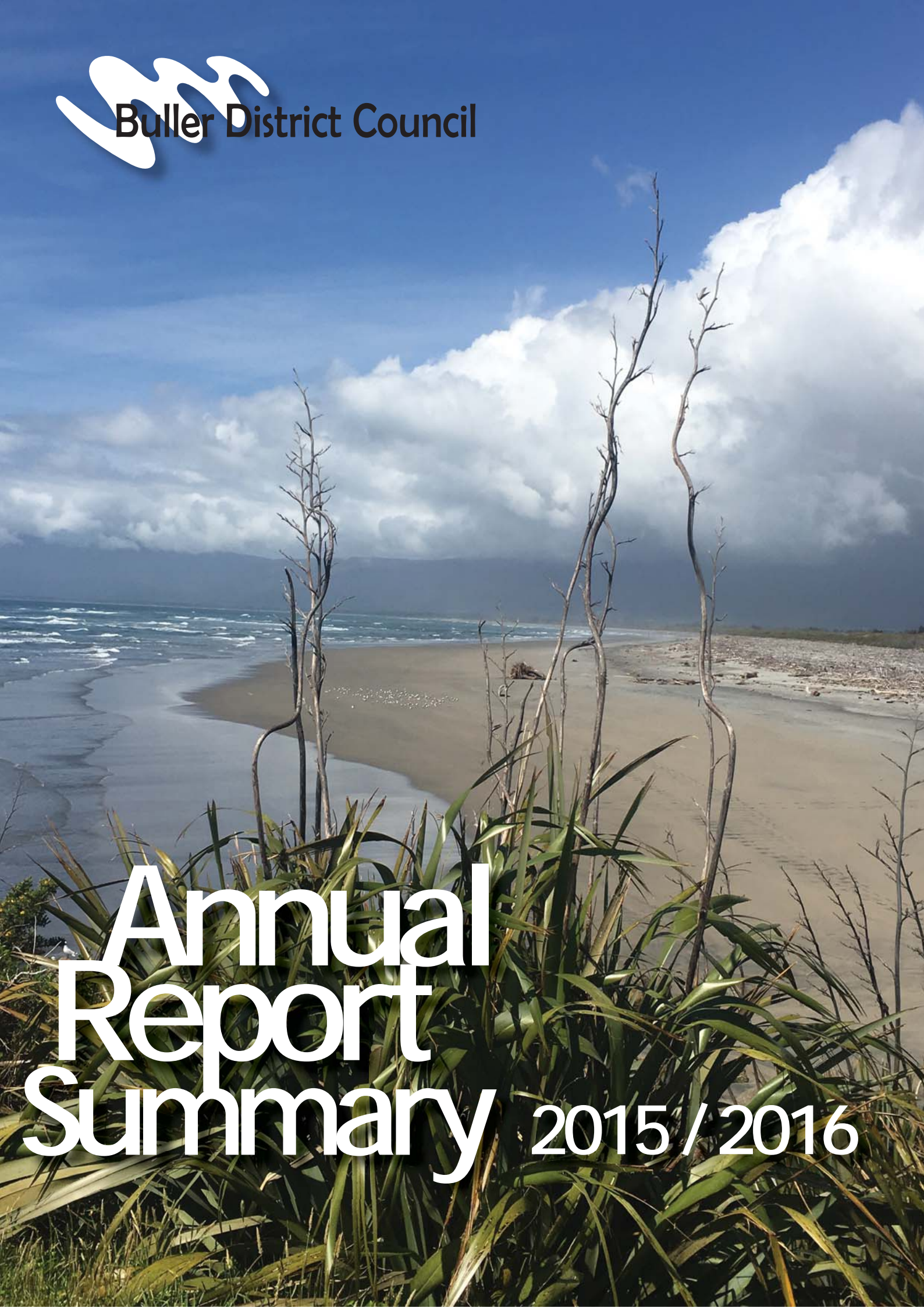




Buller District Council



Annual Report Summary 2015 / 2016

From the Mayor and Chief Executive

It is with pleasure that we present you with the 2015/2016 Buller District Council Summary Annual Report and thank you for taking the time to read it.

Council's report has been presented in a summary form, on the achievements during the period 1 July 2015 to 30 June 2016. It is an important aspect of Council's accountability to our community.

The summary annual report describes how the Council has performed over the past year, what we've done well, what needs more work, the challenges, and where we're heading. A summary of our financial performance and position is included as well as highlights on key projects.

The Full Annual Report outlines, in detail, Council's financial performance as well as non-financial measures and is available on our website and from Council offices.



Garry Howard
Mayor



Andy Gowland-Douglas
Chief Executive

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WEST COAST  **NEW ZEALAND**
UNTAMED NATURAL WILDERNESS

Financial Highlights

■ **Total operating revenue** was lower than anticipated due to a number of factors. Subsidies and grants revenue was down because subsidies for drinking water upgrades were not received as the capital projects they related to were not completed at balance date. Investment revenue was lower than budgeted due to the timing of distributions from Buller Holdings Limited. Economic conditions also impacted on Fees and charges revenue from building and resource consents as well as revenue expected from Financial Contributions which is related to development. Council also budgeted for a gain in value in its investment properties which did not eventuate due to soft property market conditions.

■ **Total operating expenditure**, which was over budget, was mainly affected by over \$1.4m in non-cash accrual transactions including loss on derivatives, write-downs in the value of Council investment property and asset replacement writeoffs. Some of these transactions are related to market conditions, and are not within the control of Council. Hidden in the result, which is explained in detail below, are savings made in financing costs and other expenses. These savings were made by exercising good cost control throughout Council activities and transition during the year to a more cost effective debt facility.

■ **Total comprehensive revenue and expense** budget includes the forecast increment for revaluation of Council's infrastructure assets. This was not carried out in 2015/2016 as it was not required due to the low movement in cost indices. The revaluation and associated costs will be deferred until 2016/2017.

" Total operating revenue was \$22.0m which was \$2.0m below budget. Councils total operating expenditure was \$23.1m which exceeded budget by \$600,000. Overall Buller District Council has a \$1.1m deficit compared to a predicted surplus in the 2015/2016 Long Term Plan of \$1.5m. "



... our Communities >>>>>

Working with

Rates overhaul

Council commenced a review of rates in 2014. Given the number of submissions and the feedback received in January 2015, Council listened to ratepayers who asked Council to take more time to understand all implications of any new rating proposal.

We have continued to work on this project and we hope to consult on a new rating system in 2017. We want to make sure we get it right and we end up with a fairer, more equitable rating system, given the Rating Act limits options on how rates can be applied.

Community Facilities

The Reefton Community Centre upgrade began during the year. The remainder of the Vision 2010 funds in the Seddon Ward were reassigned from a proposed sports complex to the Karamea Pool refurbishment and toward an urban design project leading into Karamea and at Market Cross.



Leadership and Governance

During the year the retirement of Helen Bollinger resulted in the appointment of Simon Burke as the next highest polling candidate from the by-election held for the Inangahua Community Board in July 2015. We congratulate Simon on his appointment to our community board. We also wish to thank Helen for her contributions on the Community Board.

Supporting the Community

Your Council has a key role to advocate on behalf of the Buller community, and to facilitate development, while ensuring the required facilities are in place to allow for new opportunities that will almost certainly arise.

Below are some of the key things that Buller District Council has been focussing on to assist our region move forward.

■ by Facilitation of Existing and New Businesses

Our Council has embraced the philosophy of "red carpet not red tape". We appointed a dedicated person for Economic Development Project Assistance, as part of a combined strategy of the four West Coast Councils and Development West Coast. We supported the Co-Starters program and secured special central government funding

for business subsidies.

■ by Advocating for Funding of Information Technology

All four West Coast Councils combined their efforts, and with the assistance of Tai Poutini Polytechnic made a bid to access funding from the Government Ultra-Fast Broadband, Rural Broadband and Mobile Blind Spot Funds. If we are successful we hope to achieve high speed broadband for 90% of the West Coast and mobile coverage over the Main State Highway network. This will not only help existing businesses but will encourage new businesses to set up anywhere in the district, and may even allow people to work from home even if their job is based out of the district.

■ by Advocating for Local Issues

Our Council was involved in advocacy for the Tapawera/Wangapeka Road, the Integrated Family Health Centre, the future of Westport Port Facility, protection of properties exposed to sea erosion in conjunction with Regional Council as well as the West Coast Police review. Our Council actively pursued further shared services with the other West Coast Councils.

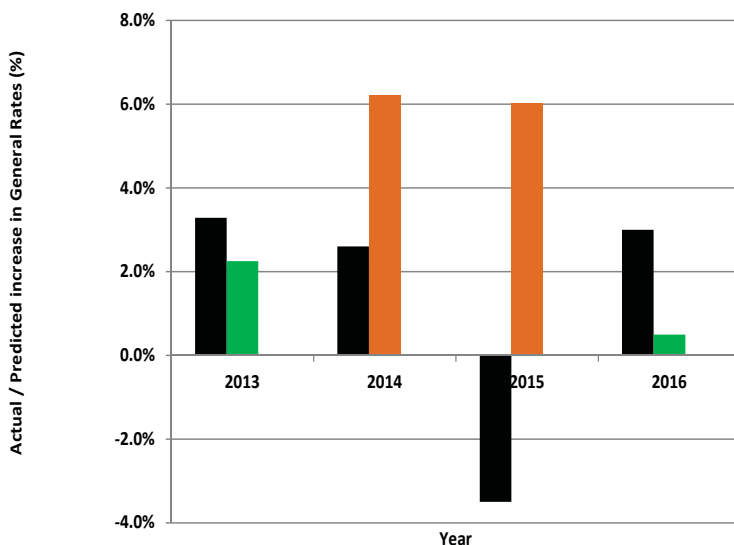
At a glance.....

<p>Total Revenue from Rates \$13.4m</p>			<p>Total Revenue was \$22.0m compared to a budget of \$24.0m</p>
	<p>Operating Expenditure totalled \$23.1m compared to a budget of \$22.5m</p>		<p>Council budgeted \$8.7m Comprehensive Revenue & Expense with a loss of \$1.1m achieved</p>
<p>Cash and Cash Equivalents were \$2.5m higher than budget</p>			

Rates

Rates Increases Affordability Benchmark

Council had stated in the Long Term Plan what our rate limits were in comparison to what had been forecast in the Long Term Plan.



- Planned rate increases or decreases
- Actual rates increases (at or within limit)
- Actual rates increases (exceeds limit)

2015/2016 - the rates increase was less than the forecast in the Long Term Plan.

2014/2015 - the Long Term Plan had predicted a decline. Slower economic activity resulted in a reduction in planning income (\$399,000), a change in the way Council funds Solid Waste increased General Rates (\$313,000) and assistance for the Rates Overhaul project increased General Rates.

2013/2014 - there was a delay in the commencement of the contracted waste management approach which resulted in additional unbudgeted costs.

How are our Infrastructure Assets Performing?

Stormwater

There were no overflows in the system due to weather events which also compromised wastewater systems. All faults were dealt with within stipulated response times and all other performance targets were met during the year. The phased upgrade of Derby Street in Westport progressed as planned.

Solid Waste

The contracted service for solid waste has resulted in more recycling and less refuse transferred from the district. Reefton Landfill remediation work has been completed.

Roading

Remedial and emergency work on the Karamea Highway was a significant project as was the roading upgrade of Derby Street. Roothing continues to operate within all its performance measures.

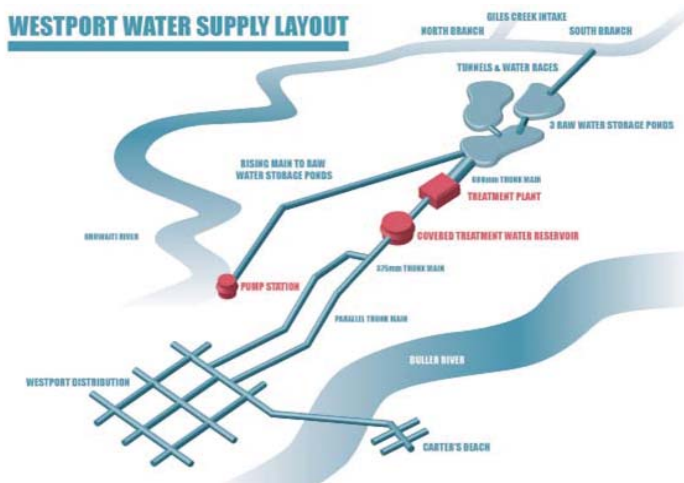
Water

Stage one of the Westport Water upgrade was completed. Rural water upgrades remain a priority subject to achieving government subsidy and acceptance by the community. Water assets performed well except for some positive tests for E-coli. Some performance measures were not recorded and could not be reported against.

Wastewater/Sewerage

In tandem with other infrastructures services Derby Street between Mill and Rintoul Streets was upgraded. Overall the systems met performance expectations in the majority of their performance measures.

WESTPORT WATER SUPPLY LAYOUT



Capital Expenditure & Infrastructure

Projects

■ This year saw the completion of the staged infrastructure upgrade of Derby Street, completion of the Burkes Creek Bridge which services the Old Ghost Road, a strategic property purchase, a generator to provide backup for civil defence capability and installation of the "Welcome to Westport" sign. The Reefton Community Centre project was started. Water projects were challenging, the Westport water tunnel piping did not proceed as cost effective alternatives are being sought. Ngakawau-Hector did not proceed due to low level of community buy in. The Waimangaroa and Inangahua schemes have commenced and are work in progress at balance date.

Major projects this year have also included:

- \$2.0m was spent on roading, including the Karamea Highway work and Burkes Creek bridge construction.
- Overall Council replaced \$3.5m of Infrastructure Assets and spent \$0.6m on Capital Expenditure that improved the level of service provided throughout the district. This expenditure is across all areas of infrastructure; roading, water and wastewater, and all other Council activities.

Financial results as at 30 June 2016

Summary of Statement of Financial Position

	Parent 2015/2016 Actual \$'000	Parent 2015/2016 Budget \$'000	Parent 2014/2015 Actual \$'000	Group 2015/2016 Actual \$'000	Group 2014/2015 Actual \$'000
Total Current Assets	20,112	16,803	18,738	23,646	21,759
Total Non Current Assets	326,524	344,540	328,941	323,657	325,708
Total Assets	346,636	361,343	347,679	347,303	347,467
Total Current Liabilities	3,159	4,432	3,306	4,668	4,301
Total Non Current Liabilities	26,473	28,753	26,276	27,635	27,732
Total Equity	317,004	328,158	318,097	315,000	315,434
Total Liabilities & Equity	346,636	361,343	347,679	347,303	347,467

Summary of Statement of Changes in Equity

	Parent 2015/2016 Actual \$'000	Parent 2015/2016 Budget \$'000	Parent 2014/2015 Actual \$'000	Group 2015/2016 Actual \$'000	Group 2014/2015 Actual \$'000
Equity as at 1 July	318,097	319,483	319,141	315,434	317,282
Total Comprehensive Revenue & Expense	(1,093)	8,675	(1,044)	(434)	(1,848)
Equity at the end of the year	317,004	328,158	318,097	315,000	315,434
Accumulated Funds	167,962	172,801	169,498	164,914	165,791
Reserves	4,854	4,031	4,411	4,854	4,411
Asset Revaluation Reserve	144,188	151,326	144,188	145,232	145,232
Total Equity	317,004	328,158	318,097	315,000	315,434

Net debt has remained fairly static at \$10.3m. The budget estimated that net debt would have risen to \$15.8m. The lower debt levels are mainly due to Westport water tunnel upgrade and Waimangaroa water supplies, Reefton Community Centre, Urban Streetscape and V2010 projects borrowings which have not yet been drawn down as the projects either did not proceed or were not completed at year end.

Summary of Statement of Comprehensive Revenue & Expense

	Parent 2015/2016 Actual \$'000	Parent 2015/2016 Budget \$'000	Parent 2014/2015 Actual \$'000	Group 2015/2016 Actual \$'000	Group 2014/2015 Actual \$'000
Total Operating Revenue	22,007	24,041	24,442	29,404	28,642
Total Operating Expenditure *	23,100	22,507	25,489	29,995	30,368
Net Surplus (Deficit) Before Taxation	(1,093)	1,534	(1,047)	(591)	(1,726)
Income Tax Expense	0	0	0	(157)	125
Net Surplus (Deficit) After Taxation	(1,093)	1,534	(1,047)	(434)	(1,851)
Other Comprehensive Revenue & Expense - Increase in Asset Revaluation & Other Reserves	0	7,141	3	0	3
Total Comprehensive Revenue & Expense	(1,093)	8,675	(1,044)	(434)	(1,848)
*Includes finance costs of:	1,112	1,438	1,471	1,111	1,472

Summary of Statement Cashflows

	Parent 2015/2016 Actual \$'000	Parent 2015/2016 Budget \$'000	Parent 2014/2015 Actual \$'000	Group 2015/2016 Actual \$'000	Group 2014/2015 Actual \$'000
Net cash Inflow (outflow) from Operating	6,357	6,384	7,164	7,900	9,100
Net cash Inflow (outflow) from Investing	(6,239)	(8,500)	(6,588)	(8,240)	(7,992)
Net cash Inflow (outflow) from Financing	255	2,891	(50)	255	(49)
Net Increase (Decrease) in Cash Held	283	775	526	(85)	1,059
Opening Cash Balance at 1 July	3,025	45	2,499	5,748	4,689
Closing Cash Balance at 30 June	3,308	820	3,025	5,663	5,748

Notes to the Summary Financial Statements

1. Part 6 Section 98(4)(b) of the Local Government Act 2002 requires Council to make publicly available a summary of information contained in its full financial report.
2. All figures reported in the summary are presented in New Zealand dollars and are rounded to the nearest thousand dollar amount.
3. Comparative information for the previous reporting period is shown for all items disclosed in the summary financial statements, except when such information is not disclosed in the full financial statements.
4. The specific disclosures included in the summary financial report have been extracted from the full financial report adopted on 26 October 2016 and authorised for issue by the Buller District Councillors on that date. This summary has been prepared in accordance with Public Benefit Entity (PBE) FRS 43: Summary Financial Statements.
5. The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report. The report dated 26 October 2016 has received an unmodified audit report. A copy of the full financial report may be obtained from Council's offices or on the Council's website (www.bullerdc.govt.nz).
6. This summary financial report has been examined by the auditor for compliance with the full financial report. An unmodified auditors report is included with this summary.
7. The information included in the summary financial report has been extracted from the audited full annual report and authorised for issue by the Chief Executive on 4 November 2016.
8. Council's summary financial report has been prepared in accordance with NZ GAAP. The report complies with applicable Tier 1 PBE Accounting Standards.
9. Council's full financial statements have been prepared in accordance with NZ GAAP. They comply with PBE Accounting Standards as applicable for a Tier 1 Public Benefit Entity.
10. There have been no changes in accounting policies for the period.
11. Post Balance Date Events
There are no significant events occurring after balance date that impact on the reported financial information for the year ended 30 June 2016 for Buller District Council and the Group. (2015: nil.)

12. Contingent Liabilities

Contingent Liabilities for the Council and Group are as follows:
Council has recognised a Housing New Zealand contribution of \$400,000 as a contingent liability. The funds were used for pensioner housing upgrades. The amount will be required to be paid back to Housing New Zealand if Council does not utilise the funds on a pensioner housing project or divests the completed project within a 20 year timeframe. This liability ceases on 11 June 2027.
Council has provided Sounds Air with a guarantee for \$108,000 should passenger numbers on flights to and from Westport Airport fall below 2.9 passengers per flight during a 12 month period.
Council has provided the Coaltown Trust with a guarantee for \$500,000. As at balance date the liability guarantee was no longer required. (2014/2015: \$500,000)
Council has one outstanding leaky home claim for which it may be liable. The property is a residential property in the Reefton area constructed in 2008. The extent of the liability was unknown at balance date. (2014/2015: no leaky home claims).
Council is a participating employer in the National Provident Fund's Defined Benefit Plan Contributors Scheme (the scheme) which is a multi-employer defined benefit superannuation scheme. In the unlikely event that the other participating employers cease to participate in the scheme, the Council could be responsible for the entire deficit of the scheme. Similarly, if a number of employers ceased to participate in the scheme, Council could be responsible for an increased share of the deficit. The Fund has advised that insufficient information is available to use defined benefit accounting as it is not possible to determine, from the terms of the scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.
Westreef had \$223,000 in Performance Bonds outstanding with Westpac as at 30 June 2016 (2014/2015: \$385,000).
The other members of the Group had no contingent liabilities as at 30 June 2016. The other members of the group include Buller Health Trust, Buller Holdings Limited, Westport Harbour Limited and Tourism West Coast Inc.

13. Contingent Assets

The Buller District Council and the Group has no contingent assets as at 30 June 2016 (2014/2015: no contingent assets).

Audit Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Buller District Council and group's summary annual report for the year ended 30 June 2016

The summary annual report was derived from the annual report of Buller District Council (the District Council) and group for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report:

- the summary statement of financial position as at 30 June 2016;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (referred to as "How are our infrastructure assets performing?") of the District Council and group.

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 26 October 2016.

Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 26 October 2016 on the full audited statements.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

In addition to reporting on the summary annual report, we have reported on the full annual report and carried out a limited assurance report on the District Council's Debenture Trust Deed. These engagements are compatible with the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this reporting and these engagements, we have no relationship with or interests in the District Council or any of its subsidiaries.


John Mackey,
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
9 November 2016



Buller District Council

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