



BULLER
DISTRICT COUNCIL

Annual Report

for the year ended
30 June 2018

WEST COAST NEW ZEALAND
UNTAMED NATURAL WILDERNESS

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MESSAGE FROM THE MAYOR

2017/2018 - a year of challenges for Council

Thankfully as I review the 2017/2018 year of challenges and difficulties I feel that Council and the community is on the cusp of change for the better, even though some very tough conversations are in front of us such as Climate Change, the Government proposal to have no more mining within the Conservation Estate and further regulation/compliance is in the wind for community water supplies.

When Council signed off the 2017/2018 Annual Plan it was very clear that the seven community water supplies were top priority. Delivering results has been very problematic. Through late 2017 and early 2018 our reservoir supplies for Westport were under threat and I commend the efforts of the Three Waters team and staff at WestReef that were very successful in maintaining and improving supply. The replacement of the pipeline from the reservoirs to the treatment plant along with other repairs and diversions between source and reservoirs stretched and challenged staff in the field. At times they worked under very adverse conditions and I find it very important to acknowledge the efforts that have got us through. It is far from over as we await tenders for overland pipe option and thereafter installation.

Punakaiki, Reefton and Inangahua had their issues. Inangahua supply has been completed. Reefton underwent some system improvements (with further work to come), while Punakaiki has had significant investment including \$175,000 government funding towards additional treated water storage capacity. The upgraded supply will be far more resilient and will get us through until a long-term 'fit for purpose' alternative is available.

The Hector-Ngakawau supply has been returned to Ngakawau-Hector Water Society Incorporated as the legal process for change in registration undertaken 2009 had not been complied with.

Waimangaroa options have been investigated and the giant elephant in the room is affordability for such a small community. A large effort has been made through 2017/2018 to repair leaks and understand where water utilisation is taking place by installation of some trunk meters in each of the supplies.

Council remains committed to providing quality water supplies throughout the district and it will require further advocacy with a range of stakeholders including Government.

Preliminary investigation work on Reefton Swimming Pool has taken place and the Punakaiki Community Facility has been on hold while Punakaiki Masterplan has been in development. These projects remain on the "to do" list but further work is required.

Compliance, Regulatory and Financial sectors of Council have continued to deliver services. The establishment of the 2018-2028 Long Term Plan was a demanding process that required a huge effort from the management team and Council. I'm very proud of the work done by all staff through what is a grueling and intense process; Council have been well-served by this extraordinary hard work.

We have experienced anxiety and disruption with change in the Chief Executive position. Council is very pleased to have Sharon Mason take up the Chief Executive role and thanks Keith Marshall for his wonderful efforts as interim CE from June through to November of this year. Council has analysed its performance and is determined to make staff and management successful in delivery of service that will make a successful Council and community. It is not easy in a changing environment and we all acknowledge Council staff and elected officials have the same drive in serving our community.

Garry Howard

Mayor, Buller District



CHIEF EXECUTIVE'S REPORT

“On a personal note, I found myself arriving into the role on an interim basis with just a couple of weeks left in the financial year so my observations in respect to the past financial year can only be considered in that light.”

However you might want to look at things, 2017/2018 was been a tough year for the Buller District Council for any number of reasons. Sure, it would be easy to focus on matters like the departure of the previous Chief Executive or even on the various infrastructure issues that all seemed to come along at once. It would be comfortable, indeed, to be able to point at a something or someone to “blame” for these various issues. The reality is that such things are never so simple as to be able to point the finger in any given direction; nor at any particular person.

For my part, from a relatively neutral and unbiased perspective, I would offer the following few observations based on my many years in various senior manager and Chief Executive roles across a wide range of sectors and industries:

- The staff and elected Council of Buller District Council are among the very best I have had the pleasure of working with. These people are all committed to the district and, quite frankly, they put in a massive effort.
- In the course of this past six months, Buller suffered at the hands of not just one, but two, *major* storm events that caused a huge impact across the district – and that is especially reflected in the consequential effect on project delivery and costs. It is a tribute to many many folk, both from within and without Council, who threw their efforts behind doing what was needed that the effects of those storms weren't even worse.
- People outside of a Council environment often don't see the huge amount of work that is necessary to meet all of the legal obligations needed in order to complete the three-yearly production of a Long Term Plan. For even a relatively small council like Buller District Council, the sheer volume of work needed to produce, and consult on a nearly 200-page document that covers every aspect of Council operations and over a coming 10-year period is immense. Every piece of that work has to be audited and be able to stand up to external scrutiny. But even that doesn't reflect the true work: your elected Councillors have the onerous task of selecting

between which projects or work that gets funded and which doesn't. Every one of us have a view about what those should be. But it is our elected Council who have the difficult job of having to decide. And, doing so even when they know that every single choice they make will have one or more people who disagree with the choice made – often strongly and loudly.

- Alongside that double impact of two major storms AND the massive amount of work necessary to complete the LTP, was the extensive delivery of the normal 'business' of Council as documented throughout this annual report. Taken in the context of storms and LTP and other issues, and the fact there are only 60 staff; this was a remarkable year of achievements for the Council.

It would be amiss not to also acknowledge that every Council around the country is a ways from perfect – and Buller District Council has its own challenges ahead to deliver on its Long Term Plan. Let alone the looming effects yet to be announced/created by the government's expected reforms around water arising from the Havelock North issues.

Even so, and based on my time here, the Council (both elected and staff) is an amazing group of people who serve ratepayers well... and, for the future, Buller District Council has been lucky indeed to secure the services of a highly experienced and talented Chief Executive in Sharon Mason. Everything is well poised.

Lastly, I want to offer my personal thanks and acknowledgement to the people of Buller who have made me feel so welcome. It has been a privilege and pleasure to have spent time with you!!!

Naku noa na

Keith Marshall

Chief Executive Officer



MAYOR, COUNCILLORS, COMMUNITY BOARD

Buller District Mayor

Garry Howard

Elected: 2013

| [03] 788-9684 (office)
| [027] 4474-371 (mobile)
| garry@bdc.govt.nz



Westport Ward Councillors

Shayne Barry

Elected: 2016

| [03] 789-6966 (home)
| [022] 694-4592 (mobile)
| shayne.barry@bdc.govt.nz



Jamie Cleine

Elected: 2016

| [03] 789-8060 (home)
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| jamie.cleine@bdc.govt.nz



Greg Hart

Elected: 2013

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Robyn Nahr

Elected: 2013

| [03] 789-8431 (home)
| [03] 788-9090 (business)
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Sharon Roche

Elected: 2013

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| sharon.roche@bdc.govt.nz



Phil Rutherford

Elected: 2013

| [03] 789-7087 (home)
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Inangahua Ward Councillors

Graeme Neylon

Elected: 1992

| [03] 732-8382 (home)
| [027] 431-4659 (mobile)
| graeme.neylon@bdc.govt.nz



Dave Hawes

Elected: 2007

| [03] 732-8423 (home)
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Seddon Ward Councillors

Emily Miazga

Elected: 2016

| [03] 782-8999 (home)
| [027] 274-4370 (mobile)
| emily.miazga@bdc.govt.nz



Rosalie Sampson

Elected: 2018

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| rosalie.sampson@bdc.govt.nz



Inangahua Community Board

Susan Barnett

Elected: 2015

| [03] 732-8440 (home)
| reefton@clear.net.nz

Alun Bollinger

Elected: 2016

| [03] 732-8123 (home)
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Simon Burke

Elected: 2016

| [03] 732-7011 (home)
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Ina Lineham

Elected: 2016

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STATEMENT OF COMPLIANCE & RESPONSIBILITY

Compliance:

The Council and Management of the Buller District Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

Responsibility:

The Council and Management of the Buller District Council accept responsibility for the preparation of the Annual Financial Statements and the judgements used in them. The Financial Statements are unable to be amended following issue.

The Council and Management of the Buller District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Management of the Buller District Council, the Annual Financial Statements for the year ended 30 June 2018 fairly reflect the financial position and operations of the Buller District Council and Group.



Garry Howard
Mayor, Buller District

31 October 2018



Keith Marshall
Chief Executive Officer

31 October 2018

CONSULTATION WITH MAORI

An opportunity for Māori to contribute to the decision making processes of the Local Authority.

Under Section 81 of the Local Government Act 2002, Council must establish and maintain processes to provide opportunities for Maori to contribute to the decision making processes of the local authority. Council is also required to look at ways to foster the development of Māori capacity to have input into these processes.

The Buller District Council recognises and acknowledges that Ngāti Tahu is the tangata whenua of Te Tai Poutini. The papatipu runanga for the Buller District is Te Rūnanga O Ngāti Waewae. A relationship has been established with Te Rūnanga O Ngāti Waewae and is continuing to strengthen as time progresses.

PERFORMANCE REVIEW

Overall Result:

Total operating revenue was \$23.5m which was in line with the budget. Council's total operating expenditure was \$26.4m which exceeded budget by \$3.3m. Overall Buller District Council has a \$3m deficit compared to a predicted surplus in the 2017/2018 Annual Plan of \$386,000.

Total operating revenue was in line with predictions. Subsidies and grants income were greater than anticipated due to unbudgeted grants from Development West Coast (DWC) for district economic initiatives. This was offset by Investment income that was less than budgeted due to a smaller distribution from Buller Holdings Limited due to the operating and cessation costs of Westport Harbour Limited being absorbed into the Holdings group.

Total operating expenditure was over budget for the year. This was impacted by significant non cash entries of over \$1.5m relating to the market interest rate movement effect on Councils fixed interest debt, asset write-offs and depreciation movements resulting from asset revaluations. In addition there were distributions of unbudgeted grants from DWC of over \$0.5m.

The balance of the variance was made up of a combination of factors including costs associated with ongoing water supply issues, the cost of significant storm events particularly in the roading and civil defence areas and the cost of integrating harbour operations into Council. There is more detail provided in the following section. Expenditure was offset by financing costs which were less than anticipated.

Total Comprehensive Revenue and Expense includes an increment for revaluation of Council infrastructure assets. This was carried out at the start of the 2017/2018 year and added significantly to Councils closing equity balances.

Statement of Performance

Operating Revenue:

General rates

- General rates were \$82,000 less than budgeted. This was due to an accrual adjustment to prior year rates.

Subsidies and grants

(received \$602,000 more than budgeted)

- Subsidies and grants were greater than budgeted mainly because receipt of \$459,000 of unbudgeted Development West Coast grants from the economic stimulus development fund for distribution or redistribution in the district during the year.
- In 2017/2018 Council received \$3.8m in NZTA subsidies (up from \$3.3m in 2016/2017). The subsidies received from NZTA for Roading were \$405,000 greater than budget due to the increased amount of roading works completed over the year.
- Receipt of an additional amount of \$63,000 as subsidy for the construction of public toilets was received in 2017/2018.
- The subsidies and grants surplus was offset by a reduction in funds for capital subsidy of \$403,000 for the drinking water subsidy for Waimangaroa Water supply which was not yet received as this project was not completed in the period.

Investment income

(\$455,000 less than budgeted)

- Investment income was \$455,000 less than budgeted due to a lower distribution received from Councils Holding company. The budgeted distribution was \$910,000 however the distribution received was \$458,000. This was due to the losses and costs attributed to Westport Harbour Limited during the year. A small variance in interest received compared to budget accounted for the difference.

Development and financial contributions

- Reserves contribution income was affected by a slowdown in development activity which resulted in \$53,000 less income than budgeted for.

Vested Assets

- There were no vested assets accruing to Council. This was due to the low amount of property development that occurred during the year.

Profit on Sale of Assets

- Council disposed of minor assets during the year which were not budgeted for including sale of road reserve that was surplus to requirements (\$65,000 gain).

Operating Expenditure

Employee benefit expenses

(\$98,000 higher than budgeted)

- The budget variance of \$98,000 is a result of staff complement changes during the year, remuneration movements and severance payments.

Depreciation & Amortisation

(\$844,000 higher than budgeted)

- There was \$844,000 more in depreciation than budgeted. This is due to a revaluation that was carried out at the start of the period which increased depreciation on infrastructure assets.

Finance costs

(\$152,000 less than budgeted)

- The variance is due to lower interest rates than anticipated over the course of the year.

Other expenses

(\$1.8m higher than budgeted)

- The variance included the following items;
- Grants distributed from Development West Coast \$555,000.
- Costs associated with water supplies \$386,000. This included Westport water maintenance costs while on the alternate supply as well as additional costs for supply issues at the Reefton and Punakaiki water supplies.

- There was additional Roothing repairs and maintenance including those relating to the number of storm events during the year, which amounted to \$236,000.
- Civil defence costs for the same storm events amounted to \$86,000.
- There was unbudgeted cost associated with taking over harbour operations (\$185,000) and investigations into purchase of the Holcim site (\$66,000). Contracting costs for Resource Management area amounted to \$100,000 which is fully recoverable.
- Councils contribution for a seawall to protect Punakaiki camp amounted to \$72,000.

Assets Written Off

(\$385,000 higher than budgeted)

- There was a variance in the non-cash write off of assets that amounted to \$385,000. This was due to the amount and nature of assets replaced and written off over the period.

Loss on derivative contracts

(\$294,000 higher than budgeted)

- There was non cash loss on derivative contracts. This is related to market interest rate movements that had a negative effect on the fixed portion of Council's debt facility.

Statement of Position

Council's net debt position

- Net debt (debt less term deposits) was \$11.4m at balance date. The 2017/2018 Annual Plan budget estimated that net debt would be \$14.3m for this period.
- The lower net debt levels are due to projects funded by external debt that have not yet been completed, including capital expenditure for Westport water of \$2.4m. The district revitalisation projects were funded by internal instead of external debt.

Capital expenditure

- Council continued to maintain assets and upgrade them when required. 2017/2018 was again a challenging year due to two significant weather events which impacted on the delivery of some capital projects. Council budgeted to spend \$7.2m on capital expenditure in its Annual Plan. A total of \$6m was spent on capital expenditure in 2017/2018. Major projects this year have included:
 - Roothing capital expenditure totaled \$1.8m for 2017/2018 compared to the budgeted spend of \$1.8m. Reseals, footpath upgrades, bridge approach work and remedial work on the Karamea highway were completed according to plan.
 - Council completed a number of community assets during the year. District revitalisation expenditure totaled \$0.3m. Toilet upgrades at Fox River and Westport North Beach were completed over the period. These upgrades which cost \$0.3m were fully funded by central government.
 - Drinking water supply upgrades progressed during the year but were not completed. Council had budgeted \$2.4m for Westport water and \$470,000 to complete Waimangaroa water in 2017/2018.
 - Council purchased harbour land and buildings for \$1.3m off Westport Harbour Limited, a subsidiary, when that entity was wound up during the year. This was not budgeted for in the Annual Plan.
 - Over the course of the year across all areas of infrastructure and other Council activities Council replaced \$4.3m of assets and spent \$0.5m on capital expenditure, that improved the level of service provided throughout the district compared to a capital budget of \$6.0m predicted in the Annual Plan.









Financial prudence benchmarks

The Local Government Financial Reporting and Prudence Regulations 2014 (LG(FRP)R) require the following specific disclosures to be included in the annual report. These disclosures seek to:

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

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

The benchmarks required include:

Affordability benchmarks	Rates Income affordability	Rates income complies with the limits set in the council's financial strategy.	
	Rates increases affordability benchmark	Rates increases comply with the limits set in the council's financial strategy.	
	Debt affordability benchmark	Debt complies with the limits set in the council's financial strategy.	
Sustainability benchmarks	Balanced budget benchmark	Operating revenue, excluding development and financial contributions and revenue from revaluations, exceeds operating expenditure.	
	Essential services benchmark	Capital expenditure on the five network infrastructure services exceeds depreciation on those five services.	
	Debt servicing benchmark	Interest expense is less than 10% of operating revenue, as defined in the balanced budget benchmark, except for local authorities with projected population growth greater than or equal to New Zealand's projected population growth. For those authorities the benchmark is 10% of operating revenue.	
Predictability benchmarks	Debt control benchmark	Net debt is less than or equal to forecast debt in the long-term plan.	
	Operations control benchmark	Net cash flow from operations equals or exceeds budget.	

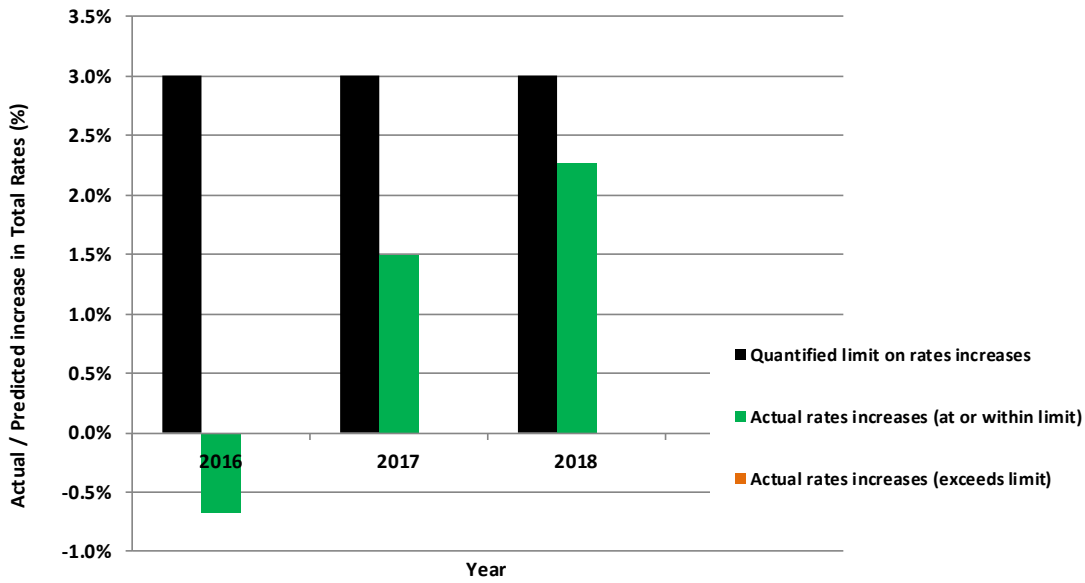
Benchmark met	
Benchmark not met	

For the 2017/2018 Annual Report, Council has met 5 of the 8 financial prudence benchmarks:

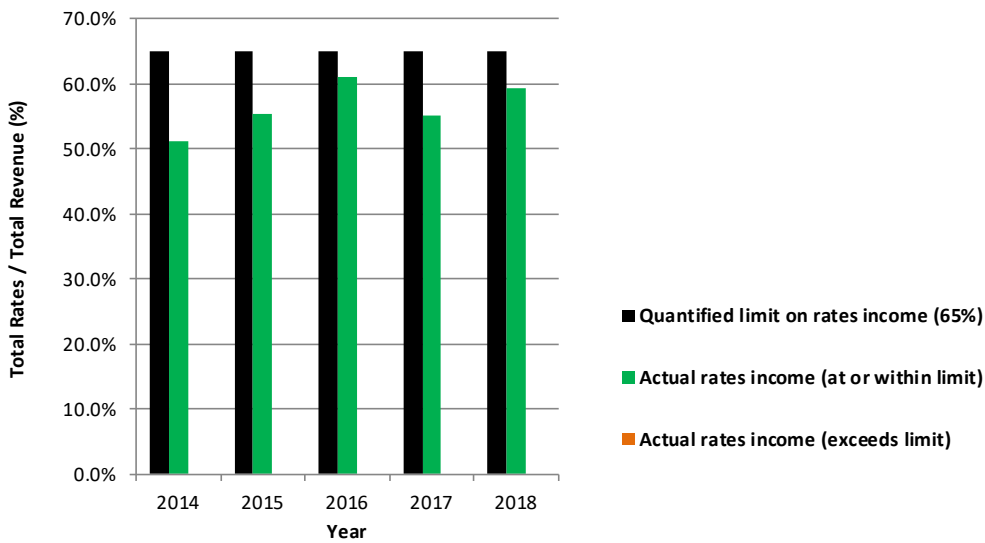
Council met all of the 3 affordability benchmarks, 1 out of 3 of the sustainability benchmarks and 1 of the 2 predictability benchmarks.

- Council has not met the balanced budget benchmark due to increases in depreciation that were not anticipated from the infrastructure revaluation as well as additional expenditure that was not expected including costs for storm events, repairs and maintenance and additional operations such as Harbour
- Council has not met the essential services benchmark mainly because depreciation has increased due to the revaluation of infrastructure assets. The capital program has not yet been adjusted to match. This will occur in 2018/2019. Council actually spent \$650,000 more in infrastructure capital expenditure compared to 2016/2017.
- Council has not met the operations control benchmark. Actual cash flow from operations did not equal or exceed the actual cash flow due to higher than expected expenses. The operating cash flow benchmark budgeted in the LTP also had higher income predicted for rates and investments partially offset by greater subsidies and grants than budgeted.

Rates increases affordability benchmark

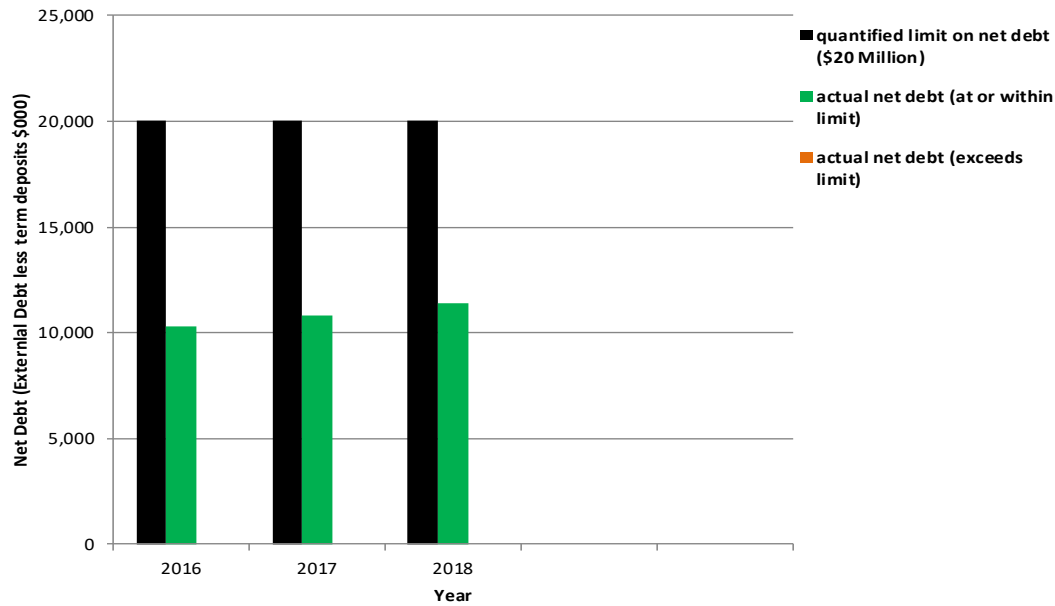


Rates income affordability benchmark



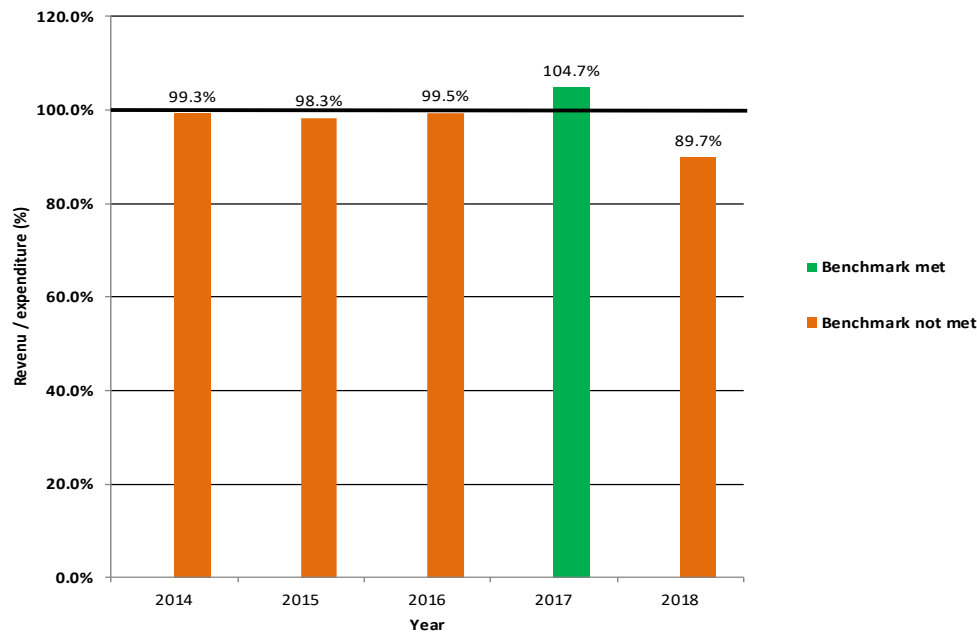
■ Council has agreed that rates income would not exceed 65% of total revenue.

Debt affordability benchmark



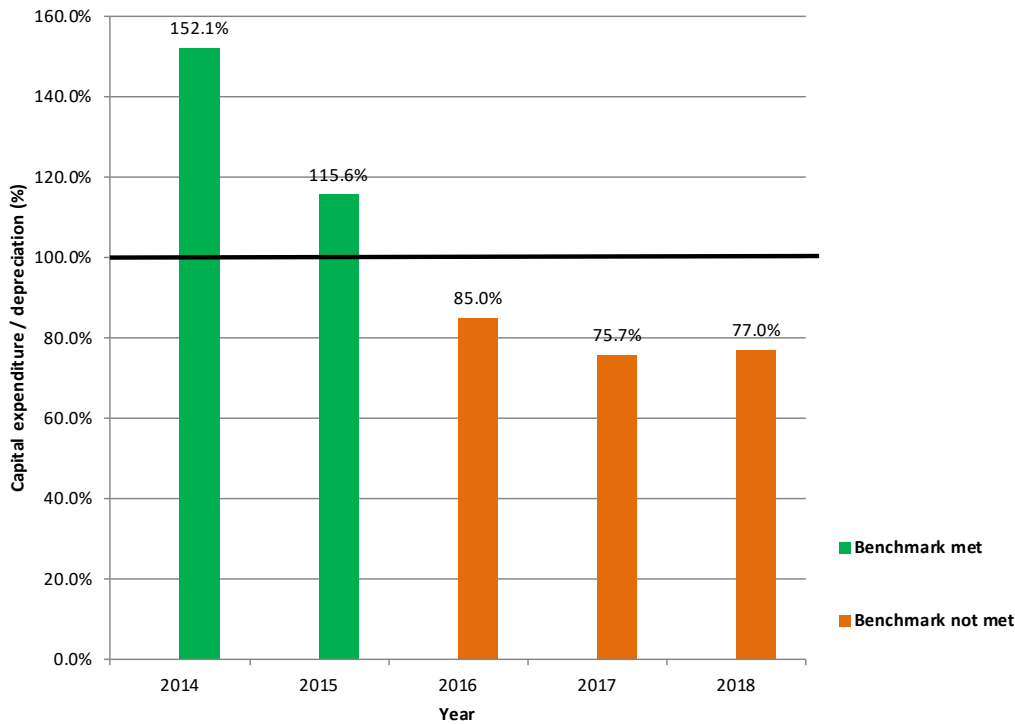
- Council continues to operate well below the Treasury Management interest cover limit of 15%.
- A new measure of debt affordability was adopted in the 2015-2025 Long Term Plan which measures net debt (external debt less term deposits) against a net debt ceiling of \$20 million.

Balanced budget benchmark



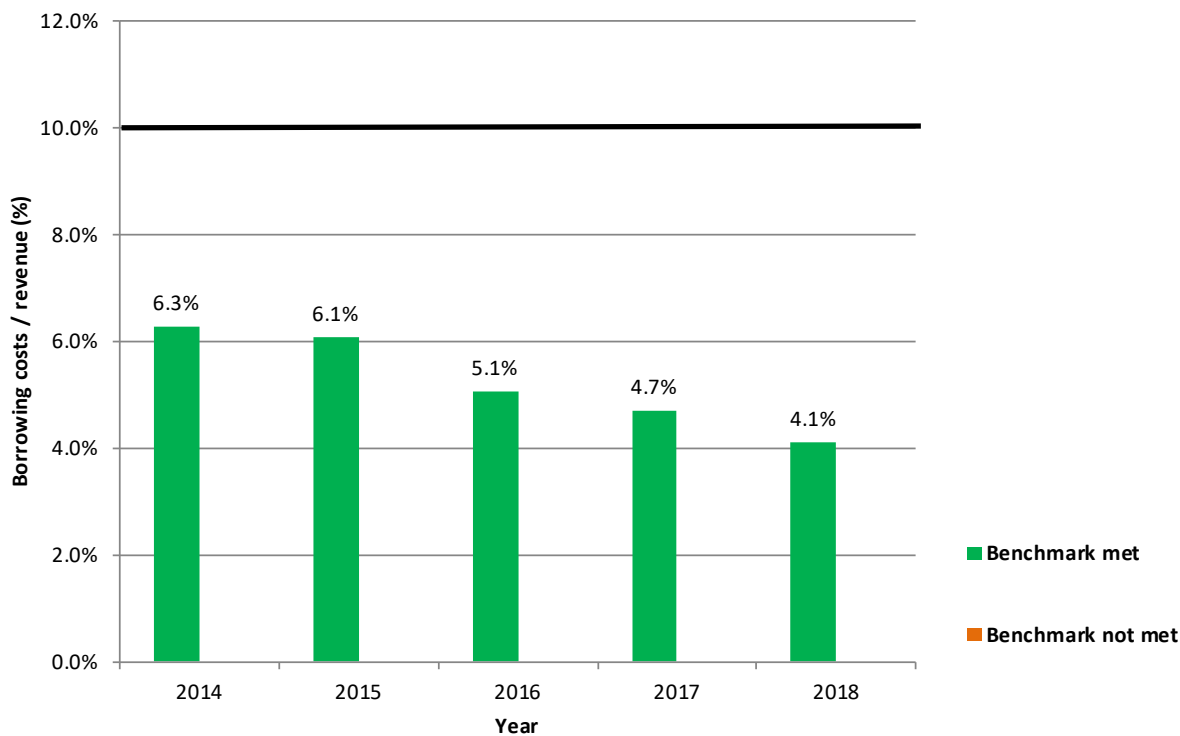
Year	Main Driver why benchmark not met
2014	■ One-off events such as extra repairs and maintenance as a result of Cyclone Ita. And lower income from fees and charges due to an economic slowdown were the main contributors to not meeting the benchmark.
2015	■ This is attributable to the infrastructure and investment property asset disposals and the loss on the interest rate swaps.
2016	■ This is principally because of the effect of lower than expected income.
2018	■ This is due to increases in depreciation that were not anticipated from the infrastructure revaluation as well as additional cost that were not anticipated including costs for storm events, repairs and maintenance and additional operations such as Harbour

Essential services benchmark



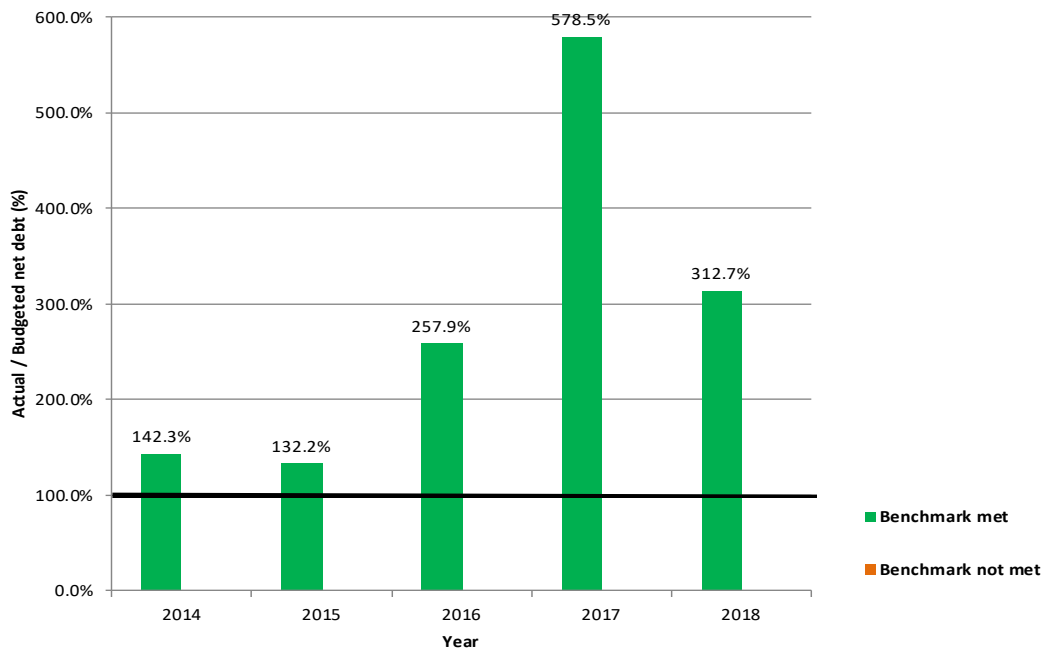
Year	Main Driver why benchmark not met
2015/2016	■ The difference is attributable to the water projects which have not been completed as planned in 2015/2016.
2016/2017	■ A number of roading capital projects were not completed due to poor weather over the reseal period, this flowed over to a lesser extent into other infrastructure projects.
2017/2018	■ Depreciation has increased due to revaluation of infrastructure assets. The capital program has not been adjusted to match. This will occur in 2018/2019. Council actually spent \$650,000 more in infrastructure capex compared to 2016/2017

Debt servicing benchmark



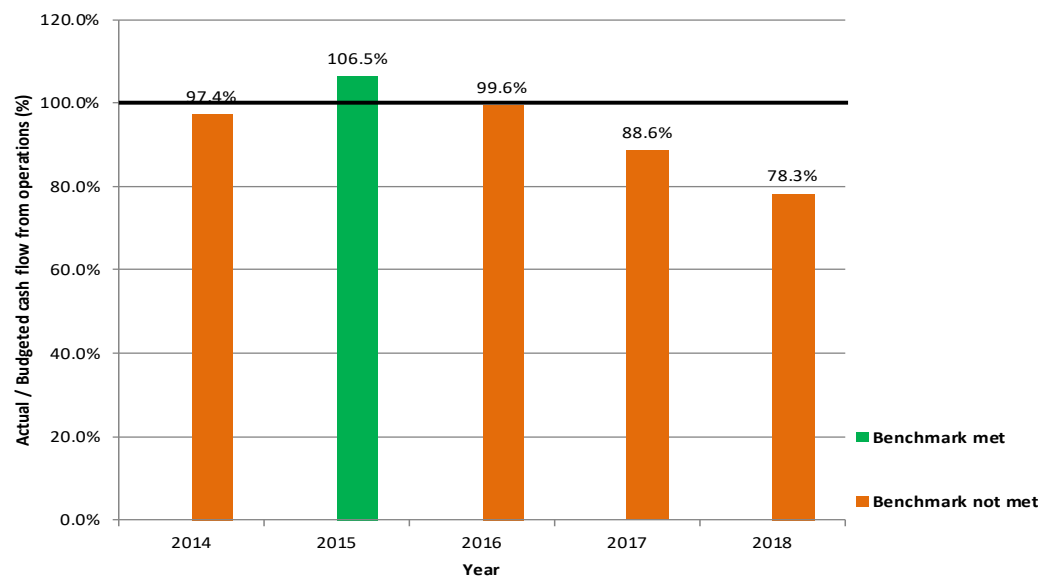
■ Council has continued to operate well within the low growth Council benchmark of 10%.

Debt control benchmark



Year	Main Driver why benchmark not met
2017	<ul style="list-style-type: none"> Council has met the Debt Control Benchmark and is in a net asset position. Council is in a more favourable net asset position (financial assets exceed financial liabilities) than predicted in the LTP due to a number of capital projects that would have been debt funded but have not been completed from what was originally proposed in the LTP. These include the Westport water trunk main renewal (\$3.9m) and tunnel replacement (\$1.5m).

Operations control benchmark



Year	Main Driver why benchmark not met
2014	<ul style="list-style-type: none"> Unbudgeted expenses associated with damage from Cyclone Ita, combined with lower income from fees and charged caused by an economic downturn.
2016	<ul style="list-style-type: none"> Due to lower income from Regulatory activity than budgeted.
2017	<ul style="list-style-type: none"> The operating cashflow benchmark budgeted in the LTP had higher income predicted for building and planning which has not eventuated. In addition rates income predictions were higher in the LTP benchmark.
2018	<ul style="list-style-type: none"> The operating cash flow benchmark budgeted in the LTP had higher income predicted for rates and investment income which was partially offset by greater subsidies and grants received than budgeted. Unbudgeted costs were incurred in relation to Westport water alternate supply, storm damage and civil defence costs from the two cyclone events and the transfer of Westport Harbour operations to Council.

OUR WORK IN DETAIL

The following pages set out in detail the results for each of Council's activities, which have been grouped as follows:

Council Activities:	Regulatory Services
	Roading and Transport
	Water Supplies
	Wastewater/Sewerage
	Stormwater
	Solid Waste
	In-house Professional Services
	Community Services
	Governance and Representation
	Customer Services and Support Services
	Property

This section of the Annual Report details what activities Council has undertaken in support of the community outcomes, strategic goals and legislative requirements that we operate under.

Please note both our targets and significant projects/issues form part of the performance management framework against which actual levels of service performance has been assessed. Targets represent the levels of service to be met annually unless stated otherwise.

REGULATORY SERVICES

Activities in this group include:

- Animal control
- Plans, policies and guidance documents
- Processing of consents
- Building control
- Compliance and enforcement management
- Alcohol licensing
- Emergency management/civil defence
- Environmental health

Why are we involved in these activities?

- Council undertakes these activities to contribute to providing a safe, healthy and sustainable environment:
- The animal and stock control service aims to provide a safer District by reducing dog-related offences through the registration of dogs, the education of their owners and the investigation of complaints.
- The planning service ensures the District is able to promote development to support a prosperous community without compromising rights of residents and the District's physical and natural assets/resources. It achieves this aim by appropriate application of the Resource Management Act, through the review and implementation of the District Plan and its resource consent and monitoring functions.
- Council's building control services ensures that the District's buildings and other associated structures (such as swimming pools) are safe, habitable and meet national legislative requirements.
- Compliance and enforcement management activities focus on working with the community to ensure the District remains a peaceful and attractive place to live and work. By the careful application of Bylaws and other legal mechanisms, Council aims to reduce littering, effectively manage freedom camping and respond to noise nuisances, as well as encourage residents to maintain tidy sections.
- Alcohol licensing ensures that the statutory requirements and the object of the Sale and Supply of Alcohol Act 2012 are being met, in that the sale and supply of alcohol is undertaken safely and responsibly and any harm caused by excessive or inappropriate consumption is minimised.
- Civil Defence Emergency Management ensures that the statutory requirements and the objective of the Civil Defence Emergency Management Act 2002 are being met, in that we provide reduction, readiness, response and recovery plans in the event of a significant emergency;
- Environmental Health ensures that operators meet required public health standards.

How do we contribute to Strategic Goals and Community Outcomes?

This activity supports the following community outcomes:

Well-Being

- Provide essential services to residents and businesses to support a healthy environment.
- Provide and develop safe public places.
- Emergency management is a key function in ensuring the response principles of preservation of life and prevention of escalation are followed in the event of any disaster.

Learning

- Make information easily available about Council, its functions and services.
- Recognise and support education excellence and opportunity in the district.

Who we are

- Provide opportunities for the community to work in partnership with Council.
- Sustainable Environment
- Develop policies and implement practices that enhance our environmental sustainability and natural diversity.

Statement of Service Performance

Alcohol Licensing

- Council accepts and processes new and renewal licence and manager's certificate applications. A report is then provided to the District Licensing Committee who determines the applications. Any applications for which objections have been received, and all temporary authority applications, must be determined by the full committee. All other unopposed applications may be determined by the Chairperson.

District Plan Review

- Buller District Plan Changes 133-145 were publicly notified on 4 March 2016 and a hearing was held on 4-5 July 2016. Council's Hearing Committee has carried out its deliberations on the proposed changes. These changes were put on hold pending the outcome of the Local Government Commission's proposal for One District Plan for the West Coast.

Civil Defence

- The Buller Emergency Management Officer supports the District by educating our communities on personal preparedness, supporting combined stakeholder initiatives, ensuring the district is prepared to respond to any significant emergency and providing training opportunities to staff and volunteers.

Building Consent Authority Accreditation

- Council passed its two yearly building consent authority accreditation assessment, carried out by International Accreditation New Zealand (IANZ), and can continue as an accredited building consent authority.

Significant variance explanations in comparison to the 2015-2025 Long Term Plan (LTP)

Local authorities fuel tax, fines, infringements fees and other receipts

- There was \$181,000 less income in this area compared to the LTP. This is due to an economic slowdown in the district which has principally affected Planning income \$32,000 and Building income \$185,000.

Payments to staff and suppliers

- There were additional resource management costs of \$128,000 of which \$95,000 has been recovered through invoicing with the remainder relating to staff vacancies.
- An amount of \$88,000 for emergency responses in Civil Defence offset by salary savings in the Resource Management area of \$74,000, Civil Defence \$33,000 and Rural fire total cost savings of \$76,000 as this activity is now funded nationally.
- There were also a large number of savings in other expenditure when compared to LTP mainly due to changes in activity in this area.

Internal charges and overheads applied

- The variance in overheads allocated is due to the effect of less expenditure now being budgeted and achieved in the activity which subsequently attracts less share of overheads than was anticipated in the LTP.

Development and financial contributions

- There is continued economic slowdown in the district that relates to this activity. The income is \$53,000 less than budgeted for in the LTP.

Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
Building				
To maintain quality of life through ensuring compliance with building and development regulations.	Ensure quality assurance requirements for building consent authorities are met as required by Regulation 5-18 of Building (Accreditation of Building Consent Authorities) Regulation 2006.	Continue to retain accreditation by passing biennial IANZ Audits.	2017/2018: Audits are carried out biennially. The December 2017 audit was completed and accreditation is maintained until 2019 when the next audit is due. 2016/2017: The next audit is due in December 2017 (2015/2016: no audit was due or carried out during this year).	
Resource Management				
To maintain quality of life through ensuring compliance with regulations.	Process non-notified resource consents within statutory timeframes.	Target 100%.	2017/2018: 100% achieved within statutory timeframes. 2016/2017: 100% achieved within statutory timeframes (2015/2016: 100%).	
Environmental Health				
To maintain quality of life through ensuring the health and safety of licenced activities.	Inspect all food premises, hairdressers, funeral homes, camping grounds and offensive traders.	Target 100%.	2017/2018: 100% of inspections were carried out on 100 premises. 2016/2017: 100% of inspections were carried out on 100 premises. No significant findings. Existing businesses (registered under the Food Act 1981 or Food Hygiene Regulations 1974 bore 29 February 2016) will move to the new Food Act between 2016 and 2019.	
Emergency Management				
To establish an effective level of preparedness for Civil Defence disasters.	Maintain three teams of trained volunteers.	30 trained volunteers (3 teams).	2017/2018: 100 community volunteers and Council staff from throughout Buller are trained to effectively provide response in the event of an emergency. 2016/2017: Granity, Karamea, Westport and Reefton teams, consisting of 80 volunteers, are in training and undergoing a restructure within their groups.	
			KPI met	
			KPI not met	

Funding Impact Statement

		2016/2017 LTP Budget \$000	2017/2018 LTP Budget \$000	2017/2018 Actual \$000
Operating Funding				
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties		985	1,015	984
Targeted rates		0	0	0
Subsidies and grants for operating purposes		0	0	0
Fees and charges		0	0	0
Internal charges and overheads recovered		0	0	8
Interest and dividends from investments		0	0	0
Local authorities fuel tax, fines, infringements fees and other receipts		1,066	1,093	912
Total Operating Funding	A	2,051	2,108	1,904
Applications of Operating Funding				
Payments to staff and suppliers		1,426	1,489	1,404
Finance costs		11	9	6
Internal charges and overheads applied		574	577	464
Other operating funding applications		13	13	0
Total Applications of Operating Funding	B	2,025	2,088	1,874
Surplus/ (deficit) of Operating Funding	A-B	26	20	30
Capital Funding				
Sources of Capital Funding				
Subsidies and grants for capital expenditure		0	0	18
Development and financial contributions		103	105	52
Increase/(decrease) in debt		(47)	(2)	(6)
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
Total Sources of Capital Funding	C	55	103	64
Capital Expenditure				
Application of capital expenditure:				
- to meet additional demand		0	0	0
- to improve the level of service		0	0	0
- to replace existing assets		0	54	54
Increase/ (decrease) in reserves		81	69	40
Increase/ (decrease) in investments		0	0	0
Total applications of Capital Funding	D	81	123	94
Surplus/ (deficit) of Capital Funding	C-D	(26)	(20)	(30)
Funding Balance	((A-B)+(C-D))	0	0	0

ROADING AND TRANSPORT

What do we do?

- The Roothing and Transport activity provides for the planning, operations, maintenance, development and improvements to the transport network so that it is affordable, integrated, safe, responsive and sustainable.
- Council provides, maintains and renews sealed and unsealed roads, bridges and culverts, footpaths, seats and shelters to enable people and businesses to move around for employment, recreation, shopping, social activities and business purposes. It also provides road signs, markings and street lighting to ensure that travel is safe and convenient. Council improves the road network to meet changing needs and develops plans to ensure the road network is able to cater for future growth. Council also provides support for the continued operation of the Westport Taxi service.
- Urban Development is undertaken to provide a more pleasant environment for our communities by use of plantings, street treatment and decorative measures

Why are we involved in these activities?

- The Roothing and Transport activity provides people with access to employment, services, education and recreation, as well as providing for the movement of goods to support the local economy. The road corridor also provides access for critical services such as electricity, telecommunications, water supply and waste disposal.

How do we contribute to Strategic Goals and Community Outcomes?

This activity supports the following community outcomes:

Sustainable Environment

- By providing a safe roading system.
- By helping reduce energy consumption in our community.

Prosperity

- By providing everyone with easy access to the roading network by providing links to sustain rural communities.

Learning

- By providing education programmes.

Statement of Service Performance

Roothing funding

- Buller is a large district with numerous settlements and small towns along its coastline and in the hinterland. It is only able to function economically and socially because of a vital local roading network maintained by Council. Just 604km of Council roads link into the main State Highways. Only half of those local roads are sealed, with the other half unsealed. These local roads incorporate 153 bridges and large culverts.
- The Local Roads financial assistance rate that has been determined by the New Zealand Transport Agency is 64% for the 2018/2019 year, with the rate continuing to increase by 1% each year until it reaches 66% in 2020/2021.
- The financial assistance rate of 100% is guaranteed for Special Purpose Road's until 2020/2021. A business case assessment is currently being undertaken to determine if the Karamea SPR should be re-classified as State Highway.
- Council has undertaken a classification of all the roads in the network in accordance with the guidelines developed by the New Zealand Transport Agency. The classification of the roading network will lead to levels of service being developed for each road category, this may impact on our customer's expectations.

Major Projects

- This year remedial upgrades to the Karamea Highway included drainage facilities, pavement rehabilitation and reseals.
- Emergency works were undertaken district-wide to address drainage work and remedial structures, caused by adverse weather events.
- Footpaths in Westport, Reefton and Karamea were progressively renewed/resurfaced to provide a safe environment.
- Local road improvements were at Mirfins Bridge to protect the bridge approaches.
- Reseals throughout the district were also undertaken.

Customer level of service 2015-2025: linkage with Council outcomes

Objective: To provide and maintain a network of roads for the movement of vehicles, goods and people in a safe and efficient manner throughout the District in accordance with Council and NZTA Standards.

Roading Contribution to the achievement of the outcomes defined: Provide a safe, reliable, economic and efficient roading and pedestrian network in harmony with the natural environment and representing best values.

Council Outcome		Key Role of the Roothing Activity	Partial Role of the Roothing Activity	Key Service Criteria
Well-being	<ul style="list-style-type: none"> a vibrant, healthy and safe community with access to quality facilities and services. 	Roothing provides residents access across the district to facilities and services.	Roothing provides opportunities for active transportation.	Are the roads safe?
		Road safety is an integral part of the roading activity.		Are the Footpaths comfortable to walk on?
				Are the roads 'fit for purpose'?
Learning	<ul style="list-style-type: none"> a district that values and supports learning with accessible relevant education and training opportunities. 	Roothing provides access across the district to learning opportunities.		Are the footpaths comfortable to walk on?
Who we are	<ul style="list-style-type: none"> a happening district with a strong community spirit and distinctive lifestyle. 	Roothing connects communities.		Are the roads 'fit for purpose'?
Sustainable Environment	<ul style="list-style-type: none"> the distinctive character of the environment appreciated and retained. 	Roothing provides access for residents and visitors while not adversely affecting the environment	Roothing provides opportunities for active transportation.	Are the footpaths comfortable to walk on?
				Is the environment being harmed?
Prosperity	<ul style="list-style-type: none"> thriving, resilient and innovative economy creating opportunities for growth and employment. 	Roothing supports the economy through the provision of a quality network.		Are the roads safe?
				Are the roads comfortable to drive on?
				Are the footpaths comfortable to walk on?
				Are the roads 'fit for purpose'?

Significant Variance explanations in Comparison to the 2015-2025 Long Term Plan (LTP)

Subsidies and grants for operating purposes

- \$391,000 more than budgeted in the LTP. Due to extreme weather events that caused increased repairs and maintenance which was subsidised by NZTA above the expected budget.

Payments to staff and suppliers

- There was \$267,000 of internal costs incorrectly classified as payments to staff and suppliers in the 2015-2025 LTP budget, therefore the correct variance for this category of expenditure is \$331,000. There were a number of weather events which contributed to a higher amount of reinstatement and repair work on roading assets. This was funded by NZTA.

Internal charges and overheads applied.

- There was \$267,000 of internal cost incorrectly classified as payments to staff and suppliers in the 2015-2025 LTP. When this is taken into account there is a variance of \$127,000. The variance is mainly because of lower cost in the activities that allocate the overheads as well as lower budgeted expenditure from the Annual Plan process.

Significant Capital Expenditure



To replace existing assets



- The roading capital programme has been adjusted in the Annual Plan compared to the LTP. The capital expenditure although less than the LTP by \$88,000 is in line with the Annual Plan budgeted amount

Subsidies and grants for capital expenditure

- Capital subsidies are less than budgeted because less NZTA subsidised projects were completed than budgeted in the LTP.

Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
Provide a safe roading network.	<i>Mandatory Performance Measure one:</i> the reduction from the previous calendar year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	No change or a reduction.	2017/2018: A total reduction of 14 fatal and serious accidents (1 fatal accident and 5 serious accidents). 2016/2017: A total increase of 4 fatal and serious accidents (2 fatal accidents and 18 serious accidents).	
	The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within 15 days.	≥75%	2017/2018: 98% - the increase is due to improvements made with the process and additional staff resources. 2016/2017: 64% - the customer service request model is currently under review to improve the process.	
Provide a comfortable road network.	<i>Mandatory Performance Measure two:</i> condition of the sealed road network. The average quality of ride on a sealed local road network, measured by smooth travel exposure.	≥ 93% Smooth Travel Exposure (STE). Traffic counts are not carried out frequently, a program has been setup to address this. Traffic counts form part of the STE formula but the reported STE is correct because it aligns with the state highway counts (which has also not shown any major movement) over the last five years, excluding roads affected by the Kaikoura earthquake.	2017/2018: current Smooth Travel Exposure is 95%. 2016/2017: Smooth Travel Exposure was 94%.	
	<i>Mandatory Performance Measure three:</i> maintenance of a sealed local road network. The percentage of the sealed local road network that is resurfaced.	≥ 5.8%	2017/2018: 5.50%. 2016/2017: 5.79%. 10 year average: 5.5%.	
Provide usable footpaths.	<i>Mandatory Performance Measure four:</i> condition of footpaths within the local road network.	≥ 75%	2017/2018: 82% of the footpath is ranked as grade 1&2 (satisfactory) by MWH (engineering company). 2016/2017: 84%.	
	The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its Annual Plan, Activity Management Plan, Asset Management Plan, Annual Works Programme or Long Term Plan).	≥ 95%	2017/2018: 99% of the footpath is ranked as grades 1-3 (satisfactory or deficient) by MWH (engineering company). 2016/2017: 99%.	
Provide roads with the minimum environmental impact.	Monitoring records and West Coast Regional Council correspondence to ensure compliance with Resource Consent conditions.	No prosecutions – 100% compliance.	2017/2018: nil prosecutions - 100% compliance. 2016/2017: nil prosecutions - 100% compliance.	

KPI met	
KPI not met	

Funding Impact Statement

		2016/2017 LTP Budget \$000	2017/2018 LTP Budget \$000	2017/2018 Actual \$000
Operating Funding				
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties		2,274	2,275	2,133
Targeted rates		0	0	0
Subsidies and grants for operating purposes		2,063	2,134	2,525
Fees and charges		0	0	0
Internal charges and overheads recovered		0	0	0
Interest and dividends from investments		0	0	0
Local authorities fuel tax, fines, infringements fees and other receipts		177	181	211
Total Operating Funding	A	4,514	4,590	4,869
Applications of Operating Funding				
Payments to staff and suppliers		3,256	3,328	3,392
Finance costs		7	6	5
Internal charges and overheads applied		689	696	836
Other operating funding applications		0	0	0
Total Applications of Operating Funding	B	3,952	4,030	4,233
Surplus/ (deficit) of Operating Funding	A-B	562	560	637

Capital Funding

Sources of Capital Funding				
Subsidies and grants for capital expenditure		1,367	1,414	1,252
Development and financial contributions		0	0	0
Increase/(decrease) in debt		(3)	(3)	(4)
Gross proceeds from sale of assets		0	0	70
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
Total Sources of Capital Funding	C	1,364	1,411	1,318
Capital Expenditure				
Application of capital expenditure:				
- to meet additional demand		0	0	0
- to improve the level of service		185	192	200
- to replace existing assets		1,741	1,779	1,691
Increase/ (decrease) in reserves		(0)	0	64
Increase/ (decrease) in investments		0	0	0
Total applications of Capital Funding	D	1,926	1,971	1,955
Surplus/ (deficit) of Capital Funding	C-D	(562)	(560)	(637)
Funding Balance	((A-B)+(C-D))	0	0	(0)

Core Asset Disclosure

	2017				2018			
	Closing Book Value \$000	Assets Constructed \$000	Assets Vested \$000	Replacement Cost \$000	Closing Book Value \$000	Assets Constructed \$000	Assets Vested \$000	Replacement Cost \$000
Roads and footpaths	194,329	1,510	47	275,168	210,484	1,857	0	306,668
Total	194,329	1,510	47	275,168	210,484	1,857	0	306,668

WATER SUPPLIES

What do we do?

- Council provides the management of the water supplies to support the health and well-being of the community.

Why are we involved in this activity?

- Water is an essential need for individuals and commercial operations.
- Council provides sufficient quantities of potable water for domestic and commercial needs, public amenities and to avoid the risk of public borne diseases affecting public health.

How do we contribute to Strategic Goals and Community Outcomes

This activity supports the following community outcomes:

Well-being

- By providing a reticulated water supply to support a health community.
- By providing water for sanitary services.
- By maintaining sufficient water for firefighting purposes.

Environment

- By conserving water and encouraging others to do the same.

Learning

- By providing water conservation education.

Prosperity

- By meeting commercial water needs and meeting community needs at affordable costs and equal access to water.

Statement of Service Performance

Westport water supply

- Council has resolved to defer the immediate replacement of the trunk main until the performance of the main deteriorates to the extent that the optimal time to replace the main is obtained.
- During the summer of 2016/2017 the Westport water supply ran extremely low resulting in water restrictions. This was exacerbated a breach to the raw water line which compounded the supply problem. The water supply for Westport and Carters Beach has relied on pumping from Keoghans Pump Station since early January 2017 to maintain supply.
- Plans for reinstatement of the Westport raw water supply line are now well advanced, with tender documents for a Overland Pipe Gravity Flow system released with those tenders due to close in October 2018. Construction is expected over 2017/2018.

Waimangaroa Rural Drinking Water Upgrades

- Investigation into a new source for the Waimangaroa Water supply continues with consultation between the Buller District Council and the Waimangaroa water board and community ongoing.

Ngakawau-Hector

- Discussions between the Ngakawau-Hector Water Society, the Buller District Council and the Ministry of Health (MoH) have been ongoing with respect to establishing the correct registration for the water supply. The Ngakawau-Hector water supply has now been divested from BDC and officially re-registered to the Ngakawau Hector Water Society.

Punakaiki

- Due to ongoing operational issues with the existing water treatment plant, an operational review was undertaken. This review resulted in a number of operational improvements being made to the water treatment plant as well as additional treated water storage for the Punakaiki community.

Levels of Service

- The overall corporate goals and legislative requirements have been translated into a number of more specific target performance standards. These are summarised below:
- To ensure that all supplies have sufficient water at the source, and within the system, to meet the reasonable needs of the consumers.
- To ensure that connections are provided with adequate water pressure under normal use.
- To ensure that fire hydrants provide an adequate firefighting supply.
- To ensure the quality of the water supplies shall meet the expectations of each community and all legal requirements.
- To maintain the service to the consumer with a minimum of disruption and inconvenience to the public.
- To minimise the quantity of unaccounted for water.
- To ensure that supplies are managed in a cost-effective manner.
- To ensure that supplies are managed in an environmentally sensitive manner.
- The corresponding levels of service that have been established as a means of achieving the performance standards, as set out above.

Significant variance explanations in comparison to the 2015-2025 Long Term Plan

Payments to staff and suppliers

The variance to the LTP budget of \$619,000 is mainly due to:

- Westport water supply costs related to the tunnel supply failure (\$123,000).
- Punakaiki water supply costs related to ongoing tubidity issues which have been difficult to resolve (\$109,000).
- Reefton water supply repairs amount to \$112,000 to address issues around supply capacity.
- Cape Foulwind water supply has required unbudgeted additional repairs and maintenance to address supply capacity (\$75,000)
- Electricity costs for the Westport water supply were higher than budgeted by \$140,000 because of the need to pump water from the alternative water supply due to the water intake tunnel collapse.

Finance costs

- Interest costs were lower than budgeted for debt related to Westport Water due to lower market interest rates than budgeted in conjunction with a lower cost of finance because Council due to a lower cost debt facility. In addition interest costs are less because of delays in the water supply upgrades which would have been completed and financed in the LTP predictions.

Internal charges and overheads applied

- The cost of Professional Services Business Unit internal job allocations were higher than budgeted mainly due to additional work carried out at the Westport water supply (\$85,000) to ensure continuity of supply.

Increase/(decrease) in debt

- The variance to the LTP budget of \$123,000 is due to lower debt repayment because of changes to the debt funded capital expenditure program from LTP. Some debt financed projects have not yet been completed and the proposed payment schedule anticipated in the LTP has not yet commenced.




To improve the level of service

- The variance includes improvements to the Westport raw water pipeline on replacement of \$322,000 which were not provided for in the LTP. Level of service improvements budgeted for Westport mains renewal improvements of \$159,000 were not completed due to the focus during the year on reinstatement of the Westport water supply and other more urgent capital works.





To replace existing assets



- The LTP anticipated most of the drinking water projects would be completed and a standard renewal programme was expected. The variance is made up of Westport water \$639,000 which includes expenditure on the supply upgrade which is currently still work in progress and amounts to \$261,000, trunkmain renewals of \$71,000 and other capital expenditure renewals of \$307,000. Other drinking water supply upgrades include Punakaiki \$31,000 and Waimangaroa \$40,000 which are currently in progress. The Reefton renewal programme was \$32,000 higher than the LTP. The Cape Foulwind supply also required unbudgeted capital work of \$49,000.

Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
Provide an adequate quality of water.	E Coli detected within the water supply. Target: No E Coli confirmed by second sample.	No potential for illness due to unwholesome water.	2017/2018: E Coli was detected at the Punakaiki, Reefton and Inangahua water supplies, resulting in temporary boil water notices - target not met. Council is including additional infrastructure for the Punakaiki water supply during the 2018/2019 year and continues to monitor this issue for all supplies. 2016/2017: E Coli was confirmed at the Punakaiki water supply, there is a boil water notice in place - target not met	
	Compliance with Drinking Water Standards. Target: All water supplies with community agreement for treatment by 2015.		2017/2018: Westport, Reefton, Punakaiki and Inangahua have treated water supply and comply with Drinking Water Standards. Ngakawau, Hector, Waimangaroa, Little Wanganui and Mokihinui have not had their supplies upgraded to comply with Drinking Water Standards. Council has continued to consult the communities and Community Public Health on options – target not met. 2016/2017: Westport, Reefton, Punakaiki and Inangahua have treated water supply and comply with Drinking Water Standards. Ngakawau, Hector, Waimangaroa, Little Wanganui and Mokihinui have not had their supplies upgraded to comply with Drinking Water Standards. Council has continued to consult the communities and Community Public Health on options – target not met.	
Provide an adequate quantity of water.	Flow and pressure readings, taken at dwellings. Target: Residual pressure >200kps at the dwelling while flow testing.	To be able to fill a ten litre bucket three times within one minute from mains >100mm diameter.	2017/2018: there were four requests for pressure flow tests. These were related to adjacent water leaks. When the leaks were resolved, the water pressure was enough to fill a ten litre bucket three times within one minute - target was met. 2016/2017: there were no requests for pressure/flow tests due to low pressure issues - target met.	
	Flow taken at fire hydrants. Target: All existing fire hydrants to remain operative. All new subdivisions within Westport and Reefton to be designed to comply with hydrant requirements SNZ PAS 4509:2008 (New Zealand Standard).		All fire hydrants to be operational.	2017/2018: all fire hydrants were operational and met the NZ Standard - target met. 2016/2017: all fire hydrants were operational and met the NZ Standard - target met.

Key Performance Indicators





What we did	What we measured	Target	Actual	Achieved
Provide a reliable supply of quality water.	Proportion of time that water is supplied into the reticulation. Target: Water supplied 99% of the time.	Provide water into the system virtually all of the time.	2017/2018: water was supplied 99.9% of the time - target met. 2016/2017: water was supplied 99.9% of the time - target met.	
	Records of the number, nature and duration of all unplanned shutdowns. Target: No more than 3 shutdowns per km. At least 90% compliance with response times stated in service requests.	To minimise disruption caused by unplanned shutdowns.	2017/2018: unplanned shutdowns caused minimal disruption with 168 service requests issued, 83.3% complied with response times. The increased number of requests recorded compared to the prior year is due to improvements in the system processes for recording service requests, including shared information technology with Council's main contractor WestReef Services Ltd. 2016/2017: unplanned shutdowns caused minimal disruption with 83 service requests issued, 86.7% complied with response times.	
	Number of days that water restrictions are in place. Target: No more than 5 days per year.	To permit gardens to be maintained in a healthy state all year.	2017/2018: long term restriction were imposed on the Westport water supply due to low reservoir levels beginning in September 2017. Water restrictions were also imposed on the Reefton water supply for a period of 34 days. Permanent restrictions are still in place for the Waimangaroa water supply until a new scheme is implemented. 2016/2017: restrictions were imposed for the Westport water supply from 5 May 2017 and will remain in place until the water supply is repaired. This is due to a blockage in supply tunnel No. 1, necessitating pumping from the alternative water supply, tunnel repairs are expected to be completed late 2018. Permanent restrictions in place for the Waimangaroa water supply until a new scheme is implemented in 2018.	
Provide water with the minimum environmental impact.	Monitoring as specified in the individual consents. Target: 100% compliance.	To comply with Resource Consent conditions.	2017/2018: all Resource Consent conditions met - target met. 2016/2017: all Resource Consent conditions met - target met.	

KPI met	
KPI not met	









Mandatory Performance Indicators

Water Services	Key Service Criteria	Target Level of Service	Measurement	Current Performance	Performance Target	Achieved																																									
Provide an adequate quality of water.	Is the water safe to drink?	Performance Measure 1 (safety of drinking water):	Mandatory Performance Measure 1: (see table 1&2 below)			Full compliance (100%) <ul style="list-style-type: none"> ■ Bacteria ■ Protozoa 																																									
			<p>The extent to which Council's water supply complies with:</p> <p>a) Part 4 of the Drinking Water Standards (bacteria compliance criteria)</p> <p>b) Part 5 of the Drinking Water Standards (protozoa compliance criteria)</p>	<p>2017/2018: Zone compliance</p> <table border="1"> <thead> <tr> <th></th> <th>Bacteria Compliance</th> <th>Protozoa Compliance</th> </tr> </thead> <tbody> <tr><td>Westport</td><td>Yes</td><td>No</td></tr> <tr><td>Carters Beach</td><td>Yes</td><td>No</td></tr> <tr><td>Reefton</td><td>No</td><td>No</td></tr> <tr><td>Punakaiki</td><td>No</td><td>No</td></tr> <tr><td>Ngakawau-Hector</td><td>No</td><td>No</td></tr> <tr><td>Mokihinui</td><td>No</td><td>No</td></tr> <tr><td>Little Wanganui</td><td>No</td><td>No</td></tr> <tr><td>Waimangaroa</td><td>No</td><td>No</td></tr> <tr><td>Inangahua</td><td>No</td><td>No</td></tr> </tbody> </table> <p>Bacterial compliance was achieved for Westport and Carters Beach, but protozoal compliance was not achieved for any water supplies.</p> <p>This was due to a change in water source for Westport and Carters Beach and a change in monitoring systems for all of the supplies.</p>				Bacteria Compliance	Protozoa Compliance	Westport	Yes	No	Carters Beach	Yes	No	Reefton	No	No	Punakaiki	No	No	Ngakawau-Hector	No	No	Mokihinui	No	No	Little Wanganui	No	No	Waimangaroa	No	No	Inangahua	No	No	<p>2016/2017: Zone compliance</p> <table border="1"> <thead> <tr> <th></th> <th>Bacteria Compliance</th> <th>Protozoa Compliance</th> </tr> </thead> <tbody> <tr><td>Westport</td><td>Yes</td><td>Yes</td></tr> <tr><td>Carters Beach</td><td>Yes</td><td>Yes</td></tr> <tr><td>Reefton</td><td>Yes</td><td>Yes</td></tr> <tr><td>Punakaiki</td><td>No</td><td>N/A</td></tr> </tbody> </table>		Bacteria Compliance	Protozoa Compliance	Westport	Yes	Yes	Carters Beach	Yes	Yes	Reefton
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Punakaiki	No	N/A																																													
Provide a reliable supply of water.	Maintenance of reticulation network.	Performance Measure 2 (maintenance of reticulation network):	Mandatory Performance Measure 2: (see table 3 below)			30%																																									
			<p>The percentage of real water loss from Council's networked reticulation system (Council uses the Minimum Night Flow method for determining water loss for Westport. This is a formula based method which analyses pressure and night time flows to determine leakage)</p>	<p>2017/2018: 58% in Westport only. A replacement programme is in place to address areas of significant water loss (2016/2017: 58% in Westport).</p>																																											

Mandatory Performance Indicators

Water Services	Key Service Criteria	Target Level of Service	Measurement	Current Performance	Performance Target	Achieved	
Provide a reliable supply of water.	Fault Response Times.	Performance Measure 3 (fault response times):	Mandatory Performance Measure 3: Where Council attends to a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:				
			a) Attendance for urgent call outs: from the time that Council receives notification to the time that service personnel reach the site; and	2017/2018: there were no urgent requests based on Council's service request system. (2016/2017: there were no urgent requests based on Council's service request system.	2 hours		
			b) Resolution of urgent call outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	2017/2018: there were no urgent requests based on Council's service request system. 2016/2017: there were no urgent requests based on Council's service request system.	5 hours		
			c) Attendance for non-urgent call outs: from the time that Council receives notification to the time that service personnel reach the site; and	2017/2018: 168 call outs were received in total, of these 6 call outs were attended within 1 working day and 22 call outs were attended within 2-4 days of notification. The remaining 140 callouts were responded to within 5 working days with the median resolution time being 3 working days. 2016/2017: 38 call outs were attended within 1 working day of notification, the median attendance time was 24 hours.	1 working day		
			d) Resolution of non-urgent call outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	2017/2018: 168 call outs were received in total, of these 140 were resolved within 5 working days with the median resolution time being 3 working days. 28 call outs were not resolved within 5 working days - these were very minor leaks and contractors were given extra time to repair due to other commitments. 2016/2017: 78 call outs were received in total, 55 were resolved within 5 working days, with a median resolution time of 2 working days. 23 call outs were not resolved within 5 working days.	5 working days		

Mandatory Performance Indicators

Water Services	Key Service Criteria	Target Level of Service	Measurement	Current Performance	Performance Target	Achieved	
Provide water with the minimum environmental impact.	Customer satisfaction.	Performance Measure 4 (customer satisfaction):	Mandatory Performance Measure 4: The total number of complaints received by Council about any of the following:			10 per 1,000 connections.	
			a) Drinking water clarity	2017/2018: 2. 2016/2017: 1.			
			b) Drinking water taste	2017/2018: 2. 2016/2017: 2.			
			c) Drinking water odour	2017/2018: Nil. 2016/2017: Nil.			
			d) Drinking water pressure	2017/2018: 4. 2016/2017: Nil.			
			e) Continuity of supply	2017/2018: 3. 2016/2017: Nil.			
			f) Council's response to any of these issues.	2017/2018: From the 11 complaints Council received, all have been addressed and resolved. 2016/2017: From the 3 complaints Council received, all have been addressed and resolved.			
	Demand management.	Performance Measure 5 (demand management):	Mandatory Performance Measure 5:			1,000 litres	
			The average consumption of drinking water per day per resident within the Buller district.	2017/2018: 380 (Westport). 2016/2017: 408 (Westport). 2017/2018: 770 - Reefton. 2016/2017: 870 - Reefton.			



KPI met	
KPI not met	

Table 1: Drinking Water Standard NZ Compliance

Water Supply (plant compliance)	Population (WINZ)	Bacterial Compliance		Protozoal Compliance (%)	
		Current Performance	Target	Current Performance	Target
South Gravity Tank Supply (administered by Council)	32	No *	Yes	No *	Yes
Hector/Ngakawau	219	No *	Yes	No *	Yes
Inangahua Junction	70	No **	Yes	No **	Yes
Little Wanganui	150	No *	Yes	No *	Yes
Mokihinui	100	No *	Yes	No *	Yes
Punakaiki	230	No **	Yes	No **	Yes
Reefton	951	No **	Yes	No **	Yes
Waimangaroa	300	No *	Yes	No *	Yes
Westport	4,974	Yes	Yes	No ***	Yes

* No treatment plant to enable compliance
 ** E.Coli detection in supply
 *** Poor water quality due to 2018 water shortage

Table 2: Drinking Water Standard NZ Compliance

Water Supply (zone compliance)	Population (WINZ)	Bacterial Compliance	
		Current Performance	Target
South Gravity Tank Supply (administered by Council)	32	No *	Yes
Hector/Ngakawau	219	No *	Yes
Inangahua Junction	70	No **	Yes
Little Wanganui	150	No *	Yes
Mokihinui	100	No *	Yes
Punakaiki	230	No **	Yes
Reefton	951	No **	Yes
Waimangaroa	300	No *	Yes
Westport	4,617	Yes	Yes
Carters Beach	357	Yes	Yes

* No treatment plant to enable compliance
 ** E.Coli detection in supply

Table 3: Water Leakage

Water Supply	Connections	Actual Performance	Target	Method
South Gravity Tank Supply (administered by Council)	23	2017/2018: not measured (2016/2017: not measured).	30%	MNF
Hector/Ngakawau	176	2017/2018: not measured (2016/2017: not measured).	30%	MNF
Inangahua Junction	33	2017/2018: 32 % (2016/2017: 32%).	30%	MNF
Little Wanganui	78	2017/2018: not measured (2016/2017: not measured).	30%	MNF
Mokihinui	50	2017/2018: not measured (2016/2017: not measured).	30%	MNF
Punakaiki	93	2017/2018: 41 % (2016/2017: 41%).	30%	MNF
Reefton	663	2017/2018: 39 % (2016/2017: 39%).	30%	MNF
Waimangaroa	137	2017/2018: not measured (2016/2017: not measured).	30%	MNF
Westport	2,694	2017/2018: 58 % (2016/2017: 58%).	30%	MNF

MNF = Minimum Night Flow

Water leakage is not measured in some supplies as those supplies have no treatment plant therefore there is no way of determining leakage.

Funding Impact Statement

		2016/2017 LTP Budget \$000	2017/2018 LTP Budget \$000	2017/2018 Actual \$000
Operating Funding				
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties		0	0	0
Targeted rates		2,382	2,629	2,425
Subsidies and grants for operating purposes		0	0	0
Fees and charges		185	199	217
Internal charges and overheads recovered		0	0	0
Interest and dividends from investments		0	0	0
Local authorities fuel tax, fines, infringements fees and other receipts		0	0	1
Total Operating Funding	A	2,567	2,828	2,643
Applications of Operating Funding				
Payments to staff and suppliers		939	971	1,590
Finance costs		431	617	187
Internal charges and overheads applied		350	368	453
Other operating funding applications		0	0	0
Total Applications of Operating Funding	B	1,720	1,956	2,230
Surplus/ (deficit) of Operating Funding	A-B	847	872	413

Capital Funding

Sources of Capital Funding				
Subsidies and grants for capital expenditure		1,252	0	0
Development and financial contributions		0	0	0
Increase/(decrease) in debt		3,119	(222)	(99)
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
Total Sources of Capital Funding	C	4,372	(222)	(99)
Capital Expenditure				
Application of capital expenditure:				
- to meet additional demand		0	0	0
- to improve the level of service		4,667	159	332
- to replace existing assets		501	379	1,328
Increase/ (decrease) in reserves		51	112	(1,346)
Increase/ (decrease) in investments		0	0	0
Total applications of Capital Funding	D	5,219	650	314
Surplus/ (deficit) of Capital Funding	C-D	(847)	(872)	(413)
Funding Balance	((A-B)+(C-D))	0	0	0

Core Asset Disclosure

	2017				2018			
	Closing Book Value \$000	Assets Constructed \$000	Assets Vested \$000	Replacement Cost \$000	Closing Book Value \$000	Assets Constructed \$000	Assets Vested \$000	Replacement Cost \$000
Treatment plants and facilities	9,291	331	0	9,958	8,095	375	0	12,142
Other assets	16,266	557	0	43,975	20,091	943	0	50,130
Total	25,557	888	0	53,933	28,186	1,318	0	62,272

WASTEWATER/SEWERAGE

What do we do?

- Council provides these activities to support the health and well-being of the community and the environment.
- Council currently provides for the collection and transportation of the wastewater from residential and commercial properties of the townships of Westport, Little Wanganui and Reefton through the underground piping infrastructure and treatment facilities. The rest of the district is serviced by on-site disposal systems that property owners maintain.

How do we contribute to Strategic Goals and Community Outcomes

This activity supports the following community outcomes:

Well-being

- Provision of a sanitary wastewater collection and treatment service.
- Provision of water for sanitary services.

Sustainable Environment

- Protection of the environment through the treatment of wastewater.

Learning

- Provision of wastewater education via newsletters and other publications

Prosperity

- By meeting commercial wastewater needs and meeting community needs at an affordable cost.

Statement of Service Performance

- Monitoring and reporting of the Wastewater Treatment Plants has been undertaken in accordance with the resource consents.
- The composting of biosolids from the Wastewater Treatment Plant with greenwaste has continued at Westport.
- The sewer and stormwater system modelling and separation is continuing. This work assesses the level of stormwater infiltration into the network and allows for planning to reduce the amount of stormwater entering it, therefore improving capacity across the network.
- The ongoing upgrade of Derby Street has continued with the block between Mill Street and Disraeli Street being completed.

Levels of Service

The overall corporate goals and legislative requirements have been translated into a number of more specific target performance standards:

- To maintain the systems so that there are no significant blockages.
- To maintain the service to the consumer with a minimum of disruption and inconvenience to the public.
- To ensure that services are managed in a cost effective manner.
- To ensure that supplies are managed in an environmentally sensitive manner.

Significant variance explanations in comparison to the 2015-2025 Long term Plan (LTP)

Targeted rates

- Actual result is \$162,000 less than predicted by the LTP. This is due to savings in compost manufacturing expenditure, insurance and repairs and maintenance which have resulted in a lower targeted rate requirement than expected.

Payments to staff and suppliers

- The variance compared to the LTP is attributed to savings in compost manufacturing of \$39,000, insurance renewals of \$20,000 and repairs and maintenance of \$89,000 offset by increased power costs of \$34,000.

Significant capital expenditure








To improve the level of service

- No there was no level of service capital expenditure due to staff capacity which required focus on water projects.

To replace existing assets



- Renewals were less than budgeted due to staff capacity which required focus on water projects.

Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
Provide safe facilities for both the community and the operators.	Evidence of public intrusion into pump station or treatment facilities. Target: ■ No intrusions.	No accidents, injuries or public contact with sewage.	2017/2018: no accidents or injuries occurred - target met. 2016/2017: no accidents or injuries occurred - target met.	
	Operator injury. Target: ■ No workplace injuries.		2017/2018: no reported workplace injuries - target met. 2016/2017: no reported workplace injuries - target met.	
	Public exposure to sewage. Target: ■ All overflows within private property cleaned and disinfected. Target: ■ All polluted waterways to be signposted.		2017/2018: there were 4 overflows all were cleaned and disinfected within one day - target met. 2016/2017: there were 6 overflows all were cleaned and disinfected within one day - target met. 2017/2018: all sewage overflow outlets are signposted on all relevant waterways - target met. 2016/2017: all sewage overflow outlets are signposted on all relevant waterways - target met.	
Provide adequate capacity.	Recorded system overflows. Target: ■ No more than 10 overflows.	Maintain capacity of existing combined systems.	2017/2018: 4 overflows occurred as a result of blocked property pipes (laterals) - target met 2016/2017: 5 overflows occurred as a result of blocked property pipes (laterals) - target met.	
	Review new designs. Target: ■ All new sewers to be designed to cope with a one-in-10-year-event.	Design all new systems to New Zealand Standard 4404:2010.	2017/2018: all new sewers were designed to standard - target met. 2016/2017: all new sewers were designed to standard - target met.	
Provide a reliable sewer system.	Record of blockages. Target: ■ No more than 1 blockage per km of pipe. ■ No more than 40 lateral blockages.	To accept sewage from properties virtually all of the time.	2017/2018: 0.34 blockages per km - target met. 2016/2017: 0.36 blockages per km - target met. 2017/2018: 42 lateral blockages - target not met. 2016/2017: 36 lateral blockages - target met.	
	Records of the response to reported blockages. Target: ■ At least 90% compliance with response times state in service request.		2017/2018: only 5 blockages reported to Council, both resolved within 1 day timeframe - target met, 100% compliance. 2016/2017: only 2 blockages reported to Council, both resolved within 1 day timeframe - target met, 100% compliance.	

Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
<p>Provide sewer collection and disposal with the minimum environmental impact.</p>	<p>Monitoring as specified in the individual consents.</p> <p>Target:</p> <ul style="list-style-type: none"> 100% compliance (100% compliance with the reporting requirements of the Resource Consents). 	<p>To comply with resource consent conditions</p>	<p>2017/2018: The below noted exceedances were reported to the West Coast Regional Council as per consent requirements. All exceedances were not a breach of Council's compliance with its resource consent requirements. Target met.</p> <p>Little Wanganui Waste Water Plant</p> <ul style="list-style-type: none"> 263 readings with 2 exceedances for weed/foam on the ponds <p>Reefton Waste Water Treatment Plant</p> <ul style="list-style-type: none"> 429 readings with 7 exceedances. 5 of these were for metals in sediment at Cemetery Creek. Metals levels in the plant effluent stream discharging to Cemetery Creek are consistently low indicating the sediment metals may originate from a source upstream of the plant. 2 exceedances with an unknown cause were detected for a difference in pH between the upstream and downstream sample points in Cemetery Creek. <p>Westport Waste Water Treatment Plant</p> <ul style="list-style-type: none"> 676 readings with 28 exceedances for Ecoli and Faecal Coliforms. 17 exceedances were from the river side pump stations. Large quantities of storm water enter the combined sewer/storm system during rain events. This quantity exceeds the pumping capacity in the pump stations and under the resource consent is allowed to overflow to the river. 7 exceedances due to equipment failure occurred at the sample point located downstream of the Buller Bridge discharge point. 4 exceedances (related to the above equipment failure) were detected in the effluent leaving the treatment plant. <p>2016/2017: The below noted exceedances were reported to the West Coast Regional Council as per consent requirements. All exceedances were not a breach of Council's compliance with its resource consent requirements. Target met.</p> <p>Little Wanganui Waste Water Treatment Plant</p> <ul style="list-style-type: none"> 263 readings were taken, with 3 exceedances for biological growth (weeds) in the ponds. <p>Reefton Waste Water Treatment Plant</p> <ul style="list-style-type: none"> 449 readings were taken, with 7 exceedances These exceedances were metals in sediment in Cemetery Creek. <p>Westport Waste Water Treatment Plant</p> <ul style="list-style-type: none"> 907 readings were taken, with 22 exceedances: These exceedances were from the pump stations occurring during overflows that are allowed under the consent. 	

KPI met	
KPI not met	

Mandatory Performance Indicators

Water Services	Key Service Criteria	Target Level of Service	Measurement	Current Performance	Performance Target	Achieved
Provide adequate capacity.	How often does the sewer overflow?	Performance measure one (system and adequacy):	Mandatory Performance Measure 1:			●
			The number of dry weather sewage overflows from Council's sewerage system expressed per 1,000 sewerage connections to Council's system.	2017/2018: 1. 2016/2017: 0.	<5	
Provide sewer collection and disposal with minimal environmental impact.	Is the environment being harmed?	Performance measure two (discharge compliance):	Mandatory Performance Measure 2:			●
			Compliance with Council's resource consents for discharge from its sewerage system measured by the number of:			
			a) Abatement notices;	2017/2018: 0. 2016/2017: 0.	<5	
			b) Infringement notices;	2017/2018: 0. 2016/2017: 0.	0	
c) Enforcement orders; and	2017/2018: 0. 2016/2017: 0.	0				
d) Convictions received by Council in relation to those resource consents	2017/2018: 0. 2016/2017: 0.	0				
Fault Response Times	Performance Measure 3 (fault response times):	Mandatory Performance Measure 3:			●	
		Where Council attends to sewage overflows resulting from a blockage or other fault in Council's sewerage system, the following median response times are measured:				
		a) Attendance time: from the time that Council receives notification to the time that service personnel reach the site; and	2017/2018: 5 overflows attended within timeframe. Median attendance time was 1 hour. 2016/2017: 6 overflows attended within timeframe. Median attendance time was 1 hour.	2 hours		
b) Resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	2017/2018: 5 overflows resolved within 1 day - median resolution time was 1 day. 2016/2017: 6 overflows resolved within 1 day - median resolution time was 1 day.	1 day				
Customer satisfaction	Performance measure four (customer satisfaction):	Mandatory Performance Measure 4:			●	
		The total number of complaints received by Council about any of the following:				
		a) Sewerage odour;	2017/2018: 0 2016/2017: 0.3	10 per 1,000 connections		
		b) Sewerage system faults;	2017/2018: 0 2016/2017: 0			
		c) Sewerage system blockages, and	2017/2018: 1.3 2016/2017: 0.3			
d) Council's response to issues with its sewerage system (expressed per 1,000 properties connected to Council's sewerage system).	2017/2018: 0.36 2016/2017: 0.32					

KPI met	●
KPI not met	●

Funding Impact Statement

		2016/2017 LTP Budget \$000	2017/2018 LTP Budget \$000	2017/2018 Actual \$000
Operating Funding				
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties		0	0	0
Targeted rates		2,492	2,573	2,411
Subsidies and grants for operating purposes		0	0	0
Fees and charges		0	0	0
Internal charges and overheads recovered		0	0	0
Interest and dividends from investments		0	0	0
Local authorities fuel tax, fines, infringements fees and other receipts		5	5	32
Total Operating Funding	A	2,497	2,578	2,443
Applications of Operating Funding				
Payments to staff and suppliers		919	946	821
Finance costs		264	249	249
Internal charges and overheads applied		329	343	316
Other operating funding applications		0	0	0
Total Applications of Operating Funding	B	1,512	1,538	1,386
Surplus/ (deficit) of Operating Funding	A-B	985	1,040	1,057

Capital Funding

Sources of Capital Funding				
Subsidies and grants for capital expenditure		0	0	0
Development and financial contributions		0	0	0
Increase/(decrease) in debt		(270)	(285)	(285)
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
Total Sources of Capital Funding	C	(270)	(285)	(285)
Capital Expenditure				
Application of capital expenditure:				
- to meet additional demand		0	0	0
- to improve the level of service		312	168	0
- to replace existing assets		289	485	326
Increase/ (decrease) in reserves		114	102	445
Increase/ (decrease) in investments		0	0	0
Total applications of Capital Funding	D	715	755	772
Surplus/ (deficit) of Capital Funding	C-D	(985)	(1,040)	(1,057)
Funding Balance	((A-B)+(C-D))	0	0	0

Core Asset Disclosure

	2017				2018			
	Closing Book Value \$000	Assets Constructed \$000	Assets Vested \$000	Replacement Cost \$000	Closing Book Value \$000	Assets Constructed \$000	Assets Vested \$000	Replacement Cost \$000
Treatment plants and facilities	12,004	58	0	14,310	12,881	74	0	20,951
Other assets	12,791	467	0	26,374	15,790	153	0	29,014
Total	24,795	525	0	40,684	28,671	227	0	49,965

STORMWATER

What do we do?

- Stormwater management systems are an integrated set of procedures and physical assets designed to manage the surface runoff from urbanised catchments.
- Council manages open drain stormwater systems in Hector, Ngakawau, Seddonville, Granity, Waimangaroa, Westport, Carters Beach and Reefton. In addition there is a piped stormwater system in Westport.
- Sections of the Westport piped sewer system and all of the Reefton piped sewer system also convey stormwater.
- In Punakaiki, the only stormwater drain is maintained by NZTA as part of their roading network. In other townships, such as Mokihinui or Little Wanganui, there are no formal stormwater systems at all - stormwater simply soaks to ground naturally.

Why are we involved in this activity?

- Council provides stormwater systems to manage surface water runoff from urbanised catchments in a way that achieves a balance between the level of protection and the cost to the community.

How do we contribute to Strategic Goals and Community Outcomes?

- The most significant outcome supported by the provision of stormwater systems is a healthy community. Uncontrolled stormwater runoff can be destructive and represent an immediate risk to life.
- Stormwater systems promote prosperous and sustainable communities, through the minimisation of stormwater damage and the protection of the environment.

Statement of Service Performance

- Stormwater that is disposed of in the wastewater pipes have resulted in areas of Westport where wastewater systems could not be used during rainfall events. Modelling of the wastewater system will determine areas of the town where additional stormwater separation will be required. No residential houses were inundated.
- Reconstruction of Derby Street involving upgrades of the stormwater system began in March 2011. This upgrade was a long term project and Council planned to upgrade underground services and reconstruct the road two blocks per annum to ensure that the costs are spread out over a period of time for the ratepayers. This project has now been completed.
- During the year an additional stormwater system in Gladstone St was begun as well as an open drain in Eastons Rd to be piped, with physical completion for both due in late 2018.
- Following the Cyclone Fehi storm surge, a significant amount of waterblasting was undertaken to ensure stormwater mains and laterals were clear.

Levels of Service

The overall corporate goals and legislative requirements have been translated into a number of more specific target performance standards:

- To ensure that all stormwater systems have sufficient capacity to meet the reasonable needs of the consumers.
- To ensure that stormwater within urbanised areas does not contribute to cross boundary flooding for events up to 10% AEP (1 in 10 year event).
- To ensure that stormwater within urbanised areas does not enter dwellings for events up to 2% AEP (1 in 50 year event).
- To ensure that secondary flow paths are identified for events exceeding the capacity of the primary systems.
- To ensure that stormwater systems are maintained at or beyond the minimum capacity required.
- To ensure that stormwater systems are managed in a cost-effective manner.
- To ensure that stormwater discharges are managed in an environmentally sensitive manner.

It can be costly to undertake the necessary investigations to quantify what the capacity of an existing system actually is, and there can be significant costs associated with upgrading that capacity. Therefore, while it is appropriate to apply these performance standards to all new stormwater systems, a more pragmatic approach is taken towards the management of existing stormwater systems.

Specifically, all existing stormwater systems are simply maintained to their original design capacity. Additionally, when all of the following conditions exist, the actual capacity of existing stormwater systems need not be calculated:

- The system has operated for over 30 years without significant flooding.
- The system has operated for over 30 years without significant damage.
- The system has operated for over 30 years to the satisfaction of the community.

Site specific investigations are undertaken when the existing capacity is not considered acceptable to the individual community. Any upgrade options are considered based on risk and benefit/cost considerations.

Significant Variance Explanations in Comparison to the 2015-2025 Long Term Plan (LTP)

- There were no significant operating variances to the Long Term Plan.

Significant Capital Expenditure






To improve the level of service



- No variance

To replace existing assets

- Renewals were less than budgeted in the LTP due to staff required on other urgent projects including water.

Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
Provide adequate stormwater capacity.	Mandatory Performance Measure 1:			
	a) The number of flooding events that occur in Council's systems.	No target has been established as flooding events are outside the control of Council.	2017/2018: there was 1 stormwater flooding events recorded from service requests (stormwater ponding within roadways is a regular occurrence because they are secondary flow paths) - target met. 2016/2017: there were 3 stormwater flooding events recorded from service requests (stormwater ponding within roadways is a regular occurrence because they are secondary flow paths) - target met.	
	b) For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to Council's stormwater systems).	No more than five houses inundated by stormwater flooding per event.	2017/2018: no houses inundated - target met. Housing inundation from Cyclone Fehi storm surge is not included in the above figure as this inundation was not related to a stormwater system failure 2016/2017: no houses inundated - target met.	
Dispose of stormwater with the minimal environmental impact.	Mandatory Performance Measure 2:			
	Compliance with Council's resource consents for discharge from its stormwater system measured by the number of:			
	a) Abatement notices;	Nil	2017/2018: nil (2016/2017: nil).	
	b) Infringement notices;	Nil	2017/2018: nil (2016/2017: nil).	
c) Enforcement orders; and	Nil	2017/2018: nil (2016/2017: nil).		
d) Convictions received by Council in relation to those resource consents.	Nil	2017/2018: nil (2016/2017: nil).		
	Mandatory Performance Measure 3:			
The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.	Within 1 hour	2017/2018: Four service requests for flooding events were attended to within 1 hour, with the median response time being 1 hour - target met. 2016/2017: no service requests to attend flooding events - target met.		
	Mandatory Performance Measure 4:			
The total number of complaints received by Council about the performance of the stormwater system, expressed per 1,000 properties connected to Council's stormwater system.	5 complaints per 1,000 properties	2017/2018: 0.63 complaints per 1,000 properties were received, all regarding surface flooding - target met. 2016/2017: 1.2 complaints per 1,000 properties were received, all regarding surface flooding - target met.		

KPI met	
KPI not met	

Funding Impact Statement

		2016/2017 LTP Budget \$000	2017/2018 LTP Budget \$000	2017/2018 Actual \$000
Operating Funding				
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties		480	483	498
Targeted rates		0	0	0
Subsidies and grants for operating purposes		0	0	0
Fees and charges		0	0	0
Internal charges and overheads recovered		0	0	0
Interest and dividends from investments		0	0	0
Local authorities fuel tax, fines, infringements fees and other receipts		5	5	0
Total Operating Funding	A	485	488	498
Applications of Operating Funding				
Payments to staff and suppliers		128	131	102
Finance costs		26	25	24
Internal charges and overheads applied		92	97	102
Other operating funding applications		0	0	0
Total Applications of Operating Funding	B	246	253	228
Surplus/ (deficit) of Operating Funding	A-B	239	235	270

Capital Funding

Sources of Capital Funding				
Subsidies and grants for capital expenditure		0	0	0
Development and financial contributions		0	0	0
Increase/(decrease) in debt		(23)	(24)	(24)
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
Total Sources of Capital Funding	C	(23)	(24)	(24)
Capital Expenditure				
Application of capital expenditure:				
- to meet additional demand		0	0	0
- to improve the level of service		46	0	0
- to replace existing assets		170	211	42
Increase/ (decrease) in reserves		0	0	204
Increase/ (decrease) in investments		0	0	0
Total applications of Capital Funding	D	216	211	246
Surplus/ (deficit) of Capital Funding	C-D	(239)	(235)	(270)
Funding Balance	((A-B)+(C-D))	0	0	0

Core Asset Disclosure

	2017				2018			
	Closing Book Value \$000	Assets Constructed \$000	Assets Vested \$000	Replacement Cost \$000	Closing Book Value \$000	Assets Constructed \$000	Assets Vested \$000	Replacement Cost \$000
Stormwater drainage	9,575	187	0	18,598	10,993	47	0	21,999
Total	9,575	187	0	18,598	10,993	47	0	21,999

SOLID WASTE

What do we do?

- The Solid Waste activity provides for the collection, transfer and final disposal of waste materials generated by households and businesses within the district.
- Council entered into a 10 year contract with Smart Environmental Ltd (SEL) to provide Solid Waste services. These include the collection and disposal of residual refuse and recycling, the management of the transfer stations and the transportation of residual waste to a landfill. The contract provides for wheelie bins encouraging recycling and thereby reducing residual refuse. The bag and wheelie bin and crate system are a more environmentally sustainable waste system for Zone 1 residents.
- Council also contracted out the operation of the transfer stations and recovery parks in Westport and Reefton to SEL. These sites are used by all District residents and businesses for the disposal of separated recyclable materials, household waste and garden waste.
- Council also operates two active landfills at Karamea and Maruia.
- Council provides the aftercare of Council's closed landfill sites (Birchfield, Westport, Charleston, Inangahua, Reefton, Springs Junction and Ikamatua) and monitors groundwater quality at these sites as required under resource consent conditions.
- Council also has a role in facilitating waste minimization behaviours within communities. This is put into effect by providing resources for education programmes into schools about sustainability and waste minimization. Support is also provided to businesses to develop more sustainable practices.

Why are we involved in this activity?

- Facilitating the provision of a kerbside collection for household refuse and recycling, plus providing waste disposal and materials diversion services helps maintain the quality of life in the District, facilitates waste minimisation through re-use, recycling and recovery protecting the environment.
- Provision of the service also minimises illegal dumping of refuse.

How do we contribute to Strategic Goals and Community Outcomes?

This activity supports the following community outcomes:

Well-being

- By facilitating the collection and disposal of refuse.

Environment

- By facilitating collecting and disposing of refuse in a safe, efficient and sustainable manner that maintains district natural and aesthetic values.
- The solid waste disposal minimises risk of waste being inappropriately or dangerously disposed of.
- By providing safe collection and disposal of refuse by encouraging waste minimisation.

Learning

- Provide programmes to schools and the community on waste care and reduction.

Prosperity

- By meeting commercial needs for dealing with waste.

Statement of Service Performance

Contracted Approach to Solid Waste

- The contracted approach to Solid Waste has reduced the amount of refuse being transported to Nelson by 30%.
- Council has continued its education around recycling regularly reminding residents as to what can be recycled via the bin and glass crate.

Karamea and Maruia

- Karamea and Maruia continue to operate within budgets.
- There is a very effective solid waste community group formed at Karamea who work in conjunction with Council staff to optimise the use of the landfill and recycling opportunities.

Bulk Recycling Containers

- Council contracted out the construction of 3 bulk recycling containers to service Punakaiki and Springs Junction. These recycling facilities will be in operation during the 2018-2019 year.

Significant variance explanations in comparison to the 2015-2025 Long Term Plan (LTP)

Payments to staff and suppliers

- The variance to the LTP of \$58,000 is due to the increase in waste minimisation costs \$32,000 and consultants fees \$24,000.

Internal charges and overheads applied

- Savings in overheads allocated due to less expenditure in those areas that attract overheads than budgeted.

Significant capital expenditure

To replace existing assets

- The variance of \$56,000 is mainly due to increased expenditure on bulk recycling bins which were budgeted in the Annual Plan but not in the LTP.

Funding Impact Statement

		2016/2017 LTP Budget \$000	2017/2018 LTP Budget \$000	2017/2018 Actual \$000
Operating Funding				
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties		317	350	337
Targeted rates		677	693	653
Subsidies and grants for operating purposes		36	37	43
Fees and charges		0	0	0
Internal charges and overheads recovered		0	0	0
Interest and dividends from investments			0	0
Local authorities fuel tax, fines, infringements fees and other receipts		88	90	90
Total Operating Funding	A	1,118	1,170	1,123
Applications of Operating Funding				
Payments to staff and suppliers		793	840	898
Finance costs		81	79	56
Internal charges and overheads applied		152	162	119
Other operating funding applications		0	0	0
Total Applications of Operating Funding	B	1,027	1,081	1,073
Surplus/ (deficit) of Operating Funding	A-B	91	89	50
Capital Funding				
Sources of Capital Funding				
Subsidies and grants for capital expenditure		0	0	0
Development and financial contributions		0	0	0
Increase/(decrease) in debt		(61)	(65)	(62)
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
Total Sources of Capital Funding	C	(61)	(65)	(62)
Capital Expenditure				
Application of capital expenditure:				
- to meet additional demand		0	0	0
- to improve the level of service		0	0	0
- to replace existing assets		22	8	64
Increase/ (decrease) in reserves		7	16	(76)
Increase/ (decrease) in investments		0	0	0
Total applications of Capital Funding	D	30	24	(12)
Surplus/ (deficit) of Capital Funding	C-D	(91)	(89)	(50)
Funding Balance	((A-B)+(C-D))	0	0	0

IN-HOUSE PROFESSIONAL SERVICES

What do we do?

- The In-house Professional Services Unit provides engineering services to support the maintenance and development of Council infrastructure.
- This includes the preparation of contracts for roading, water, wastewater, solid waste and property, amenities and reserves. They monitor the performance of contractors and issue instructions for work found necessary as a result of requests for service and comments from ratepayers.

Why are we involved in this activity?

- An in-house professional services unit allows Council to access engineering services on a cost effective basis. In-house expertise assists the efficient management of Council roading and other infrastructure assets.

How do we contribute to Strategic Goals and Community Outcomes?

This activity supports the following community outcomes:

Well-being

- By monitoring the condition of Council assets and issuing requests for maintenance on time.

Sustainable Environment

- By monitoring landfills and wastewater treatment plants.

Prosperity

- By requesting necessary maintenance on time.

Statement of Service Performance

- The professional services business unit provided monthly updates to Council on contracts under their jurisdiction in a timely

Significant variance explanations in comparison to the 2015-2025 Long Term Plan (LTP)

Payments to staff and suppliers

- Salary costs were higher than budgeted due to recruitment of two staff which were not budgeted for in the LTP.
- The increase was needed to meet additional demands of the water infrastructure assets which require greater input due to repair and capacity issues.

Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
To provide engineering advice to Council and administer contracts.	Provide monthly reports on annual work programmes, monitor contract works and prepare monthly contract progress reports.	Prepare annual work programmes and monthly progress reports.	2017/2018: monthly reports were provided through Work Programme Plans - target met. (2016/2017: target met).	

KPI met	
KPI not met	

Funding Impact Statement

		2016/2017 LTP Budget \$000	2017/2018 LTP Budget \$000	2017/2018 Actual \$000
Operating Funding				
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties		0	0	0
Targeted rates		0	0	0
Subsidies and grants for operating purposes		0	0	0
Fees and charges		0	0	0
Internal charges and overheads recovered		813	832	873
Interest and dividends from investments		0	0	0
Local authorities fuel tax, fines, infringements fees and other receipts		0	0	0
Total Operating Funding	A	813	832	872
Applications of Operating Funding				
Payments to staff and suppliers		586	598	761
Finance costs		1	0	0
Internal charges and overheads applied		144	144	120
Other operating funding applications		0	0	0
Total Applications of Operating Funding	B	731	742	880
Surplus/ (deficit) of Operating Funding	A-B	82	90	(8)
Capital Funding				
Sources of Capital Funding				
Subsidies and grants for capital expenditure		0	0	0
Development and financial contributions		0	0	0
Increase/(decrease) in debt		(10)	(4)	(14)
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
Total Sources of Capital Funding	C	(10)	(4)	(14)
Capital Expenditure				
Application of capital expenditure:				
- to meet additional demand		0	0	0
- to improve the level of service		0	0	0
- to replace existing assets		0	0	24
Increase/ (decrease) in reserves		72	86	(46)
Increase/ (decrease) in investments		0	0	0
Total applications of Capital Funding	D	72	86	(22)
Surplus/ (deficit) of Capital Funding	C-D	(82)	(90)	8
Funding Balance	((A-B)+(C-D))	0	0	0

COMMUNITY SERVICES

What do we do?

Community Grants and Funding

- Council provides funding directly to community organisations, as well as managing the distribution of various government funding for the arts, sporting and youth initiatives.

Sports, recreation & cultural facilities & services

- Council transferred ownership of the Pulse Energy Recreation Centre (formerly the Solid Energy Centre) to Buller Recreation Ltd on 01 July 2009 for improved commercial focus. Council continues to contribute towards the provision of recreation and aquatic facilities for Buller.

Libraries

- Access to information is in a variety of formats including books, media and electronic databases. Buller District libraries promote life-long learning and support literacy. Information services are available during all opening hours with qualified staff available to help users to find the information they seek. Westport library operates 6 days a week and Reefton 5 days a week. Free internet access is provided through Aotearoa People's Network while downloadable audio books and eBooks are available via a library consortium.

NBS Theatre

- NBS Theatre complex provides a 350 seat auditorium and double cinema community facility (main cinema 55 seats, and the screen room provides seating for 22). The theatre is open 7 days a week with multiple movie screenings and the auditorium provides a great venue for live performances of all genres.

Reefton Cinema

- The Reefton Cinema screens a minimum of 4 days per week, increasing screenings during the school holidays as the need arises.
- A significant upgrade to the Reefton Community Centre and the Reefton Cinema has provided the cinema with 26 boutique seats and a total of 154 seats.

Communications

- Council continued to produce a bi-monthly newsletter that is delivered to all households in the Buller. The website is regularly updated to provide the most up-to-date information for our customers. Continuation of the e-newsletter 'Council Community Info' has provided more regular communication about Council's activities to subscribed users.

District promotion & tourism, event tourism & business support

- All four West Coast Councils have approved a West Coast Economic Development Strategy. This strategy is expected to be a spring-board for economic development. It is intended that DWC will provide a basic resource in the form of one fulltime resource, jointly funded by the West Coast Regional Council and DWC.
- In September 2015 Buller District Council employed a part time Business Facilitator to support Economic Development within the Buller region.

Why are we involved in this activity?

- A community is enhanced through the provision of services that deliver to the cultural and recreational needs of residents.
- These services are vital to the quality of life of residents and provide the infrastructure that enables the building of social, cultural and sporting associations within the community. The community also has a vital role to play in contributing to the district's success by being informed about and involved in decisions and projects.

How do we contribute to strategic goals and community outcomes?

This activity supports the following community outcomes:

Well-being

- Facilities allow people to play sport and achieve their fitness and recreational goals.
- Developing the community cohesion which supports mental and social well being.

Learnings

- Libraries assist with the development of lifelong learning and literacy.
- By providing performance space for use in artistic and cultural performance.
- By working with educational institutions on collaborative projects.

Prosperity

- By providing high quality community facilities to attract people to live and work in the Buller.
- By providing opportunities and funding that assist with tourism development and district promotion.

Who we are

- By the provision of community grants to support community organisations.

Sustainable Environment

- By providing an environment that reflects the lifestyle that is expected by residents, visitors and Central Government.

Statement of Service Performance

Grants

- In 2017/2018 Council distributed \$150,000 in base, contestable and national representation grants through the Buller District. A further \$22,000 of Central Government funding was distributed in the district by the Buller District Council.

NBS Theatre

- The NBS Theatre held numerous live shows throughout 2017/2018. The venue continues to support and be supported by local groups and schools, with all local schools having used the venue, either for shows or award ceremonies.
- Some of the local highlights for 2017/2018 were Beryl Collins School of Dance's Christmas concert, the annual Westport Performing Arts Competitions and Buller Country Music 'Best of the West' awards, with people competing from all around New Zealand as well as Buller Community Singers and local events/performance from local schools. A number of promoters from outside the district and Australia also brought shows to Westport, including international star Wilson Dixon and an Auckland promoter with a children's magic show that was a sell out.
- A local children's theatre group has been formed and is providing weekly acting and theatre lessons at the venue, which ensures that the young people of the district have an opportunity to experience the theatre etiquette and opportunities that a theatre can offer.
- The NBS Theatre continues to be the venue of choice for 2 health professionals which hire the venue on a weekly basis.
- The NBS Theatre is a member of EVANZ (Event Venues Association of New Zealand), which provides more visibility for the venue. Because of the increased visibility of the NBS Theatre we are now seeing acts coming all around New Zealand from Australia to perform in Westport.
- The NBS Theatre fulfills an important role in helping to facilitate fundraising for local community groups and schools. This, in turn, assists with advertising movies in the community.
- The NBS Theatre is versatile in that all three areas (Auditorium, Bill Moffitt Cinema and the Fred Gregory Screen Room) can all be used simultaneously. The cinema is open seven days a week with new release films being screened in Westport as soon as they are available to the rest of New Zealand.
- The NBS Theatre is a Ticket Direct venue, and all live performances are sold through this system. By partnering with Ticket Direct, the NBS Theatre is able to sell tickets for all genres and shows throughout New Zealand. This provides an additional income stream through a commission received on each ticket sold.
- The Theatre fulfills an important role in the community with local groups and businesses looking to the Theatre for meeting space, and the many other options that the venue can offer.
- The Fred Gregory Screen room upgrade from an e-cinema format to a DCP cinema was delayed during 2017/2018 due to circumstances outside the theatre's control, however the update should be fully completed by December 2018. This will give the venue the ability to transfer movies to the smaller cinema when they are coming to the end of their season and patron numbers are smaller, giving the theatre the opportunity to have more variety of titles screening.

Libraries and Aotearoa Peoples Network (APNK)

- The Library continues to be a place that is well used and visited by the community. With the increased use of technology Libraries are having to evolve. Along with the regular services we offer our customers, we have introduced three new apps into the libraries. These are Press Reader, Libby and Borrow Box. This allows our customers to access

quality magazines, newspapers, eBooks and eAudio books online. E-content compliments our hard-copy collection and ensures that the needs of how our users like to access information is met. The Buller District Libraries have partnered with other libraries to form a buying consortium for e-content. This has allowed us to keep our costs down and meant that our customers do not miss out because of our population size.

- The Library has also recently partnered with SPARK Jump to help provide modems to families who do not currently have access to internet in their home. This has proven to be a popular service so far and is making a difference by helping reduce the digital divide. Both Libraries provide Wi-Fi access through the APNK service. We are still seeing a regular use of the computers that are provided and an increased use of the Wi-Fi. Wi-Fi access is 24/7 and meets the needs for our users to access the internet, if they are working shifts or communicating with friends or family who live in different time zones. There are security cameras outside the Library. However, we have had no behavioral issues so far and our customers would like this 24/7 service to continue.
- The meeting room is being used for a range of purposes. Internally it is used for our Tuesday club which has over 30 children attending on a weekly basis. Children have the opportunity to socialize over a range of board games, craft activities, and even robots! We have seen many children and families access and use the library during this time that traditionally wouldn't have. Externally the meeting room is booked throughout the year through NGOs and businesses creating extra revenue for the library.
- Lifelong Learning for Curious Minds, book clubs and a writing group occur monthly and have an excellent following. Every month we offer our customers the chance to participate in different celebrations such as Maori language week, Conservation week, Mental Health Awareness week. Through activities and displays we keep our customers interested and engaged with our collection. We also provide school holiday activities and our very popular Reading to Dogs service for children.
- We regularly communicate with our customers through social media, newsletters and now through a weekly spot on the local radio. Customers have access to a suggestion box which is used to inform staff on improvements they would like to see in the Libraries and/or book suggestions.

Economic Development

- The part time Economic Development Facilitator has continued to promote large industrial projects that may replace extractive industries and transform the Buller Economy. The successful submission to MBIE in 2017 for a New Zealand Minerals to Materials Research (NZIMMR) facility although based in Greymouth opens opportunities for production in Buller around exemplar projects such as carbon foam, rare earth elements, magnets and lasers.
- The Waste to energy project is progressing and may become the overarching industrial project for the Buller economy.
- The Ngakawau Restoration project has been 10 years under discussion with treasury and is currently seeking funding and assistance from the Provincial Growth Fund.
- The Biofuel Roadmap and the Hydrogen Economy are projects that link strongly with central government policy, the Vivid Economics report and the Productivity Commission report.
- These potential game changing energy projects may allow Buller to escape the "end of energy Supply Chain Syndrome" and become self sufficient in energy supply.
- The hydrogen Economy links with other large potential projects such as coal to urea.
- Projects such as fish farming, aquaculture, horticulture, coastal erosion systems and blockchain technology are under PGF consideration and may diversify the Buller economy moving forward

Significant variance explanations in comparison to the 2015-2025 Long Term Plan (LTP)

Payments to staff and suppliers

- Council took over Harbour operation part way through the year with additional unbudgeted harbour expenses of \$185,000, employment costs were higher than the LTP had anticipated.

Finance costs

- Interest costs were \$309,000 lower than budgeted for on the debt that is related to the Pulse Energy Recreation Centre. This is due to lower interest rates than anticipated and lower cost of finance due to a new debt facility with LGFA which was not taken into account in the LTP.

Internal charges and overheads applied

- Savings in overheads allocated including IT and Corporate Services due to less expenditure in those activities than budgeted.

Other operating funding applications

- Payment of grants over the period that were not budgeted for in the LTP.

Significant capital expenditure

To improve the level of service

- The Waterfront Project has not progressed due to flood protection planning for Westport which may impact the design of the Waterfront Project. \$420,000 has been budgeted towards the project.

To replace existing assets

- There was unbudgeted LTP expenditure of urban streetscape and district signage of \$267,000 offset by the Reefton Community Centre reroof not required as this was carried out as part of the project last year of \$62,000. There was also a library book underspend of \$18,000 and NBS assets underspend of \$20,000. In addition Council purchased assets off Westport Harbour Limited of \$1.2m which was not budgeted for in the LTP.

Increase/(decrease) in debt

- Loans for the Waterfront project of \$420,000 plus reroof of the Reefton Community Centre have not been drawn down as Waterfront Project has not progressed as expected and the Reefton Community Centre capital of \$63,000 relating to the loan was drawn down in 2017. In 2018 loans totaling \$264,000 were drawn down as per the Annual Plan for makeover and district signage






Lump sum contributions

- Sponsorship of \$35,000 for NBS theatre was not included in the LTP.

Purchase of Westport Harbour Ltd assets

- Council purchased land and buildings off Westport Harbour Ltd during the year. The unbudgeted cost was \$1.3m.

Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
Community Services and Facilities				
To provide services and facilities that meet information, learning, recreational and cultural needs.	Pulse Energy Recreation Centre:			
	Provision of sport and recreation via the Pulse Energy Recreation Centre and the Reefton swimming pool.	Statements of Intent are submitted annually and approved by Council.	2017/2018: Statements of Intent were submitted and approved by Council 2016/2017: target met.	
	Library:			
	Number of active members of libraries	Maintain or increase (0-4%)	2017/2018: 2,628 active members, a decrease of 0.3%. 2016/2017: 2,636 active members, a decrease of 5.2%.	
NBS Theatre:				
	Number of performing arts events, exhibitions and shows per year	Number of cinema screenings per week - 26 on average.	2017/2018: 29 screenings on average per week. 2016/2017: 28 on average per week.	
		Number of performances/shows in auditorium – 30 days per year.	2017/2018: 30 days per year. 2016/2017: 32 days per year.	
Communications				
To keep the community informed.	Community engagement - provision of information to community	Distribution of communications as required	2017/2018: printed newsletters are distributed to every household in Buller every two months and available on Council's website; media released are distributed as required. 2016/2017: distribution of electronic newsletters to subscribers, printed newsletters are distributed to every household in Buller every two months and media releases as required.	

KPI met 

KPI not met 

Funding Impact Statement

		2016/2017 LTP Budget \$000	2017/2018 LTP Budget \$000	2017/2018 Actual \$000
Operating Funding				
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties		3,884	3,929	3,594
Targeted rates		0	0	0
Subsidies and grants for operating purposes		21	21	23
Fees and charges		0	0	0
Internal charges and overheads recovered		0	0	0
Interest and dividends from investments		0	0	0
Local authorities fuel tax, fines, infringements fees and other receipts		438	450	454
Total Operating Funding	A	4,343	4,400	4,072
Applications of Operating Funding				
Payments to staff and suppliers		1,891	1,892	2,172
Finance costs		1,140	1,185	876
Internal charges and overheads applied		531	532	474
Other operating funding applications		468	469	588
Total Applications of Operating Funding	B	4,029	4,078	4,110
Surplus/ (deficit) of Operating Funding	A-B	314	322	(38)
Capital Funding				
Sources of Capital Funding				
Subsidies and grants for capital expenditure		0	0	0
Development and financial contributions		0	0	0
Increase/(decrease) in debt		278	377	277
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		535	400	435
Other dedicated capital funding		0	0	0
Total Sources of Capital Funding	C	813	777	712
Capital Expenditure				
Application of capital expenditure:				
- to meet additional demand		0	0	0
- to improve the level of service		50	421	0
- to replace existing assets		505	166	1,330
Increase/ (decrease) in reserves		571	512	(657)
Increase/ (decrease) in investments		0	0	0
Total applications of Capital Funding	D	1,127	1,099	673
Surplus/ (deficit) of Capital Funding	C-D	(314)	(322)	38
Funding Balance	((A-B)+(C-D))	0	0	0

GOVERNANCE AND REPRESENTATION

What do we do?

- Council is an elected body that provides a governance structure for effective leadership, advocacy and accountable stewardship of the Council's assets and resources.
- Council is made up of ten elected Councillors, the Mayor and the Inangahua Community Board. They are supported by a Chief Executive and staff.

Why are we involved in this activity?

Council provides systems for making decisions for the overall benefit of the community, for both current and future generations, and supports:

- The decision making process
- Monitoring of performance
- The functions of the Inangahua Community Board
- The way in which the community can have input into the Council's decisions
- Representation of the community's interests

Under the Local Government Act 2002, our statutory roles are:

- To enable democratic local decision making and action by and on behalf of the people of the Buller District
- To promote the social, economic, environmental and cultural wellbeing of the Buller District, in the present and in the future

Council develops strategies and policies which set the direction for the future of the Buller District Council by including the democratic and decision making processes of Council such as informing the public, generating feedback and involving people in the decision making process.

Statement of Service Performance

Advocating for the District

- Council identified the importance of advocating for the district and its residents based on the premise that well presented solutions get the attention and consideration by Government and other organisations. Rather than accepting proposed initiatives from central government, Council proactively worked to get the best result for the district during the year. Participation in the Provincial Growth Fund, Integrated Family Health Care facility, Freedom Camping, Three Waters, West Coast Road Transport Plan, Punakaiki Master Plan, One District Plan, West Coast Regional Council LTP, Flooding and Coastal Erosion are a few examples of Council advocacy.
- Council has continued to work on behalf of its constituents to advocate for a number of new initiatives such as Waste to Energy, Kawatiri Westport – Charleston Track, Reefton Powerhouse Project and anticipates results in the not too distant future.
- The roll-out of broadband through the installation of fibre is now underway in Reefton and will continue throughout areas in the Buller District. This is due to advocacy and work with MBIE and Crown Fibre Holding.

Local Government By-Election

- A by-election was held in February 2018 for the Seddon Ward resulting in Councillor Rosalie Sampson being elected to Council.

Significant variance explanations in comparison to the 2015-2025 Long Term Plan (LTP)

Payments to staff and suppliers

- There was an incorrect classification in the LTP budget of \$100,000 of internal rent to Payments to staff and suppliers instead of to internal charges and overheads applied. The correct variance amount of \$78,000 should take account of this error. The variance is primarily made up of unbudgeted salary expenses for a position in this area not provided for in the LTP of \$33,000, legal expenses associated with employment \$17,000 And by-election expenses for the Seddon ward.







Internal charges and overheads applied



- An incorrect LTP budget classification of \$100,000 in internal costs that was explained above, impacts on the variance analysis of expenses in this area. The true variance, a saving of \$14,000 is not significant.

Significant capital expenditure

- There was no capital expenditure during the year.

Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
Co-ordination of annual budgeting and financial planning processes and preparation of Long Term Plan and Annual Plan.	Meet required statutory deadlines for adoption of required reports.	100%	2017/2018: Council met required statutory deadlines for the adoption of the 2018-2028 Long Term Plan. 2016/2017: target met.	
Customer satisfaction.	% of residents are satisfied with the information they receive from Council.	85%	2017/2018: a customer satisfaction survey was carried out in December 2017 with 75% of residents satisfied with the information they receive from Council. 2016/2017: no customer satisfaction survey was carried out.	
Transparency, accountability and accessibility to the public.	Full opportunity for public participation in Council meetings through availability of speaking rights and public forum.	Provide opportunities for public forum at each Council meeting.	2017/2018: public forum participation is advertised in advance of each monthly Council meeting - target met. 2016/2017: target met.	
	Minimum % of Council business conducted in open forum.	90%	2017/2018: 92% of Council's agenda items were discussed in the public arena. 2016/2017: 94%.	
	% of residents are satisfied that Council consults with them on important issues.	90%	2017/2018: 67% of residents are satisfied that Council consults with them on important issues. 2016/2017: no customer satisfaction survey was carried out.	
Co-operation with other agencies.	Full participation in the West Coast Mayors/Chairs and CEO meetings.	100%	2017/2018: 100%. 2016/2017: 100%.	

KPI met	
KPI not met	

Funding Impact Statement

		2016/2017 LTP Budget \$000	2017/2018 LTP Budget \$000	2017/2018 Actual \$000
Operating Funding				
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties		1,156	1,273	1,238
Targeted rates		0	0	0
Subsidies and grants for operating purposes		0	0	0
Fees and charges		0	0	0
Internal charges and overheads recovered		0	0	0
Interest and dividends from investments		0	0	0
Local authorities fuel tax, fines, infringements fees and other receipts		34	0	1
Total Operating Funding	A	1,190	1,273	1,239
Applications of Operating Funding				
Payments to staff and suppliers		539	606	584
Finance costs		0	0	0
Internal charges and overheads applied		651	667	753
Other operating funding applications		0	0	0
Total Applications of Operating Funding	B	1,190	1,273	1,337
Surplus/ (deficit) of Operating Funding	A-B	0	0	(98)
Capital Funding				
Sources of Capital Funding				
Subsidies and grants for capital expenditure		0	0	0
Development and financial contributions		0	0	0
Increase/(decrease) in debt		0	0	0
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
Total Sources of Capital Funding	C	0	0	0
Capital Expenditure				
Application of capital expenditure:				
- to meet additional demand		0	0	0
- to improve the level of service		0	0	0
- to replace existing assets		0	0	0
Increase/ (decrease) in reserves		0	0	(98)
Increase/ (decrease) in investments		0	0	0
Total applications of Capital Funding	D	0	0	(98)
Surplus/ (deficit) of Capital Funding	C-D	0	0	98
Funding Balance	((A-B)+(C-D))	0	0	0

CUSTOMER SERVICES AND SUPPORT SERVICES

What do we do?

The goal of Customer Services and Support Services is to be efficient, service orientated and accountable to Council and includes the following functions:

- Customer Service functions in Westport and Reefton
- Corporate Planning
- Financial and accounting operations
- Generation of Annual Plans, Long Term Plans and Annual Reports
- Rating operations and Rates Overhaul project
- Human Resources management
- Information Technology management
- General administration
- Health and safety compliance and legal counsel
- Monitoring and compliance of all Council Controlled Organisations
- Guidance and monitoring of Holding Company performance
- Asset management
- Management functions

Why are we involved in these activities?

The activity supports the functioning of all Council's activities and service provision.

How do we contribute to Strategic Goals and Community Outcomes

Support Services covers all the community outcomes as it provides the administrative and operational capacity to achieve them.

Statement of Service Performance

Rates Overhaul

- The present rates overhaul has been a long process. Back as far as 2012 the 2012-2022 Long Term Plan identified that a Rating Review was overdue. The existing system had evolved into a complex structure with multiple categories of ratepayers which gave rise to questions about equity and fairness.
- Council commenced the review in early 2014 and a draft rating policy and methodology was adopted by Council meeting in October 2014, and minor amendments were adopted at a special Council meeting in November 2014. The draft proposal was put before the community for consultation in December 2014 and January 2015. The outcome of community consultation process identified a number of areas which Councillors revisited in subsequent rates workshops. As a result Council worked on the Rates Overhaul Project during 2016/2017 and produced a capital model that it consulted with the community in late 2017. The model did not find community support and was not adopted in the 2018/28 Long Term Plan as proposed. Consequently in 2017/2018 Council has returned to land value as a rating base and is continuing the rates policy review with a review of the number of rating categories and differentials currently being carried out at balance date. The new proposal is now expected to be adopted for the 2019/2020 Annual plan

Rating impact on the closure of Holcim

- The closure of Holcim in June 2016 will affect the local economy moving forward. Although the closure had no impact on the distribution of rates in the 2016/2017 or the 2017/2018 year, the potential reclassification of both

Holcim's Cape Foulwind site and the port in Westport will mean the loss of rating income from these properties and redistribution of the shortfall across other rating sectors in the district. The effects of these factors have not impacted on this Annual Report.

Development West Coast funding

- In the 2017/2018 year Council received \$483,000 in grants from DWC which were proposed for economic development and had distributed \$555,000 of this at balance date.

Health & Safety

- During the year a new health and safety monitoring system was instituted throughout the organisation. This system is also used within Council's subsidiaries.

Significant variance explanations in comparison to the 2015-2025 Long Term Plan (LTP)

Subsidies and grants for operating purposes

- Development West Coast grants totaling \$483,000 were received on behalf of Council to redistribute. These funds were not budgeted for in the LTP. The grants relate to Economic Development Stimulus Fund.

Internal charges and overheads recovered

- Lower operational costs in Corporate Services and Information Technology departments have resulted in lower overheads required to be recovered.

Payments to staff and suppliers

- Variance explanations should take into account that \$126,000 of budgeted finance facility MOCL fees that were not included in the Finance costs budget in the 2015-2025 LTP but incorrectly included in Payments to staff and suppliers budget. Therefore the correct budget variance is \$27,000 for this area which is made up of a number of minor variances.

Finance costs

- As explained in the previous section, variance explanations should take into account that \$126,000 including budgeted MOCL fees, were not included in the Finance costs budget in LTP but incorrectly included in Payments to staff and suppliers budget. Therefore savings of \$178,000 were made in finance costs (not \$52,000 as shown in the Funding Impact Statement) which resulted from lower interest rates and Council benefiting from a change to a lower cost debt facility provided by the Local Government Funding Agency.

Internal charges and overheads applied

- Savings in overheads allocated including IT and Corporate Services due to less expenditure in those activities than budgeted.

Other operating funding applications

- Development West Coast grants totaling \$555,000 were distributed by Council on behalf of DWC but were not budgeted for in the LTP. The grants relate to the Economic Development Stimulus Fund.

Significant capital transactions

To replace existing assets

- There are no significant variances when compared to the LTP. Increase/(decrease) in debt
- A number of internal loans for vehicles were paid in full in 2017 but were still included in the LTP.

Gross Proceeds from the Sale of Assets

- Sale of motor vehicles totaling \$47,000 was not provided for in the LTP.

Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
Prioritise and manage operating expenditure and capital expenditure.	Provision of timely and accurate information to the Finance and Audit Committee on all key financial operations for further action.	Monthly reports to the Finance and Audit Committee to monitor and proactively address variances.	2017/2018: monthly reports are provided in a timely and accurate manner - target met. 2016/2017: target met as required.	
To reduce the incidence of work related accidents and to ensure that Council complies with Health and Safety legislation.	Compliance with Health and Safety policies and legislation: Health and Safety at Work Act 2015; Employment Relations Act 2000.	Setup systems, procedures and policies to comply with legislation.	2017/2018: policies and management systems reviewed and updated, new software system 'Vault' introduced for reporting accidents, incidents and observations under Health and Safety Legislation. 2016/2017: update to health and safety manual was contracted out, ultimately moving toward shared services with other Coast Council's. The ACC audit was carried out and Primary status was awarded.	

KPI met	
KPI not met	

Funding Impact Statement

		2016/2017 LTP Budget \$000	2017/2018 LTP Budget \$000	2017/2018 Actual \$000
Operating Funding				
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties		230	221	299
Targeted rates		0	0	0
Subsidies and grants for operating purposes		0	0	484
Fees and charges		0	0	0
Internal charges and overheads recovered		4,314	4,401	4,010
Interest and dividends from investments		0	0	0
Local authorities fuel tax, fines, infringements fees and other receipts		76	87	70
Total Operating Funding	A	4,619	4,709	4,862
Applications of Operating Funding				
Payments to staff and suppliers		3,183	3,308	3,209
Finance costs		150	147	95
Internal charges and overheads applied		983	981	856
Other operating funding applications		0	0	555
Total Applications of Operating Funding	B	4,316	4,436	4,715
Surplus/ (deficit) of Operating Funding	A-B	303	273	147
Capital Funding				
Sources of Capital Funding				
Subsidies and grants for capital expenditure		0	0	0
Development and financial contributions		0	0	0
Increase/(decrease) in debt		(43)	(45)	0
Gross proceeds from sale of assets		0	0	47
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
Total Sources of Capital Funding	C	(43)	(45)	47
Capital Expenditure				
Application of capital expenditure:				
- to meet additional demand		0	0	0
- to improve the level of service		0	0	0
- to replace existing assets		120	139	76
Increase/ (decrease) in reserves		140	89	118
Increase/ (decrease) in investments		0	0	0
Total applications of Capital Funding	D	260	228	194
Surplus/ (deficit) of Capital Funding	C-D	(303)	(273)	(147)
Funding Balance	((A-B)+(C-D))	0	0	0

PROPERTY

What do we do?

Amenities and Reserves

- Council provides and maintains active and passive recreational facilities in the Buller District to meet community and environmental needs.
- These include parks, reserves and sports facilities.

Public Toilets

- Public toilet facilities are provided by Council at Westport, Reefton, Fox River, Springs Junction and Waimangaroa.
- Council assists in the provision of toilet facilities in Karamea, Granity, Carters Beach, Inangahua Junction, and Ikamatua.

Property Management

- Council owns and manages a number of properties and buildings throughout the district, providing sites, services and venues for community needs.

Cemeteries

Council operates the following cemeteries:

- Orowaiti
- Mokihinui
- Reefton – Suburban
- Council assists the Karamea Cemetery Trust
- Council maintains closed cemeteries at Charleston and Boatmans - Reeton
- Council provides adequate land and plots to meet the district's burial needs.

Punakaiki Beach Camp

- The Punakaiki Beach Camp is located in a picturesque setting on the beach, and adjoins the Paparoa National Park.
- The camp provides 10 various sized cabins, 32 powered sites and 30 tent sites. The camp has now been leased to a private operator for a term of twenty years. BDC are working with the Lessee to improve the facilities for expected tourism growth and demand on the camp.

Pensioner Housing

Council provides 45 housing units for the elderly:

- 4 in Karamea
- 15 in Reefton (1 unit currently placed into care and maintenance).
- 26 in Westport

Why are we involved in these activities?

- The provision and maintenance of parks and reserves create a pleasant environment in which to live, work and play, which is an important part of the vision for the district.
- The provision of public toilet facilities assists with promoting the health and well-being of the district and environment for the public and visitors.
- Jointly funding with other agencies allows the public access to facilities at an acceptable cost.

How do we contribute to Strategic Goals and Community Outcomes?

This activity supports the following community outcomes:

Well-being

- By ensuring our parks and reserves are attractive, healthy and safe.
- By offering opportunities for people to contribute to projects that improve our district's environment.

Environment

- By offering opportunities for people of all fitness levels to enjoy our district's environment.

Learning

- By providing the opportunity to learn through social interaction and recreation.

Prosperity

- By contributing to the district's image and attracting businesses, skills and tourism.
- By focusing on future growth for the district and community.

Who are we?

- By supporting and organising community events and providing people with opportunity to interact with different communities. By creating a unique and positive image of the district.

Significant capital expenditure for the year

- Public Toilets – Fox River and North Beach new toilets
- Cultural Hub/Museum – New roof on Coaltown/I-Site facility
- Mix of budgets – Urban Revitalisation developments / 7 Day Makeover and streetscape improvements.
- Clock tower – Stairway upgrade to tower clock which was required for health and safety purposes.
- Peel Street Depot – Specialist engineering advice for contaminated ground remediation. Options including onsite test drilling, sample analysis and reporting. Development of land repurposing.

Significant variance explanations in comparison to the 2015-2025 Long Term Plan (LTP)

Local authorities fuel tax, fines, infringements fees and other receipts

- Higher lease and property income than budgeted for including Punakaiki Camp and other property leases account for the increase in income when compared to the LTP.

Payments to staff and suppliers

- There were unbudgeted costs associated with Holcim purchase investigations of \$66,000. Additional rates and contributions towards Punakaiki Camp for a rock protection wall provided by the regional council accounted for \$44,000 and \$70,000 respectively.

Significant Variances to Capital expenditure

To improve the level of service

- The \$63,000 variance was capital expenditure for Reserves which was incorrectly categorised at improving levels of service instead of replacing existing assets in the LTP.

To replace existing assets

- Taking account of the \$63,000 error in asset classification in the LTP budget, replacement of assets was \$730,000 more than budgeted. Construction of unbudgeted toilet facilities accounted for \$280,000, Other Property \$180,000 (including harbour building purchases), Domain Board capital expenditure of \$115,000, Coaltown reroof of \$82,000, Brougham House \$33,000, Peel St Yard \$36,000. This was offset by Pensioner housing reroof \$91,000 and Clocktower office upgrade \$81,000 which were not carried out as planned in the LTP.









Subsidies and grants for capital expenditure.

- There was an unbudgeted capital subsidy of \$263,000 received for public toilets.


Increase/(decrease) in debt

- There was a loan budgeted for the Clocktower upgrade of \$80,000 which was not drawn down.

Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
Parks and reserves				
To provide parks and reserves that meet community and environmental needs.	% checks on contractors standard of maintenance on active recreation areas.	95%	2017/2018: 100% checks were undertaken on the maintenance contracts and defects were notified to and/or by the contractor and remediated. 2016/2017: 100%, checks were undertaken on the maintenance contracts, with any defects notified to the contractor who then remediated.	
	Weekly safety and maintenance inspections of playground equipment.	100%	2017/2018: 100% safety checks completed on all playground equipment and defects notified to and/or by the contractor and remediated. The contractor provided records of proof on a monthly basis. 2016/2017: 100%, the contractor completed weekly safety checks on all playground equipment	
Housing for the elderly				
Provide affordable, well maintained elderly housing.	% of occupancy of elderly persons housing.	90%	2017/2018: 98.5%. 2016/2017: 98.5%.	
	% of customer satisfaction on provision of elderly persons housing.	80%	2017/2018: 37 questionnaires were returned from 45 units, with a satisfaction rate of 83.5% received. 2016/2017: 41 questionnaires were returned from a total of 45 with a satisfaction rate of 88%.	
Cemeteries				
Provide and manage cemeteries that meet community needs.	Providing and managing cemeteries to provide for community health	Maintain cemetery facilities to the appropriate national standard in the Burials & Cemeteries Act 1964 with public records available on request.	2017/2018: cemetery facilities have been maintained to the appropriate national standard and public records are available on request. A new eco burial site was established at the Orowaiti Cemetery, Westport. 2016/2017: maintained cemetery facilities to the appropriate national standard with public records available on request.	
	To have sufficient plots available in all wards to meet current and future demands.	Providing adequate plots and land to meet the district's burial needs.	2017/2018: no extensions were required. Council is investigating options for a new eco burial site in Karamea. 2016/2017: no extensions required.	
Public toilets				
Provision of public toilets has health and economic benefits supporting local communities, businesses and visitor destinations.	Provide sufficient toilet facilities to meet the district's needs.	Facilities are cleaned, inspected and maintained to a serviceable standard.	2017/2018: facilities were inspected, cleaned and maintained to safe and acceptable standards. Contracts are in place for appropriate monitoring, cleaning and servicing of all Council toilet facilities through the Buller district. Two new facilities were established in 2017/2018, at Westport North Beach and Fox River. 2016/2017: facilities were inspected, cleaned and maintained to an acceptable standard, with the main toilets inspected and cleaned daily, the other toilets inspected and cleaned 2 or 3 times a week depending on season and usage. The Springs Junction toilets were cleaned a minimum of twice daily due to high traffic volumes post Kaikoura earthquake when SH1 was closed.	
Council properties				
Managing Council property to enable service delivery and safety for its users.	Maintain and administer Council properties for its users.	100% of service requests responded to in 10 working days.	2017/2018: 100% of service requests were responded to within 10 working days. Council properties providing public services are managed to ensure compliance and safety for the users. 2016/2017: 100%.	

KPI met 

KPI not met 

Funding Impact Statement

		2016/2017 LTP Budget \$000	2017/2018 LTP Budget \$000	2017/2018 Actual \$000
Operating Funding				
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties		1,304	1,427	1,455
Targeted rates		0	0	0
Subsidies and grants for operating purposes		0	0	0
Fees and charges		0	0	0
Internal charges and overheads recovered		384	401	373
Interest and dividends from investments		0	0	0
Local authorities fuel tax, fines, infringements fees and other receipts		1,133	1,181	1,261
Total Operating Funding	A	2,821	3,009	3,089
Applications of Operating Funding				
Payments to staff and suppliers		1,968	1,986	2,223
Finance costs		81	76	59
Internal charges and overheads applied		364	391	402
Other operating funding applications		0	0	0
Total Applications of Operating Funding	B	2,413	2,453	2,684
Surplus/ (deficit) of Operating Funding	A-B	408	556	405
Capital Funding				
Sources of Capital Funding				
Subsidies and grants for capital expenditure		0	0	263
Development and financial contributions		0	0	0
Increase/(decrease) in debt		(75)	1	(75)
Gross proceeds from sale of assets		0	0	146
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
Total Sources of Capital Funding	C	(75)	1	334
Capital Expenditure				
Application of capital expenditure:				
- to meet additional demand		0	0	0
- to improve the level of service		112	63	0
- to replace existing assets		74	183	976
Increase/ (decrease) in reserves		147	311	(237)
Increase/ (decrease) in investments		0	0	0
Total applications of Capital Funding	D	333	557	739
Surplus/ (deficit) of Capital Funding	C-D	(408)	(556)	(405)
Funding Balance	((A-B)+(C-D))	0	0	0

COUNCIL CONTROLLED ORGANISATIONS

The following pages set out in detail each of Council's Controlled Organisations:

**Council's
Controlled
Organisations:**

Westport Airport
Buller Holdings Limited
WestReef Services Limited
Buller Recreation Limited
Westport Harbour Limited
Tourism West Coast (Associate)

WESTPORT AIRPORT

The Airport is owned jointly by the Crown and the BDC. The BDC operates the airport, under the provisions of the Airport Authorities Act 1966, on behalf of the partnership as a business unit of the BDC which is set up as the Westport Airport Authority.

Objective

- To operate a safe and efficient airport facility and assist in the provision of air services for visitors and stakeholders alike.
- To maintain the Airport's assets and infrastructure at a level compliant with our CAA Part 139 certification status.
- To operate as close as possible to a commercial business offering cost effective value for the ratepayer investment.
- To pursue any commercial undertakings at the Airport that will complement the Airport operation and increase the level of economic activity

Nature and Scope of Activities

Under the Joint Venture Deed for Buller District Council is responsible for:

- The general management, administration and maintenance of the airport.
- Compliance with all relevant legislation, including the Airport Authorities Act, the Civil Aviation Act, the Health and Safety at Work Act and all related Acts and Regulations.
- Regular reviews and development of landing charges and submission to the Minister of Transport for approval.
- Collection of landing charges.
- The close liaison with airport users to meet their requirements.

The commentary below is a summary of the Westport Airport Authority's 2017/2018 audited financial statements:

Performance Commentary (against Statement of Intent)

- Operating Revenue for the Westport Airport Authority was \$53,010 higher than budgeted, predominately due to a greater number of flights than anticipated in the budget including flights and service charges by the principal service provider, Sounds Air Travel and Tourism Limited.
- Operating Expenditure was \$50,171 more than budgeted. This was primarily attributed to increases in employment related costs due turnover in flight servicing staff. There were minor variances in maintenance and running costs that offset each other. Interest costs of \$2,047 were incurred (2017: \$7,226) but not budgeted due to the current account which was overdrawn for the majority of the financial year.
- The Capital Budget allowed for \$5,000 to improve fencing. This budget was not spent during the year as there were several items of unbudgeted capital expenditure. New signage costing \$530, building ventilation fans \$680, and CCTV cameras in the car parking area \$830 were installed. A new ride on mower was required, cost being \$15,740 and a new bird scarer gun \$1,062 was purchased, a total of \$18,842 of asset purchases for the period.

Significant variance explanations in comparison to the 2015-2025 Long Term Plan (LTP)

Payments to staff and suppliers

- \$45,000 variance due to higher employment costs brought about to cover staff leave and absences during the year.

Performance Targets

The joint venture performance is judged against the following measures:

Financial Performance	Actual 2017/2018 \$	AP Budget 2017/2018 \$	Actual 2016/2017 \$	AP Budget 2016/2017 \$
Operating revenue	241,762	188,750	214,746	191,000
Operating expenditure	405,967	355,796	363,831	318,439
Net profit (loss)	(169,861)	(167,044)	(149,085)	(127,439)
Capital expenditure	18,842	5,000	8,379	10,000

Ratio of Shareholder Funds to total assets

The forecast ratio of shareholder funds to total assets:

Actual 2017/2018	AP Budget 2017/2018	Actual 2016/2017	AP Budget 2016/2017
99%	94%	99%	88%

Shareholder funds are represented by Total Equity. Total assets is total current and non current assets not including any liabilities.

Funding Impact Statement

		2016/2017 LTP Budget \$000	2017/2018 LTP Budget \$000	2017/2018 Actual \$000
Operating Funding				
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties		59	57	84
Targeted rates		0	0	0
Subsidies and grants for operating purposes		0	0	0
Fees and charges		0	0	0
Internal charges and overheads recovered		0	0	0
Interest and dividends from investments			0	0
Local authorities fuel tax, fines, infringements fees and other receipts		98	100	121
Total Operating Funding	A	157	157	205
Applications of Operating Funding				
Payments to staff and suppliers		87	88	131
Finance costs		0	0	1
Internal charges and overheads applied		15	15	15
Other operating funding applications		0	0	0
Total Applications of Operating Funding	B	102	103	147
Surplus/ (deficit) of Operating Funding	A-B	54	54	58
Capital Funding				
Sources of Capital Funding				
Subsidies and grants for capital expenditure		0	0	0
Development and financial contributions		0	0	0
Increase/(decrease) in debt		0	0	0
Gross proceeds from sale of assets		0	0	1
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
Total Sources of Capital Funding	C	0	0	1
Capital Expenditure				
Application of capital expenditure:				
- to meet additional demand		0	0	0
- to improve the level of service		0	0	0
- to replace existing assets		0	0	10
Increase/ (decrease) in reserves		54	54	49
Increase/ (decrease) in investments		0	0	0
Total applications of Capital Funding	D	54	54	59
Surplus/ (deficit) of Capital Funding	C-D	(54)	(54)	(58)
Funding Balance	((A-B)+(C-D))	0	0	0

BULLER HOLDINGS LIMITED

The nature and scope of Buller Holdings Limited is to provide a holding company structure for the ownership of selected Council assets and investments.

Buller Holdings Limited provides a commercial focus in the governance and administration of these assets, enabling more effective management of Council's commercial activities therefore allowing for maximum returns on behalf of the ratepayers..

Objective

To operate as a successful business and to be guided by the following principles:

- Financial performance;
- Service;
- Employee relations; and
- Safety and environment.

Nature and Scope of Activities

- The nature and scope of Buller Holdings Limited is to provide a holding company structure for the ownership of selected Council assets and investments.

Financial Targets and Results

Description	Budget 2017/2018 \$000	Actual 2017/2018 \$000
Group revenue	12,447	16,822
Group expenditure	12,866	15,937
EBITDA	950	2,210
Provision for capex	509	1,225
Return on revenue	(3.0%)	1.3%
Distribution	910	1,653

Financial Results

Group:



- In the 2017/2018 year the group generated an EBITDA (earnings before interest, taxation, dividends and amortisation) of \$2.2m (2016/2017: \$1.7m). This is an improvement on last years good result.
- A subvention payment of \$450,000 was payable on 30 June 2018.

Subsidiary Companies:

- WestReef Services Ltd has had another strong year generating revenue of \$14.6m (2016/2017: \$12.0m).
- In the past WestReef has had a strategy of continually growing competitively tendered works, and this now paying off with 64% of total revenue competitively procured this year (2016/2017: 61%).
- Buller Recreation Ltd again performed better than the previous for the year and generated a loss before taxation of \$539,000 (2016/2017: \$543,000).
- Average membership numbers reduced slightly from the previous year in both the Swim Star swim school and the fitness centre but was still above target.
- Westport Harbour Ltd was wound up during the year and put into voluntary liquidation. Assets were sold to Buller District Council for \$1.2m.

Key Performance Indicators

Performance Measure	Target	Achievement 2018	Achievement 2017	Achieved
Operational	The Board of Directors will meet with the Buller District Council CCO Committee on a formal basis a minimum of three times per year and at other times by request.	The Board has met with the CCO Committee five times on board meeting days: 15 August 2017, 27 September 2017, 12 December 2017, 18 February 2018 and 27 June 2018.	The Board met with the CCO Committee five times on board meeting days: 16 August 2016, 27 September 2016, 27 April 2017, 23 May 2017 and 29 June 2017. A planning day was attended on 22 February 2017.	
	The Buller Holdings' Chief Executive will provide a formal and/or informal report to Council as requested.	Three quarterly reports were provided as scheduled.	Three quarterly reports were provided when requested	
	The Chief Executive of Buller Holdings will meet with the Chief Executive of Buller District Council when requested.	Although no formal meetings were requested, the Chief Executives were in regular contact.	The Chief Executives met six times during the year.	
Safety	Total recordable injury frequency rate per 1,000,000 hours	0.0 injury frequency.	New measure in 2018.	
	Nil serious harm incidents to customers or staff	0 - achieved.	New measure in 2018.	

KPI met	
KPI not met	

WESTREEF SERVICES LIMITED

WestReef Services Limited is 100% owned by Buller Holdings Limited.

Objective

To operate as a successful business and to be guided by the following principles:

- Financial performance;
- Service;
- Employee relations; and
- Safety and environment.

Nature and Scope of Activities

The nature and scope of WestReef Services Limited's activities are to predominantly provide contracting services for physical works in the Buller Region and the West Coast of the South Island. Its activities include maintenance and construction services for:

- Roads and bridges;
- Parks and reserves (including associated facilities);
- Rural fire emergency response;
- Landfill sites;
- Roadside vegetation control;
- Response for road and civil defence emergencies;
- Utility services (water and sewerage reticulation);
- Vehicle workshop repairs;
- Refuse collection and kerbside recycling;
- Property maintenance.

How WestReef Services Limited performed?

- The 2017/2018 year continued growth throughout the company. Financially all departments performed well contributing to the overall success.
- Commercially this period has been the most successful in the company's history and it is pleasing to report that financial results for the year were again 'record setting' from the record result achieved in 2016/2017.
- Operating revenue generated for the period exceeded budget (\$9.8m) at \$14.6m representing a growth of 21% compared to the 2016/2017 year.
- The profit margin of 14% for the financial year is pleasing to report, a notable increase in profit realised for the year (\$2.03m vs \$1.75m in 2016/2017).
- Progression was maintained in the quantity of competitively tendered works with 64% of total revenue competitively procured (2016/2017: 61%).
- Company development and financial progress emanated from a number of sources from across the business throughout the year. Notably this included but was not limited to; the Transit NZ Network Outcomes Contract (NOC), BDC maintenance and capital works, as well as various DOC and Stockton Mine projects/contracts were also significant contributors.
- Highlights throughout the year included work on the 'Paparoa Track' construction project. This is a significant package of work and will provide a sustainable workload for the coming year as well. Other achievements included furthering our relationship with Stockton Mine. A relationship with the Old Ghost Road Trust (OGR) continues providing WestReef with sound skills, experience and capability to move confidently forward with other back country operations for any organisation.
- Considerable resources have continued to be invested in H&S processes, systems and culture within the organisation.
- WestReef retained/gained other accreditations including ACC Tertiary Status and TQS1.

Key Performance Indicators

Performance Measure	Target	Achievement 2018	Achievement 2017	Achieved
Financial	Revenue, expenditure and provision for Capex in line with the budget.			
	Revenue budget - \$9,771,000.	Revenue over budget (\$14,606,000).	New measure in 2018.	
	Expenditure budget - \$8,543,000.	Expenditure over budget (\$12,581,000).	New measure in 2018.	
	Capex budget - \$466,000.	Expenditure over budget (\$1,039,000). Additional spend required due to new projects and unforeseen plant upgrades.	New measure in 2018.	
	EBITDA > \$1,733,000.	\$2,571,000 - achieved.	New measure in 2018.	
	Net operating surplus (> \$1,228,000)	\$2,025,000 - achieved.	New measure in 2018.	
	13% of gross revenue before subvention payment.	14% - achieved.	15% - achieved.	
	Ratio of shareholder funds to total assets >60%.	73% - achieved.	New measure in 2018.	
	40% of revenue to be competitively procured.	64% - achieved.	691% - achieved.	
Quality	Renewal of TQS1 certification.	Achieved.	Achieved.	
Client satisfaction	Meet monthly with major clients and BDC engineers to obtain feedback on specific contract performance. Minimum of 12 meetings per year.	10 BDC contract meetings - achieved. 11 DOC contract meetings - achieved. NOC contract meetings - achieved.	12 BDC contract meetings - achieved NOC contract meetings - achieved.	
Community support	Support at least 15 community activities.	53 communities activities supported. Target was conservative.	42 community activities supported. Target was conservative.	
Environmental	Receive no enforcement notices.	Achieved.	Achieved.	
Employee satisfaction	Undertake a staff satisfaction survey every two years to provide feedback on staff engagement and to use as a benchmark for future years.	Staff engagement survey to be completed in September 2018. Survey format prepared.	Staff engagement survey was completed in 2016/2017.	
	Employee turnover < 15% per annum.	11.8% turnover - achieved. Relatively low turnover compared to national average of 18.8%.	New measure in 2018.	
	Hold weekly staff meetings with minutes kept.	Weekly 'toolbox meetings' were held with all departments - achieved.	Weekly 'toolbox meetings' were held with all departments - achieved.	
Safety	Total recordable injury frequency rate per 1,000,000 hours.	27.54 injury frequency. Note that this measure is not relied upon within the industry.	New measure in 2018.	
	Lost time incidents target of zero.	1 - not achieved.	New measure in 2018.	
	Nil serious harm incidents to customers or staff.	0 - achieved.	New measure in 2018.	

KPI met	
KPI not met	

WESTPORT HARBOUR LIMITED (in liquidation)

From 1 September 2005 the operation of the Westport Harbour and the management of the harbour assets have been carried out by Buller Port Services Limited, a wholly owned subsidiary of Holcim (New Zealand) Limited (“Holcim”) pursuant to a Harbour Management Agreement between the Council and Holcim dated 16 March 2006 (“the HMA”).





The term of the HMA expired on 31 August 2010 and with effect from the expiry of the HMA Westport Harbour Limited has operated the Harbour in accordance with agreed service levels.



On 01 September 2010 Council sold land and buildings to Westport Harbour Limited and in consideration Buller Holdings Limited issued 1,118,000 shares to Council with a par value of \$1.00. The remainder of the port assets were leased to Westport Harbour Limited.

In 2017/2018 the directors of Westport Harbour Limited resolved to put the company into voluntary liquidation. The port assets which included land and buildings was subsequently sold back to Buller District Council during the year at market value of \$1.2m. Other minor assets were purchased by Westreef Limited. Council took over operation of the port and harbour from 1 April 2018.

Additional information on performance of the discontinued operation up until the transition to Council can be found in Note 31.

Key Performance Indicators

Performance Measure	Target	Achievement 2018	Achievement 2017	Achieved
Financial performance	Pre-tax operating surplus before dredge slip/maintenance of at least 9% of gross revenue.	As the entity has gone into liquidation and the operations have been transferred to BDC, this information is unavailable.	Not achieved.	
Service performance	Safely maintain by dredging: A bar depth of >2.0m at chart datum (>2.8m for prior year).	As the entity has gone into liquidation and the operations have been transferred to BDC, this information is unavailable.	Not achieved - average bar depth average of 2.6m. 11 recorded depths less than 2.8m.	
	Sufficient depths for vessel requirements at wharves and jetties within the Harbour.	As the entity has gone into liquidation and the operations have been transferred to BDC, this information is unavailable.	Achieved - regular soundings to support vessel requirements.	
Safety	To maintain a comprehensive system of health and safety procedures.	As the entity has gone into liquidation and the operations have been transferred to BDC, this information is unavailable.	Achieved - Maritime NZ approved Safety Management System.	
	Nil serious harm incidents to customers or staff.	No incidents to report.	Achieved	
Environment	Avoid harm to environment as consequence of port operations.	No incidents to report.	Achieved - one incident of an oil spill reported to WCRC in October 2016.	
	Maintain a high quality response to managing any environmental damage under the direction of the West Coast Regional Council.	As the entity has gone into liquidation and the operations have been transferred to BDC, this information is unavailable.	Achieved - Maritime NZ Tier 1 oil spill contingency and response plans reviewed. Quarterly equipment checks completed.	

KPI met	
KPI not met	

BULLER RECREATION LIMITED

Council incorporated a Council Controlled Organisation, Buller Recreation Limited, which is 100% owned by Buller Holdings Limited.

In the Council meeting held on 24 June 2009, Council agreed to transfer the Pulse Energy Recreation Centre to Buller Recreation Limited effective 1 July 2009.

In the meeting of 23 September 2009 Council ratified the purchase and sale documents for the sale of the assets to Buller Recreation Limited. The sale was concluded and Council received 17,570m shares in Buller Holdings Limited, valued at \$17.57m, and transferred the assets to Buller Recreation Limited.

Objective

To operate as a successful business and to be guided by the following principles:

- Financial performance;
- Service;
- Employee relations; and
- Safety and environment.

Nature and Scope of Activities

The nature and scope of the company's activities are to provide accessible sport, recreation and event services and facilities to residents and visitors to the Buller District of New Zealand.

Its activities will include provision of services for:

- Recreational swimming and learn to swim programmes
- Aquatic sports events
- Indoor court sports competitions and events
- Fitness centre programmes and classes
- Outdoor turf sports

The Directors will consider opportunities from time to time with regard to other types of activities or expanding the reach of the Buller Recreation Limited for the provision of services outside of the centre's physical location.

How Buller Recreation Limited performed?

- A positive 12 months for Buller Recreation Ltd (BRL) with memberships declining slightly and a positive financial result being achieved.
- The Swim Star swim school continued to run strongly with the teaching team working with local schools to help provide quality swim education through the schools swim programmes
- The swim school has seen quite a turnover of staff, but this has resulted in some of the team taking up more responsibility for the day to day running of the Swim Star programme.
- The fitness side of BRL has gone well. Tribe and yoga continues to have a good following.
- Over the last 12 months the investment in better equipment and building improvements has been maintained including a new pool heat pump.
- The Reefton Pool had another great season with the right balance between daily opening hours and season duration being achieved. Operating for all of the two summer terms has enabled holiday programmes to utilise the facility across three holiday periods. The Reefton team have continued to provide quality swim lessons for the children up there.

Key Performance Indicators

Performance Measure	Target	Achievement 2018	Achievement 2017	Achieved
Financial	Revenue, expenditure and provision for Capex in line with the budget.			
	Revenue budget - \$656,000 (excluding management fees).	Revenue over budget (\$751,000).	Revenue on budget (\$681,000).	
	Revenue budget - \$656,000 (including management fees).	Revenue over budget (\$755,000).	Revenue on budget (\$681,000).	
	Expenditure budget - \$2,146,000.	Expenditure over budget (\$2,191,000).	Expenditure on budget (\$2,125,000).	
	Capex budget - \$43,000.	Expenditure over budget (\$145,000).	Expenditure over budget (\$72,000).	
	Net operating deficit <(\$589,000).	(\$476,000).	(\$491,000)	
	BDC service fee - \$901,000.	\$901,000.	\$901,000.	
	Ratio of shareholder funds to total assets >60%.	81% - achieved.	81% - achieved.	
Fitness membership	Average membership over 12 months of 455 members.	Average 449 - achieved.	Average 482 - achieved.	
	Average retention rate over 12 months >75%.	93.5% - achieved.	93% - achieved.	
Aquatic centre usage	Average 4,040 visits per month over 12 months.	Average 4,594 - achieved.	Average 4,753 - achieved.	
	Achieve 150 swimming students averaged over four swimming terms.	Average 140 - achieved.	Average 170 - achieved. Decrease from last year due to loss of swim instructor.	
Safety	Total recordable injury frequency rate per 1,000,000 hours.	0.0 injury frequency.	New measure in 2018.	
	Nil serious harm incidents to customers or staff.	Achieved - no serious harm incidents (as defined by Worksafe NZ) were recorded in the incident register during the year.	Achieved - no serious harm incidents (as defined by Worksafe NZ) were recorded in the incident register during the year.	
	Lost time incidents target of zero.	0 - achieved.	0 - achieved.	
Work environment	Hold meetings with all staff every four months.	Achieved - weekly meetings held with management and quarterly meetings held with Departments.	Not achieved - meetings held in February and September.	
	Review the succession plan for key positions and identify training needs and actions for the next 12 months.	Achieved - staff needs identified in annual reviews.	Achieved - consideration given at management meeting to skills and training required if personnel in key positions leave.	
	Complete annual review process with all staff to ensure staff are working to their full potential.	Achieved by July 2018.	Achieved.	
	Undertake a staff satisfaction survey every second year.	Due September 2018.	Achieved - 360 degree feedback survey carried out in December 2016.	
Asset Management Plan (AMP).	Maintain a comprehensive AMP and review annually.	Ongoing.	AMP reviewed and updated in September 2016.	

KPI met	
KPI not met	

TOURISM WEST COAST

Tourism West Coast is the official regional tourism organisation for the West Coast region.

The Board of Directors is made up of five members. The Buller District Council appoints one member, along with one each from the Westland District and Grey District Council's. The Council also provides annual funding to Tourism West Coast.

The other two members are appointed by Development West Coast from the tourism industry.


Objective


- Enhance the West Coast's basic promotional capabilities;
- Co-ordinate the work of development and promotional agencies.
- Secure long term funding; and
- Provide advisory and support services for the local tourism industry.

Nature and Scope of Activities

- Tourism promotional at a regional level.

Key Performance Indicators

Target	Result	Achieved
The Chairperson of the Board and Chief Executive of Tourism West Coast will address Council on an annual basis.	2017/2018: presentation completed to Council during Long Term Plan process. 2016/2017: presentation given at Annual Plan process.	
The Annual Report is to be presented to Council within two months of adoption.	2017/2018: TWC's Annual Report was not received within two months of adoption 2016/2017: not achieved within deadline.	

KPI met	
KPI not met	

FINANCIAL STATEMENTS

Contains:

- Statement of comprehensive revenue and expenses
- Statement of changes in equity
- Statement of financial position
- Statement of cashflows
- Council's funding impact statement

Statement of Comprehensive Revenue and Expenses for the year ended 30 June 2018

	Notes	Parent			Group	
		2017/2018 Actual \$000	2017/2018 AP Budget \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
CONTINUING OPERATIONS						
Operating Revenue						
General Rates	1	8,232	8,314	7,940	8,131	7,811
Targeted Rates (excluding Metered Water)	1	5,489	5,517	5,477	5,483	5,471
Metered Water Charges		217	204	200	217	200
Rate Penalties	1	121	150	139	121	139
Subsidies and Grants		5,044	4,442	4,690	5,044	4,690
Investment Income	2	1,091	1,546	2,709	618	559
Other Income	2	8	0	0	8	0
Development and Financial Contributions		52	105	44	52	44
Fees & Charges		3,146	3,091	3,051	11,179	9,419
Gain on Sale of Investment Property	12	0	0	20	0	20
Vested Assets		0	101	47	0	47
Profit on Sale of Assets		65	0	0	65	4
Gain on Derivative Contracts	16	0	0	413	0	413
Share in Profit (Loss) of Associate		0	0	0	3	3
Total Operating Revenue	3	23,465	23,470	24,730	30,921	28,820
Operating Expenditure						
Employment costs		4,756	4,658	4,688	10,775	9,946
Depreciation and amortisation		6,306	5,462	5,414	7,646	6,699
Finance costs		963	1,115	1,139	963	1,139
Other expenses		13,323	11,499	11,399	13,189	10,557
Loss on sale of assets	12	17	0	1	48	1
Assets written off		735	350	491	735	492
Loss on derivative contracts	16	294	0	0	294	0
Loss on revaluations of investment land	12	26	0	123	26	103
Loss on sale of investment property		6	0	6	6	6
Total Operating Expenditure	4	26,426	23,084	23,261	33,682	28,943
Net Surplus/(Deficit) before Taxation	5	(2,961)	386	1,469	(2,761)	(123)
DISCONTINUED OPERATIONS						
Surplus (deficit) for the year from discontinued operations		0	0	0	(143)	(335)
Net Surplus (Deficit) before Taxation		(2,961)	386	1,469	(2,904)	(458)
Income tax expense	6	0	0	0	(73)	260
Net Surplus/(Deficit) after Taxation		(2,961)	386	1,469	(2,831)	(718)
Other Comprehensive Revenue and Expenses						
Increase/ (decrease) in infrastructure revaluation reserves		26,350	0	0	27,722	0
Gain/ (loss) on investment recognised in asset revaluation reserve		0	0	3	0	3
Total Comprehensive Revenue and Expense		23,389	386	1,472	24,891	(715)

- Explanations of major variances against budget are provided in Note 29.
- The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2018

	Parent			Group		
	Notes	2017/2018 Actual \$000	2017/2018 AP Budget \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Equity as at 1 July		318,476	325,979	317,004	314,285	315,000
Total Comprehensive Income		23,390	386	1,472	24,891	(715)
Transactions with Owners recorded directly in Equity		0	0	0	0	0
Total Equity at End of Year		341,866	326,365	318,476	339,176	314,285
Components of Equity:						
Accumulated Funds	20	166,340	166,725	169,441	161,233	164,206
Reserves	21	5,549	5,385	4,992	5,549	4,992
Asset revaluation reserve	22	169,976	154,255	144,043	172,394	145,087
Total Equity as at 30 June		341,865	326,365	318,476	339,176	314,285

- Explanations of major variances against budget are provided in Note 29.
- The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2018

	Notes	Parent			Group	
		2017/2018 Actual \$000	2017/2018 AP Budget \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Current Assets						
Cash and Cash Equivalents	8	3,119	1,030	3,245	6,008	5,681
Trade and Other Receivables	9	4,088	4,858	4,518	4,421	4,278
Derivative Financial Instruments	16	0	0	0	0	0
Inventories		17	13	11	146	225
Other Current Assets	10	38	35	35	1	97
Short Term Investments		13,364	13,784	12,684	14,218	12,884
Assets Held for Sale	11	322	0	161	322	161
Total Current Assets		20,948	19,720	20,654	25,116	23,326
Non Current Assets						
Investment in Council Controlled Organisations	12	19,609	20,035	19,576	43	43
Other Investments	12	2,065	0	2,753	2,102	2,793
Investment Property	12	7,793	7,568	7,687	7,253	7,147
Infrastructural Assets	13	300,724	294,822	276,324	300,421	274,918
Other Non Current Assets	13	22,210	19,595	21,170	37,252	37,775
Derivative Financial Instruments	16	0	0	0	0	0
Deferred Tax	6	0	0	0	0	0
Intangible Assets	14	55	50	106	754	806
Total Non Current Assets		352,456	342,070	327,616	347,825	323,482
Total Assets		373,404	361,790	348,270	372,941	346,808
Current Liabilities						
Cash and Cash Equivalents	8	0	0	0	0	0
Trade and Other Payables	15	3,239	3,982	3,018	3,404	3,488
Derivative Financial Instruments	16	0	55	0	0	0
Tax Payable		0	0	0	0	0
Employee Benefits	17	585	451	580	1,121	1,222
Provisions	19	87	0	35	87	393
Current Portion of Borrowings	18	5,000	107	8,510	5,000	8,510
Total Current Liabilities		8,911	4,595	12,143	9,612	13,613
Non Current Liabilities						
Derivative Financial Instruments	16	1,050	1,100	756	1,050	756
Provisions	19	1,558	1,483	1,566	1,558	1,269
Bond Deposits		83	82	83	82	82
Employee Entitlements	17	163	140	246	232	273
Deferred Tax	6	0	0	0	1,457	1,530
Borrowings	18	19,774	28,025	15,000	19,774	15,000
Total Non Current Liabilities		22,628	30,830	17,651	24,153	18,910
Equity						
Accumulated Funds	20	166,340	166,725	169,441	161,233	164,206
Reserves	21	5,549	5,385	4,992	5,549	4,992
Asset Revaluation Reserve	22	169,976	154,255	144,043	172,394	145,087
Total Equity		341,865	326,365	318,476	339,176	314,285
Total Liabilities and Equity		373,404	361,790	348,270	372,941	346,808

- Explanations of major variances against budget are provided in Note 29.
- The accompanying notes form part of these financial statements.

Statement of Cashflows
for the year ended 30 June 2018

	Parent			Group	
Notes	2017/2018 Actual \$000	2017/2018 AP Budget \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Cashflows from Operating Activities					
Cash was provided from:					
Rates	14,016	13,981	13,533	13,910	13,398
Other Income	7,941	7,532	7,759	17,099	15,766
Interest Received	671	636	580	648	550
Tax Received	0	0	0	0	0
Dividends & Subvention Payments Received	1,195	1,220	1,317	0	0
	23,823	23,369	23,189	31,657	29,714
Cash was applied to:					
Payments to Suppliers and Employers	17,884	17,227	15,844	24,918	22,142
Interest Paid	971	1,115	1,048	992	1,058
Income Tax Paid	0	0	0	0	0
Net GST Movement	82	0	(6)	72	(7)
	18,937	18,342	16,886	25,982	23,194
Net Cash from Operating Activities	7	4,886	5,027	5,675	6,520
Cashflows from Investing Activities					
Cash was provided from:					
Disposal of Fixed Assets	188	100	113	1,708	145
Investment Realised	12,684	0	16,284	12,608	16,437
	12,872	100	16,397	14,316	16,582
Cash was applied to:					
Purchase of Fixed Assets	6,448	7,225	4,684	6,334	5,446
Purchase of Investments	12,700	535	18,009	13,253	17,568
Purchase of Intangibles	0	0	0	0	0
	19,148	7,760	22,693	19,587	23,014
Net Cash from Investing Activities	(6,276)	(7,660)	(6,296)	(5,271)	(6,432)
Cashflows from Financing Activities					
Cash was provided from:					
Loans Raised	9,774	2,585	0	8,434	0
Cash was applied to:					
Repayment of loans	8,510	107	70	8,511	70
Net Cash from Investing Activities	1,264	2,478	(70)	(77)	(70)
Net Increase/(Decrease) in Cash	(126)	(155)	(62)	327	18
Opening Cash as at 1 July	3,245	1,185	3,308	5,681	5,663
Closing Cash as at 30 June	3,119	1,030	3,245	6,008	5,681

- Explanations of major variances against budget are provided in Note 29.
- The accompanying notes form part of these financial statements.

Funding Impact Statement

		2016/2017 AP Budget \$000	2016/2017 Actual \$000	2017/2018 AP Budget \$000	2017/2018 Actual \$000
Operating Funding					
Sources of Operating Funding					
General rates, uniform annual general charge, rates penalties		8,006	7,940	8,314	8,232
Targeted rates		5,514	5,477	5,517	5,489
Subsidies and grants for operating purposes		2,216	2,734	2,249	3,076
Fees and charges		187	200	204	217
Interest and dividends from investments		1,523	2,709	1,546	1,091
Local authorities fuel tax, fines, infringements fees and other receipts		3,105	3,190	3,241	3,268
Total Operating Funding	A	20,551	22,249	21,071	21,373
Applications of Operating Funding					
Payments to staff and suppliers		14,733	15,116	15,590	16,936
Finance costs		1,219	1,139	1,115	963
Other operating funding applications		515	971	567	1,143
Total Applications of Operating Funding	B	16,467	17,226	17,272	19,042
Surplus/ (deficit) of Operating Funding	A-B	4,084	5,023	3,799	2,331
Capital Funding					
Sources of Capital Funding					
Subsidies and grants for capital expenditure		1,520	1,499	1,758	1,533
Development and financial contributions		100	44	105	52
Increase/(decrease) in debt		1,545	(70)	2,478	1,264
Gross proceeds from sale of assets		100	160	100	264
Lump sum contributions		535	458	435	435
Other dedicated capital funding		0	0	0	0
Total Sources of Capital Funding	C	3,800	2,091	4,876	3,548
Capital Expenditure					
Application of capital expenditure:					
- to meet additional demand		0	0	0	0
- to improve the level of service		1,823	1,048	2,798	532
- to replace existing assets		3,850	3,849	4,427	5,929
Increase/ (decrease) in reserves		2,069	2,817	1,315	(662)
Increase/ (decrease) in investments		142	(600)	135	80
Total applications of Capital Funding	D	7,884	7,114	8,675	5,879
Surplus/ (deficit) of Capital Funding	C-D	(4,084)	(5,023)	(3,799)	(2,331)
Funding Balance	((A-B)+(C-D))	0	0	0	0

- Explanations of major variances against budget are provided in Note 29.
- The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Contains:

- Note 1** ~ Rates Revenue
 - Note 2** ~ Investment Revenue
 - Note 3** ~ Operating Revenue
 - Note 4** ~ Operating Expenditure
 - Note 5** ~ Operating Surplus
 - Note 6** ~ Income Tax
 - Note 7** ~ Reconciliation of Net Surplus after Tax to Cashflows from Operating Activities
 - Note 8** ~ Cash and Cash Equivalents
 - Note 9** ~ Trade and Other Receivables
 - Note 10** ~ Other Current Assets
 - Note 11** ~ Non Current Assets held for sale
 - Note 12** ~ Investment in Council Controlled Organisations and Other Investments
 - Note 13** ~ Property, Plant and Equipment
 - Note 14** ~ Intangible Assets
 - Note 15** ~ Trade and other Payables
 - Note 16** ~ Derivative Financial Instruments
 - Note 17** ~ Employment Benefit Liabilities
 - Note 18** ~ Borrowings
 - Note 19** ~ Provisions
 - Note 20** ~ Accumulated Funds
 - Note 21** ~ Reserves
 - Note 22** ~ Assets Revaluation Reserves
 - Note 23** ~ Related Party Transactions and Balances
 - Note 24** ~ Council Subsidiaries, Associates and Joint Ventures
 - Note 25** ~ Statement of Commitments, Contingent Liabilities and Contingent Assets
 - Note 26** ~ Capital Management
 - Note 27** ~ Financial Instruments
 - Note 28** ~ Post Balance Date Events
 - Note 29** ~ Explanations of Major Variances against Budget
 - Note 30** ~ Insurance of Assets
-

Rates Revenue	2017/2018 Actual \$000	2016/2017 Actual \$000
General Rates	8,232	7,940
Targeted Rates attributable to Activities:		
Water	2,425	2,393
Refuse and Sanitation	3,064	3,084
Roading	0	0
Economic Development	0	0
Penalties	121	139
Total Revenue from Rates	13,842	13,556

		Parent	
Rates Remissions	Rates revenue is shown net of rates remissions, BDC's rates remission policy allows BDC to remit rates on sporting, culture and other community organisations.	2017/2018 Actual \$000	2016/2017 Actual \$000
Total Rates Revenue		13,905	13,620
Rates Remissions:			
Land used for sport		37	38
Land protected for historical or cultural purposes		26	26
Total Rates Remissions		63	64
Rates Revenue net of Remissions		13,842	13,556

The total amount of rates charged on Council-owned properties that have not been eliminated from revenue and expenditure is \$171,382 (2017: \$173,433). For the Group, rates of \$171,382 (2017: \$173,433) have not been eliminated.

Rating Base Information:

The rating base used to set the rates for 2017/18 were 7,459 rating units within the Buller District as at 30 June 2017. The total capital value of these rating units as at 30 June 2017 was \$2,290,029,430, of which \$1,180,165,200 consisted of land value.

(2016/2017: 7,472 rating units, capital value of \$2,522,317,700 which includes a land value of \$1,322,450,800).

Investment Revenue	Parent		Group	
	2017/2018	2016/2017	2017/2018	2016/2017
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Interest	1,235	1,186	1,213	1,157
Dividend & Subvention Income	450	2,121	0	0
	1,685	3,307	1,213	1,157
Less: Internal Interest	594	598	594	598
Total Investment Revenue	1,091	2,709	618	559

Other Revenue	Parent		Group	
	2017/2018	2016/2017	2017/2018	2016/2017
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Investment Loan Discount Amortisation Revenue/(Expense)	8	0	8	0
Donations	0	0	0	0
Sundry Income	0	0	0	0
Total Other Revenue	8	0	8	0

Operating Revenue	Parent			Group	
	2017/2018 Actual \$000	2017/2018 AP Budget \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Governance	1	0	44	1	44
Community Services	912	1,007	1,022	912	1,022
Regulatory Services	990	999	853	990	853
Amenities & Reserves	1,888	1,802	1,854	1,888	1,854
Roading & Urban Development	3,992	3,496	3,417	3,992	3,417
Solid Waste	786	780	816	786	816
Water Supplies	2,643	3,033	2,782	2,643	2,782
Wastewater	2,443	2,442	2,424	2,443	2,424
Stormwater	0	5	11	0	11
Airport	121	94	107	121	107
In House Professional Services	872	807	746	872	746
Support Services	4,563	4,237	4,538	4,563	4,538
	19,211	18,702	18,614	19,211	18,614
Plus:					
General Rates	8,232	8,314	7,940	8,131	7,811
Rates Penalties	121	150	139	121	139
Investment Income	1,091	1,546	2,709	618	559
Profit on Sale of Assets	65	0	0	65	10
Gain on Sale of Investment Property	0	0	20	0	20
Vested Assets	0	101	47	0	47
Sundry Income	8	0	0	8	0
Gain on Derivative Contracts	0	0	413	0	413
Gain on Revaluation of Investment Land	0	0	0	0	0
Group Income	0	0	0	8,027	6,356
Share in Profit/(Loss) of Associate	0	0	0	3	3
	28,728	28,813	29,882	36,184	33,972
Less: Internal Recoveries	(5,263)	(5,343)	(5,152)	(5,263)	(5,152)
Total Operating Revenue	23,465	23,470	24,730	30,921	28,820

Expenditure by Activity	Parent			Group	
	2017/2018 Actual \$000	2017/2018 AP Budget \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Governance	1,337	1,238	1,345	1,337	1,345
Community Services	4,110	3,911	3,843	4,110	3,843
Regulatory	1,874	1,862	1,751	1,874	1,751
Amenities & Reserves	2,684	2,503	2,308	2,684	2,308
Roading & Urban Development	4,235	3,789	3,839	4,235	3,839
Solid Waste	1,073	1,033	1,062	1,073	1,062
Water Supplies	2,230	1,882	1,716	2,230	1,716
Wastewater	1,386	1,488	1,497	1,386	1,497
Stormwater	228	274	277	228	277
Airport	147	121	129	147	129
In House Professional Services	880	768	825	880	825
Support Services	4,715	4,330	4,385	4,715	4,385
	24,899	23,199	22,977	24,899	22,977
Plus:					
Depreciation & Amortisation					
- Governance	0	0	0	0	0
- Community Services	338	320	346	338	346
- Regulatory	81	26	84	81	84
- Amenities & Reserves	583	568	552	583	552
- Roothing & Urban Development	3,018	2,652	2,598	3,018	2,598
- Solid Waste	81	82	79	81	79
- Water Supplies	899	626	688	899	688
- Wastewater	862	705	682	862	682
- Stormwater	246	210	202	246	202
- Airport	57	57	56	57	56
- In House Professional Services	8	11	8	8	8
- Support Services	133	205	118	133	118
- Group Depreciation	0	0	0	1,340	1,414
Other Group Expenses	0	0	0	5,978	3,923
Assets Written Off	735	350	491	735	856
Loss/(Gain) on Sale of Assets	17	0	1	(45)	1
Loss on Derivative Contracts	294	0	0	294	0
Loss on Revaluations of Investment Land	26	0	123	26	103
Loss on Sale of Investment Property	6	0	6	6	6
Less:					
Internal Recoveries	(5,263)	(5,343)	(5,152)	(5,263)	(5,152)
Internal Interest	(594)	(584)	(598)	(594)	(598)
Total Expenditure	26,426	23,084	23,261	33,682	28,943

Operating Surplus was determined after accounting for:	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Fees to Principal Auditor:				
Audit fees for financial statement audit	111	111	187	200
Audit fees for Long Term Plan	76	0	76	0
Audit fees (1/2 share WAA)	4	4	4	4
Grants and Donations Expense	1,089	987	1,089	987
Lease Income	515	604	344	332
Lease Expense	47	54	88	146
Movement in provision doubtful debts:				
Accounts Receivable	(17)	67	(243)	67

(i) Remuneration.	Parent	
	2017/2018 Actual \$000	2016/2017 Actual \$000
During the year to 30 June 2018 the total remuneration and value of non-financial benefits received by or payable to the Mayor, other Councillors and the Chief Executive of the Council were as follows:		
Chief Executive:		
K Marshall (commenced 12 June 2018)	15,000	0
Andy Gowland-Douglas (resigned 11 May 2018)	298,799	176,347
Craig Scanlon (acting CEO from 22 January 2016 to 31 July 2016)	0	14,581
Total Chief Executive:	313,799	190,928
Mayor:		
Garry Howard	77,649	76,617
Councillors:		
Lynn Brooks (resigned 25 August 2016)	0	3,331
Sheryl Rhind (to 12 October 2016)	0	5,189
Graham Howard (to 12 October 2016)	0	5,189
Andrew Basher (to 12 October 2016)	0	6,486
Gregory Hart	18,548	18,301
Dave Hawes	18,548	20,860
Robyn Nahr	21,497	20,362
Graeme Neylon	33,871	31,920
Sharon Roche	28,206	27,493
Philip Rutherford	24,664	22,770
Shayne Barry	18,548	13,112
Jamie Cleine	18,735	13,112
Martin Hill (to 13 October 2017)	4,558	13,112
Emily Miazga	18,548	13,112
Rosalie Sampson (commenced 22 February 2018)	6,865	0
Total Mayor and Councillors	290,237	290,966

(ii) Severance Payments

During the year to 30 June 2018 one severance payment totalling \$111,390 was paid to the former Chief Executive (2016/2017: no severance payments made).

(iii) Employee staffing levels and remuneration	2017/2018 Actual \$000	2016/2017 Actual \$000
Number of employees:		
Fulltime	37.0	42.0
Fulltime Equivalent of other employees	15.7	13.1

Buller District Council defines a full time equivalent employee as one that works a minimum of 40 hours per week. However there are a number of employees who work 37.5 hours per week under historic employment agreements in 2017/2018 there were 2 employees (2016/2017: 3 employees). These employees are regarded as full time employees for the purposes of this disclosure. At balance date the total number of employees employed by Council was 70 (2016/2017: 75)

Remuneration Levels

2017/2018					
	less than \$60,000	\$60,000 to \$79,999	\$80,000 to \$99,999	\$100,000 to \$179,999	\$180,000 to \$199,999
Number of Employees	42	12	9	7	0

2016/2017					
	less than \$60,000	\$60,000 to \$79,999	\$80,000 to \$99,999	\$100,000 to \$179,999	\$180,000 to \$199,999
Number of Employees	45	10	13	6	1

The Local Government Act (2002) requires that if the number of employees in a remuneration band is 5 or fewer then that band is combined with the next highest band. In 2017/2018 there were 5 or fewer employees in the \$100,000 to \$119,999, \$120,000 to \$139,999, \$140,000 to \$159,999 and \$160,000 to \$179,999 bands, hence inclusion of those employees in a \$100,000 to \$179,999 remuneration band.

(2016/2017: there were 5 or fewer employees in the \$100,000 to \$119,999, \$120,000 to \$139,999, \$140,000 to \$159,999 and \$160,000 to \$179,999 bands, hence inclusion of those employees in a \$100,000 to \$179,999 remuneration band).

Components of Tax Expense	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Current tax expenses	0	0	0	0
Adjustments to current tax in prior year	0	0	0	0
Deferred tax expenses	0	0	(73)	(260)
Income Tax Expense	0	0	(73)	(260)

Relationship between Tax and Accounting Profit	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Surplus/(Deficit) before Tax				
Surplus/(Deficit) Before Tax	(2,961)	1,617	(2,905)	(328)
Tax @ 28%	(829)	453	(813)	(92)
Non-Deductible Expenditure	0	0	55	0
Non-Taxable Revenue	313	(524)	686	387
Change in Building Depreciation	0	0	0	3
Prior Year Adjustment	0	0	(1)	(38)
Group Loss Offset	128	470	0	0
Temporary Differences Not Recognised	0	0	0	0
Tax Losses Not Recognised	388	(399)	0	0
Deferred Tax Adjustments	0	0	0	0
Tax Expense	0	0	(73)	260

Deferred Tax Assets/(Liabilities)

Parent	Property, Plant and Equipment	Employee Entitlements	Other Provisions	Tax Losses	Total
Balance at 1 July 2016	0	0	0	0	0
Credited to Profit & Loss	(154)	0	0	154	0
Balance at 1 July 2017	(154)	0	0	154	0
Credited to Profit & Loss	(29)	0	0	29	0
Charged to Equity	0	0	0	0	0
Balance at 1 July 2018	(183)	0	0	183	0

Group	Property, Plant and Equipment	Employee Entitlements	Other Provisions	Tax Losses	Total
Balance as at 1 July 2015	(2,083)	135	21	657	(1,270)
Credited to Profit and Loss	9	24	106	(399)	(260)
Balance at 1 July 2016	(2,074)	159	127	258	(1,530)
Credited to Profit and Loss	85	(20)	(102)	110	73
Charged to Profit and Loss	0	0	0	0	0
Balance at 1 July 2017	(1,989)	139	25	368	(1,457)

Additional disclosures

2017/2018: Council has not recognised deferred tax assets (2016/2017: nil) and tax losses of \$1,208,204 (2016/2017: \$372,844). This deferred tax asset has been recognised at the group level.

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Surplus/(Deficit) before Tax	(2,961)	1,469	(2,832)	(718)
Add/(Less) Non-cash Items				
Depreciation & Amortisation Expense	6,306	5,414	7,647	6,828
Impairment	0	0	0	0
Movement in Provisions	44	91	(17)	152
Movement in Deferred Taxation	0	0	(73)	260
Donated Assets	0	0	0	0
Other Non Cash Items	0	0	0	0
Vested Assets	0	(47)	0	(47)
Loan Amortisation	(8)	(0)	0	0
(Gains)/Losses on Derivative Financial Instruments	294	(413)	294	(413)
	6,636	5,045	7,851	6,780
Add/(Less) Items as Investing Activities:				
(Gains)/Losses on Disposal of Investment Property and PPE	(42)	(13)	(59)	(4)
Non Cash Movement in Fixed Assets	663	372	883	607
(Gains)/Losses in Fair Value of Investment Property	26	123	28	103
	647	482	852	706
Add/(Less) Movements in Working Capital Items:				
Trade and Other Receivables	430	(1,255)	(144)	(617)
Inventories	(6)	7	78	132
Other Current Assets	(4)	0	96	(56)
Trade and Other Payables	221	574	(84)	326
Employee Benefits	(78)	(19)	(142)	(33)
	563	(693)	(196)	(248)
Net Cash Inflow/(Outflow) from Operating Activities	4,885	6,303	5,675	6,520

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Cash at bank and in hand	3,119	3,245	6,008	5,481
Short term deposits maturing three months or less from the date of acquisition	0	0	0	200
Total cash and cash equivalents	3,119	3,245	6,008	5,681

■ The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Cash and bank overdrafts include the following for the purpose of the Cashflow Statements:				
Cash at bank and in hand	3,119	3,245	6,008	5,481
Short term bank deposits maturing within three months	0	0	0	200
	3,119	3,245	6,008	5,681

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Trade Receivables	1,591	1,595	2,460	2,655
Amounts due from Controlled Entities (excluding GST):				
WestReef Ltd	6	6	0	0
Buller Holdings Ltd	72	72	0	0
Buller Recreation Ltd	0	0	0	0
Buller Health Trust	0	0	0	0
Westport Harbour Ltd	0	20	0	0
Interest Receivable	67	97	67	97
Dividend / Subvention Receivable	458	1,203	0	0
Other Receivables:				
NZTA Rooding Subsidies	965	567	965	567
Rates Receivable	1,161	1,207	1,161	1,207
	4,320	4,767	4,653	4,526
Less:				
Provisions for doubtful debts	(232)	(249)	(232)	(249)
	4,088	4,518	4,421	4,278
Represented by:				
Current Portion	4,088	4,518	4,421	4,278
Term Portion	0	0	0	0
Buller District Council has classified the following receivables as exchange transactions	1,214	1,306	2,082	2,366
Buller District Council has classified the following receivables as non exchange transactions	2,874	3,212	2,339	1,911
	4,088	4,518	4,421	4,278

Fair Value

Trade and other receivables are non-interest bearing and receipt is normally on 30 day terms. The carrying value of trade, and other receivables (excluding loans to related parties and community loans) approximates their fair value.

Impairment

There is no concentration of credit risk with respect to receivables outside the group, as the group has a large number of customers.

Buller District Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place debts are discounted to the present value of future repayments.

These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale of lease or the rating unit.

	2017/2018			2016/2017		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Council						
Not past due	3,553	0	3,553	3,765	0	3,765
Past due 1-60 days	69	0	69	25	0	25
Past due 61-120 days	17	0	17	143	0	143
Past due > 120 days	681	232	448	764	249	515
Total	4,320	232	4,088	4,698	249	4,449

Group						
Not past due	3,618	0	3,618	3,556	0	3,556
Past due 1-60 days	95	0	95	56	0	56
Past due 61-120 days	19	0	19	144	0	144
Past due > 120 days	690	232	457	771	249	522
Total	4,421	232	4,189	4,527	249	4,278

Provision for Impairment:

The doubtful debt provision has been calculated based on expected losses for Council's pool of debtors. Expected losses have been determined based on an analysis of Council's losses in previous periods, and review of specific debtors as detailed below:

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Individual Impairment	232	249	232	249
Total Provision for Impairment	232	249	232	249

Individual Impairment:

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors are as follows.

	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
Past Due 1-60 days	0	0	0	0
Past due 61-120 days	0	0	0	0
Past due > 120 days	232	249	232	249
Total Individual Impairment	232	249	232	249

Movement in the provision for impairment of receivables are as follows:

	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
At 1 July	249	182	249	182
Additional provisions made during the year	0	67	0	67
Provisions reversed during the year	(17)	0	(17)	0
At 30 June	232	249	232	249

- Buller District Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired. Except for rates receivables when the Council has legislative powers to recover any outstanding debts.
- The carrying value of receivables that would otherwise be past due or impaired whose terms have been renegotiated is nil (2017: nil).

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Other current assets:				
Work In Progress	22	22	24	24
Prepayments	16	13	(23)	73
	38	35	1	97

As at 30 June 2018 the assets held for sale, being surplus to requirements are listed below.

2016/2017: Council had investment land, an item of plant and equipment and motor vehicles for sale.

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Non-current Assets held for sale are:				
Investment Property	118	102	118	102
Westport Transfer Station Portable Weighbridge	36	36	36	36
Motor Vessel	168	0	168	0
Motor Vehicles	0	23	0	23
	322	161	322	161

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Investment in CCOs				
Investment in CCOs (Buller Holdings Ltd)	17,202	17,093	0	0
Investment in CCOs (Loans to Subsidiaries)	2,364	2,440	0	0
Investments in other CCOs (NZ Local Government Insurance Corporation Ltd)	43	43	43	43
Total Investment in CCOs	19,609	19,576	43	43

Other Investments:

Investment in Associate	0	0	37	40
Term Deposits (maturity greater than one year)	1,638	2,315	1,638	2,315
DWC Community Loans	41	52	41	52
Bond Deposits	66	66	66	66
Borrower Notes LGFA	320	320	320	320
Total Other Investments	2,065	2,753	2,102	2,793

- Council subscribed for 109,149 of additional shares in Buller Holdings Limited in 2017/2018 for \$109,149 in cash payments. The equity was to be used to fund capital expenditure in Buller Recreation Limited (2016/2017: \$41,599 of additional shares acquired by Buller District Council).
- There was no impairment of investment in Buller Holdings in 2017/2018 (2016/2017: Buller District Council investment in Buller Holdings Limited was not impaired).

	2017/2018 Actual \$000	2016/2017 Actual \$000
Investments Acquired		
Investments acquired - shares issued by Buller Holdings Limited	109	42
Investments acquired (disposed of) - advances and loans	0	0
	109	42

- All loans to Council Controlled Organisations have been advanced at market interest rates. With the exception of a loan advance to Buller Recreation Limited (BRL) from Council which was loaned to Council from the Energy Efficiency and Conservation Authority (EECA) at nil interest. The loan was used for energy efficiency initiatives at the Pulse Energy Recreation Centre and was paid in full in 2017/2018.

	2017/2018 Actual \$000	2016/2017 Actual \$000
Movements in the carrying value of the EECA loan to BRL are as follows:		
At 1 July	76	146
Loans repaid during the year (principal and interest)	(80)	(80)
Unwind of discount and interest charged	4	10
At 30 June	0	76

- The fair value of loans to related parties in 2017/2018 is \$2,364,000 (2016/2017: \$2,440,000). Fair value has been determined using cash flows discounted at a rate based on market interest rates including an additional risk to take into account the specific risks of each loan. The interest rate on the loan of \$2,363,860 to Buller Holdings Ltd is 3.05%.

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Investment Property				
Balance at 1 July	7,688	7,977	7,147	7,416
Additions	300	0	300	0
Transfers to Non Current Assets Held for Sale	(64)	0	(64)	0
Disposals/Adjustments	(105)	(167)	(104)	(167)
Fair value gains/(losses) on valuation	(26)	(123)	(26)	(103)
Balance at 30 June	7,793	7,687	7,253	7,147

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Investment Property - Revenue and Expenses				
Rental Revenue from Investment Property	211	211	143	142
Direct Expenses of Income Generating Investment Property	36	36	36	36
Direct Expenses of Non-income Generating Investment Property	0	0	0	0

- Buller District Council investment properties are valued annually at fair value effective 30 June. All investment properties were valued based on open market evidence as at 30 June 2018. The valuation was performed by Quotable Value, an independent valuer. Quotable Value is an experienced valuer with extensive market knowledge in the types of investment properties owned by Council.
- As at 30 June 2018 there was one leasehold properties lodged at Council's solicitors pending completion of sale, this is disclosed in note 11. (2016/2017: nil).

Council 2018

Infrastructure Assets

	Cost/ Revaluation 01-07-17	Accumulated Depreciation	Carrying Amount 01-07-17	Current Year Addition	Current Year Disposals	Transfer (to)/from Assets Held for Sale	Accumulated Depreciation on Disposals	Current Year Depreciation / Impairment Charges	Elimination of Accumulated Depreciation on Valuation	Transfers /Others	Revaluation Gains	Cost/ Revaluation 30-06-18	Accumulated Depreciation 30-06-18	Carrying Amount 30-06-18
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land under roads	19,402	0	19,402	0	(6)	0	0	0	0	0	0	19,396	0	19,396
Sewerage	26,762	(1,967)	24,795	227	(82)	0	0	(850)	(1,967)	0	4,585	29,521	(850)	28,671
Stormwater	10,211	(631)	9,580	47	(10)	0	0	(246)	(631)	0	1,626	11,229	(246)	10,993
Roads and Bridges	201,670	(7,341)	194,329	1,857	(480)	0	0	(3,012)	(7,341)	0	17,794	213,496	(3,012)	210,484
Water supplies	27,479	(1,921)	25,558	1,318	(143)	0	0	(895)	(1,921)	5	2,345	29,081	(895)	28,186
Airport runway	206	(119)	87	0	0	0	0	(8)	0	0	0	206	(127)	79
Landfills/Transfer Stations	1,802	(712)	1,090	5	0	0	0	(67)	0	0	0	1,807	(779)	1,028
Wharves	1,999	(678)	1,321	0	0	0	0	(33)	0	0	0	1,999	(711)	1,288
Work in Progress	162	0	162	442	0	0	0	0	0	(5)	0	599	0	599
	289,693	(13,369)	276,324	3,896	(721)	0	0	(5,111)	(11,860)	0	26,350	307,344	(6,620)	300,724

Other Fixed Assets

	Cost/ Revaluation 01-07-17	Accumulated Depreciation	Carrying Amount 01-07-17	Current Year Addition	Current Year Disposals	Transfer (to)/from Assets Held for Sale	Accumulated Depreciation on Disposals	Current Year Depreciation / Impairment Charges	Elimination of Accumulated Depreciation on Valuation	Transfers /Others	Revaluation Gains	Cost/ Revaluation 30-06-18	Accumulated Depreciation 30-06-18	Carrying Amount 30-06-18
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	4,433	0	4,433	995	0	0	0	0	0	0	0	5,428	0	5,428
Leasehold Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buildings	19,273	(6,069)	13,204	545	0	0	0	(516)	0	(40)	0	19,779	(6,585)	13,194
Office Equipment, Furniture & Fittings	1,851	(1,663)	188	66	(2)	0	0	(66)	0	50	0	1,965	(1,729)	236
Vehicles	1,001	(711)	290	62	(38)	0	0	(86)	0	0	0	1,025	(797)	228
Library Books	933	(811)	122	64	0	0	0	(97)	0	0	0	997	(908)	89
Plant and Equipment	2,207	(1,682)	525	56	0	0	0	(159)	0	0	0	2,263	(1,841)	422
Other Assets	4,056	(1,842)	2,214	292	(28)	0	0	(193)	0	93	0	4,413	(2,035)	2,378
Vessels	4,385	(4,338)	47	0	(46)	0	0	(1)	0	0	0	4,339	(4,339)	0
Work in Progress	147	0	147	191	0	0	0	0	0	(103)	0	235	0	235
	38,286	(17,116)	21,170	2,271	(114)	0	0	(1,118)	0	0	0	40,444	(18,234)	22,210
TOTAL	327,979	(30,485)	297,494	6,167	(835)	0	0	(6,229)	(11,860)	0	26,350	347,788	(24,854)	322,934

■ Buller District Council completed a revaluation of infrastructure assets effective 1 July 2017 which is included in the 2017/2018 Annual Report. This infrastructure assets revaluation was originally scheduled to be completed as at 30 June 2017.

Group 2018

Infrastructure Assets	Cost/ Revaluation 01-07-17	Accumulated Depreciation 01-07-17	Carrying Amount 01-07-17	Current Year Addition	Current Year Disposals	Transfer (to)/from Assets Held for Sale	Accumulated Depreciation on Disposals	Current Year Depreciation / Impairment Charges	Elimination of Accumulated Depreciation on Valuation	Transfers /Others	Revaluation Gains	Cost/ Revaluation 30-06-18	Accumulated Depreciation 30-06-18	Carrying Amount 30-06-18
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land under roads	19,402	0	19,402	0	(6)	0	0	0	0	0	0	19,400	0	19,400
Sewerage	26,641	(1,967)	24,674	198	(82)	0	0	(850)	(1,967)	5	4,706	29,501	(850)	28,651
Stormwater	10,131	(632)	9,499	42	(10)	0	0	(246)	(632)	8	1,702	11,241	(246)	10,995
Roads and Bridges	201,230	(7,337)	193,893	1,720	(480)	0	0	(3,012)	(7,337)	8	18,236	213,377	(3,012)	210,366
Water supplies	26,768	(1,921)	24,847	1,180	(143)	0	0	(895)	(1,921)	14	3,054	28,952	(895)	28,057
Airport runway	195	(115)	80	0	0	0	0	(8)	0	0	0	200	(123)	77
Landfills/Transfer Stations	1,752	(712)	1,040	5	0	0	0	(67)	0	14	0	1,762	(779)	983
Wharves	1,999	(678)	1,321	0	0	0	0	(33)	0	5	0	2,004	(711)	1,293
Work in Progress	162	0	162	442	0	0	0	0	0	(5)	0	599	0	599
	288,280	(13,362)	274,918	3,587	(721)	0	0	(5,111)	(11,857)	49	27,698	307,037	(6,616)	300,421

Other Fixed Assets	Cost/ Revaluation 01-07-17	Accumulated Depreciation 01-07-17	Carrying Amount 01-07-17	Current Year Addition	Current Year Disposals	Transfer (to)/from Assets Held for Sale	Accumulated Depreciation on Disposals	Current Year Depreciation / Impairment Charges	Elimination of Accumulated Depreciation on Valuation	Transfers /Others	Revaluation Gains	Cost/ Revaluation 30-06-18	Accumulated Depreciation 30-06-18	Carrying Amount 30-06-18
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	6,138	0	6,138	0	0	0	0	0	0	0	0	6,138	0	6,138
Leasehold Improvements	1,197	(1,006)	191	45	(998)	0	975	(14)	0	0	0	249	(45)	204
Buildings	35,975	(11,185)	24,790	623	(281)	0	100	(1,192)	0	(40)	0	36,277	(12,308)	23,969
Office Equipment, Furniture & Fittings	2,459	(2,111)	348	113	(158)	0	110	(107)	0	50	0	2,464	(2,104)	360
Vehicles	6,447	(3,879)	2,568	784	(485)	0	331	(514)	0	0	0	6,744	(4,061)	2,686
Library Books	931	(811)	120	64	0	0	0	(97)	0	0	0	996	(907)	89
Plant and Equipment	3,964	(2,685)	1,279	345	(8)	0	5	(341)	0	0	0	4,302	(3,021)	1,281
Other Assets	3,954	(1,842)	2,112	283	(28)	0	0	(193)	0	93	0	4,312	(2,025)	2,287
Vessels	4,385	(4,338)	47	0	(46)	0	0	(1)	0	0	0	4,342	(4,339)	0
Work in Progress	181	0	181	191	(34)	0	0	0	0	(103)	0	238	0	238
	65,631	(27,857)	37,774	2,448	(2,038)	0	1,521	(2,459)	0	0	0	66,062	(28,810)	37,252
TOTAL	353,911	(41,219)	312,692	6,035	(2,759)	0	1,521	(7,570)	(11,857)	49	27,698	373,099	(35,426)	337,673

■ Buller District Council completed a revaluation of infrastructure assets effective 1 July 2017 which is included in the 2017/2018 Annual Report. This infrastructure assets revaluation was originally scheduled to be completed as at 30 June 2017.

	Parent		Group	
	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000
Work in Progress:				
Property, plant and equipment in the course of construction by class of asset is detailed below:				
Water System	162	590	162	590
Road Network	0	0	0	0
Other Assets	147	235	181	235
Total Work in Progress	309	825	343	825

Council 2017

Infrastructure Assets

	Cost/ Revaluation 01-07-16	Accumulated Depreciation	Carrying Amount 01-07-16	Current Year Addition	Current Year Disposals	Transfer (to)/from Assets Held for Sale	Accumulated Depreciation on Disposals	Current Year Depreciation / Impairment Charges	Elimination of Accumulated Depreciation on Valuation	Transfers /Others	Revaluation Gains	Cost/ Revaluation 30-06-17	Accumulated Depreciation 30-06-17	Carrying Amount 30-06-17
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land under roads	19,402	0	19,402	0	0	0	0	0	0	0	0	19,402	0	19,402
Sewerage	26,330	(1,294)	25,036	525	(93)	0	(8)	(665)	0	0	0	26,762	(1,967)	24,795
Stormwater	10,039	(400)	9,639	187	(15)	0	(29)	(202)	0	0	0	10,211	(631)	9,580
Roads and Bridges	200,218	(4,833)	195,385	1,548	(96)	0	85	(2,593)	0	0	0	201,670	(7,341)	194,329
Water supplies	26,775	(1,242)	25,533	810	(110)	0	5	(684)	0	4	0	27,479	(1,921)	25,558
Airport runway	206	(111)	95	0	0	0	0	(8)	0	0	0	206	(119)	87
Landfills/Transfer Stns	1,802	(645)	1,157	0	0	0	0	(67)	0	0	0	1,802	(712)	1,090
Wharves	2,103	(666)	1,437	0	(104)	0	23	(35)	0	0	0	1,999	(678)	1,321
Work in Progress	89	0	89	77	0	0	0	0	0	(4)	0	162	0	162
	286,964	(9,191)	277,773	3,147	(418)	0	76	(4,254)	0	0	0	289,693	(13,369)	276,324

Other Fixed Assets

	Cost/ Revaluation 01-07-16	Accumulated Depreciation	Carrying Amount 01-07-16	Current Year Addition	Current Year Disposals	Transfer (to)/from Assets Held for Sale	Accumulated Depreciation on Disposals	Current Year Depreciation / Impairment Charges	Elimination of Accumulated Depreciation on Valuation	Transfers /Others	Revaluation Gains	Cost/ Revaluation 30-06-17	Accumulated Depreciation 30-06-17	Carrying Amount 30-06-17
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	4,433	0	4,433	0	0	0	0	0	0	0	0	4,433	0	4,433
Leasehold Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buildings	18,063	(5,638)	12,425	1,281	0	0	8	(483)	0	(27)	0	19,273	(6,069)	13,204
Office Equipment, Furniture & Fittings	1,758	(1,589)	169	95	(2)	0	0	(74)	0	0	0	1,851	(1,663)	188
Vehicles	1,030	(647)	383	75	(46)	(22)	25	(125)	0	0	0	1,001	(711)	290
Library Books	875	(720)	155	57	0	0	0	(91)	0	0	0	933	(811)	122
Plant and Equipment	2,519	(1,907)	612	76	(2)	0	0	(161)	0	0	0	2,207	(1,682)	525
Other Assets	3,917	(1,662)	2,255	168	(28)	0	12	(192)	0	0	0	4,056	(1,842)	2,214
Vessels	4,385	(4,337)	48	0	0	0	0	(1)	0	0	0	4,385	(4,338)	47
Work in Progress	254	0	254	121	(228)	0	0	0	0	0	0	147	0	147
	37,234	(16,500)	20,734	1,873	(306)	(22)	45	(1,127)	0	(27)	0	38,286	(17,116)	21,170
TOTAL	324,198	(25,691)	298,507	5,020	(724)	(22)	121	(5,381)	(27)	(27)	0	327,979	(30,485)	297,494

Group 2017

	Cost/ Revaluation 01-07-16	Accumulated Depreciation	Carrying Amount 01-07-16	Current Year Addition	Current Year Disposals	Transfer (to)/from Assets Held for Sale	Accumulated Depreciation on Disposals	Current Year Depreciation / Impairment Charges	Elimination of Accumulated Depreciation on Valuation	Transfers /Others	Revaluation Gains	Cost/ Revaluation 30-06-17	Accumulated Depreciation 30-06-17	Carrying Amount 30-06-17
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Infrastructure Assets														
Land under roads	19,402	0	19,402	0	0	0	0	0	0	0	0	19,402	0	19,402
Sewerage	26,272	(1,294)	24,978	462	(93)	0	(8)	(665)	0	0	0	26,641	(1,967)	24,674
Stormwater	9,986	(402)	9,584	161	(15)	0	(29)	(202)	0	0	0	10,131	(632)	9,499
Roads and Bridges	199,894	(4,833)	195,061	1,443	(99)	0	85	(2,593)	0	0	0	201,230	(7,337)	193,893
Water supplies	26,147	(1,242)	24,905	731	(110)	0	5	(684)	0	3	0	26,768	(1,921)	24,847
Airport runway	196	(109)	87	0	0	0	0	(8)	0	0	0	195	(115)	80
Landfills/Transfer Stns	1,755	(645)	1,110	(2)	0	0	0	(67)	0	0	0	1,752	(712)	1,040
Wharves	2,104	(666)	1,438	0	(104)	0	23	(35)	0	0	0	1,999	(678)	1,321
Work in Progress	88	0	88	77	0	0	0	0	0	(3)	0	162	0	162
	285,844	(9,191)	276,653	2,872	(421)	0	76	(4,254)	0	0	0	288,280	(13,362)	274,918

	Cost/ Revaluation 01-07-16	Accumulated Depreciation	Carrying Amount 01-07-16	Current Year Addition	Current Year Disposals	Transfer (to)/from Assets Held for Sale	Accumulated Depreciation on Disposals	Current Year Depreciation / Impairment Charges	Elimination of Accumulated Depreciation on Valuation	Transfers /Others	Revaluation Gains	Cost/ Revaluation 30-06-17	Accumulated Depreciation 30-06-17	Carrying Amount 30-06-17
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Other Fixed Assets														
Land	6,138	0	6,138	0	0	0	0	0	0	0	0	6,138	0	6,138
Leasehold Improvements	1,113	(532)	581	84	0	0	0	(474)	0	0	0	1,197	(1,006)	191
Buildings	34,821	(10,078)	24,743	1,281	(16)	0	10	(1,161)	0	(67)	0	35,975	(11,185)	24,790
Office Equipment, Furniture & Fittings	2,300	(2,002)	298	161	(2)	0	0	(109)	0	0	0	2,459	(2,111)	348
Vehicles	6,150	(3,467)	2,683	501	(146)	(22)	110	(559)	0	0	0	6,447	(3,879)	2,568
Library Books	874	(720)	154	57	0	0	0	(91)	0	0	0	931	(811)	120
Plant and Equipment	3,743	(2,366)	1,377	225	(4)	0	0	(319)	0	0	0	3,964	(2,685)	1,279
Other Assets	3,784	(1,662)	2,122	180	(50)	0	12	(192)	0	40	0	3,954	(1,842)	2,112
Vessels	4,385	(4,337)	48	0	0	0	0	(1)	0	0	0	4,385	(4,338)	47
Work in Progress	254	0	254	155	(228)	0	0	0	0	0	0	181	0	181
	63,562	(25,164)	38,398	2,644	(446)	(22)	132	(2,906)	0	(27)	0	65,631	(27,857)	37,774
TOTAL	324,198	(25,691)	298,507	5,020	(724)	(22)	121	(5,381)	0	(27)	0	353,911	(41,219)	312,692

Cost	Parent		Group		
	Software & Licences \$000	Total \$000	Goodwill \$000	Software & Licences \$000	Total \$000
Balance at 1 July 2016	644	644	698	30	1,372
Transfers	0	0	0	0	0
Additions	98	98	0	0	98
Disposals	0	0	0	0	0
Balance at 30 June 2017	742	742	698	30	1,470
Balance at 1 July 2017	742	742	698	30	1,470
Transfers	0	0	0	0	0
Additions	8	8	0	0	8
Disposals	20	20	0	0	20
Balance at 30 June 2018	730	730	698	30	1,458

Accumulated Amortisation and Impairment

Balance at 1 July 2016	603	603	0	28	631
Transfers	0	0	0	0	0
Amortisation charge	33	33	0	0	33
Disposals	0	0	0	0	0
Balance at 30 June 2017	636	636	0	28	664
Balance at 1 July 2017	636	636	0	28	664
Transfers	0	0	0	0	0
Amortisation charge	59	59	0	1	60
Disposals	20	20	0	0	20
Balance at 30 June 2018	675	675	0	29	704

Carrying Amounts

Balance at 30 June 2017	106	106	698	2	806
Balance at 30 June 2018	55	55	698	1	754

- Goodwill has been assessed for impairment during the year. Due to the performance of the subsidiary during the period it was determined that goodwill was not impaired.

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Trade payables	1,662	1,248	2,803	2,692
Amounts due to related parties:				
WestReef Ltd	977	974	0	0
Buller Arts & Recreation Trust	0	0	0	0
Buller Health Trust	0	0	0	0
Buller Holdings Ltd	0	0	0	0
Buller Recreation Ltd	0	0	0	0
Westport Harbour Ltd	0	0	0	0
Revenue Received in Advance	600	796	600	796
Total Trade and Paybles	3,239	3,018	3,404	3,488
Buller District Council has classified the following payables as exchange transactions	2,484	2,072	2,648	2,542
Buller District Council has classified the following payables as non exchange transactions	755	946	756	946
Total	3,239	3,018	3,404	3,488

- Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of creditors and other payables approximates their fair value.

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Current Asset Portion:				
Interest Rate Swaps	0	0	0	0
Total Current Asset Portion	0	0	0	0
Non-Current Asset Portion:				
Interest rate swaps	0	0	0	0
Total Non-Current Asset Portion	0	0	0	0
Current Liability Portion				
Interest rate swaps	0	0	0	0
Total Current Liability Portion	0	0	0	0
Non-Current Liability Portion				
Interest rate swaps	1,050	756	1,050	756
Total Non-Current Liability Portion	1,050	756	1,050	756

- The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2018 were \$18,340,000 (2016/2017: \$17,000,000).
- At 30 June 2018 the fixed interest rates of interest rate swaps range from 3.19% to 4.34% (2016/2017: 3.19% to 4.34%).
- The interest rate swaps have been included at fair value.
- The termination date of the interest rate swap contracts of \$17,000,000 at 30 June 2018 range from 29 March 2022 to 31 March 2026 (2016/2017: 31 March 2021 to 31 March 2024).

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Accrued pay	91	92	124	115
Annual Leave & Long Service Leave	497	538	1,046	1,124
Retirement Gratuities	160	196	183	256
Total Employment Benefit Liabilities	748	826	1,353	1,495
Comprising:				
Current	585	580	1,165	1,222
Non-current	163	246	188	273
Total Employee Benefit Liabilities	748	826	1,353	1,495

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Current:				
Bank overdraft	0	0	0	0
Secured loans	5,000	8,510	5,000	8,510
Total Current Borrowings	5,000	8,510	5,000	8,510
Non-Current:				
Secured loans	19,774	15,000	19,774	15,000
Total Non-Current Borrowings	19,774	15,000	19,774	15,000
Total Borrowings	24,774	23,510	24,774	23,510

- On 4 November 2016 Council negotiated a \$20,000,000 facility with the Local Government Funding Agency (LGFA). An additional commercial debt facility for \$7,000,000 was negotiated for 2 years and matures on 1 July 2020.
- Buller District Council's has debt of \$6,433,860 (2016/2017: \$6,433,860) on floating interest rates. \$3,433,860 of this floating interest rate is set quarterly at the 90-day bill rate + 0.95%. The remaining \$3,000,000 is set quarterly by LGFA.
- Council has interest rate swaps and floating rates for fixed interest rates for \$18,340,000 (2016/2017: \$17,000,000) of this debt. For more details of the swaps refer to note 16 in the financial accounts.
- Council had an interest free loan from the Energy Efficiency and Conservation Authority with a face value of \$397,914 for 5 years due to be paid in full on 15 May 2018. The loan balance as at 30 June 2018 is nil (2016/2017: \$75,780).

Security

The overdraft is secured by a general security agreement. The maximum amount that can be drawn down against the overdraft facility is \$500,000 (2016/2017: \$500,000). There are no restrictions on the use of this facility.

Council's loans are secured over either separate or general rates of the district.

Refinancing

Council manages its borrowings in accordance with its funding and financial policies, which includes a Treasury policy. These policies have been adopted as part of Council's Long Term Plan 2015-2025.

Maturity Analysis and Effective Interest Rates

The following is a maturity analysis of Council's borrowings:

	Overdraft Council \$000	Overdraft Group \$000	Secured Loans Council & Group \$000
2017/2018			
Less than one year	0	0	5,000
<i>Weighted average effective interest rate</i>	8.1%	8.1%	4.6%
Later than one year but not more than five years	0	0	19,774
<i>Weighted average effective interest rate</i>	0.0%	0.0%	4.1%
Later than five years	0	0	0
<i>Weighted average effective interest rate</i>	0.0%	0.0%	0.0%
	0	0	24,774

	Overdraft Council \$000	Overdraft Group \$000	Secured Loans Council & Group \$000
2016/2017			
Less than one year	0	0	8,510
<i>Weighted average effective interest rate</i>	8.1%	8.1%	0
Later than one year but not more than five years	0	0	11,000
<i>Weighted average effective interest rate</i>	0%	0.0%	3.7%
Later than five years	0	0	9,000
<i>Weighted average effective interest rate</i>	0.0%	0.0%	4.8%
	0	0	28,510

Fair value of non-current borrowings

The carrying amounts of borrowings are at market interest rates and approximate their fair values.

Internal Borrowings

Council has internal borrowings. Internal borrowings are funds which are utilised from Councils term deposits with banks, generally on terms which are more favourable than borrowing the funds externally. The cost of borrowing these funds is then allocated to the activities that utilise them. Internal borrowing are eliminated on consolidation of activities in the Council's financial statements.

Council had the following internal loans allocated to the listed Groups of Activities at balance date:

2016/2017	Loans repaid during period \$000	Loans drawn down during period \$000	Interest paid for the year \$000	Balance as at 30 June \$000
Support Services	143	0	6	0
Community Services	47	818	51	1,737
Regulatory Services	138	0	12	81
Property Management , Amenities & Reserves	72	0	63	1,115
Water Supplies	93	0	103	1,487
Solid Waste	59	0	68	1,115
Wastewater	270	0	264	4,556
Stormwater	23	0	26	375
Roading	4	129	5	125
Professional Services Business Unit	14	0	1	0
	861	947	599	10,591

2017/2018	Loans repaid during period \$000	Loans drawn down during period \$000	Interest paid for the year \$000	Balance as at 30 June \$000
Support Services	0	0	0	0
Community Services	87	364	0	2,014
Regulatory Services	6	0	6	75
Property Management , Amenities & Reserves	75	0	59	1,040
Water Supplies	99	0	97	1,388
Solid Waste	62	0	64	1,053
Wastewater	285	0	249	4,271
Stormwater	24	0	24	351
Roading	4	0	5	121
Professional Services Business Unit	0	0	0	0
	642	364	504	10,313

Environmental Provision	Landfill Aftercare Provision	Contaminated Site Remediation	Total Environmental Provisions	Total Environmental Provisions
	2017/2018 Actual \$000	2017/2018 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Opening Balance	1,593	9	1,601	1,510
Additional Provisions	0	0	0	0
Amounts Used	(28)	0	(28)	(55)
Other Adjustments (incl. unused provision reversed)	(9)	0	(9)	17
Discounting Changes	29	0	29	129
Closing Balance	1,585	9	1,594	1,601

Provision for Slipping	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Opening Balance	0	0	297	137
Additional Provisions	51	0	51	298
Amounts Used	0	0	(297)	(138)
Other Adjustments	0	0	0	0
Closing Balance	51	0	51	297

- 2017/2018: The Provision for Slipping for 2017/18 is included in the Current Liability section of the Parent Total Provisions table above.
- 2016/2017: Provision for Slipping was provided by Westport Harbour Limited for the Kawatiri Dredge which is owned by Council. The provision was not included in the parent financials and is eliminated on consolidation from the Group accounts. The disclosure is intended for information purposes only.

Total Provisions	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Council and Group:				
Current Liability	87	35	87	393
Non-current Liability	1,558	1,566	1,558	1,269
	1,645	1,601	1,645	1,662

Onerous Lease	2017/2018 Actual \$000	2016/2017 Actual \$000
Opening Balance	61	0
Additional Provisions	0	61
Amounts Used	0	0
Other Adjustments	(61)	0
Closing Balance	0	61

- 2017/2018: The non-cancellable lease that expires in 2023 was transferred to Buller District Council with the transfer of port operations in March 2018. The lease is no longer assessed as onerous as the facilities will continue to be used in the ongoing delivery of port services.
- 2016/2017: Westport Harbour Limited entered into a non-cancellable lease that expires in 2023. Due to changes in its activities the company no longer expected to make use of these facilities and categorised this lease as onerous as it was believed the lease could not be transferred when the company ceased operating the port. The obligation for the future payments, net of expected income was provided for.

Landfill Aftercare Provision

Council has responsibility under its resource consents to provide ongoing maintenance and monitoring of its landfills after the sites are closed. Council’s closure and post closure responsibilities include:

Closure responsibilities:

- Lay cover and revegetation
- Drainage control
- Water quality monitoring

Post Closure responsibilities:

- Ground and surface water quality monitoring
- Landfill gas monitoring
- Site maintenance
- Mitigation of environmental effects identified
- Annual reporting in accordance with consent conditions

The expected closure dates for Council’s landfill sites are as follows:

Westport	- closed 2008 (now capped)
Birchfield	- closed 2005
Karamea	- 2034
Ikamatua	- closed 2005
Charleston	- closed 2010 (now capped)
Mawheraiti	- closed 2005
Inangahua	- closed 2010 (now capped)
Reefton	- closed 2005
Maruia	- 2021

- The cash outflows for landfill post-closure costs have been estimated to occur for a period of 25-50 years from the closure of the site. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 4.16% which is based on the rolling monthly average NZ Government 10 Year Bond rate over the last ten years (2016/2017: 4.51%).

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Opening Balance as at 1 July	169,441	167,962	164,206	164,914
Net Surplus (Deficit) for the period	(2,961)	1,469	(2,831)	(718)
Transfer from Reserves	731	1,155	731	1,155
Transfer from Property Revaluation Reserve on disposal	416	148	416	148
Transfer to Reserves	(1,287)	(1,293)	(1,288)	(1,293)
Balance at 30 June	166,340	169,441	161,235	164,206

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Balance as at 1 July	4,992	4,854	4,992	4,854
Add: Transfer from Accumulated Funds	1,288	1,293	1,288	1,293
	6,280	6,147	6,280	6,147
Less: Transfer to Accumulated Funds	(731)	(1,155)	(731)	(1,155)
Balance at 30 June	5,549	4,992	5,549	4,992

Reserve Fund Disclosures

The Local Government Act 2002 requires councils to provide a summary of the Reserve funds that it holds. This places more focus on the accounting for and disclosure of reserves. The Act defines reserve funds as “money set aside by a local authority for a specific purpose”. Reserves are part of equity which may or may not be physically backed by cash/investments.

Reserves are often used to separate a funding surplus of an activity. The Act requires Council to specify the amount deposited in the fund, and the amount withdrawn from the fund over the 10 year period that the Long Term Plan covers. Council does not transfer money from one reserve to fund another. Council also does not charge/pay ‘internal’ interest on any surplus or deficit balances that each individual reserve may have. Opening balance surpluses are usually due to approved committed projects not yet being undertaken or completed.

Separate Reserves	Activity that the Reserve relates to	Purpose of the Reserve	Opening Balance 1 July 2016		Transfers to Reserves		Transfers from Reserve		Balance as at 30 June 2017	
			\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Amenities Reserve	various not specified	Proceeds from general ratepayer to fund various infrastructure where there was no government subsidy available	365	0	0	0	0	0	365	365
Community Development - Other	various not specified	Funds from depreciation used for the upgrade and construction of replacement Council assets	3,018	1,247	1,122	1,234	678	3,699	3,143	3,699
Reserve Contributions	Regulatory	Proceeds from subdivision for public reserve upgrades	1,315	44	26	52	53	1,332	1,333	1,332
Miles Bequest	Property Management, Amenities and Reserves	Funds set aside for the purchase of engraved seats at the Westport cemetery	2	0	2	0	0	0	0	0
Powell Bequest	Property Management, Amenities and Reserves	Funds bequested to Council for the purchase of public seating in Westport	3	0	3	0	0	0	0	0
Mayor's Relief Fund	Democracy	Funds for providing grants for relief at the discretion of the Mayor	4	2	2	2	0	6	4	6
Kater Plot	Property Management, Amenities and Reserves	n/a will be rounded down to 0	0	0	0	0	0	0	0	0
Boiler Replacement Fund	Property Management, Amenities and Reserves	Funds set aside to go toward replacement of boiler at Brougham Street offices	7	0	0	0	0	7	7	7
Development Contributions	Regulatory	Proceeds from commercial and industrial development to provide for social and recreation need of the area	119	0	0	0	0	119	119	119
Sale of Gifted Property	various not specified	Funds set aside from the sale of property gifted to Council	11	0	0	0	0	11	11	11
Infrastructure Contributions	Regulatory	Funds set aside for upgrading infrastructure where appropriate	10	0	0	0	0	10	10	10
TOTAL Reserves Only			4,854	1,293	1,155	1,288	731	4,992	4,992	5,549
Refuse Collection	Solid Waste	Separates all funding and expenditure and surpluses or deficits for the refuse collection activity	0	0	0	0	0	0	0	0
Recycling	Solid Waste	Separates all funding and expenditure and surpluses or deficits for the recycling activity	0	0	0	0	0	0	0	0
Contracted Refuse/ Recycling	Solid Waste	Separates all funding and expenditure and surpluses or deficits for the refuse collection and recycling activities	50	686	640	657	644	111	98	111
Karamea Solid Waste	Solid Waste		18	61	49	57	50	37	30	37
Maruia Solid Waste	Solid Waste		6	12	10	14	14	8	8	8
Westport Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	(887)	1,986	1,795	1,999	2,639	(1,336)	(696)	(1,336)
Reefton Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	(33)	342	362	355	501	(199)	(53)	(199)
Little Wanganui Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	50	13	13	15	28	37	50	37
Mokihinui Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	45	12	8	12	21	40	49	40
Ngakawau Hector Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	274	47	21	54	35	319	300	319

Separate Reserves	Activity that the Reserve relates to	Purpose of the Reserve	Opening Balance 1 July 2016		Transfers to Reserves		Transfers from Reserve		Balance as at 30 June 2017	
			\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Waimangaroa Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	10	45	39	16	49	58	7	
Cape Foulwind Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	511	73	41	543	74	142	475	
Punakaiki Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	(59)	59	98	(98)	69	201	(230)	
Inangahua Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	11	199	256	(46)	11	49	(84)	
South Granity Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	4	6	1	9	6	1	14	
Karamea Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	(20)	0	0	(20)	0	0	(20)	
Westport Sewerage	Wastewater/Sewerage	Separates all funding and expenditure and surpluses or deficits for each sewerage scheme	(997)	2,065	1,909	(841)	2,068	1,560	(333)	
Reefton Sewerage	Wastewater/Sewerage	Separates all funding and expenditure and surpluses or deficits for each sewerage scheme	477	322	357	442	337	291	488	
Little Wanganui Sewerage	Wastewater/Sewerage	Separates all funding and expenditure and surpluses or deficits for each sewerage scheme	46	37	20	63	39	25	77	
Inangahua Junction Sewerage	Wastewater/Sewerage	Separates all funding and expenditure and surpluses or deficits for each sewerage scheme	(2)	0	0	(2)	0	0	(2)	
Punakaiki Sewerage	Wastewater/Sewerage	Separates all funding and expenditure and surpluses or deficits for each sewerage scheme	(16)	0	0	(16)	0	0	(16)	
Punakaiki Camp	Property Management, Amenities and Reserves	Separates all funding and expenditure and surpluses or deficits for the Punakaiki Camp activity	(226)	44	14	(196)	68	121	(249)	
Punakaiki Sea Wall	Property Management, Amenities and Reserves	Separates all funding and expenditure and surpluses or deficits for the Punakaiki seawall activity	2	0	0	2	0	0	2	
Dog Control	Regulatory	Separates all funding and expenditure and surpluses or deficits for the dog control activity	(176)	196	217	(197)	188	240	(249)	
Promotion & Development	Community Services	Separates all funding and expenditure and surpluses or deficits for the promotion and development activity	0	1	0	1	0	1	0	
TOTAL Separate Balances Only			(912)	6,206	5,850	(556)	6,072	6,621	(1,103)	
TOTAL Reserves and Separate Balances			3,942	7,499	7,005	4,436	7,360	7,352	4,446	

■ Please note: Reserves and Separate Balances are disclosed separately within the financial statements. The Reserves total in this note reconciles to the Reserves component of Equity in the financial statements. The Separate Balances total in this note is not included in Reserves within Equity but is included within the Accumulated Funds component of Equity in the financial statements.

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Opening Balance as at 1 July	144,043	144,188	145,087	145,232
Change in Asset Values through Comprehensive Revenue	26,350	3	27,723	3
Transfer to accumulated funds on disposal of assets	(416)	(148)	(416)	(148)
Balance at 30 June	169,977	144,043	172,394	145,087
Comprising:				
Library Books	258	258	258	258
Roads and Bridges	134,718	117,229	135,835	117,881
Sewerage	13,796	9,275	14,022	9,379
Stormwater	8,826	7,208	8,979	7,285
Water Supplies	12,363	10,057	13,284	10,268
Landfill	0	0	0	0
Investment Revaluation Reserve	16	16	16	16
Balance at 30 June	169,977	144,043	172,394	145,087

Buller District Council is the ultimate parent of the group and controls four entities in the Buller Holdings Group, being Buller Holdings Limited, Westreef Services Limited, Westport Harbour Limited and Buller Recreation Limited. Council also controls Westport Airport Authority and Buller Health Trust.

The following transactions were carried out with related parties on an arms length basis:

	2017/2018 Actual \$000	2016/2017 Actual \$000
WestReef Services Limited		
Services provided by Council during the year	84	93
Services provided to Council during the year	7,237	6,564
Accounts payable to Council at 30 June	6	6
Accounts receivable from Council at 30 June	977	974
Asset purchased from Council during the year	7	0
Subventions revenue to Council during the year	450	2,121
Subventions payable to Council at 30 June	458	1,203
Buller Recreation Limited		
Service level fee paid by Council to Buller Recreation	901	901
Service level fee paid in advance by Council to Buller Recreation	60	0
Services provided to Council during the year	1	1
Services provided by Council during the year	4	4
Accounts payable to Council at 30 June	0	0
Accounts receivable from Council at 30 June	86	0
Loans owed to Council at 30 June	0	76
Buller Holdings Limited		
Accounts payable to Council at 30 June	72	72
Loans owed to Council at 30 June	2,364	2,364
Subventions revenue to Council during the year	0	0
Subventions payable to Council at 30 June	0	0
Interest Expenses paid to Council	72	72
Total Shares Issued to Council	19,281	19,172
Shares Issued during the year	109	42
Asset purchased from Council during the year	8	0
Assets Purchased by Council during the Year	19	0
Westport Airport Authority		
Services provided by Council during the year	180	150
Services provided by Westreef during the year	1	0
Rates, lease and interest charges paid to Council during the year	3	9
Current account balance owed (to) from Council at 30 June	(21)	(26)
Equity contribution made by Council for the year ended 30 June	64	86
Lease Payments made to Westport Harbour Ltd during the year	2	3
Westport Harbour Limited		
Services provided by Council during the year	96	119
Goods and Services provided by Harbour during the year	182	0
Lease Payments made to Council during the year	103	206
Land and Assets purchased by Council during the year	1,340	0
Advances relating to purchase of business as at 30 June	0	0
Accounts payable to Council at 30 June	0	20
Loans & Advances Repaid during the year	0	0

	2017/2018 Actual \$000	2016/2017 Actual \$000
Buller Health Trust		
No related party transactions other than administration services provided by Council to Buller Health Trust during the year for no consideration.	0	0
■ No debts or transactions were written off between parties during the period. (2016/2017: No debts were written off.)		

	2017/2018 Actual \$000	2016/2017 Actual \$000
Tourism West Coast		
Tourism West Coast is classified as an Associate Entity due to Buller District Council's 29% interest in the Regional Tourism Organisation.		
The following transactions were carried out on an arms length basis:		
Grants and reimbursements paid to Tourism West Coast during the year	100	86
■ No debts or transactions were written off between parties during the period. (2016/2017: No debts were written off.)		

Key Management and Members of Council

Councillor Sharon Roche is a director/shareholder of ITatWORK. In 2018 goods and services to the value of \$27,926 were provided to Council. (2017: \$34,392).

	2017/2018 Actual \$000	2016/2017 Actual \$000
Key Management and Members of Council		
Salaries and other short term employee benefits	966	1,174
Severance payment to former Chief Executive	112	0
Post employment, other long term benefits and share based payments	0	0
	1,078	1,174

Key management personnel includes the Mayor, Councillors, Chief Executive and other Senior Management personnel.

Council has a significant interest in the following entities:

Entity	Ownership	Status	Principal Activities	Interest held by Council
Westreef Services Limited	Subsidiary	CCO	Infrastructure Maintenance & Construction	100%
Buller Holdings Limited	Subsidiary	CCO	Ownership of Selected Council Assets and Investments	100%
Buller Recreation Limited	Subsidiary	CCO	Sports & Recreation Facilities	100%
Buller Health Trust	Controlled	Exempted as a CCO	Dental Services	100%
Westport Airport Authority	Joint Venture	CCO	Airport Operation	50%
Tourism West Coast (INC)	Associate	Exempted as a CCO	Incorporated Society	29%
Denniston Heritage Trust	Associate	Trust	Incorporated Society	29%

CCTO: Council Controlled Trading Organisation

CCO: Council Controlled Organisation

The Council Controlled Organisation Westport Harbour Limited ceased operation during the financial year and was placed into voluntary liquidation on 30 May 2018.

Council passed a resolution to exempt Tourism West Coast and Buller Health Trust as Council Controlled Organisations as is permitted under the Local Government Act (2002).

Westport Airport Authority

- Westport Airport Authority is proportionately consolidated on a line by line basis in the Parent Financial Statements.
- In 2017/2018 contributions totalling \$127,000 were made by the joint venture holders (2016/2017: contributions totalling \$172,000 were made).
- Buller District Council's 50% share of its interest in the joint venture is detailed below.

	2017/2018 Actual \$000	2016/2017 Actual \$000
Current Assets	32	16
Long Term Assets (represented by Equity)	2,790	2,810
Current Liabilities	10	10
Long Term Liabilities	0	0
Revenue	120	107
Expenses	203	182

Commitments	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Capital commitments approved and contracted	0	0	0	0
Non-cancellable Operating Lease Commitments				
Motor Vehicles:				
Not later than a year	0	0	0	0
Later than one year but not later than five years	0	0	0	0
Later than five years	0	0	0	0
	0	0	0	0
Office Equipment:				
Not later than a year	27	34	27	34
Later than one year but not later than five years	0	0	0	0
Later than five years	0	0	0	0
	27	34	27	34
Plant and Equipment:				
Not later than a year	10	3	10	3
Later than one year but not later than five years	14	9	14	9
Later than five years	0	0	0	0
	24	12	24	12
Land and Buildings:				
Less than a year	11	0	11	0
More than 1 year less than 2	11	0	11	0
More than 2 years less than 5	33	0	33	0
Later than five years	6	0	6	0
	61	0	61	0

2017/2018: Westport Harbour Ltd leased land and buildings from Buller District Council until 31 December 2018 when the company ceased operating. The Kiwi Rail (Ontrack) lease was assigned to Buller District Council upon the transfer of port operations. This lease term is for a period of 10 years and commenced on 1 January 2013.

2016/2017: The Harbour's current leases with Council are on a month-by-month basis. The Kiwi Rail lease has been recognised as an Onerous Lease (refer note 19).

Other Contract Commitments

Buller District Council has a commitment to purchase land to the value of \$55,000 to be used for operating purposes. (2016/2017: \$55,000).

The following contracts (except for the Refuse, Recycling and Landfill contract) were renewed with Westreef Limited in 2012/2013 for another 7 years and expire on 30 June 2019. The Refuse, Recycling and Transfer Station contract was awarded to Smart Environmental Limited in 2013/14 for a term of 10 years and expire on 31 January 2024. We expect the annual amounts to be as follows:

	2017/2018 Actual \$000	2016/2017 Actual \$000
Utility services and fire fighting	1,282	1,236
Parks, reserves and cemeteries	950	951
Refuse collection, recycling and landfill operation	644	584
	2,875	2,771

The WestReef Services Limited contracts have a seven year right of renewal subject to negotiation between the parties. It has been agreed that the existing contracts be rolled over for a further year until further notice.

Council's Roothing Network Maintenance Contract was renewed in July 2010 under Transfund's Competitive Pricing Procedures. The existing contract with Westreef Limited has been extended for subsequent renewable yearly terms since then. The commitments under this contract are as follows:

Roothing	2017/2018 Actual \$000	2016/2017 Actual \$000
Not later than one year	2,756	2,292

Lease Commitments as Lessor

- Council has a leases in place with Coaltown Trust, Coast West Holdings Limited and the West Coast Primary Health Organisation. (2016/2017: Coaltown Trust.) The lease commitments are as follows:

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Less than a year	112	67	112	67
More than 1 year less than 2	120	67	120	67
More than 2 years less than 5	260	201	260	201
Greater than 5 years	0	201	0	201
	492	536	492	536

Contingent Liabilities for Council and the 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 number on flight to and from Westport Airport fall below 2.9 passengers per flight for a 12 month period.
- Council has one outstanding leaky home claims 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. (2016/2017: one outstanding leaky home claim, Reefton area residential property constructed 2008).
- Council has one resource consent decision subject to appeal in the Environment Court for which it may be liable for costs should the appeal be upheld. The resource consent decision relates to an open cast coal mine in the Te Kuha area. The extent of any potential liability was unknown at balance date. The court process was put on hold on 22 June 2018 at the request of the resource consent applicant and remains on hold post balance date. (2016/2017: no resource consent decisions subject to appeal).
- 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 Services Ltd had \$30,000 in Performance Bonds outstanding with Westpac as at 30 June 2019 (2016/2017: \$30,000).
- Buller Health Trust has no contingent liabilities as at 30 June 2018. (2017 nil).
- Buller Recreation Limited has no contingent liabilities as at 30 June 2018 (2017 nil).
- Buller Holdings Limited has no contingent liabilities as at 30 June 2018 (2017: nil).
- Westport Harbour Ltd has ceased operation during the financial year and has no contingent liabilities as at 30 June 2018 (2017: nil).
- Tourism West Coast (INC) has no contingent liabilities as at 30 June 2018 (2017: nil).

Contingent Assets

- The Buller District Council and the Group has no contingent assets as at 30 June 2018 (2016/2017: Nil).

The Council's capital is its equity (or ratepayers funds), which comprise retained earnings, reserves and asset revaluation reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the Funding and Financial Policies in the Long Term Plan.

Buller District Council has the following Council created reserves:

- Reserves for different areas of benefit;
- Self-insurance reserves; and
- Trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

Financial Instrument Risks

Buller District Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council Approved Liability Management and Investment Policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Council may be exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk on its investment portfolio in accordance with the limits set out in Council's Investment Policy.

Council currently doesn't hold listed equity instruments which are publicly traded and included in the NZX50 equity index.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to currency risk, as it does not enter into foreign currency transactions.

Interest Rate Risk

The interest rates on Council's investments are disclosed in Note 12 and on Council's borrowings in Note 18.

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings issued at fixed rates expose Council to fair value interest rate risk. Council's Liability Management Policy outlines the level of borrowing that is to be secured using fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where Council has borrowed at fixed rates. In addition, investments at fixed interest rates expose Council to fair value interest rate risk.

Cashflow Interest Rate Risk

Cashflow interest rate risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk.

Council manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if Council borrowed at fixed rates directly. Under the interest rate swaps, Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit Risk

Credit risk is the risk that a third party will default on its obligation to Council, causing Council to incur a loss. Council has no significant concentrations of credit risk, except for funds owed to by New Zealand Transport Agency (NZTA) for subsidised roading works. Other than this it has a large number of credit customers, mainly ratepayers. Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity Risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements Council maintains a target level of investments that must mature within the next 12 months. Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy. These policies have been adopted as part of Council's Long Term Plan.

Council has a maximum amount that can be drawn against its overdraft facility of \$500,000 (2016/2017: \$500,000). There are no restrictions on the use of this facility.

The maturity profiles of Council's interest bearing investments and borrowings are disclosed in Note 18.

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Financial Assets				
Loans and Receivables:				
Cash and cash equivalents	3,119	3,245	6,008	5,681
Debtors and other receivables	4,088	4,518	4,421	4,278
Other financial assets:				
- Short term deposits	13,364	12,684	14,218	12,884
- Term deposits (maturity greater than one year)	1,637	2,315	1,637	2,315
- Community loans	41	52	41	52
- Loans to related parties	2,364	2,440	0	0
	24,613	25,253	26,325	25,209
Fair Value through other Comprehensive Income				
Other Financial Assets:				
- Unlisted shares	43	43	43	43
	43	43	43	43
Fair Value through Surplus or Deficit - held for trading				
Derivative financial instrument assets	0	0	0	0
Total Financial Assets at Fair Value through Surplus or Deficit	0	0	0	0
Financial Liabilities				
Fair value through Surplus or Deficit - held for trading				
Derivative Financial Instrument Liabilities	1,050	756	1,050	756
	1,050	756	1,050	756
Financial Liabilities at Amortised Cost				
Creditors and other payables	3,239	3,018	3,404	3,488
Borrowings:				
- Bank overdraft	0	0	0	0
- Secured loans	24,774	23,510	24,774	23,510
Total Financial Liabilities at Amortised Cost	28,013	26,528	28,178	26,997

Fair Value Heirarchy Disclosures

For those instruments recognised at fair value in the statement of financial position fair values are determined according to:

- Valuation techniques using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

2017/2018	Observable Inputs \$000	Significant Non-observable inputs \$000	Total \$000
Parent			
Financial Assets			
Unlisted Shares	0	43	43
Derivative Financial Instrument Assets	0	0	0
Financial Liabilities			
Derivative Financial Instrument Liabilities	1,050	0	1,050

Group			
Financial Assets			
Unlisted Shares	0	43	43
Derivative Financial Instrument Assets	0	0	0
Financial Liabilities			
Derivative Financial Instrument Liabilities	1,050	0	1,050

2016/2017	Observable Inputs \$000	Significant Non-observable inputs \$000	Total \$000
Parent			
Financial Assets			
Unlisted Shares	0	43	43
Derivative Financial Instrument Assets	0	0	0
Financial Liabilities			
Derivative Financial Instrument Liabilities	756	0	756

Group			
Financial Assets			
Unlisted Shares	0	43	43
Derivative Financial Instrument Assets	0	0	0
Financial Liabilities			
Derivative Financial Instrument Liabilities	756	0	756

Maximum Exposure to Credit Risk

Buller District Council's maximum exposure for each class of financial instrument is as follows:

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Cash at Bank and Term Deposits	18,120	18,243	21,863	20,879
Debtors and Other Receivables	4,088	4,518	4,421	4,278
Community and Related Party Loans	2,405	2,492	41	52
Total Credit Risk	24,612	25,253	26,325	25,209

Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poors or Fitch credit ratings (if available) or to historical information about counterparty default rates:

	Parent		Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000	2017/2018 Actual \$000	2016/2017 Actual \$000
Counterparties with Credit Ratings				
Cash at Bank and Term Deposits:				
AA	14,652	14,775	18,395	17,411
BB	3,468	3,468	3,468	3,468
Total Cash at Bank and Term Deposits	18,120	18,243	21,863	20,879
Counterparties without Credit Ratings				
Cash at Bank and Term Deposits:				
Existing counterparty with no defaults in the past	0	0	0	0
Total Cash at Bank and Term Deposits	0	0	0	0
Community and Related Party Loans:				
Existing counterparty with no defaults in the past	2,405	2,492	41	52
Total Community and Related Party Loans	2,405	2,492	41	52

Contractual Maturity Analysis of Financial Liabilities

The table below analyses Buller District Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt is based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cashflows.

2017/2018	Carrying Amount \$000	Contractual Cashflows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Parent						
Creditors and Other Payables	3,239	3,239	3,239	0	0	0
Net Settled Derivative Liabilities	1,050	1,050	0	0	459	591
Bank Overdraft	0	0	0	0	0	0
Secured Loans	24,774	29,567	6,032	9,705	13,275	555
Total	29,063	33,857	9,272	9,705	13,735	1,146
Group						
Creditors and Other Payables	3,404	3,404	3,404	0	0	0
Net Settled Derivative Liabilities	1,050	1,050	0	0	459	591
Bank Overdraft	0	0	0	0	0	0
Secured Loans	24,774	29,567	6,032	9,705	13,275	555
Total	29,228	34,021	9,436	9,705	13,734	1,146
2016/2017						
2016/2017	Carrying Amount \$000	Contractual Cashflows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Parent						
Creditors and Other Payables	2,444	3,018	3,018	0	0	0
Net Settled Derivative Liabilities	1,169	756	0	0	193	563
Bank Overdraft	0	0	0	0	0	0
Secured Loans	23,580	27,890	9,370	836	8,162	9,522
Total	27,192	31,664	12,388	836	8,355	10,085
Group						
Creditors and Other Payables	3,488	3,488	3,488	0	0	0
Net Settled Derivative Liabilities	756	756	0	0	193	563
Bank Overdraft	0	0	0	0	0	0
Secured Loans	23,510	27,890	9,370	836	8,162	9,522
Total	27,754	32,134	12,858	836	8,355	10,085

Contractual Maturity Analysis of Financial Assets

The table below analyses Buller District Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cashflows.

2017/2018	Carrying Amount \$000	Contractual Cashflows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Parent						
Cash and Cash Equivalents	3,119	3,119	3,119	0	0	0
Debtors and Other Receivables	4,088	4,088	4,088	0	0	0
Other Financial Assets:						
- Short Term Deposits	13,364	13,612	13,612	0	0	0
- Term Deposits (maturity greater than one year)	1,638	1,723	61	1,663	0	0
- Community Loans	41	41	15	26	0	0
- Net Settled Derivative Assets	0	0	0	0	0	0
- Loans to Related Parties	2,364	2,436	2,436	0	0	0
	24,614	25,019	23,331	1,689	0	0
Group						
Cash and Cash Equivalents	6,008	6,008	6,008	0	0	0
Debtors and Other Receivables	4,421	4,421	4,421	0	0	0
Other Financial Assets:						
- Short Term Deposits	14,218	14,218	14,218	0	0	0
- Term Deposits (maturity greater than one year)	1,638	2,430	90	2,340	0	0
- Community Loans	41	41	15	26	0	0
- Net Settled Derivative Assets	0	0	0	0	0	0
- Loans to Related Parties	0	0	0	0	0	0
	26,326	27,118	24,752	2,366	0	0
2016/2017						
	Carrying Amount \$000	Contractual Cashflows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Parent						
Cash and Cash Equivalents	3,245	3,245	3,245	0	0	0
Debtors and Other Receivables	4,518	4,518	4,518	0	0	0
Other Financial Assets:						
- Short Term Deposits	12,684	12,995	12,995	0	0	0
- Term Deposits (maturity greater than one year)	2,315	2,430	90	2,340	0	0
- Community Loans	52	52	15	30	5	2
- Net Settled Derivative Assets	0	0	0	0	0	0
- Loans to Related Parties	2,440	2,525	2,525	0	0	0
	25,254	25,766	23,389	2,370	5	2
Group						
Cash and Cash Equivalents	5,681	5,681	5,681	0	0	0
Debtors and Other Receivables	4,278	4,278	4,278	0	0	0
Other Financial Assets:						
- Short Term Deposits	12,884	12,884	12,884	0	0	0
- Term Deposits (maturity greater than one year)	2,315	2,430	90	2,340	0	0
- Community Loans	52	52	15	30	5	2
- Net Settled Derivative Assets	0	0	0	0	0	0
- Loans to Related Parties	0	0	0	0	0	0
	25,209	25,324	22,947	2,370	5	2

Financial Instrument Risks

Sensitivity Analysis

The tables below illustrate the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Buller District Council's financial instrument exposures at the balance date.

Council - Interest Rate Risk	Note	2017/2018 \$000				2016/2017 \$000			
		-100bps		+100bps		-100bps		+100bps	
		Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity
Financial Assets									
Cash and Cash Equivalents	1	(25)	0	25	0	(21)	0	21	0
Other Financial Assets - Short Term Deposits & deposits with maturities greater than 1 year	2	(150)	0	150	0	(150)	0	150	0
Financial Liabilities									
Derivatives - Held for Trading	3	(183)	0	183	0	(170)	0	170	0
Borrowings - Secured Loans	4	64	0	(64)	0	64	0	(64)	0
Total Sensitivity to Interest Rate Risk		(294)	0	294	0	(277)	0	277	0

Explanation of Sensitivity Analysis - Council

Financial Assets

1. Cash and Cash Equivalents

Cash and cash equivalents of \$3,128,000 (2016/2017: \$3,245,000) of which \$628,000 (2016/2017: \$1,145,000) are held in non-interest bearing cheque deposit accounts. A movement in interest rates of plus or minus 1.0% has an effect on interest revenue of \$25,000 (2016/2017: \$21,000).

2. Other Financial Assets - short term deposits and deposits with maturities greater than 1 year

Short Term Deposits consist of term deposits at financial institutions and total \$15,001,000 (2016/2017: \$14,998,000). A movement in interest rates of plus or minus 1.0% has an effect on investment revenue of \$150,000 (2016/2017: \$150,000).

Financial Liabilities

3. Derivatives - Held For Trading

Derivative financial instruments held for trading consist of interest rate swaps with a fair value totalling \$1,050,000 (2016/2017: \$756,000). A movement in interest rates of plus or minus 1.0% has an effect on realised receipts/(payments) on the derivatives during the period of \$183,000 (2016/2017: \$170,000).

4. Borrowings - Secured Loans

Council has floating rate debt with a principal amount totalling \$6,434,000 (2016/2017: \$6,434,000). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$64,000 (2016/2017: \$64,000). A movement in market interest rates on fixed rate debt does not have any impact on interest expense.

Group - Interest Rate Risk	Note	2017/2018 \$000				2016/2017 \$000			
		-100bps		+100bps		-100bps		+100bps	
		Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity
Financial Assets									
Cash and Cash Equivalents	1	(16)	0	16	0	(23)	0	23	0
Other Financial Assets - Short Term Deposits & deposits with maturities greater than 1 year	2	(159)	0	159	0	(152)	0	152	0
Financial Liabilities									
Derivatives - Held for Trading	3	(183)	0	183	0	(170)	0	170	0
Borrowings - Secured Loans	4	64	0	(64)	0	64	0	(64)	0
Total Sensitivity to Interest Rate Risk		(294)	0	294	0	(281)	0	281	0

Explanation of Sensitivity Analysis - Group

Financial Assets

1. Cash and Cash Equivalents

Cash and cash equivalents of \$6,008,000 (2016/2017: \$5,681,000) of which \$4,374,000 (2016/2017: \$3,381,000) are held in non-interest bearing cheque deposit accounts. A movement in interest rates of plus or minus 1.0% has an effect on interest revenue of \$16,000 (2016/2017: \$23,000).

2. Other Financial Assets - short term deposits and deposits with maturities greater than 1 year

Short Term Deposits consist of term deposits at financial institutions and total \$15,855,000 (2016/2017: \$15,199,000). A movement in interest rates of plus or minus 1.0% has an effect on investment revenue of \$158,550 (2016/2017: \$152,000).

Financial Liabilities

3. Derivatives - held for trading

Derivative financial instruments held for trading consist of interest rate swaps with a fair value totalling \$1,050,000 (2016/2017: \$756,000). A movement in interest rates of plus or minus 1.0% has an effect on realised receipts/(payments) on the derivatives during the period of \$183,000 (2016/2017: \$170,000).

4. Borrowings - secured loans

The Group has floating rate debt with a principal amount totalling \$6,434,000 (2016/2017: \$6,434,000). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$64,000 (2016/2017: \$64,000). A movement in market interest rates on fixed rate debt does not have any impact on interest expense.

- In October 2018 the Ngakawau/Hector Water Society Incorporated was reinstated as the registered supplier with the Ministry of Health for the Ngakawau- Hector Water Supply.
- On 3 September the Westport Harbour Limited liquidation was completed and the company was formally removed from the New Zealand Companies Register.
- (2016/2017) Subsequent to balance date a process has commenced to wind up Westport Harbour Limited and disestablish the business. This company makes up part of Council's investment in Buller Holdings Limited but its cessation is not expected to affect the current overall value of Council's investment in Buller Holdings. The residual Harbour activities will be administered by another company within the subsidiary group and the Council owned dredge vessel Kawatiri will be placed on the market for sale.

Explanations of major variances from Council’s budgeted figures in the 2017/2018 Annual Report are as follows:

Operating Revenue

Total revenue was \$23.5m compared to a budget of \$23.4m:

- Subsidies and grants were \$602,000 greater than budgeted mainly to the receipt of unbudgeted Development West Coast (DWC) grants of \$483,000 from the economic stimulus development fund for distribution, additional subsidies received from New Zealand Transport Agency of \$405,000 due to the increased amount of roading work completed during the year and additional capital subsidies of \$63,000 for the new Public Toilets located at Fox River and North Beach. This was offset by Waimangaroa drinking water subsidy not received \$403,000
- Investment income was \$455,000 less than budgeted due to a lower distribution received from Council’s Holding Company. The budgeted distribution was \$910,000 however the distribution received was \$450,000. This was due to the losses attributed to WHL during the year. A small variance in interest received compare to budget accounted for the difference.
- There were no vested assets accruing to Council compared to a budget of \$101,000. This is due to the low amount of property development that occurred during the year.

Operating Expenditure

Total expenses were \$26.4m compared to a budget of \$23.1m:

- Other expenses were 1,824,000 greater than budgeted. This variance included the following items across Council activities. Grants distributed from Development West Coast \$555,000. Costs associated with water supplies \$386,000 including Westport water maintenance costs while on the alternate supply as well as additional costs for supply issues at the Reefton and Punakaiki water supplies. There were additional Roothing repairs and maintenance due to the number of storm events during the year which amounted to \$236,000, Civil Defence costs for the same storm events amounted to \$86,000. There were unbudgeted cost associated with taking over Harbour operations, \$185,000 and investigations into the purchase of the Holcim site \$66,000. Contracting costs for Resource Management area amounted to \$100,000. Council’s contribution to the seawall to protect Punakaiki camp amounted to \$72,000.
- There was \$844,000 more in depreciation than budgeted. This is due to a revaluation that was carried out at the start of the period which increased depreciation on infrastructure assets
- There was a variance in the non-cash write off of assets that amounted to \$385,000. This was due to the amount and nature of assets replaced and written off over the period.
- There was a non cash loss in derivative contracts of \$294,000. This related to market interest rate movements that had a negative effect on the fixed portion of Councils debt facility.

Total Comprehensive Revenue & Expense

- Council budgeted for \$386,000 total Comprehensive Revenue and Expense but achieved a \$23.4m surplus. The difference is mainly due to a revaluation of infrastructure assets that was carried out in 2017/2018 and was later than anticipated.

Statement of Financial Position

- Cash and cash equivalents were \$2.1m higher than budget due to less expenditure on fixed assets than budgeted.
- Trade and other receivables were \$800,000 lower than budget due to the continued focus on debt recovery.
- Short term investments were \$400,000 higher due to the growth in term deposits because there was less depreciation funded capital expenditure than planned for.
- Assets held for sale were \$300,000 more than budgeted due to delay in the sale of the harbour dredging assets.
- Investment in Council Controlled Organisations was \$400,000 lower than budget as the requirement to fund capital expenditure was below expectations.
- Investments were \$2.1m higher than budgeted primarily due to the investment in LGFA borrower notes of \$300,000 and the inclusion of term deposits with a maturity greater than a year totaling \$1.6m in this category.
- Investment Properties were \$200,000 more than budget due to the property market which has firmed slightly over the year increasing the value of this asset.
- Infrastructure assets were \$5.9m higher than budget due to the valuation being significantly higher than budgeted. This was offset by some capital projects, such as Westport water of \$2.3m, which have been budgeted for but have not yet been completed.
- Other non-current assets were \$2.6m higher than budgeted due to the unbudgeted purchase of Harbour assets of \$1.3m. In addition some projects were completed in the period that were budgeted in previous periods or unbudgeted including projects such as revitalisation projects and signage, public toilets and a number of smaller projects.
- Trade and other payables are \$743,000 lower primarily related to the timing of some capital projects.
- Current Provisions are higher than budgeted due to providing for a slipping provision for the dredge which was not provided for in budgets.

The cost of the Canterbury earthquakes has highlighted the importance of good risk management and the part insurance and/or risk financing plays when it comes to rebuilding public assets. In many instances, councils can provide services in the future only through the continuing use of their assets. Public entities have had to think carefully about how they are managing their risks and how they are using the insurance and risk finance options available to them.

Water, Waste Water and Storm Water Assets

- The total value of this asset category in the financial statements as at 30 June 2018 is \$69,839,000 (2017: \$64,448,000) (cost/revaluation).
- These activities have a total asset value for insurance purposes of \$116,710,060 (2017: \$116,710,060). Of this \$23,526,245 (2017: \$23,960,545) of mainly above ground infrastructure plant is fully insured for replacement value.
- Council insures 40% of the remaining assets of \$93,183,815 (2017: \$92,749,515) via Lloyd's of London with the remaining 60% being funded by Central Government.

Roading and Footpath Assets

- The total value of these assets in the financial statements at 30 June 2018 is \$213,496,000 (2017: \$201,672,000) (cost/revaluation). These activities are not insured by Council and do not have an asset value for insurance purposes for this activity of assets. Council would receive a minimum of 62% subsidy from the NZTA (the NZTA financial assistance rate is currently under review and may change) with the remaining portion of the loss likely to be loan funded by Council to replace the assets. There is no self insurance fund maintained by Council for replacement of roading assets in the event of a loss.

Wharves, Vessels and Maritime Navigation Assets

- The total value of these assets in the financial statements as at 30 June 2018 is \$6,337,000 (2017: \$6,384,000) (cost/revaluation).
- These assets have an asset value for insurance purposes of \$7,145,735 (2017: \$8,001,735). Vessels and hydrographical equipment are fully insured for \$2,488,000 (2017: \$3,344,000).
- The remaining assets comprising wharves and land based navigational assets \$4,657,735 (2017: \$4,657,735) are partially insured.
- Council insures 40% of the value of these assets with Lloyds of London.
- The remaining 60% of the insurance value of these assets is self insured by Council.
- There is currently no self insurance fund maintained by Council for replacement of these assets in the event of a loss.

Buildings, Plant & Equipment & Other Assets

- The total value of these assets in the financial statements as at 30 June 2018 is \$31,430,000 (2017: \$30,126,000) (cost/revaluation).
- This activity has a total asset value for insurance purposes of \$51,495,765 (2017: \$51,511,035). This includes assets such as non infrastructure assets, Council plant and buildings and airport assets, excluding runways.

Vehicles

- The total value of assets in this category in the financial statements as at 30 June 2018 is \$1,025,000 (2017: \$1,002,000) (cost/revaluation).
- This activity has a total asset value for insurance purposes of \$541,304 (2017: \$931,825).
- All vehicles are insured for market value.
- The Council is insured for all glass related claims.

On 30 May 2018 Westport Harbour Limited was placed in voluntary liquidation. This subsidiary was not previously classed as a discontinued operation.

	Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000
Results of discontinued operation		
Revenue	581	1,675
Expenses	725	2,010
Surplus (deficit) from discontinued operations, net of tax	(143)	(335)

The loss from the discontinued operations of \$143,000 (2017: loss of \$335,000) is attributable entirely to the owners of the Entity.

	Group	
	2017/2018 Actual \$000	2016/2017 Actual \$000
Cashflows from (used in) discontinued operations		
Net cash used in operating activities	(718)	(173)
Net cash used from investing activities	(452)	(41)
Net cash used from financing activities	(400)	400
Net cash flows for the year	(1,570)	186

	Group	
	2017/2018 Actual \$000	
Effect of disposal on the financial position of the Group		
Consideration received, return of share capital		446
Consideration received, settlement of GST arrears		20
Cash and cash equivalents disposed of		(466)
Net cash in flows		0

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The Buller District Council is a territorial local authority governed by the Local Government Act 2002.

The Buller District Council group consists of Buller District Council and its subsidiaries Buller Holdings Ltd (BHL), WestReef Services Ltd (WSL), Buller Recreation Ltd (BRL) and Westport Harbour Ltd (WHL), subsidiaries in substance Buller Health Trust (BHT) and Westport Airport Authority (WAA) which is owned as a 50% joint venture with the Ministry of Transport. Council owns 100% of BHL which in turn holds 100% interests in WSL, BRL and WHL.

The Buller District Council and group provides local infrastructure, local public services and provides regulatory functions to the community. The Council does not operate to make a financial return. Accordingly, Buller District Council has designated itself and the group as a Public Benefit Entity (PBE) for financial reporting purposes.

The financial statements of Buller District Council are for the year ended 30 June 2017. The financial statements were authorised for issue by Council on 30 October 2017.

Basis of Preparation

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period and have been no changes in accounting policies during the financial year. The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain infrastructural assets, investment property and financial instruments.

Statement of Compliance

The financial statements of Buller District Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of schedule 10, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The financial statements have been prepared in accordance with Tier 1 PBE accounting standards. The financial statements comply with PBE Standards.

These financial statements are the third financial statements presented in accordance with the new PBE accounting standards. Prior period material adjustments arising on transition to the new PBE standards (if applicable) are explained in the notes to the accounts.

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$1,000) unless stated. The functional currency of Buller District Council is New Zealand dollars.

Standards issued and not yet effective and not early adopted

The following new standards, interpretations and amendments have been issued but are not yet effective as at 30 June 2017. The Buller District Council and Group has not early adopted these standards and interpretations.

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council and group are:

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 - 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 - 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted. The Council plans to apply the new standards in preparing the 30

June 2020 financial statements. The Council and group has not yet assessed the effects of these new standards.

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group has not yet assessed the effects of the new standard.

Subsidiaries

Subsidiaries are those entities where Buller District Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where Buller District Council controls the majority voting power of the governing body or where such policies have been irreversibly predetermined by Buller District Council.

The subsidiaries of Buller District Council are Buller Holdings Limited, WestReef Services Limited, Westport Harbour Limited, Buller Recreation Limited and Buller Health Trust.

Buller District Council measures the cost of a business combination as the aggregate of the fair values at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs attributable to the business combination.

Any excess of the cost of the business combination over Buller District Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, is recognised as goodwill. If Buller District Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the difference will be recognised immediately in the surplus or deficit.

The purchase method of consolidation has been used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, revenue and expenses on a line by line basis. All significant intra-group balances, transactions, revenue and expenses are eliminated on consolidation.

Buller District Council's investment in its subsidiaries is carried at cost in the Buller District Council's own "parent entity" financial statements.

Associates

An associate is an entity over which Buller District Council has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Buller District Council accounts for an investment in an associate using the equity method. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the share of the surplus or deficit of the associate.

The Council has two associates: Tourism West Coast and Denniston Heritage Trust. There are no entries in the group financial statements for Denniston Heritage Trust because Council has no equity investment in this organisation.

Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Buller District Council has a 50/50 joint venture interest in the Westport Airport Authority with Ministry of Transport.

Buller District Council recognises in its financial statements the assets it controls, the liability and expenses it incurs, and the share of revenue that it earns from the joint venture.

Revenue

Revenue is measured at the fair value of consideration received. Revenue from the rendering of services is recognised by the reference to the stage of completion of the transaction at balance date based on the actual service provided as a percentage of the total services to be provided.

Rates Revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of the West Coast Regional Council (WCRC) are not recognised in the financial statements, as the Council is acting as an agent for the WCRC.

Other Revenue

Buller District Council receives Government Grants from the New Zealand Transport Authority, which subsidises part of Buller District Council's costs in maintaining the local roading infrastructure. Grants are received from the Ministry of Health for eligible schemes. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure are fulfilled.

Sales of goods are recognised when a product is sold to a customer. Sales are usually in cash. The recorded revenue is the gross amount of the sale.

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in Buller District Council are recognised as revenue when control over the asset is obtained.

- Rental revenue is recognised on a straight line basis.
- Interest revenue is recognised using the effective interest method.
- Dividends are recognised when the right to receive the payment has been established.

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure at the time when such application has been received.

Discretionary grants are those grants that Buller District Council has no obligation to award and are recognised as expenditure

when a successful applicant has been notified of the Buller District Council's decision.

Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill, or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising from investments in subsidiaries and associates, and interests in joint ventures, except where the Council can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited against the surplus or deficit for the period, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Leases

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, Buller District Council recognises finance leases as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Buller District Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the lease term or useful life, whichever is the shortest.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of the asset. Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown as current liabilities in the Statement of Financial Position.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

Loans, including loans to community organisations made by Buller District Council at nil, or below market interest rates, are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset / investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and the present value of the expected future cash flows of the loan is recognised in the surplus or deficit.

A provision for impairment of receivables is established when there is objective evidence that Buller District Council will not be able to collect all the amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and current replacement cost.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

The write down from cost to current replacement cost or net realisable value is recognised in the surplus or deficit.

Non Current Assets Held for Sale

Non current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through the sale transaction rather than through continuing use. Non current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for writedowns of non current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have previously been recognised.

Non current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Financial Assets

Buller District Council classifies its financial assets into the following four categories:

- Financial assets at fair value through surplus or deficit;
- Held-to-maturity investments;
- Loans and receivables; and
- Fair value through other comprehensive revenue.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in surplus or deficit.

Purchases and sales of investments are recognised on trade date, the date on which Buller District Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, Buller District Council having transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Buller District Council uses a variety of methods and makes assumptions that are based on market conditions existing at balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Financial Assets at Fair Value Through Surplus or Deficit

This category has two sub-categories:

- Financial assets held for trading
- Those designated at fair value through surplus or deficit at inception.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

Currently Buller District Council recognises derivative financial instruments in this category.

Held to Maturity Investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that Buller District Council has the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Currently Buller District Council does not hold any financial assets in this category.

Loans and Receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Loans and receivables are classified as "trade and receivables" and short and long term investments in the Statement of Financial Position.

Investments in this category include loans to subsidiaries and other companies and term deposits.

Fair Value Through Other Comprehensive Revenue & Expenses

Financial assets at fair value through other comprehensive revenue and expenses are those that are designated into this category at initial recognition or are not classified in any of the other categories above.

This category encompasses:

- Investments that Buller District Council intends to hold long-term but which may be realised before maturity.
- Shareholdings that Buller District Council holds for strategic purposes. Buller District Council's investments in its subsidiary and associate companies are not included in this category as they are held at cost whereas this category is to be measured at fair value.

After initial recognition these investments are measured at their fair value.

Gains and losses are recognised directly in other comprehensive revenue and expenses except for impairment losses, which are recognised in the surplus or deficit.

Investments in this category include shares in other companies.

Impairment of Financial Assets

At each balance sheet date Buller District Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Any cumulative losses previously recognised in equity will be removed from equity and shown in the surplus or deficit.

Term deposits, loans to subsidiaries and associates, and community loans (loans and receivables)

Impairment is established when there is evidence that the Council and group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

Listed and unlisted shares, listed bonds (fair value through other comprehensive revenue and expense)

For shares, a significant or prolonged decline in the fair value of the shares below its cost is considered to be objective evidence of impairment. For listed bonds, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payment is considered to be objective evidence of impairment.

Derivative Financial Instruments

Buller District Council uses derivative financial instruments to hedge exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, Buller District Council does not hold or issue derivative financial instruments for trading purposes. However derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date.

The gain or loss on re-measurement to fair value is recognised immediately in surplus or deficit. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that Council would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Buller District Council has not adopted hedge accounting to account for its derivative financial instruments.

Property, Plant and Equipment

Property, plant and equipment consist of:

Council Assets – These include land, buildings, plant and machinery, motor vehicles, office equipment, library books and the Airport runway.

Infrastructure Assets – These include roads, footpaths, traffic facilities, street lights, bridges, culverts, water reticulation, storm water reticulation, sewerage reticulation and landfill.

Harbour Assets – These include land, buildings, wharves, plant and machinery, office equipment, motor vehicles and harbour vessels.

WestReef Assets – These include leasehold improvements, plant and equipment, office equipment, office furniture, fittings and computer equipment.

Buller Health Trust Assets – These include plant and equipment and furniture and fittings.

Property, plant and equipment is shown at cost or revaluation, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Buller District Council and the cost of the item can be reliably measured.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Work in progress is recognised at cost less impairment and is not depreciated.

The cost of day-to-day servicing of property, plant and equipment are recognised in the surplus or loss as they are incurred.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Buller District Council and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment, other than land or erosion protection assets, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Council Assets

	Depreciation Rate (%)	Useful Life (Years)
Motor vehicles	15%	7
Office equipment	10% to 50%	2 - 10
Plant and machinery	3.33% to 15%	7 - 30
Buildings	1% to 10%	10 - 100
Library Books	10%	10
Airport runway:		
■ Basecourse	1.3%	75
■ Seal	5%	20

Harbour Assets

	Depreciation Rate (%)	Useful Life (Years)
Wharves	1.67%	60
Buildings	2.5%	40
Plant and Machinery	3.3% to 10%	10 - 30
Office Equipment	20% to 33.5%	3 - 5
Motor Vehicles	10% to 20%	5 - 10
Harbour Vessels	5% to 6.7%	15 - 20

WestReef Services Limited Assets

	Depreciation Rate (%)	Useful Life (Years)
Leasehold Improvements	6.5% to 15%	6.7 - 15
Plant and Equipment	5.5% to 40%	2.5 - 18
Vehicles	8% to 29%	3 - 12
Office Equipment	8% to 40%	2.5 - 12.5
Office Furniture & Fittings	8% to 24%	4 - 12.5
Computer Equipment	18% to 36%	3 - 5.5

Buller Health Trust Assets

	Depreciation Rate (%)	Useful Life (Years)
Plant and Equipment	10% to 50%	2 - 10
Furniture and Fittings	7% to 13.5%	7.4 - 14.3
Furniture and Fittings (accommodation)	16.2% to 48%	2.1 - 6.2

Infrastructure Assets

	Depreciation Rate (%)	Useful Life (Years)
Roads:		
■ Formation	Not depreciated	
■ Basecourse - unsealed roads	Not depreciated	
■ Basecourse - sealed roads	1% to 2%	50 - 100
■ Seal	4% to 12.5%	8 - 25
Footpaths:		
■ Basecourse	Not depreciated	
■ Pavement	1.25% to 10%	10 - 80
Traffic facilities	5% to 10%	10 - 20
Street lights	3.33%	30
Bridges	1% to 2%	50 - 100
Culverts	1.11% to 1.25%	80 - 90
Water Reticulation:		
■ Drains	Not depreciated	
■ Kerb and Channelling	1.25%	80
■ Pipes	1.10% to 4.10%	25 - 100
■ Valves, hydrants	1.67%	60
■ Intake structures	1.11% to 2%	50 - 90
■ Reservoirs	1.25%	80
■ Resource Consents	2.85%	35
■ Pump stations	2% to 6.67%	15 - 50
■ Treatment Equipment	2% to 6.67%	15 - 50
■ Tunnels	0.7% to 4%	25 - 150
Stormwater Reticulation:		
■ Pipes	1% to 1.54%	65 - 100
Sewerage Reticulation:		
■ Pipes	1% to 1.42%	70 - 100
■ Treatment Plants	1.11% to 6.67%	15 - 90
■ Pump Stations	1.11% to 6.67%	15 - 90
■ Manholes	1.11%	90

Capital work in progress is not depreciated. The total cost of the project is transferred to Property Plant and Equipment on its completion and then depreciated.

The residual value and useful life of an asset is reviewed and adjusted if applicable, at each financial year end.

Revaluation

Those asset classes that are revalued are valued on a basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Council Land - The Airport land was revalued to fair value as determined by market based evidence by an independent valuer. The most recent valuation was performed by Quotable Value with an effective date as at 30 June 2005. Council land is recognised at deemed cost.

Harbour Land - The Harbour land was revalued to fair value as determined by market based evidence by an independent valuer. The most recent valuation was performed by Quotable Value with an effective date as at 30 June 2005. Harbour land is recognised at deemed cost.

Infrastructural Assets – The infrastructural assets are valued on a three yearly valuation cycle at fair value determined on a depreciated replacement cost basis by an independent valuer. At balance date Buller District Council assesses the carrying values of its infrastructural assets to ensure that they do not differ materially from the assets fair value. The most recent valuation was performed by GHD Limited and the valuation is effective as at 1 July 2017. All infrastructural asset classes carried at valuation were valued. The total value of infrastructural assets valued by GHD Limited on 1 July 2017 was \$280,609,862.

Accounting for Revaluation

Buller District Council accounts for revaluations of property, plant and equipment on a class of assets basis.

The results of revaluing are credited or debited to an asset revaluation reserve. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit, will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve.

Intangible Assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows: Computer software 3 to 5 years 20 to 33.3%

Goodwill

Goodwill is initially measured at its cost, being the excess of the cost of the acquisition over Buller District Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill on acquisition of subsidiaries is included in intangible assets by applying the purchase method.

Goodwill arising in business combinations is not amortised. Instead, goodwill is tested for impairment annually. After initial recognition, Buller District Council measures goodwill at cost less any accumulated impairment losses. An impairment loss recognised for goodwill will not be reversed in any subsequent period.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination, in which the goodwill arose.

Investment Property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to

meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at cost, including transaction costs.

After initial recognition, Buller District Council measures all investment property at fair value as determined annually by an independent valuer. The most recent valuation of investment property was carried out by Quotable Value with an effective date as at 30 June 2017.

Gains or losses arising from a change in the fair value of investment property are recognised in the Surplus or Deficit.

Impairment of Non Financial Assets

Property, plant and equipment assets, measured at fair value are not required to be reviewed and tested for impairment. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the asset class is revalued. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

Property, plant and equipment, and intangible assets subsequently measured at cost that have a finite useful life are reviewed each balance date for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets subsequently measured at cost that have an indefinite useful life, and goodwill, are not subject to amortisation and are tested annually for impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cashflows.

Employee Entitlements

Short Term Benefits

Employee benefits that Buller District Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Buller District Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Buller District Council anticipates it will be used by staff to cover future absences.

Buller District Council recognises a liability and expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long Term Benefits

- Long Service Leave and Retirement Leave

Entitlements that are payable beyond 12 months, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

Likely future entitlements accruing to staff, based on years of service, years to entitlement and the likelihood that staff will reach the point of entitlement; and

The present value of the estimated future cashflows. A discount rate of 4.5%, and a inflation factor of 1.9% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long term increase in remuneration for employees.

Superannuation Schemes

- Defined Contributions Schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Provisions

Buller District Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Equity

Equity is the community's interest in Buller District Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Retained earnings;
- Restricted reserves; and
- Asset revaluation reserve.
- Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget Figures

The budget figures are those approved by the Council at the beginning of the year in the Annual Plan. The budget figures have been prepared in accordance with NZ GAAP or Public Benefit Entity Accounting Standards, using accounting policies that are consistent with those adopted by Buller District Council for the preparation of the financial statements.

Cost Allocation

Buller District Council has derived the cost of service for each significant activity using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using an appropriate cost driver.

Critical Accounting Estimates and Assumptions

In preparing these financial statements Buller District Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Classification of Property

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant and equipment rather than as investment property.

The estimates and assumptions that form a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Landfill Aftercare Provision

The Landfill Aftercare Provision Note discloses an analysis of the exposure of Buller District Council in relation to estimates and uncertainties surrounding the landfill aftercare provision.

Infrastructural Assets

There are a number of assumptions and estimates used when performing valuations over infrastructural assets which include:

- The physical deterioration and condition of an asset, eg Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible such as stormwater, wastewater and water supply pipes that are underground. The risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by local conditions, eg weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimize the risk, Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructure Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modeling are also carried out regularly as part of Council's Asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers prepare Council's infrastructural asset revaluations. The last valuation was prepared by GHD Limited on 1 July 2017.

Independent Auditor's Report

To the readers of Buller District Council's annual report for the year ended 30 June 2018

The Auditor-General is the auditor of Buller District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Jacques Coetzee, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 31 October 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 67 to 70 and pages 73 to 131:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2018;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards;
- the funding impact statement on page 71, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statement of service performance on pages 13 to 54:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, including:

- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 15 to 54, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 15 to 54, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 7 to 11, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for our opinion on the audited information

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. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this 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 on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit 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 this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited 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 audited 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 District Council and Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Council activities, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited 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 audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the 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.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 131, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, 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 District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the District Council's 2018-28 long term plan, and performed a limited assurance engagement related to the District Council's Debenture Trust Deed. Other than these engagements, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.



Jacques Coetzee
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand



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