

Annual Report Summary for 2016/2017

Summary of Buller District Council's achievements for 2016/2017

Message from the Mayor & Chief Executive

It is with pleasure that we present you with the 2016/2017 Buller District Council Summary Annual Report and thank you for taking the time to read it.

This summary annual report describes how Buller District Council and the Group has performed over the past year, what Council has done well, what needs more work and the challenges Council has met along the way.

The full annual report includes our financial performance and position, our non-financial performance including mandatory key performance indicators for significant infrastructure areas, and highlights for the year with much greater detail. A full copy of the Annual Report is available on our website and from Council offices.

The financial results for the year are very pleasing with Council ending the year in a better financial position than anticipated in the Annual Plan.

"Overall there has been continued investment in all areas of the core infrastructure areas with \$4.9m spent on asset upgrades in 2017."

This year saw the completion of the Reefton Community Centre project and the Inangahua Water Treatment Plant as well as the Buller Values project which created shared values for our district and Council as an organisation.

The Kaikoura Earthquake In November 2016 created both opportunities and challenges for our District. The opportunity came from the significant increase in visitor numbers due to the diversions in place which contributed additional income to the local economy.

The flipside of this of course was the extra strain put on our infrastructure as result. New toilets were installed in Springs Junction utilizing funding from the Mid-Sized Tourism Fund to better provide for the increase in traffic, putting the Fox River project on hold until 2017/2018.

Thanks to the one million dollar Economic Stimulus Fund provided by Development West Coast, Council were able to facilitate an employment initiative creating 22 new jobs and supported fourteen businesses that created an additional 27 jobs.

A significant challenge was presented this year when a secondary collapse of the number 1 tunnel which supplies water for Westport occurred. This has meant that Westport has been running on the previous back-up pumped supply full time since early in 2017. This has placed serious strain on resources and we have been working hard to find both a medium and long term solution.

This will continue to be our number one priority in the coming financial year alongside delivering all the projects outlined in our Annual Plan.

In conclusion, we would like to thank the Council staff and their willingness to be flexible and go the extra mile for our ratepayers and we invite you to read on to find out more about how Council performed over the last twelve months.


Garry Howard
Mayor


Andy Gowland-Douglas
Chief Executive

What is Council's debt situation?

Net debt (debt less term deposits) was \$8.5m at balance date. The 2016/2017 Annual Plan budget estimated that net debt would be \$14.0m for this period.

Council has \$5.5m lower net debt levels than planned due to a number of factors. Council's term deposit balance was greater than budgeted in the Annual Plan (\$15m versus a budget of \$12.2m) due to movement of funds from cash during the year onto term deposit. Better than anticipated distributions from Council's holding company was another contributing factor.

A number of projects that were to be funded by external debt did not occur including capital expenditure associated with Westport water, and the waterfront upgrade were the main ones. The Reefton Community Centre was funded by internal instead of external debt.

Financial Highlights

Total operating revenue was \$24.7m which was \$1.9m better than budget.

This is because unbudgeted grants from Development West Coast (DWC) for district economic initiatives were received along with a subsidy from central government for a new toilet facility at Springs Junction required after the Kaikoura earthquake redirected heavy traffic along the Springs Junction route. Investment income was greater than budgeted because Council received a larger distribution from Buller Holdings due to the good performance of Westreef Services within the group. There was also a significant non cash gain in derivative contracts which related to market interest rate movements that had a positive effect on the reported revenue.

Councils total operating expenditure was \$23.2m which exceeded budget by \$800,000.

This was mainly attributed to the distribution of unbudgeted grants from DWC, increased costs in some of the water supplies and movements in staff compliment changes over the period.

Overall Buller District Council has a \$1.5m net surplus compared to a predicted net surplus in the 2016/2017 Annual Plan of \$422,000.

Financial results as at 30 June 2017

Summary of Statement of Comprehensive Revenue & Expenses <i>for the year ended 30 June 2017</i>	Parent 2016/2017 Actual \$'000	Parent 2016/2017 Budget \$'000	Parent 2015/2016 Actual \$'000	Group 2016/2017 Actual \$'000	Group 2015/2016 Actual \$'000
Total Operating Revenue	24,730	22,805	22,007	30,493	29,404
Total Operating Expenditure *	23,261	22,383	23,100	30,950	29,995
Net Surplus (Deficit) Before Taxation	1,469	422	(1,093)	(458)	(591)
Income Tax Expense	0	0	0	260	(157)
Net Surplus (Deficit) After Taxation	1,469	422	(1,093)	(718)	(434)
Other Comprehensive Revenue & Expense - Increase in Asset Revaluation & Other Reserves	3	10,067	0	3	0
Total Comprehensive Revenue & Expense	1,472	10,489	(1,093)	(715)	(434)
* Includes finance costs of	1,139	1,219	1,112	1,149	1,111

Summary of Statement of Changes in Equity <i>for the year ended 30 June 2017</i>	Parent 2016/2017 Actual \$'000	Parent 2016/2017 Budget \$'000	Parent 2015/2016 Actual \$'000	Group 2016/2017 Actual \$'000	Group 2015/2016 Actual \$'000
Equity As At 1 July	317,004	316,756	318,097	315,000	315,434
Total Comprehensive Revenue & Expense	1,472	10,489	(1,093)	(715)	(434)
Equity At The End Of The Year	318,476	327,245	317,004	314,285	315,000
Accumulated Funds	169,441	168,042	167,962	164,206	164,914
Reserves	4,992	4,948	4,854	4,992	4,854
Asset Revaluation Reserve	144,043	154,255	144,188	145,087	145,232
Total Equity	318,476	327,245	317,004	314,285	315,000

Summary of Statement of Financial Position <i>as at 30 June 2017</i>	Parent 2016/2017 Actual \$'000	Parent 2016/2017 Budget \$'000	Parent 2015/2016 Actual \$'000	Group 2016/2017 Actual \$'000	Group 2015/2016 Actual \$'000
Total Current Assets	20,654	18,369	20,111	23,326	23,646
Total Non Current Assets	327,616	342,000	326,525	323,482	323,657
Total Assets	348,270	360,369	346,637	346,808	347,303
Total Current Liabilities	12,143	4,397	3,159	13,613	4,668
Total Non Current Liabilities	17,651	28,726	26,474	18,910	27,635
Total Equity	318,476	327,246	317,004	314,285	315,000
Total Liabilities And Equity	348,270	360,369	346,637	346,808	347,303

Summary of Statement of Cash Flows <i>for the year ended 30 June 2017</i>	Parent 2016/2017 Actual \$'000	Parent 2016/2017 Budget \$'000	Parent 2015/2016 Actual \$'000	Group 2016/2017 Actual \$'000	Group 2015/2016 Actual \$'000
Net Cash Inflow (Outflow) From Operating Activities	6,303	6,337	6,357	6,520	7,900
Net Cash Inflow (Outflow) From Investing Activities	(6,296)	(5,615)	(6,329)	(6,432)	(8,240)
Net Cash Inflow (Outflow) From Financing Activities	(70)	1,541	255	(70)	255
Net Increase (Decrease) In Cash Held	(63)	2,263	283	18	(85)
Opening Cash Balance At 1 July	3,308	(899)	3,025	5,663	5,748
Closing Cash Balance	3,245	1,364	3,308	5,681	5,663

Capital expenditure & infrastructure

Council completed a number of community assets during the year, notably the Reefton Community Centre which met the budgeted cost of \$820,000. A new toilet facility at Springs Junction was required and completed over the period. This was funded by a central government grant.

The Inangahua drinking water scheme was completed during the year at a cost of \$220,000. The scheme was budgeted to be completed in 2015/2016. Waimangaroa and Ngakawau water schemes have not been completed as budgeted. Council continues to work with rural communities to ensure suitable drinking water is provided to those communities

Over the course of the year across all areas of infrastructure and other Council activities Council replaced \$3.8m of assets and spent \$1.1m on capital expenditure, that improved the level of service provided throughout the district compared to a capital budget of \$5.7m predicted in the Annual Plan.

Working with our communities

Rates overhaul

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

Council has continued to work on the project and plans to consult on a new system throughout November and December 2017. We want to make sure we get it right and we end up with an appropriate and equitable rating system that is based on the principles of a good rating system.

Community facilities

The Reefton Community Centre project was completed during the year. The remainder of the Seddon Ward Vision2010 funds are allocated toward the refurbishment of the Karamea Pool and an urban design project at Karamea. Initial investigation into a Punakaiki Community Centre was undertaken however this project will require further funding and project development before it is ready to proceed.

Supporting the community

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

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

■ by facilitation of existing and new business

Council has continued to fund a dedicated person for Economic Development as part of a combined strategy of the four West Coast Councils and Development West Coast.

We continued to administer the \$1m fund Development West Coast Economic Development Stimulus Fund which supported new start up business in the district.

■ by advocating for technology and on local issues

Council advocated for the community to bring awareness to the importance of the local police force, to bring ultra-fast broadband services to the West Coast and toward the West Coast Growth Strategy, with positive results.

■ by advocating for local issues

Council has been involved in advocacy for the Tapawera/Wangapeka Road, the Integrated Family Health Centre and protection of properties exposed to sea erosion in conjunction with Regional Council. Our Council actively pursued further shared services with the other West Coast Councils.

Leadership and Governance

Local body elections were held in October 2016 and we welcomed four new Councillors: Cr Jamie Cleine, Cr Shayne Barry, Cr Martin Hill and Cr Emily Miazga.

We have also had changes in three senior management positions with the appointment of Andy Gowland-Douglas to the Chief Executive's position, Dean Phibbs (Manager Corporate Services) and Mike Duff (Group Manager Assets and Infrastructure). Such changes in both governance and management bring with them changes to vision, process, skills and capability.

How are our infrastructure assets performing?

Stormwater

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



Solid Waste

The contracted service for solid waste has resulted in more recycling and 10% less refuse transferred from the district. Council replaced all 60-litre street bins with larger 140-litre wheelie bin enclosures, this has resulted in immediate savings with reduced bin empties.

Wastewater/Sewerage

In tandem with other infrastructures services Derby Street between Mill and Rintoul Streets was upgraded. The systems met performance measures in all areas.

Roading

Remedial work on the Karamea Highway included drainage facilities, pavement rehabilitation and reseals. Emergency works were undertaken district wide to address issues caused by adverse weather events. Footpaths in Westport, Reefton and Karamea were progressively renewed. The upgrade of Derby Street, Westport continued as planned along with Nine Mile Road, Westport and Lewis Street, Mokihinui. Roothing continues to operate within the majority of controllable performance measures. The key performance measures that were not met included safety, where the measurement of fatal and serious accidents on the roadway increased due to the alternative SH1 route which affected the crash data.



Water

A WorkSafe approved method to repair the collapse in Westport Tunnel No.1 is being developed. The water supply for Westport and Carters Beach has relied on pumping from Keoghans Pump Station since early January to maintain supply due to this collapse.

Rural water upgrades remain a priority to achieve government subsidy and acceptance by the community. The Waimangaroa Rural Water Supply has progressed by looking for an alternative water supply and a test bore has been drilled. The Inangahua Water Treatment Plant was installed and commission in early 2017.

Assets performed well except that there were long term restrictions imposed for the Westport water supply, and a permanent restriction in place for the Waimangaroa water supply until a new scheme is implemented.

The year in review 2016/2017 Performance

Measuring up

Council measures its performance each year using a core set of indicators that are determined in the Long Term Plan.

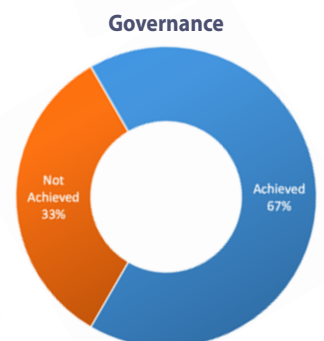
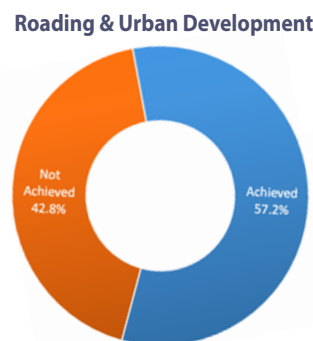
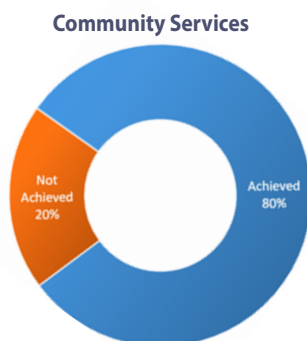
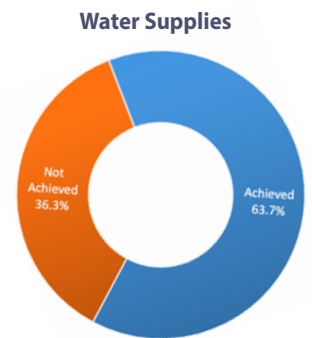
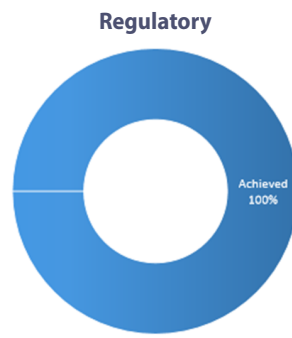
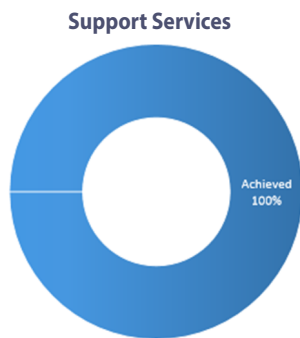
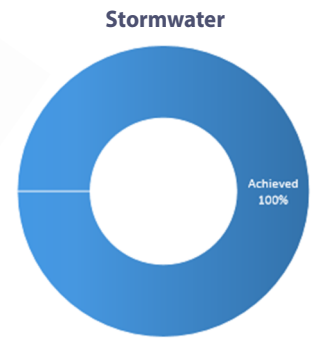
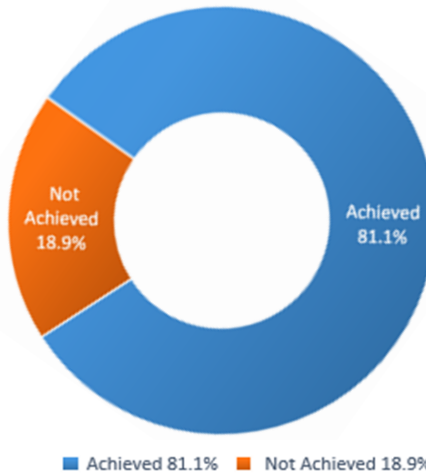
We have 74 performance measures we report on across 10 groups of activities.

We achieved 60 of the 74 measured.

Of the 14 were not achieved. 11 related to water supplies, roading and urban development and community services which were nearly met. 3 were not met with 1 due to long term water restrictions for the Westport and Waimangaroa water supplies, and 2 measures were not met because our community survey was not completed as it is undertaken every second year.



Overall Performance Summary



Notes to the accounts

1. Part 6 Section 98(4)(b) of the Local Government Act 2002 requires Council to make publicly available a summary of information contained in its full financial report.
2. All figures reported in the summary are presented in New Zealand dollars and are rounded to the nearest thousand dollar amount.
3. Comparative information for the previous reporting period is shown for all items disclosed in the summary financial statements, except when such information is not disclosed in the full financial statements.
4. The specific disclosures included in the summary financial report have been extracted from the full financial report adopted on 30 October 2017 and authorised for issue by the Buller District Councillors on that date. This summary has been prepared in accordance with Public Benefit Entity (PBE) FRS 43: Summary Financial Statements.
5. The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report. The report dated 30 October 2017 has received an unmodified audit report. A copy of the full financial report may be obtained from Council's offices or on the Council's website (www.bullerdc.govt.nz).
6. This summary financial report has been examined by the auditor for compliance with the full financial report. An unmodified auditors report is included with this summary.
7. The information included in the summary financial report has been extracted from the audited full annual report and authorised for issue by the Chief Executive on 8 November 2017.
8. Council's summary financial report has been prepared in accordance with NZ GAAP. The report complies with applicable Tier 1 PBE Accounting Standards.
9. Council's full financial statements have been prepared in accordance with NZ GAAP. They comply with PBE Accounting Standards as applicable for a Tier 1 Public Benefit Entity.
10. There have been no changes in accounting policies for the period.
11. **Post Balance Date Events:** 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 motor vessel Kawatiri will be placed on the market for sale. (2016: nil).
12. **Contingent Liabilities:** Contingent Liabilities for the Council and Group are as follows:

Council has recognised a Housing New Zealand contribution of \$400,000 as a contingent liability. The funds were used for pensioner housing upgrades. The amount will be required to be paid back to Housing New Zealand if Council does not utilise the funds on a pensioner housing project or divests the completed project within a 20 year timeframe. This liability ceases on 11 June 2027.

Council has provided Sounds Air with a guarantee for \$108,000 should passenger numbers on flights to and from Westport Airport fall below 2.9 passengers per flight during a 12 month period.

Council has one outstanding leaky home claim for which it may be liable. The property is a residential property in the Reefton area constructed in 2008. The extent of the liability was unknown at balance date. (2015/2016: one leaky home claim, Reefton area residential property constructed in 2008).

Council is a participating employer in the National Provident Fund's Defined Benefit Plan Contributors Scheme (the scheme) which is a multi-employer defined benefit superannuation scheme. In the unlikely event that the other participating employers cease to participate in the scheme, the Council could be responsible for the entire deficit of the scheme. Similarly, if a number of employers ceased to participate in the scheme, Council could be responsible for an increased share of the deficit. The Fund has advised that insufficient information is available to use defined benefit accounting as it is not possible to determine, from the terms of the scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation. Westreef had \$30,000 in Performance Bonds outstanding with Westpac as at 30 June 2017 (2015/2016: \$223,000).

The other members of the Group had no contingent liabilities as at 30 June 2017. The other members of the group include Buller Health Trust, Buller Holdings Limited, Westport Harbour Limited and Tourism West Coast Inc.
13. **Contingent Assets:** The Buller District Council and the Group has no contingent assets as at 30 June 2017 (2015/2016: nil).

Audit Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Buller District Council and group's summary of the annual report for the year ended 30 June 2017

The summary of the annual report was derived from the annual report of the Buller District Council (the Council) and group for the year ended 30 June 2017.

The summary of the annual report comprises the following summary statements on pages 2 to 5:

- the summary statement of financial position as at 30 June 2017;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2017;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary performance information.

Opinion

In our opinion:

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

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2017 in our auditor's report dated 30 October 2017.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

In addition to reporting on the summary of the annual report, we have reported on the full annual report and have carried out engagements in the areas of an independent assurance review of the District Council's Debenture Trust Deed, which are compatible with those independence requirements. 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
8 November 2017

For further information contact your elected members:

Garry Howard (Mayor)

Phone: 027 447 4371

Email: garry@bdc.govt.nz

Westport Ward:**Shayne Barry**

Phone: 022 694 4592

Email: shayne.barry@bdc.govt.nz

Jamie Cleine

Phone: 027 415 8614

Email: jamie.cleine@bdc.govt.nz

Greg Hart

Phone: 021 255 5452

Email: greg.hart@bdc.govt.nz

Robyn Nahr

Phone: 027 426 6171

Email: robyn.nahr@bdc.govt.nz

Sharon Roche

Phone: 027 659 9050

Email: sharon.roche@bdc.govt.nz

Phil Rutherford

Phone: 03 789 7087

Email: phil.rutherford@bdc.govt.nz

Inangahua Ward:**Dave Hawes**

Phone: 021 269 5643

Email: dave.hawes@bdc.govt.nz

Graeme Neylon

Phone: 027 431 4659

Email: graeme.neylon@bdc.govt.nz

Seddon Ward:**Emily Miazga**

Phone: 027 274 4370

Email: emily.miazga@bdc.govt.nz

Council representative:**Dean Phibbs**

Manager Corporate Services

Phone: 03 788 9679

Email: deanp@bdc.govt.nz

WEST COAST NEW ZEALAND
UNTAMED NATURAL WILDERNESS



Westport office:

Reefton office:

6-8 Brougham Street, PO Box 21, Westport 7866

66 Broadway, PO Box 75, Reefton 7851

t: 03 788 9111 or 0800 807 239

t: 03 732 8821 or 0800 808 821

www.bullerdc.govt.nz