



**BULLER**  
DISTRICT COUNCIL

THE  
TOMBSTONE

# Annual Report

for the year ended  
30 June 2017



# CONTENTS

---

## Introduction

Message from Mayor	1
Chief Executive's Report	1
Mayor and Councillors	2
Inangahua Community Board	2
Statement of Compliance & Responsibility	3
Consultation with Maori	3
Performance Review	4

## Our Work in Detail

<b>Environment and Planning:</b>	11
Regulatory Services	12

### Engineering Services:

Roading and Urban Development	15
Water Supplies	19
Wastewater	26
Stormwater	30
Solid Waste	33
In-house Professional Services	35

### Community Services:

Community Services:	37
---------------------	----

### Governance:

Governance	41
Support Services	44

### Council Enterprises and Property:

Property Management, Amenities & Reserves	47
-------------------------------------------	----

## Council Controlled Trading Organisations

Westport Airport	51
Buller Holdings Limited	52
WestReef Services Limited	54
Westport Harbour Limited	56
Buller Recreation Limited	58
Tourism West Coast	60

## Financial Statements

Statement of Comprehensive Revenue & Expense	63
Statement of Changes in Equity	64
Statement of Financial Position	65
Statement of Cashflows	66
Funding Impact Statement	67
Notes to the Financial Accounts	68

## Accounting Policies

120

## Audit Report

127



# Message from the Mayor

***2016/2017..... the past financial year has been a year of change.***

The 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 (Chief Executive), Dean Phibbs (Manager Corporate Services) and Mike Duff (Group Manager Assets & Infrastructure). Such changes in both governance and management bring with them changes to vision, process, skills and capability.

There has been a variance in the projects set to be completed in 2016/2017 with the Reefton Community Centre, Derby Street upgrade and Inangahua water projects completed, but the Waimangaroa and Ngakawau-Hector water schemes and the Westport waterfront project seeing delays due to environment, community and capacity constraints.

***"Financially Council is in a sound position and Council staff should be congratulated for their contribution to the result."***

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. This falls well short of jobs lost from industry but is a positive step in the right direction.

Council was required to advocate for the Community to bring awareness to the importance of the local police force, bringing ultra-fast broadband services to the West Coast and West Coast Growth Strategy, with positive results.

As we move from the 2016/2017 financial year into 2017/2018 we aim to have a tangible outcome from the West Coast Action Plan and see a resolution to some legacy issues that have hindered making better progress in promoting diversification in our wonderful district.

*Regards*

**Garry Howard**  
Mayor



# Chief Executive's Report

***This Annual Report covers the performance of the Buller District Council Group operations for the period 1 July 2016 to 30 June 2017.***

The annual report sets out in detail 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 report includes our financial performance and position, our non-financial performance (including the introduction of a number of new central government introduced mandatory KPI's for key infrastructure areas), and highlights for the year.

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 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. With visitor number projections being on an upwards trajectory this will continue to be an issue in the future, and we will need central government assistance to solve this.

Another challenge presented was the secondary collapse of the number 1 tunnel which supplies water for Westport. 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. Unfortunately the new Health & Safety at Work Act has meant we do not have many of the repair methods utilised in the past available to us so this increases cost and complexity of repair significantly. In June Council opted to re-investigate long term alternatives to the current supply alongside remaining repair options for the Tunnel in recognition of the short-medium term nature of any repairs. 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, I would like to thank the Council staff and their willingness to be flexible and go the extra mile for our ratepayers.

We invite you to read on to find out more about how Council performed over the last twelve months.

*Thank you*

**Andy Gowland-Douglas**  
Chief Executive Officer



# Mayor & Councillors

## MAYOR

### Garry Howard

First Elected: 2013  
| [03] 788-9684 (office)  
| [027] 4474-371 (mobile)  
| [garry@bdc.govt.nz](mailto:garry@bdc.govt.nz)



## COUNCILLOR Westport Ward

### Shayne Barry

First Elected: 2016  
| [03] 789-6966 (home)  
| [022] 694-4592 (mobile)  
| [shayne.barry@bdc.govt.nz](mailto:shayne.barry@bdc.govt.nz)



## COUNCILLOR Westport Ward

### Jamie Cleine

First Elected: 2016  
| [03] 789-8060 (home)  
| [027] 415-8614 (mobile)  
| [jamie.cleine@bdc.govt.nz](mailto:jamie.cleine@bdc.govt.nz)



## COUNCILLOR Westport Ward

### Greg Hart

First Elected: 2013  
| [021] 073-5518 (mobile)  
| [greg.hart@bdc.govt.nz](mailto:greg.hart@bdc.govt.nz)



## COUNCILLOR Inangahua Ward

### Dave Hawes

Inangahua Ward  
First Elected: 2007  
| [03] 732-8423 (home)  
| [dave.hawes@bdc.govt.nz](mailto:dave.hawes@bdc.govt.nz)



## COUNCILLOR Seddon Ward

### Martin Hill

First Elected: 2016  
| [03] 782-8696 (home)  
| [martin.hill@bdc.govt.nz](mailto:martin.hill@bdc.govt.nz)



## COUNCILLOR Seddon Ward

### Emily Miazga

First Elected: 2016  
| [03] 782-8999 (home)  
| [027] 274-4370 (mobile)  
| [emily.miazga@bdc.govt.nz](mailto:emily.miazga@bdc.govt.nz)



## COUNCILLOR Westport Ward

### Robyn Nahr

First Elected: 2013  
| [03] 789-8431 (home)  
| [03] 788-9090 (business)  
| [robyn.nahr@bdc.govt.nz](mailto:robyn.nahr@bdc.govt.nz)



## COUNCILLOR Inangahua Ward

### Graeme Neylon

First Elected: 1992  
| [03] 732-8382 (home)  
| [027] 431-4659 (mobile)  
| [graeme.neylon@bdc.govt.nz](mailto:graeme.neylon@bdc.govt.nz)



## COUNCILLOR Westport Ward

### Sharon Roche

First Elected: 2013  
| [03] 789-6423 (home)  
| [027] 659-9050 (mobile)  
| [sharon.roche@bdc.govt.nz](mailto:sharon.roche@bdc.govt.nz)



## COUNCILLOR Westport Ward

### Phil Rutherford

First Elected: 2013  
| [03] 789-7087 (home)  
| [phil.rutherford@bdc.govt.nz](mailto:phil.rutherford@bdc.govt.nz)



# Inangahua Community Board

## Susan Barnett

First Elected: 2015  
| [03] 732-8440 (home)  
| [reefton@clear.net.nz](mailto:reefton@clear.net.nz)

## Simon Burke

First Elected: 2016  
| [03] 732-7011 (home)  
| [simonariel1@gmail.com](mailto:simonariel1@gmail.com)

## Alun Bollinger

First Elected: 2016  
| [03] 732-8123 (home)  
| [albol@kinect.co.nz](mailto:albol@kinect.co.nz)

## Ina Lineham

First Elected: 2016  
| [03] 732-8401 (home)  
| [alineham@clear.net.nz](mailto:alineham@clear.net.nz)



# 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.



**Garry Howard - Mayor**  
30 October 2017

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 2017 fairly reflect the financial position and operations of the Buller District Council and Group.



**Andy Gowland-Douglas - Chief Executive**  
30 October 2017

## 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 \$24.7m which was \$1.9m better than budget. Councils total operating expenditure was \$23.2m which exceeded budget by \$800,000. Overall Buller District Council has a \$1.5m surplus compared to a predicted surplus in the 2016/2017 Annual Plan of \$422,000 .*

Total operating revenue was better than anticipated due to a number of factors. Subsidies and grants income were greater than anticipated due to unbudgeted grants from Development West Coast (DWC) for district economic initiatives and subsidy from central government for a new toilet facility at Springs Junction. Investment income was greater than budgeted due to 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 movement that has had a positive effect on the fixed portion of Council's debt facility.

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

Total Comprehensive Revenue and Expense includes budgeted increment for revaluation of Council infrastructure assets. This was not carried out in 2016/2017 and the valuation and associated costs will be deferred until the 2017/2018 year.

## Statement of Performance

### Operating Revenue:

#### General rates

■ General rates were \$66,000 less than budgeted. This was due to the effect of the amalgamation of rural land parcels by Councils valuation provider Quotable Value (as decreed by the Valuer General) when rates were struck early in the 2016/2017 year. This resulted in slightly less rates being collected than was determined in the Annual Plan budgeting process.

#### Subsidies and grants

**(received \$0.4m more than budgeted)**

■ Subsidies and grants were greater than budgeted mainly because receipt of \$433,000 of unbudgeted Development West Coast grants from the economic stimulus development fund for distribution or redistribution in the district during the year.

■ Receipt of the subsidy for the construction of the Inangahua drinking water scheme of \$222,000 which was budgeted to be received in the 2015/2016 year.

■ In 2016/2017 Council received \$3.3m in NZTA subsidies. This was in line with what was expected to be received for the year as detailed in the Annual Plan for 2016/2017.

■ The subsidies and grants surplus was offset by a reduction in funds for capital sponsorship of \$100,000 for the year. The current agreement was ended a year earlier in exchange for additional sponsorship being obtained for another 10 years for the Buller Recreation Centre.

#### Fees and charges

**(received \$96,000 more than budget)**

■ Council received \$96,000 more in fees and charges for the year which was pleasing. This was mainly because of additional lease income received from Westport Harbour Ltd, additional lease revenue from property agreements offset by less income from the Regulatory activity.

#### Development and financial contributions

■ Reserves contribution income was affected by a slowdown in development activity which resulted in \$56,000 less income than budgeted for.

#### Investment income

■ In 2016/2017 Council received \$2.1m in Subvention distributions from the Holding Company compared to a budget of \$910,000. The surplus received is primarily due to the performance of Westreef Services which has exceeded profit forecasts for the year. This is offset by a minor budget deficit of \$25,000 which is attributed to less investment income from term deposits due to interest rates movements over the year.

#### Gain on derivative contracts

**(\$413,000 better than budgeted)**

■ There was significant non cash gain in derivative contracts. This related to market interest rate movements that had a positive effect on the fixed portion of Council's debt facility.



### Operating Expenditure:

#### Employee benefit expenses (\$186,000 higher than budgeted)

■ The budget variance of \$186,000 is the net result of staff complement changes during the year, remuneration movements and the level of chargeable time within the engineering business unit.

#### Finance costs (\$80,000 less than budgeted)

■ The variance is due to lower interest rates than anticipated over the course of the year. Council has benefited from moving the majority of its debt facility to the Local Government Funding Agency (LGFA) which has reduced Council's ongoing finance costs for debt.

#### Other expenses (\$650,000 greater than budgeted)

■ One of the main contributors to the variance is \$358,000 in grants which was distributed from Development West Coast as grants from the Economic Stimulus Development Fund for economic development in the district. In addition there were additional costs in the water supplies of \$228,000. The cost of the tunnel collapse in power expense and repairs and maintenance, at the Westport water treatment plant contributed \$131,000 to this variance.

## Statement of Position

### Council's net debt position

**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.**

■ The lower net debt levels are 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.

### Capital expenditure

**Council continue to maintain assets and upgrade them when required. 2016/2017 was a challenging year due to an unseasonable wet summer which impacted on the delivery of some capital projects. Major projects this year have included:**

■ Roading capital expenditure totaled \$1.6m for 2016/2017 including the continuing pavement upgrade of Derby Street, continued work on the Karamea Highway and Wastewater, stormwater and water infrastructure upgrade of Derby Street continued, with the block between Mill and Disraeli Street completed during the year.

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

■ 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 scheme 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.



## Financial prudence benchmarks

On 1 May 2014 the Local Government (Financial Reporting and Prudence) Regulations 2014 were introduced. These regulations 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 following benchmarks were introduced:

<b>Affordability benchmarks</b>	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.	●
<b>Sustainability benchmarks</b>	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.	●
<b>Predictability benchmarks</b>	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	●

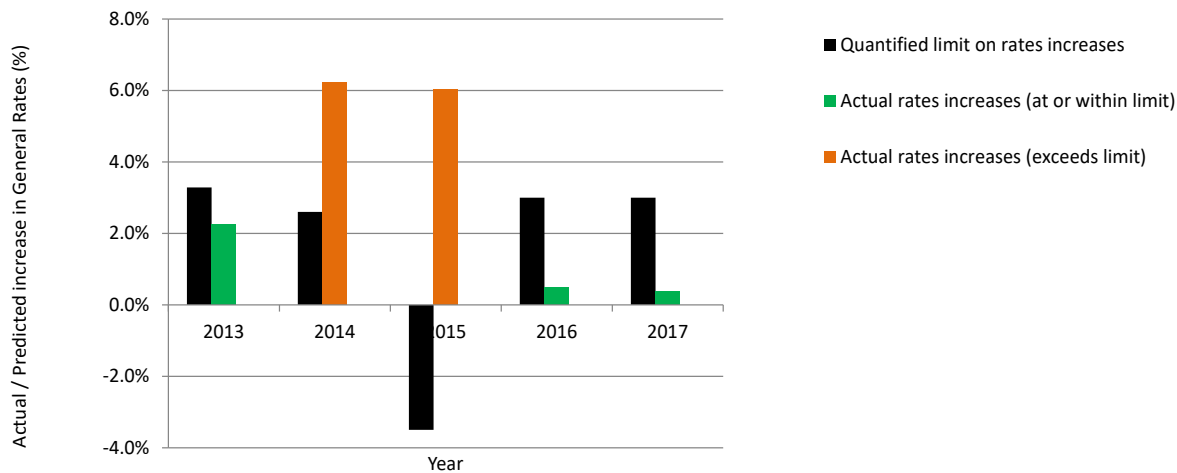
### For the 2016/2017 Annual Report Council has met 6 of the 8 financial prudence benchmarks.

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

■ Council has not met the essential services benchmark mainly because of a number of roading capital projects that were not completed due to poor weather over the reseal period. This flowed over to a lesser extent into other infrastructure projects.

■ 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 building and planning which has not eventuated. In addition rates income predictions were higher in the LTP benchmark.

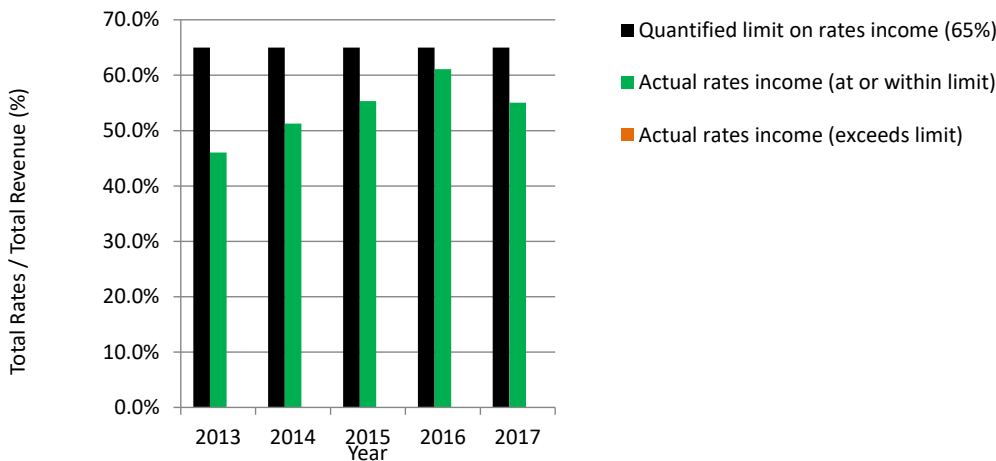
## Rates increases affordability benchmark



■ Council has indicated that rate limits are what had been forecast in the Long Term Plan.

Year	Main drivers why benchmark not met
2013/2014	■ Delay in the commencement of the contracted waste management approach resulted in additional costs which were unbudgeted.
2014/2015	■ The Long Term Plan had predicted a decline. Slower economic activity resulted in a reduction in planning income (\$399,000). A change in the way Council funds Solid Waste increased General Rates (\$313,000). Assistance for the Rates Overhaul project increased General Rates.

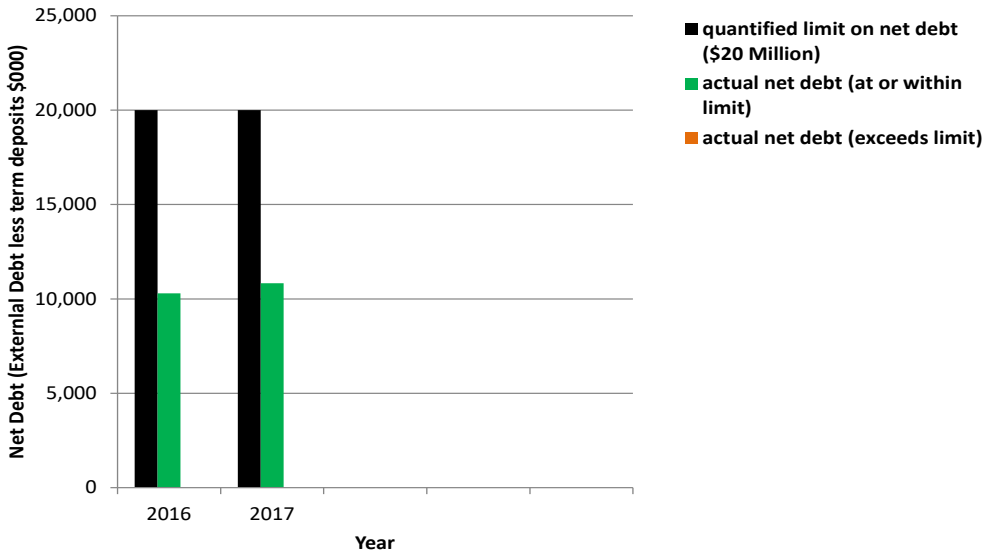
## Rates income affordability benchmark



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

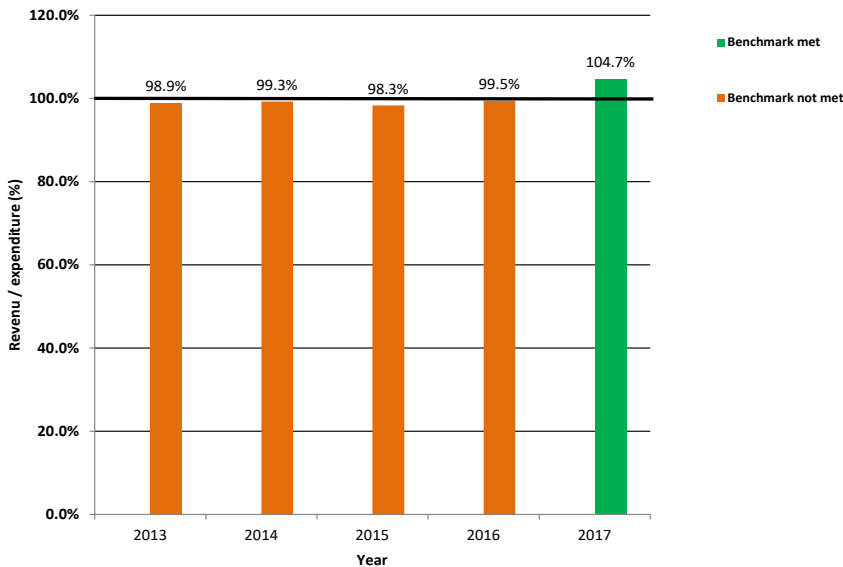


## Debt affordability benchmark



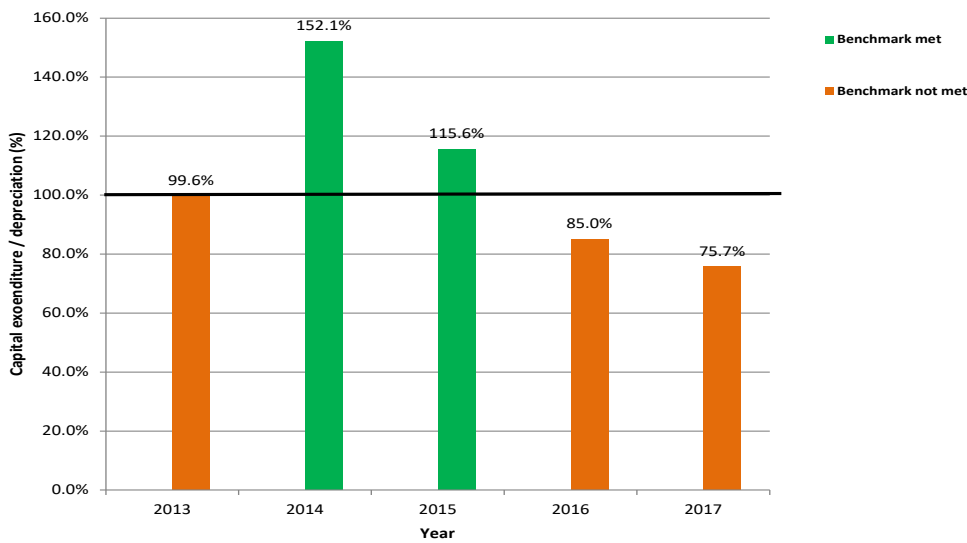
- Council continues to operate well below the Treasury Management interest cover limit of 15%.
- A new measure of debt affordability was adopted in the 2015-2025 Long Term Plan which measures net debt (external debt less term deposits) against a net debt ceiling of \$20 million.

## Balanced budget benchmark



Year	Main Driver why benchmark not met
2012/2013	<ul style="list-style-type: none"> <li>■ Granting of the fitout and associated costs to the Coaltown Trust. There was a great deal of uncertainty regarding the funding of the project when the budget was approved.</li> <li>■ Legal and staff costs associated with high profile mining consents. Council had made a conscious decision to not budget for legal costs.</li> </ul>
2013/2014	<ul style="list-style-type: none"> <li>■ 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.</li> </ul>
2014/2015	<ul style="list-style-type: none"> <li>■ This is attributable to the infrastructure and investment property asset disposals and the loss on the interest rate swaps.</li> </ul>
2015/2016	<ul style="list-style-type: none"> <li>■ This is principally because of the effect of lower than expected income.</li> </ul>

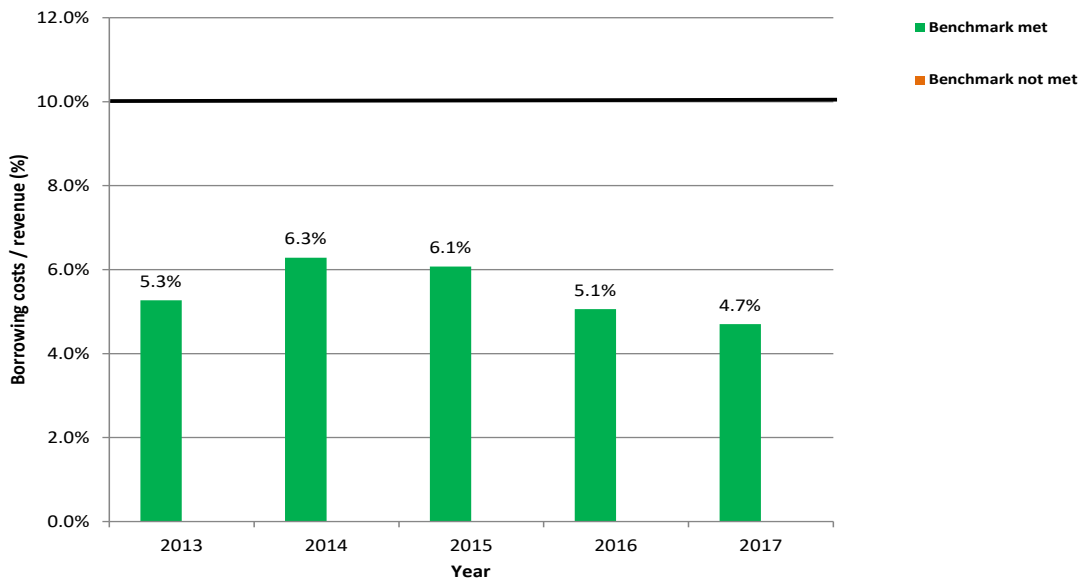
## Essential services benchmark



Capital expenditure on the five network infrastructure services has not exceeded depreciation in the following years due to:

Year	Main drivers why benchmark not met
2012/2013	This difference was marginal (\$13,000) and is not considered material.
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 resale period, this flowed over to a lesser extent into other infrastructure projects.

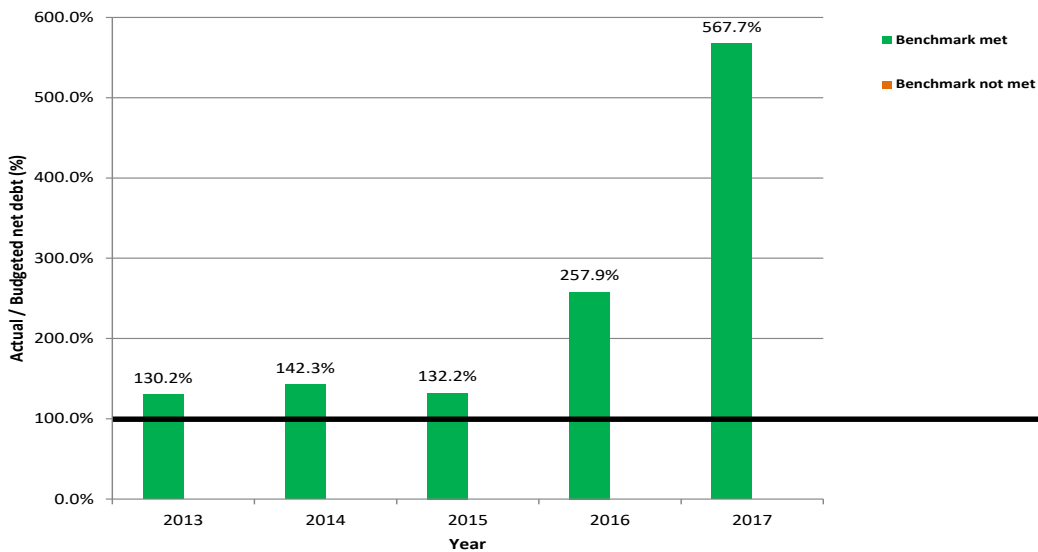
## Debt servicing benchmark



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

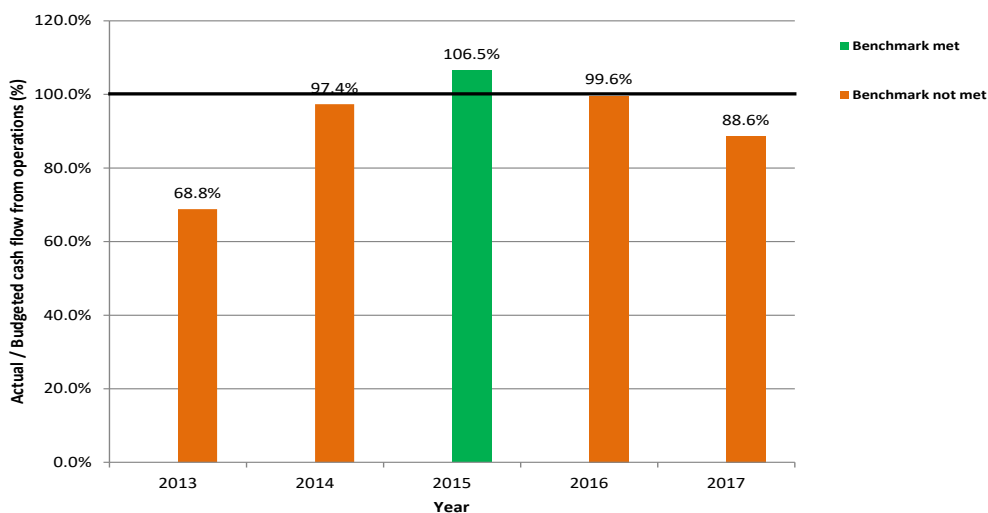


## Debt control benchmark



Year	Main Driver why benchmark not met
2016/2017	<ul style="list-style-type: none"> <li>■ 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).</li> </ul>

## Operations control benchmark



■ The actual cashflow from operations has varied to the LTP cash flow due to the following:

Year	Main Driver why benchmark not met
2012/2013	<ul style="list-style-type: none"> <li>■ Unbudgeted expenses associated with high profile consents.</li> <li>■ Additional consultant costs due to the Solid Waste restructure.</li> </ul>
2013/2014	<ul style="list-style-type: none"> <li>■ Unbudgeted expenses associated with damage from Cyclone Ita, combined with lower income from fees and charged caused by an economic downturn.</li> </ul>
2015/2016	<ul style="list-style-type: none"> <li>■ Due to lower income from Regulatory activity than budgeted.</li> </ul>
2016/2017	<ul style="list-style-type: none"> <li>■ The operating cashflow benchmark budgeted in the LTP had higher income predicted for building and planning which has not eventuated.</li> <li>■ In addition rates income predictions were higher in the LTP benchmark.</li> </ul>

# OUR WORK IN DETAIL

---

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

## **Council Activities:**

- Regulatory Services
- Roading and Urban Development
- Water Supplies
- Wastewater
- Stormwater
- Solid Waste
- In-house Professional Services
- Community Services
- Governance
- Support Services
- Property Management, Amenities and Reserves

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.



*photo credit: Richard Rossiter*



## 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
- Rural fire control
- Environmental health

## Why are Council 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 object of the Civil Defence Emergency Management Act 2002 are being met, in that we are prepared to provide planning, response and recovery in the event of an emergency;
- **Environmental Health** ensures that operators meet required public health standards.
- Council participates in the **West Coast Rural Fire Committee** to provide a fire control service outside the urban fire districts to provide a quick response to rural fires. As at 1 July 2017 Rural Fire will no longer be an activity of Council, all assets and regulatory functions will be transferred to Fire and Emergency New Zealand (FENZ).
- The creation of **Fire and Emergency New Zealand** will allow for a more coordinated fire and emergency service across New Zealand. Firefighters will have the legal mandate to do the additional jobs the public now expects from them, thanks to new legislation. That means our volunteers / stations are now funded by FENZ.

## 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 that injury to people is minimised in the event of natural disasters.
- The safety of people and their property is the paramount concern of emergency management plans and processes.

### 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. Progress continues as Council's Hearing Committee carries out its deliberations on the proposed changes.





### Civil Defence



- The Buller Civil Defence will have a complete changeover with the new structure created by the West Coast Regional Council.
- A full time Emergency Management Officer funded by the West Coast Regional Council (WCRC) sets out the strategic direction for the future and ensures we are well prepared for any type of emergency.

### Rural Fire

- Council's involvement with Rural Fire will cease from 30 June 2017.
- As at 1 July 2017 Rural Fire will no longer be an activity of Council, all assets and regulatory functions will be transferred to Fire and Emergency New Zealand (FENZ).

## Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
<b>Building</b>				
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.	2016/2017: The next audit is due in December 2017 (2015/2016: no audit was due or carried out during this year).	
<b>Resource Management</b>				
To maintain quality of life through ensuring compliance with regulations.	Process non-notified resource consents within statutory timeframes.	Target 100%.	2016/2017: 100% achieved within statutory timeframes (2015/2016: 100%).	
<b>Environmental Health</b>				
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%.	2016/2017: 100% with 100 premises inspected (2015/2016: 100%, 104 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.	
<b>Emergency Management</b>				
To establish an effective level of preparedness for Civil Defence disasters.	Maintain three teams of trained volunteers.	30 trained volunteers (3 teams).	2016/2017: Granity, Karamea, Westport and Reefton teams, consisting of 80 volunteers, are in training and undergoing a restructure within their groups (2015/2016: 100 volunteers).	

KPI met	
KPI not met	

## Significant variance explanations in comparison to the Long Term Plan (LTP)

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

■ There was \$265,000 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 \$112,000 and Building income \$193,000. This was offset by some small increases in income from other areas.

### Payments to staff and suppliers

■ There have been savings in a wide range of costs, including salaries and other variable expenses mainly due to less activity in Planning and Building areas from the continued economic slowdown related to this activity in the district.

### 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 \$58,000 less than budgeted for in the LTP.

### Increase/(decrease) in debt

■ The variance is related to the payback of vehicle related internal loans.



## Funding Impact Statement

Regulatory Services	Notes	2015/2016 LTP Budget \$000	2016/2017 LTP Budget \$000	2016/2017 Actual \$000
<b>Sources of Operating Funding</b>				
General rates, uniform annual general charge, rates penalties		980	985	943
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	9
Interest and dividends from investments		0	0	0
Local authorities fuel tax, fines, infringements fees & other receipts		1,040	1,066	800
<b>Total Operating Funding</b>	<b>A</b>	<b>2,020</b>	<b>2,051</b>	<b>1,752</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers		1,407	1,426	1,232
Finance costs		14	11	12
Internal charges and overheads applied		558	574	494
Other operating funding applications		13	13	13
<b>Total applications of Operating Funding</b>	<b>B</b>	<b>1,992</b>	<b>2,025</b>	<b>1,751</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>A-B</b>	<b>28</b>	<b>26</b>	<b>1</b>
<b>Sources of Capital Funding</b>				
Subsidies and grants for capital expenditure		0	0	0
Development and financial contributions		100	103	44
Increase/(decrease) in debt		(45)	(47)	(138)
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
<b>Total Sources of Capital Funding</b>	<b>C</b>	<b>55</b>	<b>55</b>	<b>(93)</b>
<b>Application of Capital Expenditure</b>				
- to meet additional demand		0	0	0
- to improve the level of service		0	0	0
- to replace existing assets		8	0	5
Increase/ (decrease) in reserves		75	81	(97)
Increase/ (decrease) in investments		0	0	0
<b>Total Applications of Capital Funding</b>	<b>D</b>	<b>83</b>	<b>81</b>	<b>(92)</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>C-D</b>	<b>(28)</b>	<b>(26)</b>	<b>(1)</b>
<b>Funding Balance</b>	<b>((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## What do we do?

- The Roothing and Urban Development 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 this activity?

- The Roothing and Urban Development 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 an 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 financial assistance rate that has been determined by the New Zealand Transport Agency is 62% for the 2016/2017 year, with the rate continuing to increase by 1% each year until it reaches 63% in 2017/2018.
- The financial assistance rate of 100% is guaranteed for Special Purpose Road's during 2016/2017 and 2017/2018 years only. 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.
- Footpaths in Westport, Reefton and Karamea were progressively renewed/resurfaced to provide a safe environment.
- A staged upgrade of Derby Street (a major street in Westport) is taking place over 10 years, in conjunction with the replacement of services, from Salisbury Street to the railway line on Derby Street. This project has progressed so that to date the upgrade has occurred from Salisbury Street to Disraeli Street.
- Local road improvements were undertaken on Derby Street and Nine Mile Road, Westport and Lewis Street, Mokihinui.
- Reseals throughout the district were also undertaken.
- Rain through to the end of February had an effect on the delivery of the roading programme.



photo credit: Richard Rossiter

## 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 Roding Activity	Partial Role of the Roding Activity	Key Service Criteria
Well-being	<ul style="list-style-type: none"> <li>a vibrant, healthy and safe community with access to quality facilities and services.</li> </ul>	Roding provides residents access across the district to facilities and services.	Roding 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"> <li>a district that values and supports learning with accessible relevant education and training opportunities.</li> </ul>	Roding provides access across the district to learning opportunities.		Are the footpaths comfortable to walk on?
Who we are	<ul style="list-style-type: none"> <li>a happening district with a strong community spirit and distinctive lifestyle.</li> </ul>	Roding connects communities.		Are the roads 'fit for purpose'?
Sustainable Environment	<ul style="list-style-type: none"> <li>the distinctive character of the environment appreciated and retained.</li> </ul>	Roding provides access for residents and visitors while not adversely affecting the environment	Roding provides opportunities for active transportation.	Are the footpaths comfortable to walk on?
				Is the environment being harmed?
Prosperity	<ul style="list-style-type: none"> <li>thriving, resilient and innovative economy creating opportunities for growth and employment.</li> </ul>	Roding 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 Long Term Plan (LTP)

#### Subsidies and grants for operating purposes

■ \$156,000 more than budgeted in the LTP. Due to an extreme weather event that caused increased repairs and maintenance which was subsidised by NZTA above the expected budget.

#### Payments to staff and suppliers

■ There was \$262,000 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 \$54,000. The extreme weather event of 18 January 2017 caused an estimated \$395,000 repair and reinstatement work. Council reached an agreement with NZTA to fund this expenditure by a combination of additional funding and the reallocation of \$310,000 from existing budgets. During the period to 30 June 2017 only \$216,000 was spent on this repair work. The remaining repairs to the significant damage to Mokihinui Road near Seddonville will occur in the 2017/2018 financial year once the weather conditions are suitable. Internal charges and overheads applied.

■ There was \$262,000 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 \$58,000. 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

■ Due to weather events and capacity in Councils service provider a number of capital projects were unable to be completed that were budgeted for in the LTP.

#### Subsidies and grants for capital expenditure








■ Capital subsidies are less than budgeted because less NZTA subsidised projects were completed than budgeted.



#### Increase/(decrease) in debt

■ A \$128,000 loan for bridge construction which was budgeted in 2015/2016 was not drawn down until the start of the following period.



## Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
<b>Provide a safe roading network.</b>	<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.	2016/2017: 2 fatal accident and 18 serious accidents were recorded (2015/2016: 2 fatalities and 14 serious).  The alternative SH1 route has affected crash data, with 1 fatality and 3 serious crashes occurring on this route)	
	The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within 15 days.	≥75%	2016/2017: 64% (2015/2016: 89%)  The customer service request model is currently under review to improve the process.	
<b>Provide a comfortable road network.</b>	<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 experience (STE) (10 year average).  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.	2016/2017: Current smooth travel exposure is 94%, with the two-year average being 95% (2015/2016: 96%).	
	<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% (10 year average)	2016/2017: 5.79%, with the 10 year average being 5.6% (2015/2016: 5.56%)	
<b>Provide usable footpaths.</b>	<i>Mandatory Performance Measure four:</i> condition of footpaths within the local road network.	≥ 75%	2016/2017: 84% of the footpath is ranked as grade 1&2 (satisfactory) by MWH (2015/2016: 77%).	
	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%	2016/2017: 99% of the footpath is ranked as grades 1-3 (satisfactory or deficient) by MWH (2015/2016: 97%).	
<b>Provide roads with the minimum environmental impact.</b>	Monitoring records and West Coast Regional Council correspondence to ensure compliance with Resource Consent conditions.	No prosecutions – 100% compliance.	2016/2017: No prosecutions - 100% compliance (2015/2016: no prosecutions - 100% compliance).	

KPI met	
KPI not met	

## Funding Impact Statement

Roading & Urban Development	<i>Notes</i>	2015/2016 LTP Budget \$000	2016/2017 LTP Budget \$000	2016/2017 Actual \$000
<b>Sources of Operating Funding</b>				
General rates, uniform annual general charge, rates penalties		2,274	2,274	2,151
Targeted rates		0	0	0
Subsidies and grants for operating purposes		2,009	2,063	2,219
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 & other receipts		175	177	172
<b>Total Operating Funding</b>	<b>A</b>	<b>4,458</b>	<b>4,514</b>	<b>4,542</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers		3,212	3,256	2,941
Finance costs		0	7	5
Internal charges and overheads applied		681	689	893
Other operating funding applications		0	0	0
<b>Total applications of Operating Funding</b>	<b>B</b>	<b>3,893</b>	<b>3,952</b>	<b>3,839</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>A-B</b>	<b>565</b>	<b>562</b>	<b>702</b>
<b>Sources of Capital Funding</b>				
Subsidies and grants for capital expenditure		1,333	1,367	1,027
Development and financial contributions		0	0	0
Increase/(decrease) in debt		110	(3)	125
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
<b>Total Sources of Capital Funding</b>	<b>C</b>	<b>1,443</b>	<b>1,364</b>	<b>1,152</b>
<b>Application of Capital Expenditure</b>				
- to meet additional demand		0	0	0
- to improve the level of service		291	185	189
- to replace existing assets		1,717	1,741	1,368
Increase/ (decrease) in reserves		0	(0)	297
Increase/ (decrease) in investments		0	0	0
<b>Total Applications of Capital Funding</b>	<b>D</b>	<b>2,008</b>	<b>1,926</b>	<b>1,854</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>C-D</b>	<b>(565)</b>	<b>(562)</b>	<b>(702)</b>
<b>Funding Balance</b>	<b>((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>(0)</b>

## Core Asset Disclosure

Roading & Urban Development	Closing Book Value \$000	2017 Asset Constructed \$000	2017 Asset Vested \$000	Replacement Cost \$000
Roads and footpaths	194,329	1,510	47	275,168
<b>Total</b>	<b>194,329</b>	<b>1,510</b>	<b>47</b>	<b>275,168</b>

# 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 born diseases affecting public health.

## How do we contribute to Strategic Goals and Community Outcomes?

*This activity supports the following community outcomes:*

### Well-being

- Provision of a reticulated water supply to support a healthy community.
- Provision of 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.
- A WorkSafe approved methodology to repair the collapse tunnel no. 1 is currently being developed. This will be presented to the October 2017 Council Meeting for review. The water supply for Westport and Carters Beach has relied on pumping from Keoghans Pump Station since early January to maintain supply.

### Waimangaroa Rural Drinking Water Upgrades

- A test bore has been drilled and following further investigation into water quality and quantity.
- A water treatment plant design will be finalised with construction expected to start in late 2016 and be completed early 2017.

### Ngakawau-Hector

- BDC has met with members of the Ngakawau Hector Water Society to determine a way forward with respect to ownership of the water supply.

### Inangahua Junction

- The Inangahua Water Treatment Plant was installed and commissioned in early 2017.

### Punakaiki

- Plant performance issues in 2016/2017 resulted in a Boil Water Notice (BWN) being imposed on the supply for most of the year. Scheduled media replacement of the PCDM filter improved the water quality with the BWN being lifted in June 2017. Council will continue to monitor plant performance to see what further process changes may be required.

## 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 fire fighting 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.









## Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
<b>Provide an adequate quality of water.</b>	E Coli detected within the water supply. <b>Target:</b> No E Coli confirmed by second sample.	No potential for illness due to unwholesome water.	2016/2017: E Coli was confirmed at the Punakaiki water supply, there is a boil water notice in place - target not met (2015/2016: target met).	
	Compliance with Drinking Water Standards. <b>Target:</b> All water supplies with community agreement for treatment by 2015.		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 met, no change (2015/2016: no change).	
<b>Provide an adequate quantity of water.</b>	Flow and pressure readings, taken at dwellings. <b>Target:</b> 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.	2016/2017: there were no requests for pressure/flow tests due to low pressure issues - target met (2015/2016: target met).	
	Flow taken at fire hydrants. <b>Target:</b> 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.	2016/2017: all fire hydrants were operational and met the NZ Standard - target met (2015/2016: target met).	
<b>Provide a reliable supply of quality water.</b>	Proportion of time that water is supplied into the reticulation. <b>Target:</b> Water supplied 99% of the time.	Provide water into the system virtually all of the time.	2016/2017: water was supplied 99.9% of the time - target met (2015/2016: 99.9% - target met).	
	Records of the number, nature and duration of all unplanned shutdowns. <b>Target:</b> 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.	2016/2017: unplanned shutdowns caused minimal disruption with 83 service requests issued, 86.7% complied with response times (2015/2016: 118 service requests issued with 76.8% complying with response times).	
	Number of days that water restrictions are in place. <b>Target:</b> No more than 5 days per year.	To permit gardens to be maintained in a healthy state all year.	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 (2015/2016: targets met).	
<b>Provide water with the minimum environmental impact.</b>	Monitoring as specified in the individual consents. <b>Target:</b> 100% compliance.	To comply with Resource Consent conditions.	2016/2017: all Resource Consent conditions met - target met (2015/2016: targets 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):	<b>Mandatory Performance Measure 1: (see table 2 below)</b>																	
			<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><b>2016/2017:</b></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	Yes	Yes	Punakaiki	No	N/A	<p>Bacterial compliance achieved for Westport, Carters Beach, Reefton and Inangahua Junction (4th quarter).</p> <p>Protozoal compliance achieved for Westport, Carters Beach and Reefton.</p>
	Bacteria Compliance	Protozoa Compliance																		
Westport	Yes	Yes																		
Carters Beach	Yes	Yes																		
Reefton	Yes	Yes																		
Punakaiki	No	N/A																		
			<p><b>(2015/2016)</b></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>Yes</td> <td>No</td> </tr> <tr> <td>Punakaiki</td> <td>No</td> <td>No</td> </tr> </tbody> </table>		Bacteria Compliance	Protozoa Compliance	Westport	Yes	No	Carters Beach	Yes	No	Reefton	Yes	No	Punakaiki	No	No	<p>(2015/2016: compliance was not achieved for Bacteria and Protozoa.)</p>	
	Bacteria Compliance	Protozoa Compliance																		
Westport	Yes	No																		
Carters Beach	Yes	No																		
Reefton	Yes	No																		
Punakaiki	No	No																		
Provide a reliable supply of water.	Maintenance of reticulation network.	Performance Measure 2 (maintenance of reticulation network):	<b>Mandatory Performance Measure 2: (see table 3 below)</b>																	
			<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>2016/2017: 58% in Westport only (2015/2016: 58% in Westport).</p>	30%															

KPI met	
KPI not met	

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):	<b>Mandatory Performance Measure 3:</b> 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	2016/2017: there were no urgent requests based on Council's service request system (2015/2016: no measure, recording system was amended in June 2016).	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.	2016/2017: there were no urgent requests based on Council's service request system (2015/2016: no measure, recording system was amended in June 2016).	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	2016/2017: 38 call outs were attended within 1 working day of notification, the median attendance time was 24 hours (2015/2016: no measure, recording system was amended in June 2016).	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.	2016/2017: 78 call outs were received in total, of these 55 were resolved within 5 working days, the median resolution time was 2 working days. 23 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. This did not affect consumers (2015/2016: no measure, recording system was amended in June 2016).	5 working days		
Provide water with the minimum environmental impact.	Customer satisfaction.	Performance Measure 4 (customer satisfaction):	<b>Mandatory Performance Measure 4:</b> The total number of complaints received by Council about any of the following:				
			a) Drinking water clarity	2016/2017: 1 (2015/2016: Nil).	10 per 1,000 connections.		
			b) Drinking water taste	2016/2017: 2 (2015/2016: Nil).			
			c) Drinking water odour	2016/2017: Nil (2015/2016: Nil).			
			d) Drinking water pressure	2016/2017: Nil (2015/2016: several complaints from Punakaiki during October/ November 2015).			
			e) Continuity of supply	2016/2017: Nil (2015/2016: Nil).			
	f) Council's response to any of these issues.	2016/2017: mains flushing was undertaken. Taste issues unable to be controlled by Council as these may be attributed to the reticulation network (2015/2016: resolved issue at Punakaiki with pipe along state highway).					
Demand management.	Performance Measure 5 (demand management):	<b>Mandatory Performance Measure 5:</b> The average consumption of drinking water per day per resident within the Buller district.					
			2016/2017: 408 - Westport water supply (2015/2016: 1,081). 2016/2017: 870 - Reefton water supply (2015/2016: 1,273).	1,000 litres			
						KPI met	
						KPI not met	



### Table 1: Drinking Water Standard NZ Compliance

(plant compliance)

Water Supply	Population (WINZ)	Bacterial Compliance			Protozoal Compliance (%)		
		Current Performance	Target		Current Performance	Target	
			2015-2017	2018-2025		2015-2017	2018-2025
Hector/Ngakawau	435	No	Part	Yes	No	Part	Yes
Inangahua Junction	70	No	Part	Yes	No	Part	Yes
Little Wanganui	150	No	Part	Yes	No	Part	Yes
Mokihinui	100	No	No	No	No	Part	Yes
Punakaiki	230	No	Yes	Yes	No	Yes	Yes
Reefton	951	Yes	Yes	Yes	Yes	Yes	Yes
Waimangaroa	300	No	Part	Yes	No	Part	Yes
Westport	4,974	Yes	Yes	Yes	Yes	Yes	Yes

### Table 2: Drinking Water Standard NZ Compliance

(zone compliance)

Water Supply	Population (WINZ)	Bacterial Compliance		
		Current Performance	Target	
			2015-2017	2018-2025
Hector/Ngakawau	435	No	Part	Yes
Inangahua Junction	70	No	Part	Yes
Little Wanganui	150	No	Part	Yes
Mokihinui	100	No	No	No
Punakaiki	230	No	Yes	Yes
Reefton	951	Yes	Yes	Yes
Waimangaroa	300	No	Part	Yes
Westport	4,617	Yes	Yes	Yes
Carters Beach	357	Yes	Yes	Yes

### Table 3: Water Leakage

Water Supply	Connections	Actual Performance	Target		Method
			2015-17	2018-25	
Hector/Ngakawau	176	2016/2017: not measured (2015/2016: new measure).	30%	20%	MNF
Inangahua Junction	33	2016/2017: 32% (2015/2016: new measure).	30%	20%	MNF
Little Wanganui	78	2016/2017: not measured (2015/2016: new measure).	30%	20%	MNF
Mokihinui	50	2016/2017: not measured (2015/2016: new measure).	30%	20%	MNF
Punakaiki	93	2016/2017: 41% (2015/2016: new measure).	30%	20%	MNF
Reefton	663	2016/2017: 39% (2015/2016: new measure).	30%	20%	MNF
Waimangaroa	137	2016/2017: not measured (2015/2016: new measure).	30%	20%	MNF
Westport	2,694	2016/2017: 58% (2015/2016: new measure).	30%	20%	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.

### Significant variance explanations in comparison to the Long Term Plan

---

#### Fees and charges

■ The variance to the LTP of \$191,000 was mainly because of a greater repairs and maintenance requirement (\$97,000 over budget). The main contributors were Westport (\$32,000) which included cost related to tunnel supply failure, Punakaiki (\$18,000) which was an ongoing turbidity issue with the supply that was difficult to resolve and Reefton (\$20,000). In addition power costs for Westport water were \$76,000 higher than budgeted because of the need to pump water from the alternative water supply due to a 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 now has a lower cost debt facility with the Local Government Funding Agency (LGFA).

#### 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 (\$44,000).

#### Subsidies and grants for capital expenditure

■ Subsidies for Westport (\$779,000) and Little Wanganui (\$474,000) water supplies were not received during the year as the capital projects they related to were not completed or required. This was offset by a subsidy received for Inangahua water supply for \$188,000 when the project was completed.

#### Increase/(decrease) in debt

■ The variance to the LTP budget was mainly due to debt drawdowns for Westport water supply (\$3,166,000) which were not required during the year as the capital projects they related to have been modified or not required.

#### To improve the level of service

■ A number of projects were not completed that were level of service improvements; Westport water trunkmain \$3.9m did not proceed after professional advice was sought a repair option was adopted in the interim. The Little Wanganui drinking water upgrade (\$596,000) did not proceed due to the government subsidy not being approved which made the scheme unaffordable for the residents. This was offset by the Inangahua Water upgrade (\$222,000) which was completed this period but was budgeted to be completed in 2015/2016.

#### To replace existing assets

■ The variance to the LTP is mainly due to Waimangaroa water mains renewals of \$40,000 which did not proceed because supply options have not been finalised. The remainder of the variance is attributed to routine renewals that were not completed at Westport water due to resource constraints.

## Funding Impact Statement

Water Supplies	<i>Notes</i>	2015/2016 LTP Budget \$000	2016/2017 LTP Budget \$000	2016/2017 Actual \$000
<b>Sources of Operating Funding</b>				
General rates, uniform annual general charge, rates penalties		0	0	0
Targeted rates		2,259	2,382	2,392
Subsidies and grants for operating purposes		0	0	0
Fees and charges		181	185	200
Internal charges and overheads recovered		0	0	0
Interest and dividends from investments		0	0	0
Local authorities fuel tax, fines, infringements fees & other receipts		0	0	2
<b>Total Operating Funding</b>	<b>A</b>	<b>2,440</b>	<b>2,567</b>	<b>2,594</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers		905	939	1,130
Finance costs		338	431	203
Internal charges and overheads applied		331	350	383
Other operating funding applications		0	0	0
<b>Total applications of Operating Funding</b>	<b>B</b>	<b>1,574</b>	<b>1,720</b>	<b>1,716</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>A-B</b>	<b>866</b>	<b>847</b>	<b>878</b>
<b>Sources of Capital Funding</b>				
Subsidies and grants for capital expenditure		1,317	1,252	188
Development and financial contributions		0	0	0
Increase/(decrease) in debt		1,573	3,119	(93)
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
<b>Total Sources of Capital Funding</b>	<b>C</b>	<b>2,890</b>	<b>4,372</b>	<b>95</b>
<b>Application of Capital Expenditure</b>				
- to meet additional demand		0	0	0
- to improve the level of service		3,005	4,667	462
- to replace existing assets		791	501	426
Increase/ (decrease) in reserves		(40)	51	85
Increase/ (decrease) in investments		0	0	0
<b>Total Applications of Capital Funding</b>	<b>D</b>	<b>3,756</b>	<b>5,219</b>	<b>973</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>C-D</b>	<b>(866)</b>	<b>(847)</b>	<b>(878)</b>
<b>Funding Balance</b>	<b>((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Core Asset Disclosure

Water Supplies	Closing Book Value \$000	2017 Asset Constructed \$000	2017 Asset Vested \$000	Replacement Cost \$000
Treatment plants and facilities	9,291	331	0	9,958
Other assets	16,266	557	0	43,975
<b>Total</b>	<b>25,557</b>	<b>888</b>	<b>0</b>	<b>53,933</b>



## 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.
- By maintaining sufficient water for firefighting purposes.

### Sustainable Environment

- Protection of the environment through the treatment of wastewater.

### Learning

- Provision of water conservation programmes.

### 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 from the Transfer Station has continued at Westport.
- The modelling of the combined sewer and stormwater system is continuing.
- 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.



photo credit: Richard Rossiter

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. <b>Target:</b> ■ No intrusions.	No accidents, injuries or public contact with sewage.	2016/2017: no accidents or injuries occurred - target met (2015/2016: target met).	●
	Operator injury. <b>Target:</b> ■ No workplace injuries.		2016/2017: no reported workplace injuries - target met (2015/2016: target met).	●
	Public exposure to sewage. <b>Target:</b> ■ All overflows within private property cleaned and disinfected. <b>Target:</b> ■ All polluted waterways to be signposted.		2016/2017: there were 6 overflows all were cleaned and disinfected within one day - target met (2015/2016: target met).  2016/2017: all sewage overflow outlets are signposted - target met (2015/2016: target met)	●
Provide adequate capacity.	Recorded system overflows. <b>Target:</b> ■ No more than 10 overflows.	Maintain capacity of existing combined systems.	2016/2017: 5 overflows occurred as a result of blocked property pipes (laterals) - target met (2015/2016: 12 overflows).	●
	Review new designs. <b>Target:</b> ■ 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.	2016/2017: all new sewers were designed to standard - target met (2015/2016: target met).	●
Provide a reliable sewer system.	Record of blockages. <b>Target:</b> ■ 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.	2016/2017: 0.36 blockages per km - target met (2015/2016: target met).  2016/2017: 36 lateral blockages - target met (2015/2016: target met).	●
	Records of the response to reported blockages. <b>Target:</b> ■ At least 90% compliance with response times state in service request.		2016/2017: only 2 blockages reported to Council, both resolved within 1 day timeframe - target met, 100% compliance (2015/2016: target met).	●
Provide sewer collection and disposal with the minimum environmental impact.	Monitoring as specified in the individual consents. <b>Target:</b> ■ 100% compliance (100% compliance with the reporting requirements of the Resource Consents).	To comply with resource consent conditions	2016/2017: all resource consent conditions met, breaches noted below were outside of Council's control and not a breach of Council's compliance with its resource consents (2015/2016: target met). <b>Little Wanganui Waste Water Treatment Plant:</b> 263 readings were taken, with 3 breaches: - Biological growth (weeds) x3 in the ponds. <b>Reefton Waste Water Treatment Plant:</b> 449 readings were taken, with 7 breaches (Arsenic at site 10; pH at site 3; Temperature at site 3; Ecoli at site 1; FC at site 1; Lead at site 2; Mercury at site 2.) <b>Westport Waste Water Treatment Plant:</b> 907 readings were taken, with 22 breaches: (Ecoli x1 at site 6, x2 at site 9, x3 at site 17, x1 at site 19, and x4 at site 21; FC x1 at site 6, x2 at site 9, x2 at site 17, x1 at site 19, and x4 at site 21; and TSS x1 at site 21.)	●

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):	<b>Mandatory Performance Measure 1:</b>				
			The number of dry weather sewage overflows from Council's sewerage system expressed per 1,000 sewerage connections to Council's system.	2016/2017: 0 (2015/2016: 0).	<5		
Provide sewer collection and disposal with minimal environmental impact.	Is the environment being harmed?	Performance measure two (discharge compliance):	<b>Mandatory Performance Measure 2:</b>				
			Compliance with Council's resource consents for discharge from its sewerage system measured by the number of:				
			a) Abatement notices;	2016/2017: 0 (2015/2016: 0).	<5		
			b) Infringement notices;	2016/2017: 0 (2015/2016: 0).	0		
			c) Enforcement orders; and	2016/2017: 0 (2015/2016: 0).	0		
		d) Convictions received by Council in relation to those resource consents	2016/2017: 0 (2015/2016: 0).	0			
	Fault Response Times	Performance Measure 3 (fault response times):	<b>Mandatory Performance Measure 3:</b>				
			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	2016/2017: 6 overflows attended within timeframe. Median attendance time was 1 hour. (2015/2016: 3 overflows attended within timeframe).	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.	2016/2017: 6 overflows resolved within 1 day. Median resolution time was 1 day (2015/2016: 3 overflows resolved within 1 day).	1 day			
Customer satisfaction	Performance measure four (customer satisfaction):	<b>Mandatory Performance Measure 4:</b>					
		The total number of complaints received by Council about any of the following:					
		a) Sewerage odour;	2016/2017: 1 (2015/2016: 0).	10			
		b) Sewerage system faults;	2016/2017: 0 (2015/2016: 7).				
		c) Sewerage system blockages, and	2016/2017: 1 (2015/2016: 3).				
	d) Council's response to issues with its sewerage system (expressed per 1,000 properties connected to Council's sewerage system.) (3,148)	2016/2017: 0.32 (2015/2016: 2.2).					

Significant variance expansions in comparison to the Long Term Plan

Targeted rates

Actual result is \$86,000 less than predicted by the LTP. This is due to a combination of savings made in other areas which have resulted in a lower targeted rate requirement than expected.

Significant capital expenditure

To improve the level of service

No significant variance to the LTP.

To replace existing assets

Renewals were marginally less for Westport wastewater due to resource issues.

KPI met	
KPI not met	

**Funding Impact Statement**

Wastewater/Sewerage	Notes	2015/2016 LTP Budget \$000	2016/2017 LTP Budget \$000	2016/2017 Actual \$000
<b>Sources of Operating Funding</b>				
General rates, uniform annual general charge, rates penalties		0	0	0
Targeted rates		2,397	2,492	2,405
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 & other receipts		5	5	19
<b>Total Operating Funding</b>	<b>A</b>	<b>2,402</b>	<b>2,497</b>	<b>2,424</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers		895	919	900
Finance costs		278	264	264
Internal charges and overheads applied		321	329	332
Other operating funding applications		0	0	0
<b>Total applications of Operating Funding</b>	<b>B</b>	<b>1,494</b>	<b>1,512</b>	<b>1,497</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>A-B</b>	<b>908</b>	<b>985</b>	<b>928</b>
<b>Sources of Capital Funding</b>				
Subsidies and grants for capital expenditure		0	0	0
Development and financial contributions		0	0	0
Increase/(decrease) in debt		(256)	(270)	(270)
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
<b>Total Sources of Capital Funding</b>	<b>C</b>	<b>(256)</b>	<b>(270)</b>	<b>(270)</b>
<b>Application of Capital Expenditure</b>				
- to meet additional demand		0	0	0
- to improve the level of service		165	312	297
- to replace existing assets		463	289	228
Increase/ (decrease) in reserves		24	114	133
Increase/ (decrease) in investments		0	0	0
<b>Total Applications of Capital Funding</b>	<b>D</b>	<b>652</b>	<b>715</b>	<b>658</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>C-D</b>	<b>(908)</b>	<b>(985)</b>	<b>(928)</b>
<b>Funding Balance</b>	<b>((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Core Asset Disclosure**

Sewerage	Closing Book Value \$000	2017 Asset Constructed \$000	2017 Asset Vested \$000	Replacement Cost \$000
Treatment plants and facilities	12,004	58	0	14,310
Other assets	12,791	467	0	26,374
<b>Total</b>	<b>24,795</b>	<b>525</b>	<b>0</b>	<b>40,684</b>



## 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 Mokihiui 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 disposal began in March 2011. This upgrade is a long term project and Council has 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.
- During the year Derby Street, Westport, between Mill and Disraeli Streets was upgraded as planned.
- Main replacements were completed in Russell Street, Westport, Deamac Street, Davis Street and Munson Street in Reefton plus two service lanes in Reefton.

## Levels of Service

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

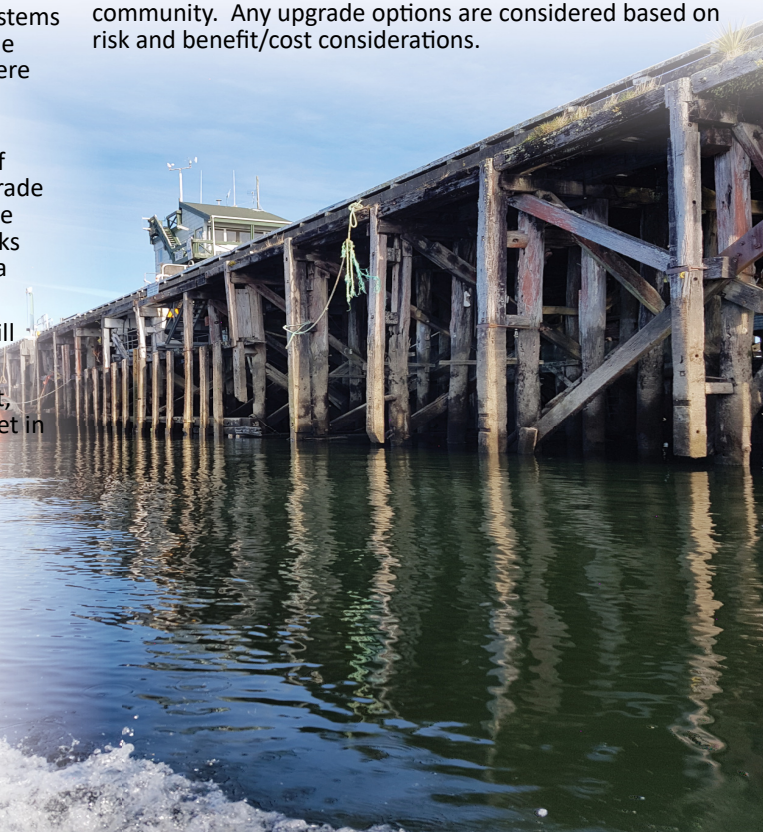
- To ensure that all stormwater systems have sufficient capacity to meet the reasonable needs of the consumers.
- To ensure that stormwater within urbanised areas does not contribute to cross boundary flooding for events up to 10% AEP\* (1 in 10 year event).
- To ensure that stormwater within urbanised 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.



Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
Provide adequate stormwater capacity.	<b>Mandatory Performance Measure 1:</b> 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.	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 (2015/2016: 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.	2016/2017: no houses inundated - target met (2015/2016: nil - target met).	
Dispose of stormwater with the minimal environmental impact.	<b>Mandatory Performance Measure 2:</b> Compliance with Council's resource consents for discharge from its stormwater system measured by the number of: a) Abatement notices; b) Infringement notices; c) Enforcement orders; and d) Convictions received by Council in relation to those resource consents.	Nil Nil Nil Nil	2016/2017: nil (2015/2016: nil). 2016/2017: nil (2015/2016: nil). 2016/2017: nil (2015/2016: nil). 2016/2017: nil (2015/2016: nil).	
	<b>Mandatory Performance Measure 3:</b> 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.	1 hour	2016/2017: no service requests to attend flooding events - target met (2015/2016: nil - target met).	
	<b>Mandatory Performance Measure 4:</b> 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	2016/2017: 1.2 complaints per 1,000 properties were received, all regarding surface flooding - target met (2015/2016: 1.6 complaints per 1,000 properties were received - target met).	

KPI met	
KPI not met	

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

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

Significant capital expenditure

To improve the level of service

■ The stormwater upgrade for Derby Street was greater than budgeted because of a change of design specifications to adequately cope with stormwater discharge above the renewals originally budgeted.

To replace existing assets

■ Design changes relating to the Derby Street upgrade project resulted in less expenditure on pipe renewals.

## Funding Impact Statement

Stormwater	<i>Notes</i>	2015/2016 LTP Budget \$000	2016/2017 LTP Budget \$000	2016/2017 Actual \$000
<b>Sources of Operating Funding</b>				
General rates, uniform annual general charge, rates penalties		453	480	421
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 & other receipts		5	5	11
<b>Total Operating Funding</b>	<b>A</b>	<b>458</b>	<b>485</b>	<b>432</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers		125	128	145
Finance costs		28	26	26
Internal charges and overheads applied		89	92	106
Other operating funding applications		0	0	0
<b>Total applications of Operating Funding</b>	<b>B</b>	<b>242</b>	<b>246</b>	<b>277</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>A-B</b>	<b>216</b>	<b>239</b>	<b>154</b>
<b>Sources of Capital Funding</b>				
Subsidies and grants for capital expenditure		0	0	0
Development and financial contributions		0	0	0
Increase/(decrease) in debt		(21)	(23)	(23)
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
<b>Total Sources of Capital Funding</b>	<b>C</b>	<b>(21)</b>	<b>(23)</b>	<b>(23)</b>
<b>Application of Capital Expenditure</b>				
- to meet additional demand		0	0	0
- to improve the level of service		92	46	100
- to replace existing assets		103	170	87
Increase/ (decrease) in reserves		0	0	(56)
Increase/ (decrease) in investments		0	0	0
<b>Total Applications of Capital Funding</b>	<b>D</b>	<b>195</b>	<b>216</b>	<b>132</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>C-D</b>	<b>(216)</b>	<b>(239)</b>	<b>(154)</b>
<b>Funding Balance</b>	<b>((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Core Asset Disclosure

Stormwater	Closing Book Value \$000	2017 Asset Constructed \$000	2017 Asset Vested \$000	Replacement Cost \$000
Stormwater drainage	9,575	187	0	18,598
<b>Total</b>	<b>9,575</b>	<b>187</b>	<b>0</b>	<b>18,598</b>



## 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 minimisation behaviours within communities. This is put into effect by providing resources for education programmes into schools about sustainability and waste minimisation. 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 10%.
- 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.

### Westport Litter Bins

- Council replaced all 60-litre street litter bins with larger 140-litre wheelie bin enclosures. This has resulted in immediate savings with reduced bin empties.

## Significant variance explanations in comparison to the Long Term Plan (LTP)

### Finance costs

- Finance costs are affected by discounting interest which is calculated from movements in the landfill provision and is represented as a finance cost. A cost of \$11,000 was budgeted for in the LTP but the actual charge was a \$91,000. This has resulted in a negative variance.

### 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 cost of sealing was \$16,000 over budget due to a second coat seal being required for the area sealed which was not budgeted.
- Litter bins were \$34,000 overbudget due to request for larger more suitable bins to cope with the increase in visitors.





## Funding Impact Statement

Solid Waste	Notes	2015/2016 LTP Budget \$000	2016/2017 LTP Budget \$000	2016/2017 Actual \$000
<b>Sources of Operating Funding</b>				
General rates, uniform annual general charge, rates penalties		340	317	296
Targeted rates		676	677	679
Subsidies and grants for operating purposes		35	36	42
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 & other receipts		86	88	95
<b>Total Operating Funding</b>	<b>A</b>	<b>1,137</b>	<b>1,118</b>	<b>1,112</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers		774	793	786
Finance costs		101	81	159
Internal charges and overheads applied		150	152	118
Other operating funding applications		0	0	0
<b>Total applications of Operating Funding</b>	<b>B</b>	<b>1,025</b>	<b>1,027</b>	<b>1,062</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>A-B</b>	<b>112</b>	<b>91</b>	<b>50</b>
<b>Sources of Capital Funding</b>				
Subsidies and grants for capital expenditure		0	0	0
Development and financial contributions		0	0	0
Increase/(decrease) in debt		(57)	(61)	(59)
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
<b>Total Sources of Capital Funding</b>	<b>C</b>	<b>(57)</b>	<b>(61)</b>	<b>(59)</b>
<b>Application of Capital Expenditure</b>				
- to meet additional demand		0	0	0
- to improve the level of service		0	0	0
- to replace existing assets		8	22	73
Increase/ (decrease) in reserves		47	7	(82)
Increase/ (decrease) in investments		0	0	0
<b>Total Applications of Capital Funding</b>	<b>D</b>	<b>55</b>	<b>30</b>	<b>(9)</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>C-D</b>	<b>(112)</b>	<b>(91)</b>	<b>(50)</b>
<b>Funding Balance</b>	<b>((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>



photo credit: Richard Rossiter

# In-house Professional Services

## What do we do?

- The 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 in time.

### Sustainable Environment

- By monitoring landfills and wastewater treatment plants.

### Prosperity

- By requesting necessary maintenance in time.

## Statement of Service Performance

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

## 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.	2016/2017: monthly reports were presented to the Manager Operations on Work Programme progress - target met (2015/2016: target met).	●

KPI met



KPI not met



## Significant variance explanations in comparison to the Long Term Plan (LTP)

### Internal charges and overheads recovered

- Recoverable charges were lower than budgeted in the LTP but are closely aligned to the budget change adopted in the 2017/18 Annual Plan. The performance reflects the amount of staff time spent on work streams that are on-charged to projects in other Council activities.

### Payments to staff and suppliers

- Salary costs were higher than budgeted due to recruitment of additional staff which was not accounted for in the LTP.

the  
**West Coast**  
of the  
**Southern Alps**



photo credit: Richard Rossiter

Funding Impact Statement

In-house Professional Services	<i>Notes</i>	2015/2016 LTP Budget \$000	2016/2017 LTP Budget \$000	2016/2017 Actual \$000
<b>Sources of Operating Funding</b>				
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		795	813	736
Interest and dividends from investments		0	0	0
Local authorities fuel tax, fines, infringements fees & other receipts		0	0	10
<b>Total Operating Funding</b>	<b>A</b>	<b>795</b>	<b>813</b>	<b>746</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers		575	586	696
Finance costs		1	1	1
Internal charges and overheads applied		140	144	128
Other operating funding applications		0	0	0
<b>Total applications of Operating Funding</b>	<b>B</b>	<b>716</b>	<b>731</b>	<b>825</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>A-B</b>	<b>79</b>	<b>82</b>	<b>(79)</b>
<b>Sources of Capital Funding</b>				
Subsidies and grants for capital expenditure		0	0	0
Development and financial contributions		0	0	0
Increase/(decrease) in debt		(10)	(10)	(14)
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
<b>Total Sources of Capital Funding</b>	<b>C</b>	<b>(10)</b>	<b>(10)</b>	<b>(14)</b>
<b>Application of Capital Expenditure</b>				
- to meet additional demand		0	0	0
- to improve the level of service		0	0	0
- to replace existing assets		5	0	2
Increase/ (decrease) in reserves		64	72	(95)
Increase/ (decrease) in investments		0	0	0
<b>Total Applications of Capital Funding</b>	<b>D</b>	<b>69</b>	<b>72</b>	<b>(92)</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>C-D</b>	<b>(79)</b>	<b>(82)</b>	<b>79</b>
<b>Funding Balance</b>	<b>((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>



## What do we do?

### Community Grants and Funding

■ The 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 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 these activities?

■ 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.



photo credit: Richard Rossiter



### Statement of Service Performance

#### Grants

■ In 2016/2017 Council distributed more than \$100,000 in base, contestable and national representation grants through the Buller District. A further \$26,000 of Central Government funding was distributed in the district by the Buller District Council.

#### NBS Theatre

■ The NBS Theatre held numerous live shows throughout 2016/2017. 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 2016/2017 were Beryl Collins School of Dance's Christmas concert and Buller Country Music 'Best of the West' awards, with people competing from all around New Zealand. A number of promoters from outside the district and Australia also brought shows to Westport, including an Auckland promoter with a children's magic show that was a sell out.

■ A New Zealand based company, Operatunity, are performing some of their Daytime Concert Series at the NBS Theatre on a quarterly basis, sharing it's touring season between Westport and Greymouth. Previously Buller residents travelled to Greymouth for these concerts which see top class singers performing themed concerts.

■ 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 is the venue of choice for a local church group which meets every week, and 2 health professionals 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 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 will be updated from an e-cinema format to a DCP cinema during 2017/2018. This will give the venue the ability to transfer moves 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

■ The library continues to provide access to information and recreational material in both hard copy and electronic format. The Kotui catalogue interface allows users to access the physical and electronic collections within the library or from anywhere with an internet connection. Borrowers are able to reserve and renew titles as well as search for them and this includes the eBook and eAudio book collections. They are also able to access up to date authoritative information from within the EPIC suite of databases. The APNK public computers were upgraded to Windows 7/Office 2010 early in the year and continue to be popular although as people acquire their own devices, they make more use of the wifi and less use of the PCs.

■ Community engagement is an important focus of the library and to this end the facility and programmes endeavour to be community facing. Adult Learning has become a focus with monthly presentations running in collaboration with the West Coast Adult Learning Service. The library meeting room is now available for after hours use as well as business hours use and the booking numbers have steadily increased. This provides an additional income stream for the library as well as providing a well-priced facility for community and business groups to use.

■ Literacy programmes have continued to run with a very popular book group for children – Buller Book Buddies – attracting 12-16 children per weekly session. Similarly, two adult book groups are run monthly at the library. A late night has been instituted in response to borrower survey requests with the Westport library open until 7pm on Thursday evenings in the summertime and 6pm during the winter.

■ Computer classes for adults are available thanks to collaboration with the 2020 Trust. These are scheduled and also run on an ad hoc basis. Librarians have bookable times for help with devices.

■ Outreach to children has continued with the provision of an Art and Craft day during each holiday break and the establishment of a Lego club. A digital literacy initiative has been established.

■ The use of social media, in the form of Facebook and the electronic library newsletter, has increased in frequency with an increase in both Facebook followers and people receiving the newsletter.



photo credit: Richard Rossiter

Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
<b>Community Services and Facilities</b>				
To provide services and facilities that meet information, learning, recreational and cultural needs.	<b>Solid Energy Centre:</b>			●
	Provision of sport and recreation via the Solid Energy Centre and Reefton swimming pool.	Statements of Intent are submitted annually and approved by Council.	2016/2017: statements of Intent were submitted and approved by Council (2015/2016: no change).	
	<b>Library:</b>			●
	Number of active members of libraries	Maintain or increase (0-4%)	2016/2017: 2,636 active members, a decrease of 5.2% (2015/2016: 2,781 active members, no percentage can be calculated due to system inaccuracies in 2014/2015).	
	<b>NBS Theatre:</b>			●
Number of performing arts events, exhibitions and shows per year	Number of cinema screenings per week - 26 on average.	2016/2017: 28 on average per week (2015/2016: 28 per week).		
		Number of performances/shows in auditorium – 30 days per year.	2016/2017: 32 days (2015/2016: 33 days).	●
<b>Communications</b>				
To keep the community informed.	Community engagement - provision of information to community	Distribution of communications 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 (2015/2016: no change).	●

KPI met	●
KPI not met	●

Significant Variance Explanations in comparison to the Long Term Plan (LTP)

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

■ Primarily unbudgeted lease income from Westport Harbour Limited of \$96,000 offset by other minor movements in this area. The LTP forecast a reduction in the lease for 2016/2017.

Finance costs

■ Interest costs were \$277,000 lower than budgeted for on the debt that is related to the Solid Energy 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 Vision 2010 grants over the period that were not budgeted for in the LTP.

Significant Capital Expenditure

To improve the level of service

■ Signage of \$50,000 was incorrectly budgeted as an increase in the level of service in the LTP.

To replace existing assets

■ The variance to the LTP is mainly Reefton Community Centre which had expenditure of \$603,000 to complete the project of which \$358,000 was budgeted in the LTP in 2017/2018. Overall the project was completed to the approved budget. Signage capital expenditure of \$58,000 was included here as it was incorrectly classified as an increase in the level of service in the LTP. This was offset mainly Reefton pool expenditure (\$29,000) which was not carried out until other structural work on the facility was assessed first and some other minor capital expenditure in other areas which was not carried out.

Increase/(decrease) in debt

■ Loans relating to the Reefton Community Centre have been drawn down as an internal loan of \$818,000. The LTP budgeted an \$358,000 in this period.

Lump sum contributions

■ The variance to the LTP budget is made up of \$100,000 less being received in capital sponsorship grants in exchange for a long term sponsorship agreement. This was offset by an additional grant received of \$20,000 towards urban streetscape projects.

## Funding Impact Statement

Community Services	Notes	2015/2016 LTP Budget \$000	2016/2017 LTP Budget \$000	2016/2017 Actual \$000
<b>Sources of Operating Funding</b>				
General rates, uniform annual general charge, rates penalties		3,769	3,884	3,657
Targeted rates		0	0	0
Subsidies and grants for operating purposes		21	21	40
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 & other receipts		526	438	524
<b>Total Operating Funding</b>	<b>A</b>	<b>4,316</b>	<b>4,343</b>	<b>4,221</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers		1,875	1,891	1,904
Finance costs		1,114	1,140	863
Internal charges and overheads applied		518	531	477
Other operating funding applications		467	468	600
<b>Total applications of Operating Funding</b>	<b>B</b>	<b>3,974</b>	<b>4,029</b>	<b>3,843</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>A-B</b>	<b>342</b>	<b>314</b>	<b>378</b>
<b>Sources of Capital Funding</b>				
Subsidies and grants for capital expenditure		0	0	0
Development and financial contributions		0	0	0
Increase/(decrease) in debt		828	278	771
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		535	535	458
Other dedicated capital funding		0	0	0
<b>Total Sources of Capital Funding</b>	<b>C</b>	<b>1,363</b>	<b>813</b>	<b>1,229</b>
<b>Application of Capital Expenditure</b>				
- to meet additional demand		0	0	0
- to improve the level of service		762	50	0
- to replace existing assets		277	505	773
Increase/ (decrease) in reserves		666	571	834
Increase/ (decrease) in investments		0	0	0
<b>Total Applications of Capital Funding</b>	<b>D</b>	<b>1,705</b>	<b>1,127</b>	<b>1,607</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>C-D</b>	<b>(342)</b>	<b>(314)</b>	<b>(378)</b>
<b>Funding Balance</b>	<b>((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 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 these activities?

*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 the 'squeaky wheel gets the oil'. 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 police review for proposed police service, provided to the district was a clear example of the success of this strategy. In addition Council also worked on behalf of its constituents to advocate for greenfield initiatives that promoted the district and its people.

■ Fast broadband is seen as an enabler for the district. In conjunction with the other West Coast Councils, Buller District Council is currently working with MBIE and Crown Fibre Holding towards a suitable solution.







■ Council was also involved in advocacy for the Tapawera/Wangapeka Road, the Integrated Family Health Centre, the future of the Westport Port, protection of properties exposed to sea erosion with the Regional Council, and actively pursued shared services opportunities with the other West Coast Councils.



### Local Government Elections

■ Local Government Elections were held in October 2016. The Mayor and Councillors for the Buller District and Inangahua Community Board members were sworn in during November 2016.

■ A Youth Council has been formed with monthly meetings being held at Buller High School.

## Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
<b>Community Services and Facilities</b>				
<b>Co-ordination of annual budgeting and financial planning processes and preparation of Long Term Plan and Annual Plan.</b>	Meet required statutory deadlines for adoption of required reports.	100%	2016/2017: Council met required statutory deadlines for adoption of required reports (2015/2016: no change).	
<b>Customer satisfaction.</b>	% of residents are satisfied with the information they receive from Council.	85%	2016/2017: no customer satisfaction survey carried out, a survey is planned to be conducted in 2017/2018 (2015/2016: not carried out).	
<b>Transparency, accountability and accessibility to the public.</b>	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.	2016/2017: achieved (2015/2016: achieved).	
	Minimum % of Council business conducted in open forum.	90%	2016/2017: 94% (2015/2016: 87%).	
	% of residents are satisfied that Council consults with them on important issues.	90%	2016/2017: no measure carried out, a survey is planned to be carried out in early 2018 (2015/2016: not carried out).	
<b>Co-operation with other agencies.</b>	Full participation in the West Coast Mayors/Chairs and CEO meetings.	100%	2016/2017: 100% (2015/2016: 100%).	

KPI met	
KPI not met	



## Significant Variance Explanations in comparison to the Long Term Plan (LTP)

### Payments to staff and suppliers

■ There was an incorrect classification in the LTP budget of \$75,000 of internal rent to Payments to staff and suppliers instead of to Internal charges and overheads applied. The correct variance amount of \$132,000 should take account of this error. The variance is primarily made up of unbudgeted salary expenses for a new position in this area of \$33,000, unanticipated increases in elected members salary of \$27,000 and legal expenses associated with the legal review of a mining application \$66,000.

### Internal charges and overheads applied

■ An incorrect LTP budget classification of \$75,000 in internal costs that was explained above, impacts on the variance analysis of expenses in this area. The true variance of \$23,000 is mainly attributed to this activity share of overheads related to the increase in expenses in Payments to staff and suppliers.

## Significant Capital Expenditure

■ There was no capital expenditure during the year.

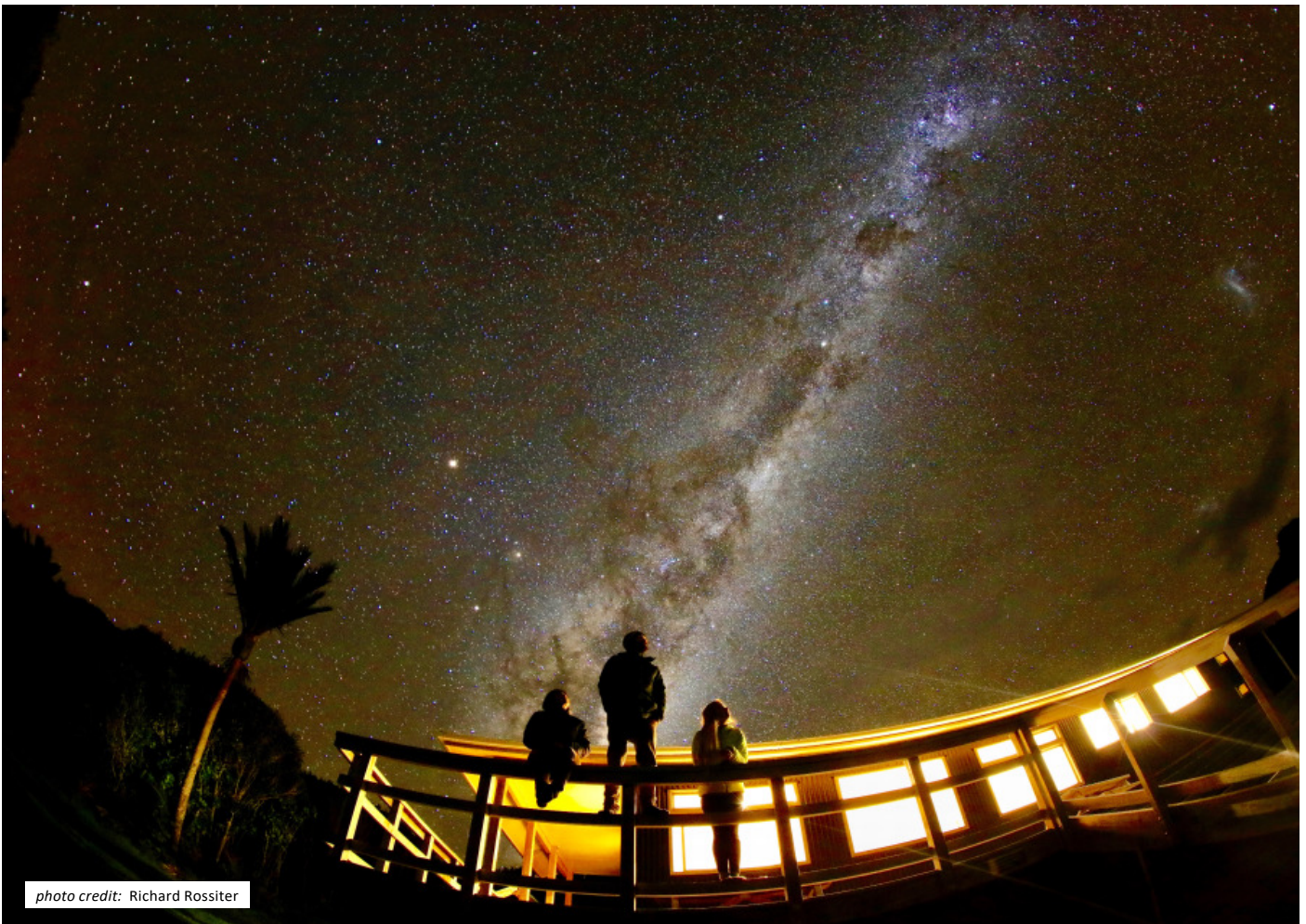


photo credit: Richard Rossiter

## Funding Impact Statement

Governance	<i>Notes</i>	2015/2016 LTP Budget \$000	2016/2017 LTP Budget \$000	2016/2017 Actual \$000
<b>Sources of Operating Funding</b>				
General rates, uniform annual general charge, rates penalties		1,131	1,156	1,185
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 & other receipts		0	34	44
<b>Total Operating Funding</b>	<b>A</b>	<b>1,131</b>	<b>1,190</b>	<b>1,229</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers		495	539	596
Finance costs		0	0	0
Internal charges and overheads applied		636	651	749
Other operating funding applications		0	0	0
<b>Total applications of Operating Funding</b>	<b>B</b>	<b>1,131</b>	<b>1,190</b>	<b>1,345</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>A-B</b>	<b>0</b>	<b>0</b>	<b>(116)</b>
<b>Sources of Capital Funding</b>				
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
<b>Total Sources of Capital Funding</b>	<b>C</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Application of Capital Expenditure</b>				
- 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	(116)
Increase/ (decrease) in investments		0	0	0
<b>Total Applications of Capital Funding</b>	<b>D</b>	<b>0</b>	<b>0</b>	<b>(116)</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>C-D</b>	<b>0</b>	<b>0</b>	<b>116</b>
<b>Funding Balance</b>	<b>((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>(0)</b>

## What do we do?

*The goal of 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 now has a model that intends to consult with the community in late 2017. The outcome expected is that this model will be included in the 2018/28 Long Term 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.

### Development West Coast funding

■ In 2016 DWC approved \$1 million for distribution to the Buller District Council via an Economic Development Stimulus Fund. The fund was intended to boost economic activity and employment by assisting existing businesses and start-ups with a capital injection.

■ The Economic Development Committee made recommendations to the full Council on how the fund should be distributed.

■ In the 2016/2017 year Council received \$433,000 in grants from DWC and had distributed \$358,000 of this at balance date.

### Health & Safety

■ In 2016, as part of our accreditation process with ACC, Buller District Council conducted a full gap analysis on our current health and safety system and processes.

■ This highlighted several areas requiring attention so as a result extra resource was applied and a new health and safety system was purchased for implementation throughout the organisation.

■ Implementation is expected to be completed during the 2017/2018 year

## Significant variance explanations in comparison to the Long Term Plan

### Subsidies and grants for operating purposes

■ Development West Coast grants totaling \$433,000 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 \$123,000 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 \$55,000 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 \$123,000 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 \$134,000 were made in finance costs (not \$11,000 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 \$358,000 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.



## Capital expenditure

### To replace existing assets

■ The variance was made up of a number of IT projects that were completed but not budgeted for in the period including Aerial Photography (\$62,000) and a new digital Phone system (\$46,000 work in progress). In addition there were vehicle purchases for new staff of \$56,000 which were not included in original LTP budgets.

### Increase/(decrease) in debt

■ A number of internal loans for vehicles were paid down in full during the period.

## Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
<b>Prioritise and manage operating expenditure and capital expenditure.</b>	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.	2016/2017: reports are provided in a timely and accurate manner (2015/2016: no change).	●
<b>To reduce the incidence of work related accidents and to ensure that Council complies with Health and Safety legislation.</b>	Compliance with Health and Safety policies and legislation: Health and Safety and Employment Relations Act 2000.	Setup systems, procedures and policies to comply with legislation.	2016/2017: update to H&S Manual has been contracted out, ultimately moving toward shared services with other Coast Council's (2015/2016: in-house training on new H&S Legislation provided for staff and Councillors).	●
			The ACC audit was carried out and a Primary status was awarded.	●

KPI met	●
KPI not met	●



photo credit: Richard Rossiter



## Funding Impact Statement

Support Services	Notes	2015/2016 LTP Budget \$000	2016/2017 LTP Budget \$000	2016/2017 Actual \$000
<b>Sources of Operating Funding</b>				
General rates, uniform annual general charge, rates penalties		213	230	220
Targeted rates		0	0	0
Subsidies and grants for operating purposes		0	0	433
Fees and charges		0	0	0
Internal charges and overheads recovered		4,198	4,314	4,039
Interest and dividends from investments		0	0	0
Local authorities fuel tax, fines, infringements fees & other receipts		74	76	66
<b>Total Operating Funding</b>	<b>A</b>	<b>4,485</b>	<b>4,619</b>	<b>4,758</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers		3,138	3,183	3,006
Finance costs		152	150	139
Internal charges and overheads applied		942	983	883
Other operating funding applications		0	0	358
<b>Total applications of Operating Funding</b>	<b>B</b>	<b>4,232</b>	<b>4,316</b>	<b>4,385</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>A-B</b>	<b>253</b>	<b>303</b>	<b>373</b>
<b>Sources of Capital Funding</b>				
Subsidies and grants for capital expenditure		0	0	0
Development and financial contributions		0	0	0
Increase/(decrease) in debt		(40)	(43)	(143)
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
<b>Total Sources of Capital Funding</b>	<b>C</b>	<b>(40)</b>	<b>(43)</b>	<b>(143)</b>
<b>Application of Capital Expenditure</b>				
- to meet additional demand		0	0	0
- to improve the level of service		0	0	0
- to replace existing assets		319	120	270
Increase/ (decrease) in reserves		(106)	140	(40)
Increase/ (decrease) in investments		0	0	0
<b>Total Applications of Capital Funding</b>	<b>D</b>	<b>213</b>	<b>260</b>	<b>230</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>C-D</b>	<b>(253)</b>	<b>(303)</b>	<b>(373)</b>
<b>Funding Balance</b>	<b>((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 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 Springs Junction and Waimangaroa.
- Council assists in the provision of toilet facilities in Karamea, Granity, Carters Beach, Inangahua Junction, Springs Junction and Ikamatua.

### Property Management

- Council owns and manages a number of properties and buildings in the district for providing sites and buildings for community needs.

### Cemeteries

Council operates the following cemeteries:

- Orowaiti
- Mokihinui
- Reefton - Suburban
- Reefton - Boatmans

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.

### Pensioner Housing

Council provides 45 housing units for the elderly:

- 4 in Karamea
- 15 in Reefton (1 unit 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.
- Jointly funding facilities 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 healthy and safe.
- By offering opportunities for people to contribute to projects that improve our district's environment.

### Environment

- By offering opportunities for people to contribute to projects that improve 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 organising community events and providing people with opportunity to interact with different communities and by creating a unique image of the district.

Key Performance Indicators

What we did	What we measured	Target	Actual	Achieved
<b>Parks and reserves</b>				
<b>To provide parks and reserves that meet community and environmental needs.</b>	% checks on contractors standard of maintenance on active recreation areas.	95%	2016/2017: 100%, checks were undertaken on the maintenance contracts, with any defects notified to the contractor who then remediated (2015/2016: 100%).	●
	Weekly safety and maintenance inspections of playground equipment.	100%	2016/2017: 100%, the contractor completed weekly safety checks on all playground equipment (2015/2016: 100%).	●
<b>Housing for the elderly</b>				
<b>Provide affordable, well maintained elderly housing.</b>	% of occupancy of elderly persons housing.	90%	2016/2017: 98.5% (2015/2016: 99%).	●
	% of customer satisfaction on provision of elderly persons housing.	80%	2016/2017: 41 questionnaires were returned from a total of 45 with a satisfaction rate of 88% (2015/2016: 33 questionnaires returned out of 45, with satisfaction rate of 82.5%).	●
<b>Cemeteries</b>				
<b>Provide and manage cemeteries that meet community needs.</b>	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.	2016/2017: maintained cemetery facilities to the appropriate national standard with public records available on request (2015/2016: no change).	●
	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.	2016/2017: no extensions required (2015/2016: no extensions were required)	●
<b>Public toilets</b>				
<b>Provision of public toilets has health and economic benefits supporting local communities, businesses and visitor destinations.</b>	Provide sufficient toilet facilities to meet the district's needs.	Facilities are cleaned, inspected and maintained to a serviceable standard.	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 (2015/2016: no change).	●
			The new Springs Junction toilets are cleaned a minimum of twice daily due to high traffic volumes post Kaikoura earthquake and SH1 road closure.	
<b>Council properties</b>				
<b>Managing Council property to enable service delivery and safety for its users.</b>	Maintain and administer Council properties for its users.	100% of service requests responded to in 10 working days.	2016/2017: 100% (2015/2016: 100%).	●

KPI met	●
KPI not met	●



### Significant variance explanations in comparison to the 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

■ Savings in expenses of \$93,000 in this activity, including insurance savings of \$46,000 and savings in budgeted repairs and maintenance of \$78,000 across a range of cost centres.

### Significant capital expenditure

#### To improve the level of service

■ The budget comprised \$50,000 for a new community facility at Punakaiki which has been rebudgeted. The remaining budgeted amount of \$62,000 was capital expenditure for Reserves which was incorrectly categorised at improving level of service instead of replacing existing assets in the LTP.

#### To replace existing assets

■ Taking account of the \$62,000 error in level of service asset classification in the LTP the budget replacement of assets was \$476,000 over budget. Construction of unbudgeted toilet facilities at Springs Junction of \$254,000 accounted for the bulk of the variance. The rest was made up of expenditure in the following areas; pensioner housing expenditure of \$63,000, other property \$49,000, Westreef \$55,000, Brougham House \$22,000 this was offset by less capital expenditure on Reserves of \$25,000.

#### Subsidies and grants for capital expenditure

■ There was an unbudgeted capital subsidy received for the new Springs Junction toilet.





## Funding Impact Statement

Property Management, Amenities & Reserves	Notes	2015/2016 LTP Budget \$000	2016/2017 LTP Budget \$000	2016/2017 Actual \$000
<b>Sources of Operating Funding</b>				
General rates, uniform annual general charge, rates penalties		1,275	1,304	1,319
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	384	368
Interest and dividends from investments		0	0	0
Local authorities fuel tax, fines, infringements fees & other receipts		1,089	1,133	1,202
<b>Total Operating Funding</b>	<b>A</b>	<b>2,748</b>	<b>2,821</b>	<b>2,889</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers		1,859	1,968	1,876
Finance costs		74	81	63
Internal charges and overheads applied		351	364	369
Other operating funding applications		0	0	0
<b>Total applications of Operating Funding</b>	<b>B</b>	<b>2,284</b>	<b>2,413</b>	<b>2,308</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>A-B</b>	<b>464</b>	<b>408</b>	<b>581</b>
<b>Sources of Capital Funding</b>				
Subsidies and grants for capital expenditure		0	0	284
Development and financial contributions		0	0	0
Increase/(decrease) in debt		114	(75)	(72)
Gross proceeds from sale of assets		0	0	0
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
<b>Total Sources of Capital Funding</b>	<b>C</b>	<b>114</b>	<b>(75)</b>	<b>212</b>
<b>Application of Capital Expenditure</b>				
- to meet additional demand		0	0	0
- to improve the level of service		130	112	0
- to replace existing assets		470	74	613
Increase/ (decrease) in reserves		(22)	147	180
Increase/ (decrease) in investments		0	0	0
<b>Total Applications of Capital Funding</b>	<b>D</b>	<b>578</b>	<b>333</b>	<b>793</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>C-D</b>	<b>(464)</b>	<b>(408)</b>	<b>(581)</b>
<b>Funding Balance</b>	<b>((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

# 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)



*photo credit: Richard Rossiter*

*Westport Airport is a joint venture between the Crown and Buller District Council, with each holding a 50% interest. Management and control of the Westport Airport is vested in the Buller District Council.*

## Objective

- To operate as close as possible to a commercial business in a cost effective and efficient manner.
- To maintain the Westport Airport assets.
- To enter into any commercial undertakings that will complement the airport operations.

## Nature and Scope of Activities

- To operate airport facilities at Westport. This includes the provision, maintenance, upgrading and enhancement of services and facilities to accommodate the landing of aircraft and the safe and efficient facilitation of passengers and cargo, having regard to the regulatory requirements of the Civil Aviation Authority of New Zealand.

The commentary below is a summary of the Westport Airport Authority's 2016/2017 audited financial statements:

## Performance Commentary (against SOI)

- Operating Revenue for the Westport Airport Authority was \$24,000 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.
- Operating Expenditure was \$45,000 more than budgeted. This was primarily attributed to increases in employment related costs due to requirement to cover key staff on leave and turnover in flight servicing staff (\$49,000). There were minor variances in maintenance and running costs that offset each other. Interest costs were incurred (\$7,000) but not budgeted due to the overdrawn current account.
- A budget of \$10,000 was available for additions to improve parking security. Only \$1,065 was required for security cameras. There were several items of unbudgeted capital expenditure. New signage costing \$4,805 and spill kit (\$540) were required to be spent to fulfil health and safety requirements. A replacement windsock, radio telephone and improvements to the container storage collectively totalling \$1,969 were required over the period.

## Key Performance Indicators

Target	Actual	Achieved
To improve financial performance and to operate in a cost effective manner. Financial performance will be judged against projected income and expenditure.	2016/2017: the operating loss was higher than budget mainly due to additional employment expenses required to maintain operating capacity (2015/2016: The operating loss was higher than budget mainly due to repairs to the Airport sea wall.)	
To systematically improve the quality and cost effectiveness of services provided to its customers.	2016/2017: the partnership with Sounds Air is contracted for a total of 6 years. Improvements to the schedule have been made to meet customer requirements (2015/2016: Partnership with Sounds Air agreed, for a term of 6 years.)	
To operate the airport with due regard to sound cultural and environmental issues arising from the community.	2016/2017: target met - protection of the airport from sea erosion is ongoing (2015/2016: target met.)	
To comply with the Resource Management Act and undertake its activities in an environmentally sound manner having regard to the interest of the community.	2016/2017: all activities comply with the Resource Management Act (2015/2016: compliance met.)	

KPI met

KPI not met

## Significant variance explanations in comparison to the Long Term Plan (LTP)

### Payments to staff and suppliers

- \$25,000 variance due to higher employment costs brought about to cover staff leave and absences during the year.

## Funding Impact Statement

Westport Airport	Notes	2015/2016 LTP Budget \$000	2016/2017 LTP Budget \$000	2016/2017 Actual \$000
<b>Sources of Operating Funding</b>				
General rates, uniform annual general charge, rates penalties		67	59	64
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 & other receipts		95	98	107
<b>Total Operating Funding</b>	<b>A</b>	<b>162</b>	<b>157</b>	<b>171</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers		92	87	112
Finance costs		0	0	4
Internal charges and overheads applied		15	15	13
Other operating funding applications		0	0	0
<b>Total applications of Operating Funding</b>	<b>B</b>	<b>107</b>	<b>102</b>	<b>129</b>
<b>Surplus/(Deficit) of Operating Funding</b>	<b>A-B</b>	<b>55</b>	<b>54</b>	<b>42</b>
<b>Sources of Capital Funding</b>				
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
<b>Total Sources of Capital Funding</b>	<b>C</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Application of Capital Expenditure</b>				
- to meet additional demand		0	0	0
- to improve the level of service		0	0	0
- to replace existing assets		0	0	4
Increase/ (decrease) in reserves		55	54	38
Increase/ (decrease) in investments		0	0	0
<b>Total Applications of Capital Funding</b>	<b>D</b>	<b>55</b>	<b>54</b>	<b>42</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>C-D</b>	<b>(55)</b>	<b>(54)</b>	<b>(42)</b>
<b>Funding Balance</b>	<b>((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>





*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 2016/2017 \$000	Actual 2016/2017 \$000
Group revenue	13,028	15,308
Group expenditure	14,412	14,981
EBITDA	13	1,729
Provision for capex	496	734
Return on revenue	(10.6%)	(10.1%)
Distribution	910	2,120

## Financial Results

### Group:

- In the 2016/2017 year the group generated a EBITDA (earnings before interest, taxation, dividends and amortisation) of \$287,000 (2015/2016: \$1.015m). This is a very encouraging result given the current economic climate.
- A subvention payment of \$1.2m was payable on 30 June 2017.

### Subsidiary Companies:

- WestReef Services Ltd has had another strong year generating revenue of \$12.033m (2015/2016: \$10.914m).
- In the past WestReef has had a strategy of growing competitively tendered works, and this now paying off with 61% of total revenue competitively procured this year (2015/2016: 57%).
- Buller Recreation Ltd performed better than the previous for the year and generated a loss before taxation of \$543,000 (2015/2016: \$675,000).
- Average membership numbers are up from the previous year in both the Swim Star swim school and the fitness centre, and repair and maintenance costs have reduced significantly compared to previous years.
- Westport Harbour Ltd ended the year with a pre-tax loss of \$948,000 (2015/2016: pre-tax profit of \$128,000).
- Subsequent to balance date, a process has commenced to wind up Westport Harbour Limited and disestablish the business.

# BULLER Holdings Ltd

## Key Performance Indicators

Performance Measure	Target	Result	Achieved
<b>Financial Performance</b>	The company is committed to operate as a successful business and achieve a commercial rate of return on the investment in the business. This will mean meeting the targets of subsidiaries as stated in the Statements of Intent.	2016/2017: the group generated a profit before taxation of \$287,000 (2015/2016: \$1.015m).	●
	To actively pursue additional revenue streams resulting in the increased profitability of BHL so as to increase the dividend payable to Council.	2016/2017: WestReef Services Ltd has had another strong year generating revenue of \$12.02m (2015/2016: \$10.9m). Revenue grew by 61% from competitively procured work (2015/2016: 57%) Company development and financial progress grew from a number of sources across the business throughout the year, ie, Transit NZ Network Outcomes Contract (NOC), BDC maintenance and capital works and various Department of Conservation and Stockton Mine projects and contracts.	●
		2016/2017: Westport Harbour Ltd ended the year with a pre-tax loss \$948,000 (2015/2016: pre-tax profit of \$128,000).	●
		2016/2017: Buller Recreation Ltd has performed better than budgeted generating a pre-tax loss of \$543,000 (2015/2016: pre-tax loss of \$675,000).	●
		2016/2017: during the year a total of \$2.1m in subvention payments were paid to Council (2015/2016: \$400,000).	●
<b>Service</b>	3 meetings per year between Council and BHL Board	2016/2017: Council's CCTO Committee met 4 times during the year (2015/2016: 6).	●
	CEO's meet 6 times per year	2016/2017: CEO's have met 6 times during the period (2015/2016: 5 times).	●
	Formal monthly reporting to Council	2016/2017: quarterly reports were provided as requested (2015/2016: achieved).	●
	Compliance with charter and protocols	2016/2017: all charter and protocol requirements adhered to (2015/2016: achieved).	●

KPI met	●
KPI not met	●

*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 2016/2017 year was a period of noticeable 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 'record setting'.
- Operating revenue generated for the period exceeded budget (\$9.41m) at \$12.02m representing a growth of 19.7% compared to the 2015/2016 year.
- The profit margin of 15% for the financial year is pleasing to report, a notable advance in profit realised for the year (\$1.75m vs budgeted \$1.24m).
- Progression was maintained in the quantity of competitively tendered works with 61% of total revenue competitively procured (2015/2016: 57%).
- 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), and in particular the State Highway 'Detour Route' works. BDC maintenance and capital works, as well as various DOC and Stockton Mine projects/contracts were also significant contributors.
- Highlights throughout the year included tendering for and being awarded the 'Paparoa Track' construction project. This is a significant package of work and will provide a sustainable workload for the coming two years. Other achievements included furthering our relationship with Stockton Mine, notably securing a 12 month Pipeline Services Maintenance Contract. 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 been invested in H&S processes, systems and culture within the organisation.
- WestReef retained/gained other accreditations including ACC Tertiary Status and TQS1.



MAINTENANCE & CONSTRUCTION SERVICES

## Key Performance Indicators

Performance Measure	Target	Result	Achieved
<b>Profitability</b>	10% of gross revenue before subvention payment	2016/2017: 15% achieved (2015/2016: 14%).	●
	Grow revenue from competitively tendered work - target 35% of gross revenue.	2016/2017: 61% continuous revenue from major outside contracts including Network Outcomes Contract, various Department of Conservation contracts and successful in tendering new contracts including but not limited to Derby Street upgrade etc. (2015/2016: 57%).	●
<b>Quality</b>	Renewal of TQA1 certification	2016/2017: achieved during April 2017 (2015/2016: April 2016).	●
<b>Client satisfaction</b>	Meet monthly with major client, BDC engineers, to obtain feedback on specific contract performance	2016/2017: 12 BDC contract meetings were held, NOC contract meetings were held, pre-contract meetings for major contracts and post contract reviews for contracts over \$50,000 took place (2015/2016: 11 BDC contract meetings were held and NOC contract meetings and post contract reviews for contracts over \$50,000 took place).	●
<b>Community support</b>	Support at least 6 community activities	2016/2017: 42 community activities were supported (2015/2016: 44).	●
<b>Employee satisfaction</b>	Undertake a staff satisfaction survey to provide feedback on staff engagement, and a benchmark for future years	2016/2017: staff engagement survey completed during 2016/2017, carried out bi-annually. Results considered to be static with movement of +/-2% across the survey measures. There was a low response/uptake by staff to complete the survey and this will be addressed during the next survey period 2018/2019 (2015/2016: bi-annual survey, not carried out during 2015/2016).	●
	Weekly staff meetings with minutes kept	2016/2017: weekly tool box and H&S committee meetings were held (2015/2016: achieved).	●
	Ensure succession plans are put in place for all senior management positions	2016/2017: succession plans remain current and in place (2015/2016: succession plans in place).	●
<b>Safety</b>	Lost time injuries <5% of total hours	2016/2017: 0.16% for the year (2015/2016: 0.1%).	●

KPI met	●
KPI not met	●



## ***Westport Harbour Limited is 100% owned by Buller Holdings Limited.***

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.

## **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**

■ Westport Harbour Limited were involved in providing land, facilities, plant and labour for receiving, delivery, stockpiling and shipment of a wide range of products and raw materials; the ownership of land and facilities necessary to maintain the company's commercial assets; and the provision of facilities associated with the repair and servicing of vessels.

## **How Westport Harbour Limited performed?**

■ 2017 was a very testing and trying year for Westport Harbour Limited (WHL) being the first year of operation without Holcim's trade.

■ WHL was successful in procuring an extended period of out-port dredging over the summer months which generated revenue of \$1.37m compared to a budget of \$400,000. This helped offset the reduction in revenue experienced by Holcim's early departure at the beginning of the financial year.

■ Revenue from the fishing fleet has continued in line with budget forecasts, with regular bar soundings being undertaken and good dialog with the fleet regarding bar conditions.

■ Efforts to increase the number of fishing vessels using the port show promise, particularly with larger vessels.

■ Subsequent to balance date, a process has commenced to wind up Westport Harbour Limited and disestablish the business.



WESTPORT **harbour**  
LIMITED

Key Performance Indicators

Performance Measure	Target	Result	Achieved
<b>Profitability:</b>	9% of gross revenue (pretax).	2016/2017: not achieved (2015/2016: 16.2%).	
<b>Growth:</b>	Pursue all opportunities for practical growth.	2016/2017: discussions with interested parties continued during the period with three ports contracted for out-port dredging services (2015/2016: achieved).	
<b>Service performance:</b>	Maintain by dredging: A bar depth of >2.8m at chart datum.	2016/2017: not achieved – average bar depth 2.6m, with 11 recorded depths less than 2.8m (2015/2016: average bar depth of 2.6m, 32 recorded depths of less than 2.8m).	
	An average river depth in the main channel of 3.8m at chart datum.	2016/2017: unknown as no regular dredging or sounding was undertaken (2015/2016: achieved).	
	Sufficient depths for vessel requirements at wharves & jetties with the Harbour.	2016/2017: achieved – regular soundings undertaken to support vessel requirements (2015/2016: achieved).	
	To consistently deliver services to customers in accordance with contracts.	2016/2017: no complaints were received (2015/2016: nil).	
<b>Personnel:</b>	Maintain competency levels required for all employees to deliver high quality performance in their duties.	2016/2017: achieved - all seafarer medicals and certifications are current (2015/2016: achieved).	
	Undertake a staff satisfaction survey.	2016/2017: not achieved due to restructuring, survey not undertaken (2015/2016: achieved)	
<b>Safety:</b>	Promote a safety first/zero harm culture.	2016/2017: 9 monthly meetings were held to identify and address any hazards or safety concerns (2015/2016: 11 monthly meetings were held).	
	Nil lost time incidents.	2016/2017: no lost time incidents occurred (2015/2016: nil).	
<b>Environment:</b>	Avoid harm to environment as consequence of port operations.	2016/2017: one incident of a fishing vessel oil spill reported to WCRC during October 2016 (2015/2016: nil).	
	Maintain oil spill response capability.	2016/2017: Maritime NZ Tier 1 oil spill contingency & response plans reviewed. (2015/2016: plans reviewed).	

KPI met	
KPI not met	

## ***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 Solid Energy 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 very positive 12 months for Buller Recreation Ltd (BRL) with memberships holding steady despite a continuing economic decline 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.
- With the introduction of yoga to the programme the fitness side of BRL has gone well. Tribe continues to have a strong following, but numbers have reduced within this programme.
- Over the last 12 months the investment in better equipment and building improvements has paid off with repair and maintenance costs significantly reduced compared to previous years.
- The last component of the new energy system has now been installed and the centre now has a designed specifically for it's needs.
- 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.
- Due to Solid Energy Ltd ceasing to operate, a new sponsorship agreement has been secured with Pulse Energy. This will enable the business to bring in income from a new and reliable source.

## Key Performance Indicators

Performance Measure	Target	Result	Achieved
<b>Profitability:</b>	Revenue and expenditure in line with budget.	2016/2017: revenue exceeded budget (2015/2016: revenue was on budget).	●
		2016/2017: expenditure is below budget (2015/2016: expenditure was on budget).	●
<b>Fitness membership:</b>	450 members.	2016/2017: average membership achieved was 482 (2015/2016: average 428, not achieved).	●
	Retention rate >75%.	2016/2017: a retention rate of 93% was achieved across the financial year (2015/2016: 95% achieved).	●
<b>Aquatic centre usage:</b>	4,000 visits per month.	2016/2017: an average of 4,753 visits per month was achieved with the increase due to better marketing and increased membership (2015/2016: average 4,159).	●
	Achieve 150 swimming students (averaged over twelve months).	2016/2017: average of 170 achieved (2015/2016: average of 175).	●
<b>Safety:</b>	Nil serious harm incidents.	2016/2017: achieved with no serious harm incidents (2015/2016: achieved).	●
	100% compliance with Health and Safety procedures.	2016/2017: achieved with safety audits undertaken and actions carried out, Poolsafe accreditation was attained for the year (2015/2016: achieved).	●
<b>Work Environment:</b>	Hold quarterly meetings with all staff.	2016/2017: this was not achieved with meetings only held in February and September (2015/2016: achieved).	●
	Review the succession plan for key positions and identify training needs and actions for the 12 months.	2016/2017: achieved, developed at management meetings (2015/2016: achieved).	●
	Complete annual review process with all staff to ensure staff are working to their full potential	2016/2017: achieved (2015/2016: achieved).	●
	Undertake staff satisfaction survey or 360 survey of management to provide feedback on staff engagement and a benchmark for future years.	2016/2017: achieved, a 360 degree feedback survey was carried out in December 2016, the findings varied slightly on the previous survey with most areas well engaged and other areas identified for improvement (2015/2016: achieved in July 2015).	●
<b>Asset Management Plan (AMP):</b>	Maintain a comprehensive AMP.	2016/2017: the asset management plan was reviewed and updated during September 2016 (2015/2016: updated in September 2015).	●
	Complete maintenance and replacement in accordance with AMP (monitor monthly).	2016/2017: achieved, asset replacement schedule is monitored regular with timer clocks and pumps being purchased and further investment being made in pool and gym equipment (2015/2016: achieved).	●

KPI met	●
KPI not met	●



## 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.	2016/2017: presentation completed to Council during Annual Plan process (2015/2016: presentation given).	
The Annual Report is to be presented to Council within two months of adoption.	2016/2017: TWC's Annual Report was not received within two months of adoption (2015/2016: not achieved within deadline).	
	<i>KPI met</i>	
	<i>KPI not met</i>	



# 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
- 



photo credit: Richard Rossiter

# Buller District Council - Statement of Comprehensive Revenue and Expenses for the year ended 30 June 2017

	Notes	Parent			Group	
		2016/2017 Actual \$000	2016/2017 AP Budget \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Operating Revenue</b>						
General rates	1	7,940	8,006	7,911	7,811	7,750
Targeted rates (excluding metered water)	1	5,477	5,514	5,309	5,471	5,303
Metered water charges		200	187	225	200	225
Rate penalties	1	139	150	149	139	149
Subsidies and grants		4,690	4,271	4,395	4,690	4,395
Investment revenue	2	2,709	1,523	1,074	559	615
Other revenue	2	0	0	15	0	0
Development and financial contributions		44	100	30	44	30
Fees and charges		3,051	2,955	2,881	11,086	10,879
Gain on disposal of investment property	3&12	20	0	18	20	18
Vested assets		47	100	0	47	0
Profit on sale of assets		0	0	0	10	67
Gain on derivative contracts	16	413	0	0	413	0
Share in profit (loss) of associate		0	0	0	3	(27)
<b>Total Operating Revenue</b>	<b>3</b>	<b>24,730</b>	<b>22,805</b>	<b>22,007</b>	<b>30,493</b>	<b>29,404</b>
<b>Operating Expenditure</b>						
Employment costs		4,688	4,502	4,597	10,624	10,802
Depreciation and amortisation	13&14	5,414	5,401	5,165	6,828	6,607
Finance costs		1,139	1,219	1,112	1,149	1,111
Other expenses		11,399	10,746	10,767	11,383	10,051
Loss on sale of assets	4	1	0	49	1	49
Assets written off	4	491	350	403	856	403
Loss on derivative contracts	16	0	0	425	0	425
Loss on revaluations of investment land	12	123	165	579	103	544
Loss on sale of investment property		6	0	3	6	3
<b>Total Operating Expenditure</b>	<b>4</b>	<b>23,261</b>	<b>22,383</b>	<b>23,100</b>	<b>30,950</b>	<b>29,995</b>
<b>Net Surplus/(Deficit) before Taxation</b>	<b>5</b>	<b>1,469</b>	<b>422</b>	<b>(1,093)</b>	<b>(458)</b>	<b>(591)</b>
Income tax expense	6	0	0	0	260	(157)
<b>Net Surplus/(Deficit) after Taxation</b>		<b>1,469</b>	<b>422</b>	<b>(1,093)</b>	<b>(718)</b>	<b>(434)</b>
<b>Other Comprehensive Revenue and Expenses</b>						
Increase/ (decrease) in infrastructure revaluation reserves		0	10,067	0	0	0
Gain/ (loss) on investment recognised in asset revaluation reserve		3	0	0	3	0
<b>Total Comprehensive Revenue and Expense</b>		<b>1,472</b>	<b>10,489</b>	<b>(1,093)</b>	<b>(715)</b>	<b>(434)</b>

- 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 2017

	Parent			Group		
	Notes	2016/2017 Actual \$000	2016/2017 AP Budget \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Equity as at 1 July</b>		<b>317,004</b>	<b>316,756</b>	<b>318,097</b>	<b>315,000</b>	<b>315,434</b>
Total comprehensive revenue and expenses		1,472	10,490	(1,093)	(715)	(434)
Transactions with owners recorded directly in equity		0	0	0	0	0
<b>Total Equity at End of Year</b>		<b>318,476</b>	<b>327,246</b>	<b>317,004</b>	<b>314,285</b>	<b>315,000</b>
<b>Components of Equity:</b>						
Accumulated Funds	<b>20</b>	169,441	168,042	167,962	164,206	164,914
Reserves	<b>21</b>	4,992	4,948	4,854	4,992	4,854
Asset revaluation reserve	<b>22</b>	144,043	154,255	144,188	145,087	145,232
<b>Total Equity as at 30 June</b>		<b>318,476</b>	<b>327,246</b>	<b>317,004</b>	<b>314,285</b>	<b>315,000</b>

- 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 2017

	Notes	Parent			Group	
		2016/2017 Actual \$000	2016/2017 AP Budget \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Current Assets</b>						
Cash and cash equivalents	8	3,245	1,364	3,308	5,681	5,663
Trade and other receivables	9	4,518	4,687	3,263	4,278	3,661
Derivative financial instruments	16	0	0	0	0	0
Inventories		11	13	18	225	357
Other current assets	10	35	21	35	97	41
Short term investments		12,684	12,284	13,284	12,884	13,720
Assets held for sale	11	161	0	204	161	204
<b>Total Current Assets</b>		<b>20,654</b>	<b>18,368</b>	<b>20,111</b>	<b>23,326</b>	<b>23,646</b>
<b>Non Current Assets</b>						
Investment in Council Controlled Organisations	12	19,576	20,253	19,614	43	40
Other investments	12	2,753	0	386	2,793	423
Investment property	12	7,687	8,068	7,976	7,147	7,416
Infrastructure assets	13	276,324	293,215	277,773	274,918	276,653
Other property, plant and equipment	13	21,170	20,199	20,734	37,775	38,385
Derivative financial instruments	16	0	0	0	0	0
Deferred tax	6	0	0	0	0	0
Intangible assets	14	106	265	41	806	740
<b>Total Non Current Assets</b>		<b>327,616</b>	<b>342,000</b>	<b>326,525</b>	<b>323,482</b>	<b>323,657</b>
<b>Total Assets</b>		<b>348,270</b>	<b>360,369</b>	<b>346,637</b>	<b>346,808</b>	<b>347,303</b>
<b>Current Liabilities</b>						
Trade and other payables	15	3,018	3,833	2,444	3,488	3,161
Derivative financial instruments	16	0	54	0	0	0
Tax payable		0	0	0	0	0
Employee benefits	17	580	434	600	1,222	1,255
Provisions	19	35	0	35	393	172
Current portion of term debt	18	8,510	77	80	8,510	80
<b>Total Current Liabilities</b>		<b>12,143</b>	<b>4,397</b>	<b>3,158</b>	<b>13,613</b>	<b>4,668</b>
<b>Non Current Liabilities</b>						
Derivative financial instruments	16	756	850	1,169	756	1,169
Provisions	19	1,566	1,313	1,475	1,269	1,338
Bond deposits		83	82	83	83	83
Employee entitlements	17	246	280	246	273	274
Deferred tax	6	0	0	0	1,529	1,271
Term debt	18	15,000	26,201	23,500	15,000	23,500
<b>Total Non Current Liabilities</b>		<b>17,651</b>	<b>28,726</b>	<b>26,473</b>	<b>18,910</b>	<b>27,635</b>
<b>Equity</b>						
Accumulated funds	20	169,441	168,042	167,962	164,206	164,914
Reserves	21	4,992	4,948	4,854	4,992	4,854
Asset revaluation reserve	22	144,043	154,255	144,188	145,087	145,232
<b>Total Equity</b>		<b>318,476</b>	<b>327,246</b>	<b>317,004</b>	<b>314,285</b>	<b>315,000</b>
<b>Total Liabilities and Equity</b>		<b>348,270</b>	<b>360,369</b>	<b>346,635</b>	<b>346,808</b>	<b>347,303</b>

- 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 2017

	Parent			Group		
	Notes	2016/2017 Actual \$000	2016/2017 AP Budget \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Cashflows from Operating Activities</b>						
<b>Cash was provided from:</b>						
Rates		13,533	13,670	13,405	13,398	13,238
Other income		7,763	7,225	8,255	15,766	16,279
Interest received		580	613	703	550	643
Tax received		0	0	0	0	0
Dividends and subvention payments received		1,317	1,197	578	0	0
		<b>23,189</b>	<b>22,705</b>	<b>22,941</b>	<b>29,714</b>	<b>30,160</b>
<b>Cash was applied to:</b>						
Payments to suppliers and employers		15,844	15,150	15,370	22,143	21,046
Interest paid		1,048	1,219	1,251	1,058	1,250
Income tax paid		0	0	0	0	0
Net GST movement		(6)	0	(37)	(7)	(36)
		<b>16,886</b>	<b>16,369</b>	<b>16,584</b>	<b>23,194</b>	<b>22,260</b>
<b>Net Cash from Operating Activities</b>	<b>7</b>	<b>6,303</b>	<b>6,337</b>	<b>6,357</b>	<b>6,520</b>	<b>7,900</b>
<b>Cashflows from Investing Activities</b>						
<b>Cash was provided from:</b>						
Disposal of fixed assets		113	100	84	145	154
Investment realised		16,284	0	11,764	16,437	11,219
		<b>16,397</b>	<b>100</b>	<b>11,848</b>	<b>16,582</b>	<b>11,373</b>
<b>Cash was applied to:</b>						
Purchase of fixed assets		4,684	5,673	4,253	5,446	5,878
Purchase of investments		18,009	42	13,912	17,568	13,723
Purchase of intangibles		0	0	12	0	12
		<b>22,693</b>	<b>5,715</b>	<b>18,177</b>	<b>23,014</b>	<b>19,613</b>
<b>Net Cash from Investing Activities</b>		<b>(6,296)</b>	<b>(5,615)</b>	<b>(6,329)</b>	<b>(6,432)</b>	<b>(8,240)</b>
<b>Cashflows from Financing Activities</b>						
<b>Cash was provided from:</b>						
Loans raised		0	1,618	23,754	0	23,754
<b>Cash was applied to:</b>						
Repayment of loans		70	77	23,499	70	23,499
<b>Net Cash from Investing Activities</b>		<b>(70)</b>	<b>1,542</b>	<b>255</b>	<b>(70)</b>	<b>255</b>
<b>Net Increase/(Decrease) in Cash</b>		<b>(63)</b>	<b>2,263</b>	<b>283</b>	<b>18</b>	<b>(85)</b>
<b>Opening Cash as at 1 July</b>		<b>3,308</b>	<b>(899)</b>	<b>3,025</b>	<b>5,663</b>	<b>5,748</b>
<b>Closing Cash as at 30 June</b>		<b>3,245</b>	<b>1,364</b>	<b>3,308</b>	<b>5,681</b>	<b>5,663</b>

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

## Funding Impact Statement - for whole of Council

	Notes	2015/2016 LTP Budget \$000	2016/2017 AP Budget \$000	2016/2017 Actual \$000
<b>Sources of Operating Funding</b>				
General rates, uniform annual general charge, rate penalties		7,982	8,006	7,940
Targeted rates		5,332	5,514	5,477
Subsidies and grants for operating purposes		2,066	2,216	2,734
Fees and charges		181	187	200
Internal charges and overheads recovered		0	0	0
Interest and dividends from investments		1,620	1,523	2,709
Local authorities fuel tax, fines, infringements, fees & other receipts		3,263	3,105	3,190
<b>Total Operating Funding</b>	<b>A</b>	<b>20,444</b>	<b>20,550</b>	<b>22,249</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers		14,707	14,733	15,116
Finance costs		1,438	1,219	1,139
Internal charges and overheads recovered		0	0	0
Other operating funding applications		480	515	971
<b>Total Applications of Operating Funding</b>	<b>B</b>	<b>16,625</b>	<b>16,467</b>	<b>17,226</b>
<b>Net Cash from Operating Activities</b>	<b>A-B</b>	<b>3,819</b>	<b>4,084</b>	<b>5,023</b>
<b>Sources of Capital Funding</b>				
Subsidies and grants for capital expenditure		2,650	1,520	1,499
Development and financial contributions		100	100	44
Increase/(decrease) in debt		2,890	1,546	(70)
Gross proceeds from sale of assets		160	100	160
Lump sum contributions		535	535	458
Other dedicated capital funding		0	0	0
<b>Total Operating Funding</b>	<b>C</b>	<b>6,335</b>	<b>3,800</b>	<b>2,091</b>
<b>Application of Capital Expenditure</b>				
Application of capital expenditure				
- to meet additional demand		0	0	0
- to improve the level of services		4,445	1,823	1,048
- to replace existing assets		4,160	3,850	3,849
Increase/(decrease) in reserves		1,334	2,069	2,817
Increase/(decrease) in investments		215	142	(600)
<b>Total Applications of Capital Funding</b>	<b>D</b>	<b>10,154</b>	<b>7,884</b>	<b>7,114</b>
<b>Surplus/(Deficit) of Capital Funding</b>	<b>C-D</b>	<b>(3,819)</b>	<b>(4,084)</b>	<b>(5,023)</b>
<b>Funding Balance</b>	<b>((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

# 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 Instrument
  - 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
-



## Note 1 - Rates Revenue

Rates Revenue	Parent	
	2016/2017 Actual \$000	2015/2016 Actual \$000
General Rates	7,940	7,911
<b>Targeted Rates attributable to Activities:</b>		
Water	2,393	2,256
Refuse and Sanitation	3,084	3,053
Roading	0	0
Economic Development	0	0
Penalties	139	149
<b>Total Revenue from Rates</b>	<b>13,556</b>	<b>13,369</b>

Rates Remissions	Parent	
	2016/2017 Actual \$000	2015/2016 Actual \$000
Rates revenue is shown net of rates remissions. Buller District Council's rates remission policy allows BDC to remit rates on sporting, culture and other community organisations.		
<b>Total Rates Revenue</b>	<b>13,620</b>	<b>13,437</b>
<b>Rates Remissions:</b>		
Land used for sport	(38)	(37)
Land protected for historical or cultural purposes	(26)	(31)
<b>Total Rates Remissions</b>	<b>(64)</b>	<b>(68)</b>
<b>Rates Revenue net of Remissions</b>	<b>13,556</b>	<b>13,369</b>

### Rating Base Information

The rating base used to set the rates for 2016/2017 was 7,472 rating units within the Buller District as at 30 June 2016. The total capital value of these rating units as at 30 June 2016 was \$2,522,317,700, of which \$1,322,450,800 consisted of land value.

(2015/2016: 7,533 rating units, capital value of \$2,510,136,700 which includes a land value of \$1,324,210,800).

## Note 2 - Investment Revenue

Investment Revenue	Parent		Group	
	2016/2017	2015/2016	2016/2017	2015/2016
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Interest	1,186	1,303	1,157	1,243
Dividend and Subvention Income	2,121	400	0	0
	<b>3,307</b>	<b>1,703</b>	<b>1,157</b>	<b>1,243</b>
Less: Internal Interest	598	629	598	629
<b>Total Investment Revenue</b>	<b>2,709</b>	<b>1,074</b>	<b>559</b>	<b>614</b>

Other Revenue	Parent		Group	
	2016/2017	2015/2016	2016/2017	2015/2016
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Investment Loan Discount Amortisation Revenue	0	15	0	0
Donations	0	0	0	0
Sundry Income	0	0	0	0
<b>Total Other Revenue</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>0</b>

## Note 3 - Operating Revenue

Operating Revenue	Parent			Group	
	2016/2017 Actual \$000	2016/2017 AP Budget \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
Governance	44	34	1	44	1
Community Services	1,022	986	1,102	1,022	1,102
Regulatory Services	853	1,040	822	853	822
Amenities and Reserves	1,854	1,494	1,505	1,854	1,505
Roading and Urban Development	3,417	3,436	3,372	3,417	3,372
Solid Waste	816	801	803	816	803
Water Supplies	2,782	2,991	2,482	2,782	2,482
Wastewater	2,424	2,441	2,405	2,424	2,405
Stormwater	11	5	9	11	9
Airport	107	96	117	107	117
In-house Professional Services	746	778	719	746	719
Support Services	4,538	4,064	4,625	4,538	4,625
	<b>18,614</b>	<b>18,139</b>	<b>17,961</b>	<b>18,613</b>	<b>17,961</b>
<b>Plus:</b>					
General Rates	7,940	8,006	7,911	7,811	7,750
Rates Penalties	139	150	149	139	149
Investment Income	2,709	613	1,074	559	614
Profit on Sale of Assets	0	0	0	10	67
Gain on Sale of Investment Property	20	0	18	20	18
Vested Assets	47	100	0	47	0
Sundry Income	0	0	15	0	0
Gain on Derivative Contracts	413	0	0	413	0
Gain on Revaluation of Investment Land	0	0	0	0	0
Group Income	0	0	0	8,032	7,993
Share in Profit/(Loss) of Associate	0	0	0	3	(27)
	<b>29,882</b>	<b>27,008</b>	<b>27,128</b>	<b>35,648</b>	<b>34,525</b>
<b>Less: Internal Recoveries</b>	(5,152)	(5,140)	(5,121)	(5,152)	(5,121)
<b>Total Operating Revenue</b>	<b>24,730</b>	<b>21,868</b>	<b>22,007</b>	<b>30,496</b>	<b>29,404</b>

## Note 4 - Operating Expenditure

Expenditure by Activity	Parent			Group	
	2016/2017 Actual \$000	2016/2017 AP Budget \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
Governance	1,345	1,219	1,280	1,345	1,280
Community Services	3,843	3,797	3,876	3,843	3,876
Regulatory Services	1,751	1,847	1,728	1,751	1,728
Amenities and Reserves	2,308	2,372	2,204	2,308	2,204
Roading and Urban Development	3,839	3,790	3,646	3,839	3,646
Solid Waste	1,062	1,007	830	1,062	830
Water Supplies	1,716	1,545	1,581	1,716	1,581
Wastewater	1,497	1,496	1,428	1,497	1,428
Stormwater	277	244	285	277	285
Airport	129	102	145	129	145
In-house Professional Services	825	719	733	825	733
Support Services	4,385	4,095	4,489	4,385	4,489
	<b>22,977</b>	<b>22,233</b>	<b>22,225</b>	<b>22,977</b>	<b>22,225</b>
<b>Plus:</b>					
Depreciation and Amortisation:					
- Governance	0	0	0	0	0
- Community Services	346	307	359	346	359
- Regulatory	84	82	101	84	101
- Amenities and Reserves	552	594	550	552	550
- Roothing and Urban Development	2,598	2,555	2,361	2,598	2,361
- Solid Waste	79	79	85	79	85
- Water Supplies	688	672	649	688	649
- Wastewater	682	664	688	682	688
- Stormwater	202	201	202	202	202
- Airport	56	57	56	56	56
- In-house Professional Services	8	8	13	8	13
- Support Services	118	182	101	118	101
- Group Depreciation	0	0	0	1,414	1,442
Other Group Expenses	0	0	0	5,930	5,488
Assets Written Off	491	350	403	856	403
Loss on Sale of Assets	1	0	49	1	49
Loss on Derivative Contracts	0	0	425	0	425
Loss on Revaluations of Investment Land	123	165	579	103	544
Loss on Sale of Investment Property	6	0	3	6	3
<b>Less:</b>					
Internal Recoveries	(5,152)	(5,140)	(5,121)	(5,152)	(5,121)
Internal Interest	(598)	(626)	(629)	(598)	(629)
<b>Total Expenditure</b>	<b>23,261</b>	<b>22,383</b>	<b>23,100</b>	<b>30,950</b>	<b>29,995</b>



## Note 5 - Operating Surplus

Operating Surplus was determined after accounting for:	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Fees to Principal Auditor:</b>				
Audit fees for Financial Statement Audit	111	109	200	202
Audit fees (1/2 share WAA)	4	5	4	5
Grants and donations expense	987	773	987	773
Lease income	604	670	332	398
Lease expense	54	50	146	81
<b>Movement in provision doubtful debts:</b>				
Accounts receivable	67	44	67	44

### (i) Remuneration

During the year to 30 June 2017, 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:

	Parent	
	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Chief Executive:</b>		
Paul Wylie (resigned 21 January 2016)	0	400,114
Craig Scanlon (Acting CEO from 22 January 2016 to 31 July 2016)	14,581	76,626
Andy Gowland (commenced 1 August 2016)	176,347	0
<b>Mayor:</b>		
Garry Howard	76,617	68,970
<b>Councillors:</b>		
Shayne Barry	13,112	0
Andrew Basher (to 12 October 2016)	6,486	21,106
Jamie Cleine	13,112	0
Lynn Brooks (resigned 25 August 2016)	3,331	21,106
Gregory Hart	18,301	17,837
Dave Hawes	20,860	21,106
Martin Hill	13,112	0
Graham Howard (to 12 October 2016)	5,189	17,837
Emily Miazga	13,112	0
Robyn Nahr	20,362	17,837
Graeme Neylon	31,920	30,989
Sheryl Rhind (to 12 October 2016)	5,189	17,837
Sharon Roche	27,493	21,106
Philip Rutherford	22,770	22,910
<b>Total Mayor and Councillors</b>	<b>290,966</b>	<b>278,641</b>

Councillors were paid per the determination but vary due to timing of pay periods.

## Note 5 - Operating Surplus

### (ii) Severance Payments

During the year to 30 June 2017 no severance payments were made (2015/2016: one severance payment totalling \$221,680).

### (iii) Employee staffing levels and remuneration

2016/2017 2015/2016

#### Number of employees:

Fulltime	42.0	40.0
Fulltime equivalent of other employees	13.1	11.2

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 2016/2017 there were 3 employees (2015/2016: 3 employees). These employees are regarded as full time employees for the purposes of this disclosure. The total number of employees employed by Council in 2016/2017 was 75 (2015/2016: 65).

### Remuneration Levels

#### 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

#### 2015/2016

	less than \$60,000	\$60,000 to \$79,999	\$80,000 to \$99,999	\$100,000 to \$179,999
Number of Employees	39	9	10	7

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 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.

(2015/2016: there were 5 or fewer employees in the \$100,000 to \$119,999 the \$120,000 to \$139,999 band and the \$140,000 to \$159,999 band, therefore those employees were included in a \$100,000 to \$179,999 remuneration band.)

## Note 6 - Income Tax

Components of Tax Expense	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 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	(260)	(157)
<b>Income Tax Expense</b>	<b>0</b>	<b>0</b>	<b>(260)</b>	<b>(157)</b>

Relationship between Tax and Accounting Profit	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Surplus/(Deficit) before Tax</b>	1,617	(1,093)	(309)	(591)
Tax @ 28%	453	(306)	(87)	(165)
Non-Deductible Expenditure	0	0	0	0
Non-Taxable Revenue	(482)	74	423	4
Change in Building Depreciation	0	0	3	3
Prior Year Adjustment	0	0	(38)	1
Group Loss Offset	470	112	0	0
Temporary Differences Not Recognised	0	(26)	0	0
Tax Losses Not Recognised	(399)	146	0	0
Deferred Tax Adjustments	0	0	0	0
<b>Tax Expense</b>	<b>(0)</b>	<b>(0)</b>	<b>260</b>	<b>(157)</b>

## Note 6 - Income Tax

### Deferred Tax Assets/(Liabilities)

Parent	Property, Plant and Equipment	Financial Instruments	Employee Entitlements	Other Provisions	Tax Losses	Total
Balance as at 1 July 2015	0	0	0	0	0	0
Credited to Profit and Loss	0	0	0	0	0	0
Balance at 1 July 2016	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Credited to Profit and Loss	(154)	0	0	0	154	0
Charged to Profit and Loss	0	0	0	0	0	0
Balance at 1 July 2017	<b>(154)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>154</b>	<b>0</b>

Group	Property, Plant and Equipment	Financial Instruments	Employee Entitlements	Other Provisions	Tax Losses	Total
Balance as at 1 July 2015	(2,106)	0	155	11	513	(1,427)
Credited to Profit and Loss	23	0	(20)	10	144	157
Balance at 1 July 2016	<b>(2,083)</b>	<b>0</b>	<b>135</b>	<b>21</b>	<b>657</b>	<b>(1,270)</b>
Credited to Profit and Loss	9	0	24	106	(399)	(260)
Charged to Profit and Loss	0	0	0	0	0	0
Balance at 1 July 2017	<b>(2,074)</b>	<b>0</b>	<b>159</b>	<b>127</b>	<b>258</b>	<b>(1,530)</b>

### Additional disclosures

2016/2017: Council has not recognised deferred tax assets (2015/2016: \$6,107) and tax losses of \$372,844 (2015/2016: \$2,348,110). This deferred tax asset has been recognised at the group level.



## Note 7 - Reconciliation of Net Surplus after Tax to Cashflows from Operating Activities

	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Surplus/(Deficit) after Tax</b>	<b>1,617</b>	<b>(1,093)</b>	<b>(569)</b>	<b>(434)</b>
<b>Add/(Less) Non-cash Items</b>				
Depreciation and amortisation expense	5,414	5,165	6,828	6,607
Impairment	0	0	0	0
Movement in provisions	91	(139)	152	(139)
Movement in deferred taxation	0	0	260	(156)
Donated assets	0	0	0	0
Other non cash items	0	0	0	0
Vested assets	(47)	0	(47)	0
Loan amortisation	0	(15)	0	0
(Gains)/Losses on in Fair Value of Investment Property	123	579	103	544
(Gains)/Losses on Derivative Financial Instruments	(413)	425	(413)	425
	<b>5,168</b>	<b>6,015</b>	<b>6,883</b>	<b>7,281</b>
<b>Add/(Less) Items as Investing Activities:</b>				
(Gains)/Losses on Disposal of Investment Property and PPE	(13)	34	(4)	(64)
Assets written off	491	403	708	403
Movement in fixed asset accounts payable	(119)	93	(249)	279
	<b>359</b>	<b>530</b>	<b>603</b>	<b>618</b>
<b>Add/(Less) Movements in Working Capital Items:</b>				
Trade and other receivables	(1,255)	997	(617)	309
Inventories	7	(2)	132	(81)
Other current assets	0	82	(56)	4
Trade and other payables	574	(183)	326	128
Employee benefits	(696)	11	(248)	74
	<b>6,303</b>	<b>6,357</b>	<b>6,520</b>	<b>7,899</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>6,303</b>	<b>6,357</b>	<b>6,520</b>	<b>7,899</b>

## Note 8 - Cash and Cash Equivalents

	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Cash at bank and in hand</b>	<b>3,245</b>	<b>3,308</b>	<b>5,481</b>	<b>5,227</b>
Short term deposits maturing three months or less from the date of acquisition	0	0	200	436
<b>Total cash and cash equivalents</b>	<b>3,245</b>	<b>3,308</b>	<b>5,681</b>	<b>5,663</b>

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

	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Cash and Bank Overdrafts include the following for the purpose of the Cashflow Statements</b>				
<b>Cash at bank and in hand</b>	<b>3,245</b>	<b>3,308</b>	<b>5,481</b>	<b>5,227</b>
Short term bank deposits maturing within three months	0	0	200	436
Bank overdrafts	0	0	0	0
	<b>3,245</b>	<b>3,308</b>	<b>5,681</b>	<b>5,663</b>

## Note 9 - Trade and other Receivables

	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Trade Receivables</b>	<b>1,595</b>	<b>1,312</b>	<b>2,586</b>	<b>2,209</b>
<b>Amounts due from Controlled Entities (excluding GST):</b>				
WestReef Ltd	6	7	0	0
Buller Holdings Ltd	72	82	0	0
Buller Recreation Ltd	0	0	0	0
Buller Health Trust	0	0	0	0
Westport Harbour Ltd	20	11	0	0
Interest receivable	97	89	97	89
Dividend/Subvention receivable	1,203	400	0	0
<b>Other Receivables:</b>				
NZTA Rooding Subsidies	567	408	567	408
Rates Receivable	1,207	1,137	1,276	1,137
	<b>4,767</b>	<b>3,446</b>	<b>4,526</b>	<b>3,843</b>
<b>Less:</b>				
Provisions for doubtful debts	(249)	(182)	(249)	(182)
	<b>4,518</b>	<b>3,263</b>	<b>4,278</b>	<b>3,661</b>
<b>Represented by:</b>				
Current portion	4,518	3,263	4,278	3,661
Term portion	0	0	0	0
Buller District Council has classified the following receivables as exchange transactions	1,306	987	2,366	1,866
Buller District Council has classified the following receivables as non-exchange transactions	3,212	2,277	1,911	1,795
	<b>4,518</b>	<b>3,263</b>	<b>4,278</b>	<b>3,661</b>

### 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 does not provide for any impairment on rates receivables as it 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.

## Note 9 - Trade and other Receivables

	2016/2017			2015/2016		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
<b>Council</b>						
Not past due	3,835	0	3,835	2,521	0	2,521
Past due 1-60 days	25	0	25	50	0	50
Past due 61-120 days	143	0	143	22	0	22
Past due > 120 days	764	249	515	853	182	670
<b>Total</b>	<b>4,767</b>	<b>249</b>	<b>4,518</b>	<b>3,446</b>	<b>182</b>	<b>3,263</b>
<b>Group</b>						
Not past due	3,556	0	3,556	2,782	0	2,782
Past due 1-60 days	56	0	56	105	0	105
Past due 61-120 days	144	0	144	86	0	86
Past due > 120 days	771	249	522	870	182	688
<b>Total</b>	<b>4,527</b>	<b>249</b>	<b>4,278</b>	<b>3,843</b>	<b>182</b>	<b>3,661</b>

### 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	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
Individual impairment	249	182	249	182
Collective impairment	0	0	0	0
<b>Total Provision for Impairment</b>	<b>249</b>	<b>182</b>	<b>249</b>	<b>182</b>

### 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	249	182	249	182
<b>Total Individual Impairment</b>	<b>249</b>	<b>182</b>	<b>249</b>	<b>182</b>

### 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
<b>At 1 July</b>	<b>182</b>	<b>138</b>	<b>182</b>	<b>138</b>
Additional provisions made during the year	67	44	67	44
Provisions reversed during the year	0	0	0	0
Receivables written-off during the period	0	0	0	0
<b>At 30 June</b>	<b>249</b>	<b>182</b>	<b>249</b>	<b>182</b>

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 re-negotiated is nil (2016: nil).



## Note 10 - Other Current Assets

	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
Work in Progress	22	22	24	28
Prepayments	13	13	73	13
	<b>35</b>	<b>35</b>	<b>97</b>	<b>41</b>

## Note 11 - Non Current Assets Held for Sale

As at 30 June 2017 the assets held for sale, being surplus to requirements are listed below (2015/2016: Council had investment land and an item of plant and equipment for sale).

	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Non-current Assets held for sale are:</b>				
Investment Property	102	168	102	168
Westport Transfer Station Portable Weighbridge	36	36	36	36
Motor Vehicles (2)	23	0	23	0
	<b>161</b>	<b>204</b>	<b>161</b>	<b>204</b>

## Note 12 - Investment in Council Controlled Organisations and Other Investments

	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Investments in CCO's</b>				
Investment in CCO's (Buller Holdings Ltd)	17,093	17,052	0	0
Investment in CCO's (loans to subsidiaries)	2,440	2,523	0	0
Investments in other CCO's (NZ Local Government Insurance Corporation Ltd)	43	40	43	40
<b>Total Investment in CCO's</b>	<b>19,576</b>	<b>19,614</b>	<b>43</b>	<b>40</b>

### Other Investments:

Investments in Associate	0	0	40	37
Term deposits	2,315	0	2,315	0
DWC Community Loans	52	0	52	0
Bond Deposits	66	66	66	66
Borrower Notes LGFA	320	320	320	320
<b>Total Other Investments</b>	<b>2,753</b>	<b>386</b>	<b>2,793</b>	<b>423</b>

Council subscribed for 41,599 of additional shares in Buller Holdings Limited in 2016/2017 for \$41,599 in cash payments. The equity was to be used to fund capital expenditure in Buller Recreation Limited (2015/2016: \$55,000 of additional shares acquired by Buller District Council).

The was no impairment of investment in Buller Holdings in 2016/2017 (2015/2016: Buller District Council investment in Buller Holdings Limited was not impaired)

### Investments Acquired

	2016/2017 Actual \$000	2015/2016 Actual \$000
Investments acquired - shares issued by Buller Holdings Limited	42	55
Investments acquired (disposed of) - advances and loans	0	0
	<b>42</b>	<b>55</b>

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 Solid Energy Centre.

### Movements in the carrying value of the EECA loan to BRL are as follows:

	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>At 1 July</b>	<b>146</b>	<b>210</b>
Amount of new loans granted during the year	0	0
Fair value adjustment at initial recognition	0	0
Loans re-paid during the year (principal and interest)	(80)	(80)
Unwind of discount and interest charged	10	16
<b>At 30 June</b>	<b>76</b>	<b>146</b>

The fair value of loans to related parties in 2016/2017 is \$2,440,000 (2015/2016: \$2,523,000). 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 3.03%.

## Note 12 - Investment in Council Controlled Organisations and Other Investments

Investment Property	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Balance at 1 July</b>	<b>7,977</b>	<b>8,503</b>	<b>7,416</b>	<b>8,503</b>
Transfers to Non-current Asset held for sale	0	(168)	0	(168)
Disposals/Adjustments	(167)	221	(166)	(375)
Fair value gains/(losses) on valuation	(123)	(579)	(103)	(544)
<b>Balance at 30 June</b>	<b>7,687</b>	<b>7,977</b>	<b>7,147</b>	<b>7,416</b>

Investment Property - Revenue and Expenses	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
Rental Revenue from Investment Property	211	119	142	119
Direct Expenses of Income Generating Investment Property	36	29	36	29
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 2017. The valuation was performed by Quotable Value, an independent valuer. Quotable Value are an experienced valuer with extensive market knowledge in the types of investment properties owned by Council. The total value of investment property valued by Quotable Value as at 30 June 2017 was \$7,687,000 (2015/2016: \$7,976,000).

As at 30 June 2017 there were no leasehold properties lodged at Council's solicitors pending completion of sale, this is disclosed in Note 11 (2015/2016: nil).

~ Council 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	Transfers/ Others	Revaluation Gains	Cost/ Revaluation 30-06-17	Accumulated Depreciation 30-06-17	Carrying Amount 30-06-17
	\$000	\$000												
<b>Infrastructure Assets</b>														
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)	4	0	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	(4)	0	0	162	0	162
	<b>286,964</b>	<b>(9,191)</b>	<b>277,773</b>	<b>3,147</b>	<b>(418)</b>	<b>0</b>	<b>76</b>	<b>(4,254)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>289,693</b>	<b>(13,369)</b>	<b>276,324</b>

	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	Transfers/ Others	Revaluation Gains	Cost/ Revaluation 30-06-17	Accumulated Depreciation 30-06-17	Carrying Amount 30-06-17
	\$000	\$000												
<b>Other Fixed Assets</b>														
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)	(27)	0	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)	0	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
	<b>37,234</b>	<b>(16,500)</b>	<b>20,734</b>	<b>1,873</b>	<b>(306)</b>	<b>(22)</b>	<b>45</b>	<b>(1,127)</b>	<b>(27)</b>	<b>0</b>	<b>0</b>	<b>38,286</b>	<b>(17,116)</b>	<b>21,170</b>
<b>TOTAL</b>	<b>324,198</b>	<b>(25,691)</b>	<b>298,507</b>	<b>5,020</b>	<b>(724)</b>	<b>(22)</b>	<b>121</b>	<b>(5,381)</b>	<b>(27)</b>	<b>0</b>	<b>0</b>	<b>327,979</b>	<b>(30,485)</b>	<b>297,494</b>

Buller District Council was scheduled to complete a valuation as at 30 June 2017. Council has not performed a valuation at this date, instead a valuation will likely be completed effective 1 July 2017 which can then be included in the 2017/2018 Annual Report. Buller District Council has reviewed movements in NZ statistical indices and peer financial results, and based on the results of that review have deemed the value in the 2016/2017 Annual Report are not materially different to what would be reported if a valuation had been completed for the year end 2016/2017.



~ Group 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	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
Land under roads	19,402	0	19,402	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	26,641	(1,967)	24,674
Stormwater	9,986	(402)	9,584	161	(15)	0	(29)	(202)	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	201,230	(7,337)	193,893
Water supplies	26,147	(1,242)	24,905	731	(110)	0	5	(684)	3	0	26,768	(1,921)	24,847
Airport runway	196	(109)	87	0	0	0	0	(8)	0	0	195	(115)	80
Landfills/Transfer Stns	1,755	(645)	1,110	(2)	0	0	0	(67)	0	0	1,752	(712)	1,040
Wharves	2,104	(666)	1,438	0	(104)	0	23	(35)	0	0	1,999	(678)	1,321
Work in Progress	88	0	88	77	0	0	0	0	(3)	0	162	0	162
	<b>285,844</b>	<b>(9,191)</b>	<b>276,653</b>	<b>2,872</b>	<b>(421)</b>	<b>0</b>	<b>76</b>	<b>(4,254)</b>	<b>0</b>	<b>0</b>	<b>288,280</b>	<b>(13,362)</b>	<b>274,918</b>

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	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
Land	6,138	0	6,138	0	0	0	0	0	0	0	6,138	0	6,138
Leasehold Improvements	1,104	(529)	575	84	0	0	0	(474)	0	0	1,188	(1,003)	185
Buildings	34,364	(9,629)	24,735	1,281	(16)	0	10	(1,161)	(67)	0	35,522	(10,730)	24,792
Office Equipment, Furniture & Fittings	2,405	(2,107)	298	161	(2)	0	0	(109)	0	0	2,564	(2,214)	350
Vehicles	6,143	(3,467)	2,676	501	(146)	(22)	110	(559)	0	0	6,440	(3,879)	2,561
Library Books	874	(720)	154	57	0	0	0	(91)	0	0	931	(811)	120
Plant and Equipment	4,154	(2,768)	1,386	225	(4)	0	0	(319)	0	0	4,375	(3,086)	1,289
Other Assets	3,784	(1,663)	2,121	180	(50)	0	12	(192)	40	0	3,954	(1,842)	2,112
Vessels	4,385	(4,337)	48	0	0	0	0	(1)	0	0	4,385	(4,338)	47
Work in Progress	254	0	254	155	(228)	0	0	0	0	0	181	0	181
	<b>63,605</b>	<b>(25,220)</b>	<b>38,385</b>	<b>2,644</b>	<b>(446)</b>	<b>(22)</b>	<b>132</b>	<b>(2,906)</b>	<b>(27)</b>	<b>0</b>	<b>65,678</b>	<b>(27,903)</b>	<b>37,775</b>
<b>TOTAL</b>	<b>349,449</b>	<b>(34,411)</b>	<b>315,038</b>	<b>5,516</b>	<b>(867)</b>	<b>(22)</b>	<b>208</b>	<b>(7,160)</b>	<b>(27)</b>	<b>0</b>	<b>353,958</b>	<b>(41,265)</b>	<b>312,693</b>

Buller District Council was scheduled to complete a valuation as at 30 June 2017. Council has not performed a valuation at this date, instead a valuation will likely be completed effective 1 July 2017 which can then be included in the 2017/2018 Annual Report. Buller District Council has reviewed movements in NZ statistical indices and peer financial results, and based on the results of that review have deemed the value in the 2016/2017 Annual Report are not materially different to what would be reported if a valuation had been completed for the year end 2016/2017.

Depreciation and impairment includes \$6,000 of building impairment, \$357,000 of leasehold improvement impairment and \$2,000 of office equipment impairment.

~ Council 2016

Infrastructure Assets	Cost/	Accumulated	Carrying	Current	Current	Transfer	Accumulated	Current Year	Revaluation	Cost/
	Revaluation	Depreciation	Amount	Year	Year	(to)/from	Depreciation	Depreciation	Gains	Revaluation
	01-07-15		01-07-15	Disposals	Addition	Assets Held	on Disposals	/ Impairment		30-06-16
	\$000	\$000	\$000	\$000	\$000	for Sale	\$000	Charges	\$000	\$000
Land under roads	19,402	0	19,402	0	0	0	0	0	0	19,402
Sewerage	25,861	(650)	25,211	(74)	543	0	6	(650)	0	26,330
Stormwater	9,872	(199)	9,673	(35)	202	0	1	(202)	0	10,039
Roads and Bridges	198,530	(2,520)	196,010	(261)	1,943	0	45	(2,358)	0	200,218
Water supplies	26,331	(609)	25,722	(76)	520	0	10	(643)	0	26,775
Airport runway	206	(103)	103	0	0	0	0	(8)	0	206
Landfills/Transfer Stns	1,796	(572)	1,224	6	6	0	0	(73)	0	1,802
Wharves	2,103	(631)	1,472	0	0	0	0	(35)	0	2,103
Work in Progress	35	0	35	(14)	79	0	0	0	(11)	89
	<b>284,136</b>	<b>(5,284)</b>	<b>278,852</b>	<b>(460)</b>	<b>3,293</b>	<b>0</b>	<b>62</b>	<b>(3,969)</b>	<b>(5)</b>	<b>286,964</b>

Other Fixed Assets	Cost/	Accumulated	Carrying	Current	Current	Transfer	Accumulated	Current Year	Revaluation	Cost/
	Revaluation	Depreciation	Amount	Year	Year	(to)/from	Depreciation	Depreciation	Gains	Revaluation
	01-07-15		01-07-15	Disposals	Addition	Assets Held	on Disposals	/ Impairment		30-06-16
	\$000	\$000	\$000	\$000	\$000	for Sale	\$000	Charges	\$000	\$000
Land	4,373	0	4,373	0	60	0	0	0	0	4,433
Leasehold Improvements	0	0	0	0	0	0	0	0	0	0
Buildings	18,077	(5,145)	12,932	187	187	0	0	(493)	0	18,063
Office Equipment, Furniture & Fittings	1,729	(1,522)	207	(6)	35	0	5	(72)	0	1,758
Vehicles	994	(514)	480	0	36	0	0	(133)	0	1,030
Library Books	816	(635)	181	58	1	0	0	(85)	0	875
Plant and Equipment	2,401	(1,720)	681	(11)	129	0	6	(193)	0	2,519
Other Assets	3,808	(1,480)	2,328	(1)	112	0	0	(182)	(2)	3,917
Vessels	4,385	(4,323)	62	0	0	0	0	(14)	0	4,385
Work in Progress	133	0	133	(54)	227	0	0	0	(52)	254
	<b>36,716</b>	<b>(15,339)</b>	<b>21,377</b>	<b>(71)</b>	<b>844</b>	<b>0</b>	<b>11</b>	<b>(1,172)</b>	<b>(255)</b>	<b>37,234</b>
<b>TOTAL</b>	<b>320,852</b>	<b>(20,623)</b>	<b>300,229</b>	<b>(531)</b>	<b>4,137</b>	<b>0</b>	<b>73</b>	<b>(5,141)</b>	<b>(260)</b>	<b>324,198</b>

~ Group 2016

Infrastructure Assets	Cost/ Revaluation 01-07-15	Accumulated Depreciation	Carrying Amount 01-07-15	Current Year Addition	Current Year Disposals	Transfer (to)/from Assets Held for Sale	Accumulated Depreciation on Disposals	Current Year Depreciation / Impairment Charges	Transfers/ Others	Revaluation Gains	Cost/ Revaluation 30-06-16	Accumulated Depreciation 30-06-16	Carrying Amount 30-06-16
	\$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	19,402	0	19,402
Sewerage	25,845	(650)	25,195	501	(74)	0	6	(650)	0	0	26,272	(1,294)	24,978
Stormwater	9,847	(201)	9,646	174	(35)	0	1	(202)	0	0	9,986	(402)	9,584
Roads and Bridges	198,360	(2,518)	195,842	1,786	(258)	0	45	(2,360)	6	0	199,894	(4,833)	195,061
Water supplies	25,769	(609)	25,160	454	(76)	0	10	(643)	0	0	26,147	(1,242)	24,905
Airport runway	196	(101)	95	0	0	0	0	(8)	0	0	196	(109)	87
Landfills/Transfer Stations	1,751	(572)	1,179	4	0	0	0	(73)	0	0	1,755	(645)	1,110
Wharves	2,104	(631)	1,473	0	0	0	0	(35)	0	0	2,104	(666)	1,438
Work in Progress	35	0	35	78	(14)	0	0	0	(11)	0	88	0	88
	<b>283,309</b>	<b>(5,282)</b>	<b>278,027</b>	<b>2,997</b>	<b>(457)</b>	<b>0</b>	<b>62</b>	<b>(3,971)</b>	<b>(5)</b>	<b>0</b>	<b>285,844</b>	<b>(9,191)</b>	<b>276,653</b>

Other Fixed Assets	Cost/ Revaluation 01-07-15	Accumulated Depreciation	Carrying Amount 01-07-15	Current Year Addition	Current Year Disposals	Transfer (to)/from Assets Held for Sale	Accumulated Depreciation on Disposals	Current Year Depreciation / Impairment Charges	Transfers/ Others	Revaluation Gains	Cost/ Revaluation 30-06-16	Accumulated Depreciation 30-06-16	Carrying Amount 30-06-16
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	5,738	0	5,738	60	0	0	0	0	340	0	6,138	0	6,138
Leasehold Improvements	1,004	(374)	630	100	0	0	0	(155)	0	0	1,104	(529)	575
Buildings	34,064	(8,478)	25,586	248	0	0	0	(1,151)	52	0	34,364	(9,629)	24,735
Office Equipment, Furniture & Fittings	2,366	(2,007)	359	49	(10)	0	9	(109)	0	0	2,405	(2,107)	298
Vehicles	5,036	(3,080)	1,956	1,277	(170)	0	170	(557)	0	0	6,143	(3,467)	2,676
Library Books	816	(635)	181	58	0	0	0	(85)	0	0	874	(720)	154
Plant and Equipment	3,831	(2,421)	1,410	337	(14)	0	6	(353)	0	0	4,154	(2,768)	1,386
Other Assets	3,676	(1,481)	2,195	109	(1)	0	0	(182)	0	0	3,784	(1,663)	2,121
Vessels	4,385	(4,323)	62	0	0	0	0	(14)	0	0	4,385	(4,337)	48
Work in Progress	133	0	133	227	(54)	0	0	0	(52)	0	254	0	254
	<b>61,049</b>	<b>(22,799)</b>	<b>38,250</b>	<b>2,465</b>	<b>(249)</b>	<b>0</b>	<b>185</b>	<b>(2,606)</b>	<b>340</b>	<b>0</b>	<b>63,605</b>	<b>(25,220)</b>	<b>38,385</b>
<b>Total</b>	<b>344,358</b>	<b>(28,081)</b>	<b>316,277</b>	<b>5,462</b>	<b>(706)</b>	<b>0</b>	<b>247</b>	<b>(6,577)</b>	<b>335</b>	<b>0</b>	<b>349,449</b>	<b>(34,411)</b>	<b>315,038</b>

## Note 14 - Intangible Assets

Cost	Parent		Group		
	Software & Licences \$000	Total \$000	Goodwill \$000	Software & Licences \$000	Total \$000
<b>Balance at 1 July 2015</b>	<b>632</b>	<b>632</b>	<b>698</b>	<b>30</b>	<b>1,367</b>
Transfers	0	0	0	0	0
Additions	12	12	0	0	12
Disposals	0	0	0	0	0
<b>Balance at 30 June 2016</b>	<b>644</b>	<b>644</b>	<b>698</b>	<b>30</b>	<b>1,379</b>
<b>Balance at 1 July 2016</b>	<b>644</b>	<b>644</b>	<b>698</b>	<b>30</b>	<b>1,379</b>
Transfers	0	0	0	0	0
Additions	98	98	0	0	98
Disposals	0	0	0	0	0
<b>Balance at 30 June 2017</b>	<b>742</b>	<b>742</b>	<b>698</b>	<b>30</b>	<b>1,477</b>
<b>Accumulated Amortisation and Impairment</b>					
<b>Balance at 1 July 2015</b>	<b>579</b>	<b>579</b>	<b>0</b>	<b>22</b>	<b>609</b>
Transfers	0	0	0	0	0
Amortisation charge	24	24	0	6	30
Disposals	0	0	0	0	0
<b>Balance at 30 June 2016</b>	<b>603</b>	<b>603</b>	<b>0</b>	<b>28</b>	<b>639</b>
<b>Balance at 1 July 2016</b>	<b>603</b>	<b>603</b>	<b>0</b>	<b>28</b>	<b>639</b>
Transfers	0	0	0	0	0
Amortisation charge	33	33	0	0	33
Disposals	0	0	0	0	0
<b>Balance at 30 June 2017</b>	<b>635</b>	<b>635</b>	<b>0</b>	<b>28</b>	<b>671</b>
<b>Carrying Amounts</b>					
<b>Balance at 1 July 2016</b>	<b>41</b>	<b>41</b>	<b>698</b>	<b>2</b>	<b>740</b>
<b>Balance at 30 June 2017</b>	<b>106</b>	<b>106</b>	<b>698</b>	<b>2</b>	<b>806</b>

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.

## Note 15 - Trade and other Payables

	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Trade Payables</b>	<b>1,248</b>	<b>1,050</b>	<b>2,692</b>	<b>2,630</b>
<b>Amounts due to relates parties:</b>				
- WestReef Ltd	974	775	0	0
- Buller Arts and 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	796	619	796	531
<b>Total Trade and Payables</b>	<b>3,018</b>	<b>2,444</b>	<b>3,488</b>	<b>3,161</b>
Buller District Council has classified the following paybles as exchange transactions	2,072	1,658	2,542	2,375
Buller District Council has classified the following payables as non-exchange transactions	946	786	946	786
<b>Total</b>	<b>3,018</b>	<b>2,444</b>	<b>3,488</b>	<b>3,161</b>

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.



## Note 16 - Derivative Financial Instrument

	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Current Asset Portion</b>				
Interest Rate Swaps	0	0	0	0
<b>Total Current Asset Portion</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Non-Current Asset Portion</b>				
Interest Rate Swaps	0	0	0	0
<b>Total Non-Current Asset Portion</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Current Liability Portion</b>				
Interest Rate Swaps	0	0	0	0
<b>Total Current Liability Portion</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Non-Current Liability Portion</b>				
Interest Rate Swaps	756	1,169	756	1,169
<b>Total Non-Current Liability Portion</b>	<b>756</b>	<b>1,169</b>	<b>756</b>	<b>1,169</b>

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2017 were \$17,000,000 (2015/2016: \$17,000,000). At 30 June 2017 the fixed interest rates of interest rate swaps vary from 3.19% to 4.34% (2015/2016: 3.87% to 4.62%).

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 2017 range from 31 March 2021 to 31 March 2024 (2015/2016: 31 March 2018 to 31 March 2024).

## Note 17 - Employment Benefit Liabilities

	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
Accrued pay	92	67	115	92
Annual leave and long service leave	538	579	1,124	1,183
Retirement gratuities	196	199	256	253
<b>Total Employee Benefit Liabilities</b>	<b>826</b>	<b>846</b>	<b>1,495</b>	<b>1,529</b>
<b>Comprising:</b>				
Current	580	600	1,222	1,255
Non-current	246	246	273	274
<b>Total Employee Benefit Liabilities</b>	<b>826</b>	<b>846</b>	<b>1,495</b>	<b>1,529</b>

## Note 18 - Borrowings

	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Current:</b>				
Bank overdraft	0	0	0	0
Secured loans	8,510	80	8,510	80
<b>Total Current Borrowings</b>	<b>8,510</b>	<b>80</b>	<b>8,510</b>	<b>80</b>
<b>Non-Current:</b>				
Secured loans	15,000	23,500	15,000	23,500
<b>Total Non-Current Borrowings</b>	<b>15,000</b>	<b>23,500</b>	<b>15,000</b>	<b>23,500</b>
<b>Total Borrowings</b>	<b>23,510</b>	<b>23,580</b>	<b>23,510</b>	<b>23,580</b>

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 has been renegotiated for 2 years and matures on 1 July 2018.

Buller District Council's has debt of \$6,433,860 (2015/2016; \$6,433,860) on floating interest rates. \$3,433,860 of this floating interest rate is set quarterly at the 90-day bill rate + 0.11%. The remaining \$3,000,000 is set quarterly by LGFA.

Council has interest rate swaps and floating rates for fixed interest rates for \$17,000,000 (2015/2016; \$17,000,000) of this debt. For more details of the swaps refer to note 16 in the financial accounts.

Council has 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 fair value balance of this loan to be repaid as at 30 June 2017 was \$75,780 (2015/2016; \$145,824).

### 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 (2015/2016; \$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:

2016/2017	Overdraft Council \$000	Overdraft Group \$000	Secured Loans Council & Group \$000
Less than one year	0	0	3,510
- <i>weighted average effective interest rate</i>	8.1%	8.1%	2.9%
Later than one year but not more than five years	0	0	11,000
- <i>weighted average effective interest rate</i>	0.0%	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%
	<b>0</b>	<b>0</b>	<b>23,510</b>

2015/2016	Overdraft Council \$000	Overdraft Group \$000	Secured Loans Council & Group \$000
Less than one year	0	0	80
- <i>weighted average effective interest rate</i>	8.2%	8.2%	0
Later than one year but not more than five years	0	0	23,500
- <i>weighted average effective interest rate</i>	0%	0%	4.6%
Later than five years	0	0	0
- <i>weighted average effective interest rate</i>	0%	0%	0%
	<b>0</b>	<b>0</b>	<b>23,580</b>

## Note 18 - Borrowings

### Fair value of non-current borrowings

The carrying amounts of borrowings are at market interest rates and approximate their fair values. With the exception of a \$397,914 loan from the Energy Efficiency and Conservation Authority which is loaned to Council with no interest charged providing the terms of the loan are not breached.

The loan is on-loaned to Buller Recreation Limited on the same terms.

### 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 borrowings 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:

2015/2016	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	38	31	8	143
Community Services	44	0	53	966
Regulatory Services	47	36	14	219
Property Management, Amenities and Reserves	68	0	67	1,187
Water Supplies	87	0	109	1,580
Solid Waste	56	0	71	1,174
Wastewater	256	0	278	4,826
Stormwater	21	0	27	398
Professional Services Business Unit	10	0	1	14
	625	67	629	10,505

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 and 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

## Note 19 - Provisions

	Landfill Aftercare Provision	Contaminated Site Remediation	Total Environmental Provisions	Total Environmental Provisions
Environmental Provision	2016/2017 Actual \$000	2016/2017 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Opening Balance</b>	<b>1,501</b>	<b>9</b>	<b>1,510</b>	<b>1,649</b>
Additional Provisions	0	0	0	0
Amounts Used	(54)	0	(54)	(42)
Other Adjustments (including unused provision reversed)	17	0	17	(258)
Discounting Changes	129	0	129	161
<b>Closing Balance</b>	<b>1,593</b>	<b>9</b>	<b>1,601</b>	<b>1,510</b>

	Parent		Group	
Total Provisions	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Council and Group:</b>				
Current Liability	35	35	96	172
Non-Current Liability	1,566	1,475	1,566	1,338
	<b>1,601</b>	<b>1,510</b>	<b>1,662</b>	<b>1,510</b>

Provision for Slipping	2016/2017 Actual \$000	2015/2016 Actual \$000
Opening Balance	137	27
Additional Provisions	298	110
Amounts Used	(138)	0
Other Adjustments	0	0
<b>Closing Balance</b>	<b>297</b>	<b>137</b>

Provision for Slipping is provided by Westport Harbour Limited for the Kawatiri Dredge which is owned by Council. The provision is not included in the parent financials and is eliminated on consolidation from the Group accounts. The disclosure is intended for information purposes only.

Onerous Lease	2016/2017 Actual \$000	2015/2016 Actual \$000
Opening Balance	0	0
Additional Provisions	61	0
Amounts Used	0	0
Other Adjustments	0	0
<b>Closing Balance</b>	<b>61</b>	<b>0</b>

Westport Harbour entered into a non-cancellable lease that expires in 2013. Due to changes in its activities the company will no longer make use of these facilities. The obligation for future payments, net of expected income, has been 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 4.51% which is based on the rolling monthly average NZ Government 10 Year Bond rate over the last ten years (2015/2016: 4.82%).

## Note 20 - Accumulated Funds

	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Opening Balance as at 1 July</b>	<b>167,962</b>	<b>169,498</b>	<b>164,914</b>	<b>165,791</b>
Net Surplus (Deficit) for the period	1,469	(1,093)	(16)	(434)
Transfer from Reserves	1,155	933	1,152	933
Transfer from property revaluation reserve on disposal	148	0	148	0
Transfer to Reserves	(1,293)	(1,376)	(1,293)	(1,376)
<b>Balance at 30 June</b>	<b>169,441</b>	<b>167,962</b>	<b>164,206</b>	<b>164,914</b>

	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Balance as at 1 July</b>	<b>4,854</b>	<b>4,411</b>	<b>4,854</b>	<b>4,411</b>
<b>Add:</b> Transfer from Accumulated Funds	1,293	1,376	1,295	1,376
	<b>6,147</b>	<b>5,787</b>	<b>6,149</b>	<b>5,787</b>
<b>Less:</b> Transfer to Accumulated Funds	(1,155)	(933)	(1,158)	(933)
<b>Balance at 30 June</b>	<b>4,992</b>	<b>4,854</b>	<b>4,992</b>	<b>4,854</b>

### Reserve Fund Disclosures

The Local Government Act 2002 now requires councils to provide a summary of the Reserve funds that it holds. This change 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.

## Note 21 - Reserves

Separate Reserves	Activity that the Reserve relates to	Purpose of the Reserve	Opening Balance 1 July 2015		Transfers to Reserves		Transfers from Reserve		Balance as at 30 June 2016	
			\$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	2,590	1,344	916	3,018	1,247	1,122	3,142	3,142
Reserve Contributions	Regulatory	Proceeds from subdivision for public reserve upgrades	1,302	30	17	1,315	44	26	1,333	1,333
Miles Bequest	Property Management, Amenities and Reserves	Funds set aside for the purchase of engraved seats at the Westport cemetery	2	0	0	2	0	2	0	0
Powell Bequest	Property Management, Amenities and Reserves	Funds bequeathed to Council for the purchase of public seating in Westport	3	0	0	3	0	3	0	0
Mayor's Relief Fund	Democracy	Funds for providing grants for relief at the discretion of the Mayor	2	3	0	4	2	2	4	4
Boiler Replacement Fund	Property Management, Amenities and Reserves	Funds set aside to go toward replacement of boiler at Brougham Street offices	7	0	0	7	0	0	7	7
Development Contributions	Regulatory	Proceeds from commercial and industrial development to provide for social and recreation need of the area	119	0	0	119	0	0	119	119
Sale of Gifted Property	various not specified	Funds set aside from the sale of property gifted to Council	11	0	0	11	0	0	11	11
Infrastructure Contributions	Regulatory	Funds set aside for upgrading infrastructure where appropriate	10	0	0	10	0	0	10	10
<b>TOTAL Reserves Only</b>			<b>4,411</b>	<b>1,376</b>	<b>933</b>	<b>4,854</b>	<b>1,293</b>	<b>1,155</b>	<b>4,854</b>	<b>4,992</b>
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	25	674	649	50	686	640	96	96
Karamea Solid Waste	Solid Waste		13	61	56	18	61	49	30	30
Maruia Solid Waste	Solid Waste		4	11	9	6	12	10	8	8
Westport Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	739	1,878	3,504	(887)	1,986	1,795	(696)	(696)
Reefton Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	(50)	340	322	(33)	342	362	(53)	(53)
Little Wanganui Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	46	13	9	50	13	13	50	50
Mokihinui Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	44	11	10	45	12	8	49	49
Ngakawau Hector Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	250	51	27	274	47	21	300	300
Waimangaroa Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	0	45	35	10	45	39	16	16
Cape Foulwind Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	450	73	13	511	73	41	543	543

## Note 21 - Reserves

Separate Reserves	Activity that the Reserve relates to	Purpose of the Reserve	Opening Balance 1 July 2015		Transfers to Reserves		Transfers from Reserve		Balance as at 30 June 2016	
			\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Punakaiki Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	(17)	56	97	(59)	98			
Inangahua Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	10	8	7	11	256			
South Granity Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	11	7	14	4	1			
Karamea Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	(20)	0	0	(20)	0			
Westport Sewerage	Wastewater/Sewerage	Separates all funding and expenditure and surpluses or deficits for each sewerage scheme	(1,079)	2,059	1,976	(997)	1,909			
Reefton Sewerage	Wastewater/Sewerage	Separates all funding and expenditure and surpluses or deficits for each sewerage scheme	404	309	236	477	357			
Little Wanganui Sewerage	Wastewater/Sewerage	Separates all funding and expenditure and surpluses or deficits for each sewerage scheme	22	37	14	46	20			
Inangahua Junction Sewerage	Wastewater/Sewerage	Separates all funding and expenditure and surpluses or deficits for each sewerage scheme	(2)	0	0	(2)	0			
Punakaiki Sewerage	Wastewater/Sewerage	Separates all funding and expenditure and surpluses or deficits for each sewerage scheme	(16)	0	0	(16)	0			
Punakaiki Camp	Property Management, Amenities and Reserves	Separates all funding and expenditure and surpluses or deficits for the Punakaiki Camp activity	(256)	38	8	(226)	14			
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			
Dog Control	Regulatory	Separates all funding and expenditure and surpluses or deficits for the dog control activity	(197)	211	190	(176)	217			
Promotion & Development	Community Services	Separates all funding and expenditure and surpluses or deficits for the promotion and development activity	(44)	43	0	0	0			
<b>TOTAL Separate Balances Only</b>			<b>340</b>	<b>5,925</b>	<b>7,177</b>	<b>(912)</b>	<b>5,850</b>	<b>6,206</b>	<b>(912)</b>	<b>(556)</b>
<b>TOTAL Reserves and Separate Balances</b>			<b>4,751</b>	<b>7,302</b>	<b>8,110</b>	<b>3,942</b>	<b>7,005</b>	<b>3,942</b>	<b>7,499</b>	<b>4,436</b>

**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.



## Note 22 - Asset Revaluation Reserves

	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Opening Balance as at 1 July</b>	<b>144,188</b>	<b>144,188</b>	<b>145,232</b>	<b>145,232</b>
Change in Asset Values through Comprehensive Revenue	3	0	3	0
Transfer to accumulated funds on disposal of assets	(148)	0	(148)	0
<b>Balance at 30 June</b>	<b>144,043</b>	<b>144,188</b>	<b>145,087</b>	<b>145,232</b>
<b>Comprising:</b>				
Library Books	258	258	258	258
Roads and Bridges	117,229	117,290	117,881	117,941
Sewerage	9,275	9,308	9,379	9,413
Stormwater	7,208	7,219	7,285	7,296
Water Supplies	10,057	10,100	10,268	10,311
Landfill	0	0	0	0
Investment Revaluation Reserve	16	13	16	13
<b>Balance at 30 June</b>	<b>144,043</b>	<b>144,188</b>	<b>145,087</b>	<b>145,232</b>

## Note 23 - Related Party Transactions and Balances

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:

2016/2017 Actual \$000	2015/2016 Actual \$000
------------------------------	------------------------------

### WestReef Services Limited

Services provided by Council during the year	93	98
Services provided to Council during the year	6,564	6,746
Accounts payable to Council at 30 June	6	7
Accounts receivable from Council at 30 June	974	775
Subventions revenue to Council during the year	2,121	0
Subventions payable to Council at 30 June	1,203	0

### Buller Recreation Limited

Service level fee paid by Council to Buller Recreation	901	879
Service level fee paid in advance by Council to Buller Recreation	0	0
Services provided to Council during the year	1	1
Services provided by Council during the year	4	12
Loans owed to Council at 30 June	76	159

### Buller Holdings Limited

Accounts payable to Council at 30 June	72	82
Loans owed to Council at 30 June	2,364	2,364
Subventions revenue to Council during the year	0	400
Subventions payable to Council at 30 June	0	400
Interest Expenses paid to Council	72	82
Total Shares Issued to Council	19,172	19,131
Shares Issued during the year	42	55

### Westport Airport Authority

Services provided by Council during the year	150	131
Services provided by Westreef during the year	0	0
Rates, lease and interest charges paid to Council during the year	9	1
Current account balance owed (to) from Council at 30 June	(26)	(154)
Equity contributions made by Council for the year ended 30 June	86	0
Lease Payments made to Westport Harbour Ltd during the year	3	3

### Westport Harbour Limited

Services provided by Council during the year	119	204
Interest Expenses paid to Council	0	14
Lease Payments made to Council during the year	206	206
Advances relating to purchase of business as at 30 June	0	0
Accounts payable to Council at 30 June	20	11
Loans & Advances Repaid during the year	0	479

### 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
---------------------------------------------------------------------------------------------------------------------------------------------------	---	---

## Note 23 - Related Party Transactions and Balances

No debts or transactions were written off between parties during the period (2015/2016: nil).

### Key Management and Members of Council

Councillor Sharon Roche is a Director/Shareholder of ITatWORK. In 2017 goods and services to the value of \$34,392 were provided to Council (2015/2016: \$30,593).

Key Management and Members of Council	2016/2017 Actual \$000	2015/2016 Actual \$000
Salaries and other short term employee benefits	1,174	1,150
Post employment, other long term benefits and share based payments	0	0
	<b>1,174</b>	<b>1,150</b>

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

## Note 24 - Council Subsidiaries, Associates and Joint Ventures

Entity	Ownership	Status	Principal Activities	Interest held by Council
Westreef Services Limited	Subsidiary	CCO	Infrastructure Maintenance and Construction	100%
Buller Holdings Limited	Subsidiary	CCO	Ownership of Selected Council Assets and Investments	100%
Westport Harbour Limited	Subsidiary	CCO	Port Operations	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

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.
- Buller District Council's 50% share of its interest in the joint venture is detailed below.

	2016/2017 Actual \$000	2015/2016 Actual \$000
Current Assets	16	13
Long Term Assets (presented by Equity)	2,810	2,803
Current Liabilities	10	4
Long Term Liabilities	0	0
Revenue	107	117
Expenses	182	196

## Note 25 - Statement of Commitments, Contingent Liabilities & Contingent Assets

Commitments	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
Capital commitments approved and contracted	0	733	0	733
<b>Non-cancellable Operating Lease Commitments</b>				
<b>Motor Vehicles:</b>				
Not later than a year	0	3	0	3
Later than one year but not later than five years	0	0	0	0
Later than five years	0	0	0	0
	<b>0</b>	<b>3</b>	<b>0</b>	<b>3</b>
<b>Office Equipment:</b>				
Not later than a year	34	56	34	56
Later than one year but not later than five years	0	0	0	0
Later than five years	0	0	0	0
	<b>34</b>	<b>56</b>	<b>34</b>	<b>56</b>
<b>Plant and Equipment</b>				
Not later than a year	3	0	3	0
Later than one year but not later than five years	9	0	9	0
Later than five years	0	0	0	0
	<b>12</b>	<b>0</b>	<b>12</b>	<b>0</b>

Westport Harbour Limited leases land and buildings from Buller District Council. Operating lease revenue are as follows:

Lease Revenue Commitments with Westport Harbour Limited	2016/2017 Actual \$000	2015/2016 Actual \$000
Less than one year	0	206
More than 1 year less than 2	0	108
More than 2 years less than 5	0	324
Greater than 5 years	0	3,150
	<b>0</b>	<b>3,788</b>

Due to the scheduled disestablishment of Westport Harbour Limited, the 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 (2015/2016: \$55,000).

The following Westreef contracts (except for the refuse, recycling and landfill contract which ended in 2014 and has been extended for 10 years) were renewed with Westreef 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 2013/2014 for a term of 10 years and expire on 31 January 2024.

We expect the annual amounts to be as follows:

	2016/2017 Actual \$000	2015/2016 Actual \$000
Utility services and fire fighting	1,236	1,156
Parks, reserves and cemeteries	951	919
Refuse collection, recycling and landfill operation	584	589
	<b>2,771</b>	<b>2,664</b>



## Note 25 - Statement of Commitments, Contingent Liabilities & Contingent Assets

The WestReef 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	2016/2017 Actual \$000	2015/2016 Actual \$000
Not later than one year	2,292	2,827

### 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 numbers on flights to and from Westport Airport fall below 2.9 passengers per flight for 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 outstanding 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).
- Buller Health Trust has no contingent liabilities as at 30 June 2017 (2015/2016: nil).
- Buller Holdings Limited has no contingent liabilities as at 30 June 2017 (2015/2016: nil).
- Westport Harbour Ltd has no contingent liabilities as at 30 June 2017 (2015/2016: nil).
- Tourism West Coast (INC) also have no contingent liabilities as at 30 June 2017 (2015/2016: nil).

### Contingent Assets

- The Buller District Council and the Group has no contingent assets as at 30 June 2017 (2015/2016: No contingent assets).

### Lease Commitments as Lessor

- Council has a lease in place with Coaltown Trust for lease of the Cultural Hub building. The lease commitments are as follows:

	2016/2017 Actual \$000	2015/2016 Actual \$000
Less than one year	67	67
More than 1 year less than 2	67	67
More than 2 years less than 5	201	201
Greater than 5 years	61	201
	<b>396</b>	<b>536</b>

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 (2015/2016: \$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	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Financial Assets</b>				
<b>Loans and Receivables:</b>				
Cash and cash equivalents	3,245	3,308	5,681	5,663
Debtors and other receivables	4,518	3,263	4,278	3,661
<b>Other financial assets:</b>				
- Short term deposits	12,684	13,284	12,884	13,720
- Term deposits (maturity greater than one year)	2,315	0	2,315	0
- Community loans	52	0	52	0
- Loans to related parties	2,440	2,523	0	0
	<b>25,254</b>	<b>22,378</b>	<b>25,209</b>	<b>23,044</b>
<b>Fair Value through other Comprehensive Income</b>				
<b>Other Financial Assets:</b>				
- Unlisted shares	43	40	43	40
	<b>43</b>	<b>40</b>	<b>43</b>	<b>40</b>
<b>Fair Value through Surplus or Deficit - held for trading</b>				
Derivative financial instrument assets	0	0	0	0
<b>Total Financial Assets at Fair Value through Surplus or Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Liabilities</b>				
<b>Fair value through Surplus or Deficit - held for trading</b>				
Derivative Financial Instrument Liabilities	756	1,169	756	1,169
	<b>756</b>	<b>1,169</b>	<b>756</b>	<b>1,169</b>
<b>Financial Liabilities at Amortised Cost</b>				
Creditors and other payables	3,018	2,444	3,428	3,161
<b>Borrowings:</b>				
- Bank overdraft	0	0	0	0
- Secured loans	23,510	23,580	23,510	23,580
<b>Total Financial Liabilities at Amortised Cost</b>	<b>26,528</b>	<b>26,023</b>	<b>26,937</b>	<b>26,741</b>

### Fair Value Hierarchy 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.

2016/2017	Observable Inputs \$000	Significant Non-observable inputs \$000	Total \$000
<b>Parent 2016/2017</b>			
<b>Financial Assets</b>			
Unlisted Shares	0	43	43
Derivative Financial Instrument Assets	0	0	0
<b>Financial Liabilities</b>			
Derivative Financial Instrument Liabilities	756	0	756
<b>Group 2016/2017</b>			
<b>Financial Assets</b>			
Unlisted Shares	0	43	43
Derivative Financial Instrument Assets	0	0	0
<b>Financial Liabilities</b>			
Derivative Financial Instrument Liabilities	756	0	756
<b>2015/2016</b>			
<b>Parent 2015/2016</b>			
<b>Financial Assets</b>			
Unlisted Shares	0	40	40
Derivative Financial Instrument Assets	0	0	0
<b>Financial Liabilities</b>			
Derivative Financial Instrument Liabilities	1,169	0	1,169
<b>Group 2015/2016</b>			
<b>Financial Assets</b>			
Unlisted Shares	0	40	40
Derivative Financial Instrument Assets	0	0	0
<b>Financial Liabilities</b>			
Derivative Financial Instrument Liabilities	1,169	0	1,169



### Maximum Exposure to Credit Risk

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

	Parent		Group	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
Cash at Bank and Term Deposits	18,243	16,592	20,879	19,383
Debtors and Other Receivables	4,518	3,263	4,278	3,661
Community and Related Party Loans	2,492	2,523	52	0
<b>Total Credit Risk</b>	<b>25,253</b>	<b>22,378</b>	<b>25,209</b>	<b>23,044</b>

### 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	
	2016/2017 Actual \$000	2015/2016 Actual \$000	2016/2017 Actual \$000	2015/2016 Actual \$000
<b>Counterparties with Credit Ratings</b>				
<b>Cash at Bank and Term Deposits:</b>				
AA	14,775	13,124	17,411	15,915
BB	3,468	3,468	3,468	3,468
<b>Total Cash at Bank and Term Deposits</b>	<b>18,243</b>	<b>16,592</b>	<b>20,879</b>	<b>19,383</b>
<b>Counterparties without Credit Ratings</b>				
<b>Cash at Bank and Term Deposits:</b>				
Existing counterparty with no defaults in the past	0	0	0	0
<b>Total Cash at Bank and Term Deposits</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Community and Related Party Loans:</b>				
Existing counterparty with no defaults in the past	2,492	2,523	52	0
<b>Total Community and Related Party Loans</b>	<b>2,492</b>	<b>2,523</b>	<b>52</b>	<b>0</b>

### 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.

<b>2016/2017</b>	<b>Carrying Amount \$000</b>	<b>Contractual Cashflows \$000</b>	<b>Less than 1 year \$000</b>	<b>1-2 years \$000</b>	<b>2-5 years \$000</b>	<b>More than 5 years \$000</b>
<b>Parent 2016/2017</b>						
Creditors and Other Payables	3,018	3,018	3,018	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
<b>Total</b>	<b>27,284</b>	<b>31,664</b>	<b>12,388</b>	<b>836</b>	<b>8,355</b>	<b>10,086</b>
<b>Group 2016/2017</b>						
Creditors and Other Payables	3,428	3,428	3,428	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
<b>Total</b>	<b>27,694</b>	<b>32,074</b>	<b>12,798</b>	<b>836</b>	<b>8,355</b>	<b>10,086</b>
<b>2015/2016</b>						
<b>2015/2016</b>	<b>Carrying Amount \$000</b>	<b>Contractual Cashflows \$000</b>	<b>Less than 1 year \$000</b>	<b>1-2 years \$000</b>	<b>2-5 years \$000</b>	<b>More than 5 years \$000</b>
<b>Parent 2015/2016</b>						
Creditors and Other Payables	2,444	2,444	2,444	0	0	0
Net Settled Derivative Liabilities	1169	1169	0	199	474	496
Bank Overdraft	0	0	0	0	0	0
Secured Loans	23,580	26,745	7,564	6,066	8,565	4,549
<b>Total</b>	<b>27,192</b>	<b>30,358</b>	<b>10,008</b>	<b>6,265</b>	<b>9,040</b>	<b>5,045</b>
<b>Group 2015/2016</b>						
Creditors and Other Payables	3,161	3,161	3,161	0	0	0
Net Settled Derivative Liabilities	1,169	1,169	0	199	474	496
Bank Overdraft	0	0	0	0	0	0
Secured Loans	23,580	26,745	7,564	6,066	8,565	4,549
<b>Total</b>	<b>27,910</b>	<b>31,075</b>	<b>10,726</b>	<b>6,265</b>	<b>9,040</b>	<b>5,045</b>

### 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.

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
<b>Parent 2016/2017</b>						
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
<b>Other Financial Assets:</b>						
- 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
	<b>25,254</b>	<b>25,766</b>	<b>23,389</b>	<b>2,370</b>	<b>5</b>	<b>2</b>
<b>Group 2016/2017</b>						
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
<b>Other Financial Assets:</b>						
- 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
	<b>25,209</b>	<b>25,324</b>	<b>22,947</b>	<b>2,370</b>	<b>5</b>	<b>2</b>
<b>2015/2016</b>						
<b>Parent 2015/2016</b>						
Cash and Cash Equivalents	3,308	3,308	3,308	0	0	0
Debtors and Other Receivables	3,263	3,263	3,263	0	0	0
<b>Other Financial Assets:</b>						
- Short Term Deposits	13,284	13,576	13,576	0	0	0
- Net Settled Derivative Assets	0	0	0	0	0	0
- Loans to Related Parties	2,523	2,605	2,525	80	0	0
	<b>22,378</b>	<b>22,753</b>	<b>22,673</b>	<b>80</b>	<b>0</b>	<b>0</b>
<b>Group 2015/2016</b>						
Cash and Cash Equivalents	5,663	5,663	5,663	0	0	0
Debtors and Other Receivables	3,661	3,661	3,661	0	0	0
<b>Other Financial Assets:</b>						
- Short Term Deposits	13,720	13,720	13,720	0	0	0
- Net Settled Derivative Assets	0	0	0	0	0	0
- Loans to Related Parties	0	0	0	0	0	0
	<b>23,044</b>	<b>23,044</b>	<b>23,044</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 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	2016/2017 \$000				2015/2016 \$000			
		-100bps		+100bps		-100bps		+100bps	
		Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity
<b>Financial Assets</b>									
Cash and Cash Equivalents	1	(21)	0	21	0	(25)	0	25	0
Other Financial Assets - short term deposits and deposits with maturities greater than 1 year	2	(150)	0	150	0	(133)	0	133	0
<b>Financial Liabilities</b>									
Derivatives - Held for Trading	3	(170)	0	170	0	(170)	0	170	0
Borrowings - Secured Loans	4	64	0	(64)	0	64	0	(64)	0
<b>Total Sensitivity to Interest Rate Risk</b>		<b>(277)</b>	<b>0</b>	<b>277</b>	<b>0</b>	<b>(264)</b>	<b>0</b>	<b>264</b>	<b>0</b>

### Explanation of Sensitivity Analysis - Council

#### Financial Assets

##### 1. Cash and Cash Equivalents

Cash and cash equivalents of \$3,245,000 (2015/2016: \$3,310,000) of which \$1,145,000 (2015/2016: \$810,000) 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 \$21,000 (2015/2016: \$25,000).

##### 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 \$14,998,000 (2015/2016: \$13,284,000). A movement in interest rates of plus or minus 1.0% has an effect on investment revenue of \$150,000 (2015/2016: \$133,000).

#### Financial Liabilities

##### 3. Derivatives - Held For Trading

Derivative financial instruments held for trading consist of interest rate swaps with a fair value totalling \$756,000 (2015/2016: \$1,169,000). 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 \$170,000 (2015/2016: \$170,000).

##### 4. Borrowings - Secured Loans

Council has floating rate debt with a principal amount totalling \$6,434,000 (2015/2016: \$6,434,000). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$64,000 (2015/2016: \$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	2016/2017 \$000				2015/2016 \$000			
		-100bps		+100bps		-100bps		+100bps	
		Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity
<b>Financial Assets</b>									
Cash and Cash Equivalents	1	(23)	0	23	0	(25)	0	25	0
Other Financial Assets - short term deposits and deposits with maturities greater than 1 year	2	(152)	0	152	0	(137)	0	137	0
<b>Financial Liabilities</b>									
Derivatives - Held for Trading	3	(170)	0	170	0	(170)	0	170	0
Borrowings - Secured Loans	4	64	0	(64)	0	64	0	(64)	0
<b>Total Sensitivity to Interest Rate Risk</b>		<b>(281)</b>	<b>0</b>	<b>281</b>	<b>0</b>	<b>(268)</b>	<b>0</b>	<b>268</b>	<b>0</b>

### Explanation of Sensitivity Analysis - Group

#### Financial Assets

##### 1. Cash and Cash Equivalents

Cash and cash equivalents of \$5,681,000 (2015/2016: \$5,663,000) of which \$3,381,000 (2015/2016: \$3,165,000) 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 \$23,000 (2014/2015: \$25,000).

##### 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 \$15,199,000 (2015/2016: \$13,720,000). A movement in interest rates of plus or minus 1.0% has an effect on investment revenue of \$152,000 (2015/2016: \$137,000).

#### Financial Liabilities

##### 3. Derivatives - held for trading

Derivative financial instruments held for trading consist of interest rate swaps with a fair value totalling \$756,000 (2015/2016: \$1,169,000). 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 \$170,000 (2015/2016: \$170,000).

##### 4. Borrowings - secured loans

The Group has floating rate debt with a principal amount totalling \$6,434,000 (2015/2016: \$6,434,000). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$64,000 (2015/2016: \$64,000). A movement in market interest rates on fixed rate debt does not have any impact on interest expense.

## Note 28 - Post Balance Date Events

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 (2015/2016: nil).



## Note 29 - Explanations of Major Variances against Budget

Explanations of major variances from Council's budgeted figures in the 2016/2017 Annual Report are as follows:

### Operating Revenue

Total revenue was \$24.7m compared to a budget of \$22.1m:

- Subsidies and grants were \$0.4m greater than budgeted mainly because of unbudgeted Development West Coast grants of \$0.4m from the economic stimulus development fund for distribution, unbudgeted subsidy for the new Public Toilets located in Springs Junction \$0.3m and receipt of the subsidy for the construction of the Inangahua drinking water scheme \$0.2m; offset by Waimangaroa drinking water subsidy not received \$0.4k and renegotiated sponsorship \$0.1.
- Council received \$2.1m in Subvention distributions from the Holding Company compared to a budget of \$0.9m. due to the performance of Westreef Services for the year.
- There was significant \$0.4m non cash gain in derivative contracts. This related to market interest rate movements that had a positive effect on the fixed portion of Council's debt facility.

### Operating Expenditure

Totalled \$23.1m compared to a budget of \$22.4m:

- Employment costs were \$0.18m greater than budgeted due to compliment changes and costs in the engineering business unit.
- Other expenses were \$0.7m greater than budgeted due to unbudgeted grants which was distributed from Development West Coast as grants from the Economic Stimulus Development Fund for economic development. Additional costs in some water supplies including Westport water due to the tunnel collapse and repairs and maintenance on other schemes.

### Total Comprehensive Revenue & Expense

Council budgeted for \$10.5m total Comprehensive Revenue and Expense but achieved a \$1.4m surplus. The difference is mainly due to a revaluation of infrastructure assets not being carried out in 2016/2017.

### Statement of Financial Position

- Cash and cash equivalents were \$1.8m higher than budget due to increases in some revenue areas and less expenditure on fixed assets than budgeted.
- Trade and other receivables were \$0.1m lower than budget due to continued focus on debt recovery.
- Short term investments were \$0.4m higher due to the growth in term deposits because there was less depreciation funded capital expenditure than planned for.
- Investment in Council Controlled Organisations was \$0.7m lower than budget as the requirement to fund capital expenditure was below expectations.
- Investments were \$2.7m higher than budgeted primarily due to the investment in LGFA borrower notes \$0.3k and the inclusion of term deposits with a maturity greater than a year totalling \$2.3m in this category.
- Investment Properties were \$0.4m less than budget due to a continuing challenging property market which marked down the value of real estate slightly over the year.
- Infrastructure assets were \$17m lower than budget principally due to revaluations not carried out (\$7.1m) and deferrals of some capital projects.
- Other Non-current assets were \$1.1m higher than budgeted as some project were completed in the period that were budgeted in previous periods or unbudgeted such as Reefton Community Centre or the Springs Junction toilets.
- Trade and other payables are \$0.8m lower primarily related to the deferral of some capital projects.
- Derivative Financial Instruments liabilities are \$0.2m less than budgeted due to interest rates movements over the period.
- Debt was \$2.8m lower due to deferral of some debt funded capital projects or financing not completed until the following period.

### Cashflow Statement

- Other income was \$0.5m higher than budgeted mainly due to movement in subsidies and grants received compared to budget.
- Payment to suppliers was \$0.7m higher than budget because of higher grants paid, expenses for repairs and maintenance and employment costs.
- Investments realised & Investments purchased were \$16.3m and \$17.9m higher than budgeted due to maturation and subsequent re-investments of term deposits.
- Purchase of fixed assets were \$1.0m lower due to some capital projects not being completed in the period.
- Loans raised were \$1.6m less than budgeted due to the anticipated financing of some projects which did not occur or occurred after balance date.

## Note 30 - Insurance of Assets

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 2017 is \$64,448,000 (2016: \$63,139,000) (cost/revaluation). These activities have a total asset value for insurance purposes of \$116,710,060 (2016: \$116,336,511). Of this \$23,960,545 (2016: \$23,586,996) of mainly above ground infrastructure plant is fully insured for replacement value. Council insures 40% of the remaining assets of \$92,749,515 (2016: \$92,749,515) via Lloyd's of London (2016: direct cover with the Local Authority Protection Programme) 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 2017 is \$201,672,000 (2016: \$200,216,000) (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 2017 is \$6,384,000 (2016: \$6,488,000) (cost/revaluation).

■ These assets have an asset value for insurance purposes of \$8,001,735 (2016: \$8,001,735).

■ Vessels and hydrographical equipment are fully insured for \$3,344,000 (2016: \$3,344,000).

■ The remaining assets comprising wharves and land based navigational assets \$4,657,735 (2016: \$4,657,735) are partially insured. Council insures 40% of the value of these assets with LAPP.

■ 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 2017 is \$30,126,000 (2016: \$28,935,000) (cost/revaluation).

■ This activity has a total asset value for insurance purposes of \$52,511,035 (2016: \$51,251,369). 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 2017 is \$1,002,000 (2016: \$1,030,000) (cost/revaluation).

■ This activity has a total asset value for insurance purposes of \$931,825 (2016: \$881,669).

■ All vehicles are insured for market value.

■ The Council is insured for all glass related claims.

## 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.

### 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 and 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 30 June 2014. All infrastructural asset classes carried at valuation were valued. The total value of infrastructural assets valued by GHD Limited on 30 June 2014 was \$253,270,000.

### 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 Valuations 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.

Property, plant and equipment, and intangible assets subsequently measured at cost that have a finite useful life are reviewed 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 an 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 30 June 2014.

## Independent Auditor's Report

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

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 30 October 2017. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 64 to 67 and pages 70 to 126:
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2017;
    - 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 68, 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 11 to 62:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2017, 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 14 to 53, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 14 to 53, 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 its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 6 to 10, 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 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 statement of service performance, 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 2, and 4 to 5, 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 and our report on the disclosure requirements, we have carried out engagements in the areas of 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



# Buller District Council

## **Westport Office**

6-8 Brougham Street  
PO Box 21  
Westport 7866  
New Zealand  
Freephone (0800) 807-239  
Ph 64 3 788-9111  
Fax 64 3 788-8041

## **Reefton Office & Library**

66 Broadway  
PO Box 75  
Reefton 7851  
New Zealand  
Freephone (0800) 808-821  
Ph 64 3 732-8821  
Fax 64 3 732-8822

## **Sue Thomson-Casey Memorial Library**

87-89 Palmerston Street  
Westport 7825  
New Zealand  
Ph 64 3 788-8030  
Fax 64 3 788-8147

**Email:** [info@bdc.govt.nz](mailto:info@bdc.govt.nz)



**WEST COAST** NEW ZEALAND  
UNTAMED NATURAL WILDERNESS