

EXECUTIVE SUMMARY



BACKGROUND

The Prospective Financial Statements in the LTCCP outline how Council will be funded for the next 10 years and how that money will be spent. They are based on estimates of costs into the future. It is likely that changes will be needed as events alter and actual quotes for work are obtained.

KEY ENVIRONMENTAL ISSUES

We want Buller to be a thriving, vibrant, interactive community where people enjoy a wonderful quality of life and the natural environment is well cared for. Buller should be a place where we all live and work sustainably and visitors can enjoy the natural beauty of our District and the lifestyle it offers.

The February 2009 Regional Economic Trends showed that the West Coast has one of the country's fastest growing regional economics. As such, Council believes that the strong diverse base of our three driver industries, mainly mining, agriculture and tourism, gives our region extra capability to maintain growth and development. Sustainable economic growth is important as it directly affects the number of people that live and work in the District and the demand for development infrastructure. We believe that the population growth shows a marginal decline (Source: March 2009 Buller District Quarterly Review by Statistics New Zealand). Council does not believe this has any significant impact on the level of service provision over the 10 year plan.

LEVEL OF RATES INCREASES AND CURRENT ECONOMIC CLIMATE

In developing the 10 Year Plan, Council has borne in mind the current and predicted economic conditions, the talk about widespread economic uncertainty and the world financial crisis.

Both internally via peer review and at Council level a detailed scrutiny of the base budget (expenses and capital projects) was undertaken, challenging managers to justify their current levels of expenditure and to find economies. It has, however, been necessary to increase both revenue and expenditure with BERL Inflation Factors so that 2008 dollars are inflation proofed. The Council's financial strategy is to keep rates affordable for the community.

Striking an appropriate balance between rates affordability whilst responding to the community's demands for improved level of service is difficult, to say the least. If Council was to significantly cutback on providing services, such action could add to economic difficulties facing the District. Therefore Council is maintaining a steady approach by retaining most services at current levels, designed to keep the District moving forward in a sustainable and manageable manner.

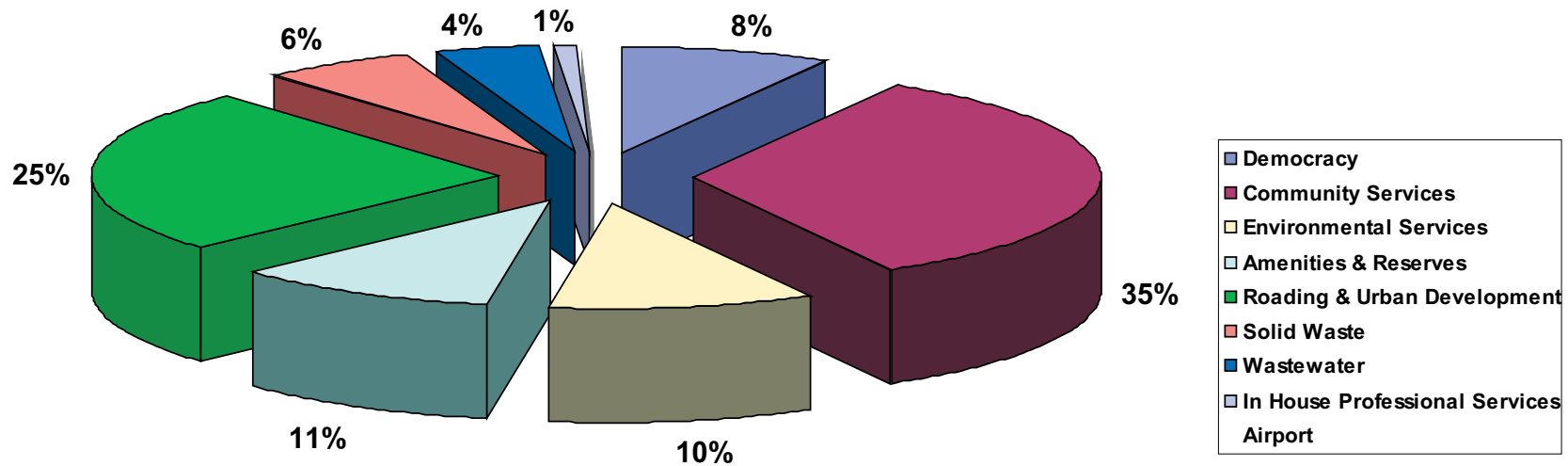
We believe we have achieved this balance as reflected in the moderate general rates increases reflected below:

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
General Rates	4.43%	4.84%	5.09%	3.28%	2.75%	2.24%	2.07%	1.65%	1.57%	1.96%





APPORTIONMENT OF GENERAL RATES 2009/2010



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We are increasing the level of service in a variety of areas by undertaking the following key projects:

Development of 50 Year Strategic Plan for the Buller District:

- Council intends to develop a 50 year strategic plan for the Buller District, as it is clear that total reliance on extractive industries is not sensible, and development of new industries and opportunities requires extensive planning and development (refer to page 58 for further details).

Compliance with Drinking Water Standards:

- Treatment of drinking water and meeting new Government standards for treatment. The new standards require Council to upgrade all of its water treatment plants and we have planned to do so by 2012/2013. This is based on the assumption that a government subsidy will be received from DWAP. If a subsidy is not received, the issue for the smaller communities would be one of affordability, and consultation would need to be undertaken with these communities (refer to page 103 to 104 for further details regarding drinking water treatment upgrades).

Building of the Rough River Bridge, Atarau Road and Derby Street Upgrades

- The building of Rough River Bridge and Atarau Road upgrade is provided for due to the anticipated additional traffic associated with the cartage of 1.3 million tonnes of coal from the Pike River Mine. An upgrade of all services in Derby Street, Westport is planned to take place over the next ten years (refer to page 93 for further details)

Landfill Development

- Council is to secure a site for development of a landfill near Westport and has assumed that appropriate resource consents will be obtained to allow for the construction of the landfill that is the best economic and environmental solution to dispose of refuse for the district. If deemed the best solution the landfill will be required to be built by 2012, otherwise Council will need to negotiate to transport refuse to an out-of-district site (for further details see pages 109-110).

Building of the New Westport Performing Arts Theatre

- Council resolved at the Annual Plan Hearings of 10 June 2008 that the preferred site for the Performing Arts Centre would be the Community Hall in Palmerston Street, Westport. Since this meeting Council staff have worked with the consulting architects and quantity surveyors to develop the design for the conversion. Council was to compare this proposal with the option of renovating the St James Theatre, but unfortunately the St James Theatre collapsed and was demolished in October 2008. In November 2008 Council approved the project to proceed with the conversion of the Community Hall to a Performing Arts Centre. The detailed design work has commenced and tenders are being sought (further details are reflected on page 61)

Development of the Cultural Hub

- Council consulted with the community on a proposal to establish a cultural hub consisting of a relocated Library, I-Site and Museum in 2005. The first stage of this project (I-Site and Museum relocation) have been included in our last LTCCP. Plans for revitalising the town centre through the creation of a cultural hub, linking these two services and the new Performing Arts Centre are underway. Council has provided for \$3 million over three years (2009-2012). As with all other Vision 2010 projects, this will be funded 50% from external contributions.





Replacement of Reefton Swimming Pool

- Council have identified that the pool is nearing the end of its functional life. We have estimated that the pool will be due for replacement around 2018/2019, and early indications estimate this cost to be around \$4 million. Further discussion and consultation with the community around the ongoing service provision of aquatic services in Reefton will be required.

Separation of Sewer and Stormwater to reduce sewerage Overflows

- This is being undertaken to reduce sewerage overflows into the Buller River and was a condition of the Resource Consent for the Westport Wastewater Treatment Plant.

Upgrading of Playgrounds and Equipment pending an Initial Investigation

- Council proposes to upgrade all playgrounds in the District so that the playground equipment meets the appropriate New Zealand Standard. The order of the upgrade will be determined following the investigation in 2009/2010.

Additional Pensioner Housing Units being proposed in Karamea and Westport

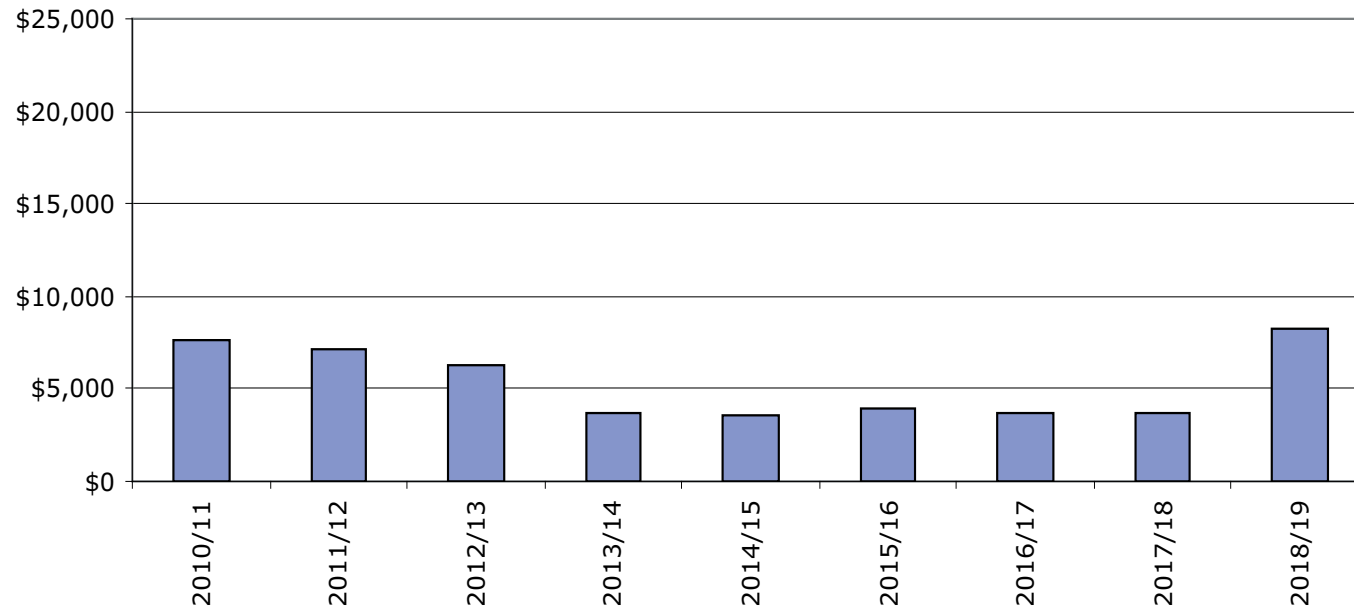
- Council policy is to assist elderly people to be accommodated where possible in their own communities. Council is providing for additional units for Karamea, and replacement of existing substandard units at Reefton.

Purchase of Three Fire Engines for Rural Fire

- Purchase of three fire engines over the ten year period is planned for Rural Fire. Due to experiencing high ongoing maintenance costs associated with the old fire engines, all three volunteer brigades will be provided with a new fit-for-purpose Rural Fire Engine.



CAPITAL EXPENDITURE (in \$000's)



2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)
\$13,274	\$7,592	\$7,117	\$6,254	\$3,661	\$3,582	\$3,968	\$3,680	\$3,648	\$8,276





Council is planning significant capital expenditure over the next three to four years in addition to its regular programme of renewals. The detailed planned capex is shown in the Prospective Statement of Capital Expenditure.

SIGNIFICANT CAPITAL PROJECTS ARE LISTED BELOW:

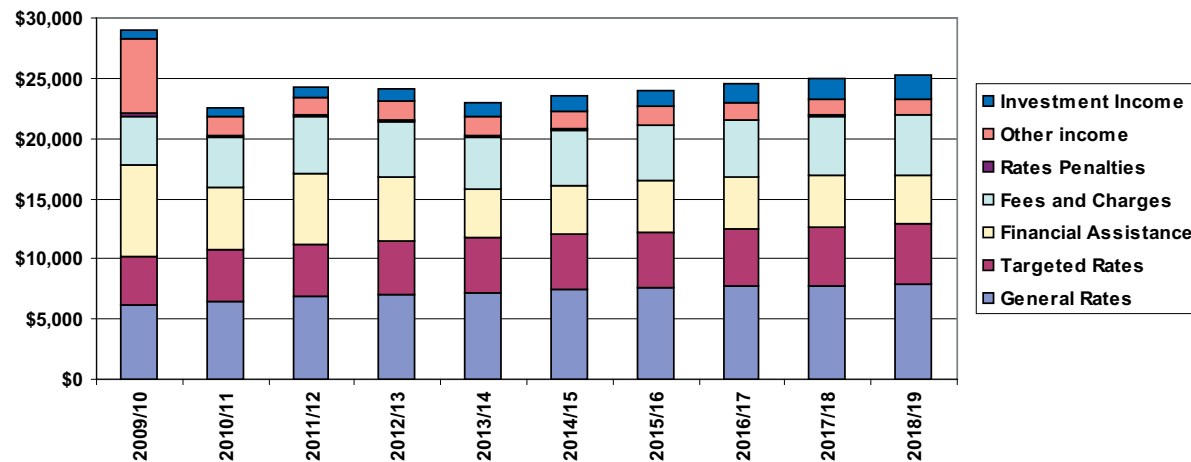
Year	Project	Cost (\$000's)	Council's Contributions
2009 to 2010	Westport Performing Arts Centre	\$2,226	\$708k external contributions with remainder being funded by external loan
2009 to 2013	Development of the Cultural Hub	\$3,000	50% funded by external contributions and 50% funded by external loan
2018 to 2019	Development of new Reefton Pool	\$4,086	Fully funded by external loan
2009 to 2019	Property Renewals	\$1,622	\$413k funded by external loan with remainder from Special Funds
2009 to 2019	Local Roads Renewals	\$14,895	Funded from accumulated depreciation reserves
2010 to 2013	Rough River Bridge	\$3,360	Funded by external loan
2009 to 2010	Atarau Road	\$515	Funded from accumulated depreciation reserves
2009 to 2019	Derby Street upgrade	\$984	Funded from accumulated depreciation reserves
2009 to 2019	Special Purpose Road Renewals	\$3,476	Funded from accumulated depreciation reserves
2009 to 2019	Urban Development - Footpaths and Banners	\$1,934	Funded from accumulated depreciation reserves
2009 to 2011	Westport Landfill Development	\$3,065	Funded from external loan
2009 to 2012	Drinking water upgrades with major expenditure in Westport and Reefton and new facility being built in Punakaiki	\$6,851	Funded by external subsidy Drinking Water Standards Assistance Programme with the exception of Westport which will be funded via external loan as it does not qualify for subsidy based on population criteria. The remainder is funded via targeted rate.
2009 to 2019	Water - renewals	\$4,886	Funded from accumulated depreciation reserves
2009 to 2019	Wastewater - Westport, Reefton and Little Wanganui	\$2,193	Funded by loan and targeted rate.
2009 to 2019	Stormwater	\$1,514	Funded from accumulated depreciation reserves
2009 to 2019	Information Systems	\$1,180	Funded from accumulated depreciation reserves

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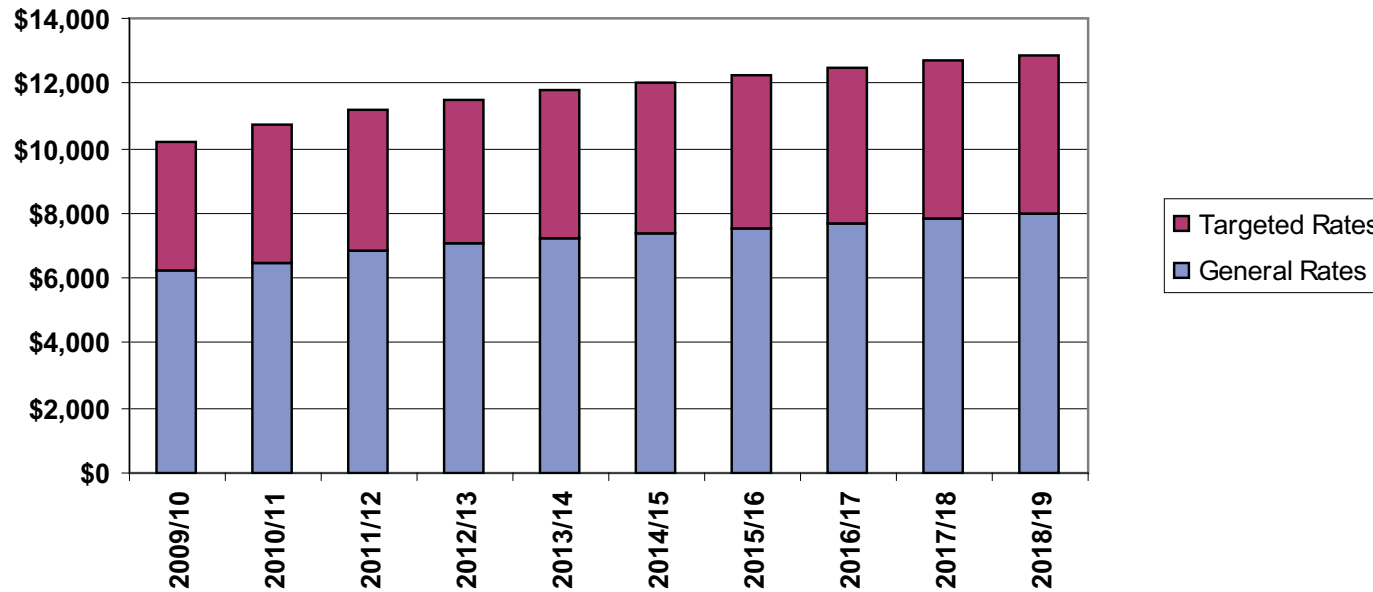
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
General Rates	6,203	6,503	6,829	7,054	7,248	7,410	7,564	7,689	7,809	7,962
Targeted Rates	4,016	4,210	4,330	4,449	4,503	4,609	4,705	4,775	4,856	4,897
Financial Assistance	7,619	5,165	5,977	5,306	4,032	4,125	4,180	4,260	4,253	4,052
Fees and Charges	4,012	4,263	4,663	4,629	4,362	4,529	4,622	4,753	4,886	4,989
Rates Penalties	185	150	150	125	100	100	100	100	100	100
Other Income	6,297	1,515	1,510	1,601	1,560	1,532	1,505	1,447	1,343	1,319
Investment Income	610	678	870	1,007	1,125	1,226	1,341	1,586	1,745	1,883
TOTAL REVENUE	\$28,942	\$22,484	\$24,329	\$24,171	\$22,930	\$23,531	\$24,017	\$24,610	\$24,992	\$25,202

TOTAL REVENUE (in \$000's)





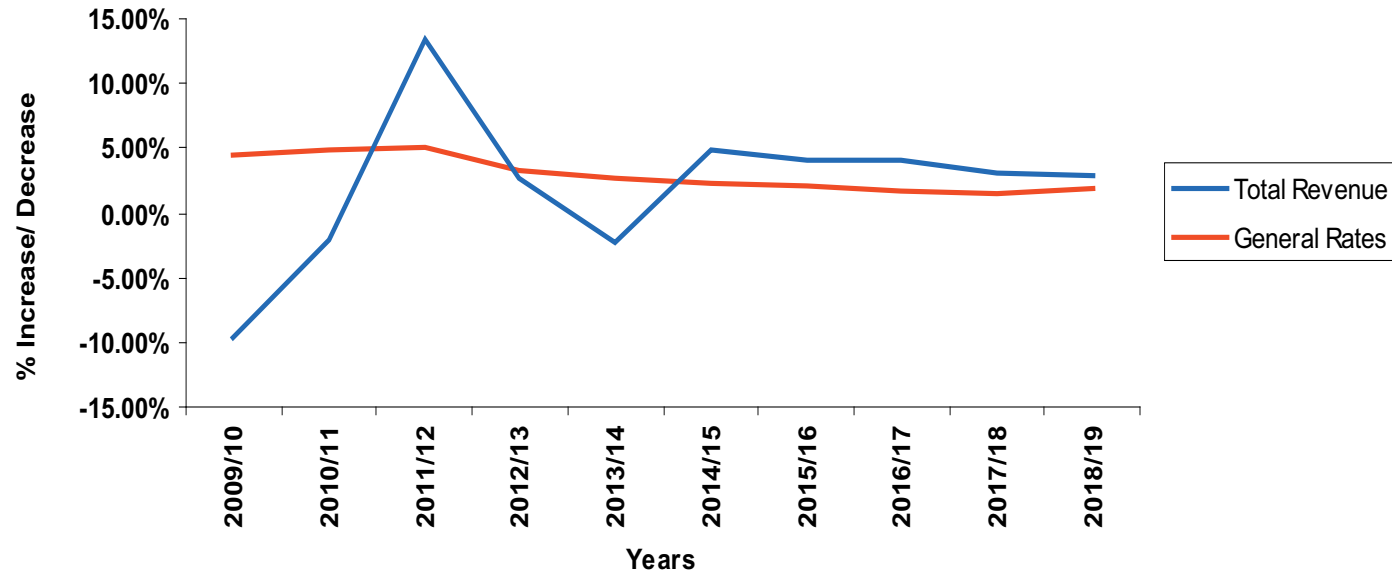
TOTAL REQUIRED RATES (in \$000's)



The level of the rates is driven by the operating expenditure of Council including interest and depreciation. No significant increases are foreseen in General Rates



TREND OF GENERAL RATES vs REVENUE

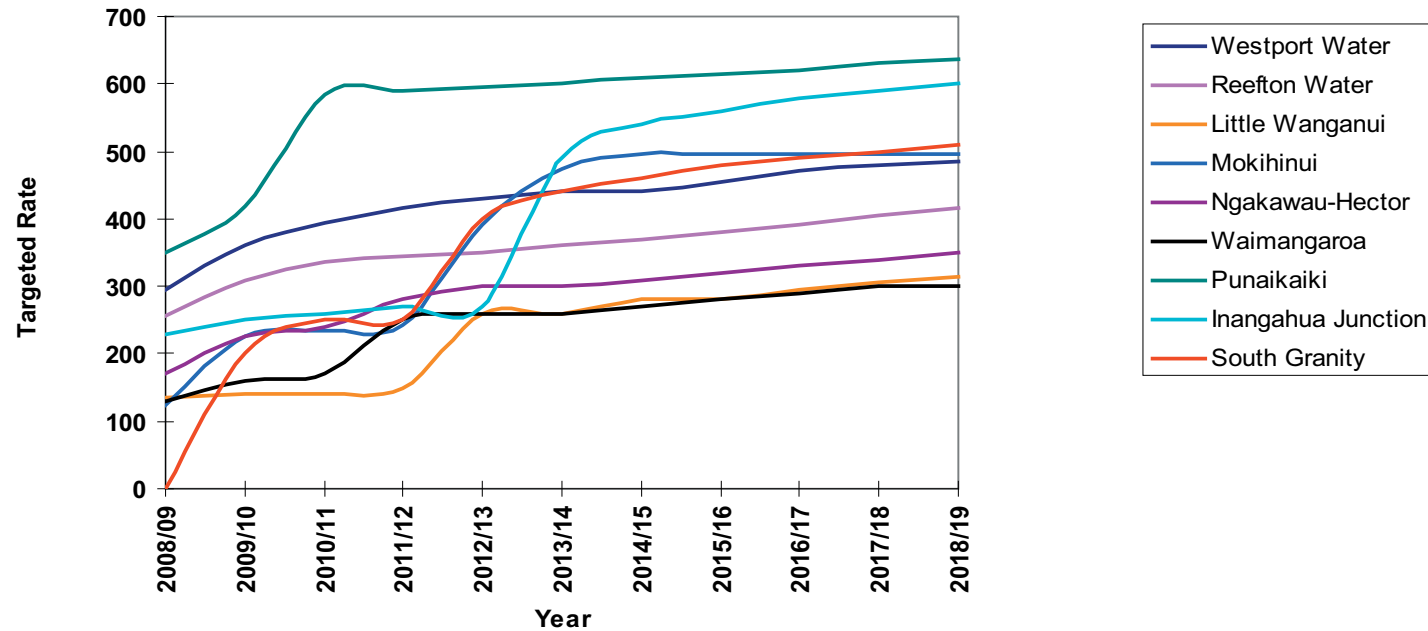


It is clear from the above graph that the percentage increases in General Rates declines over the duration of the LTCCP. The lower increases in General Rates from 2012/2013 is associated with increases in investment income and other income growth. The marked increases in revenue in 2011/2012 is associated with increased financial assistance from DWAP for Drinking Water Upgrades.





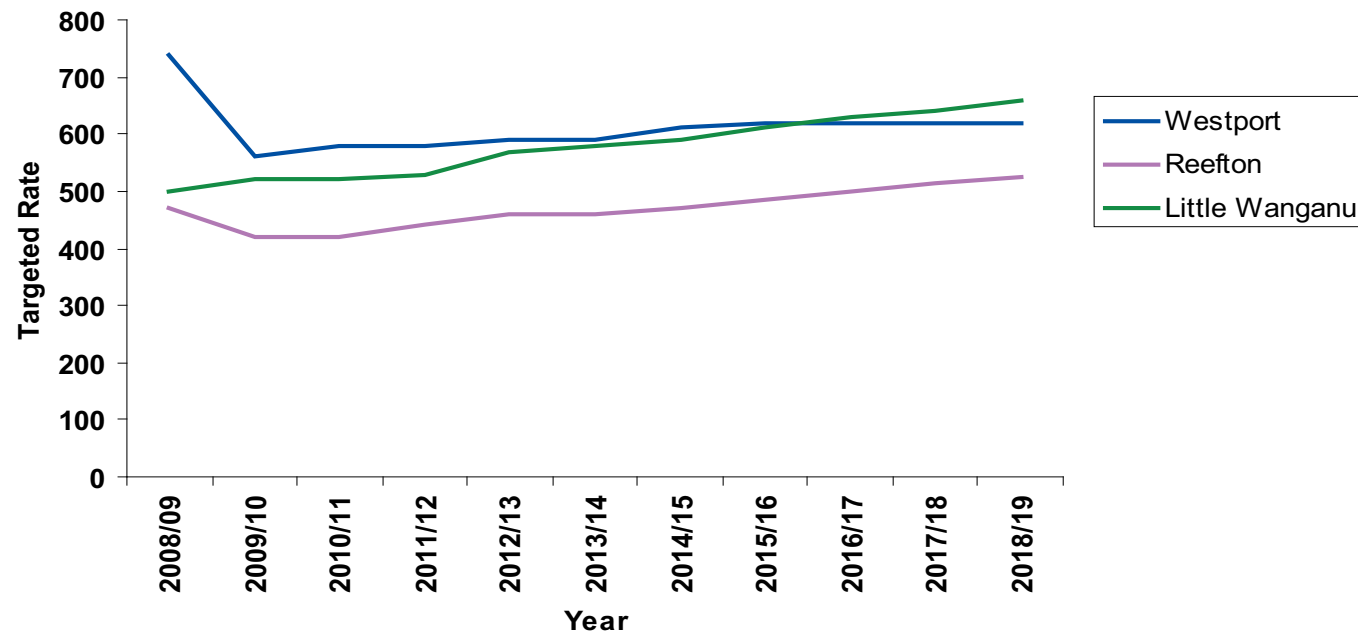
WATER SUPPLY TARGETED RATE PER AREA 2009-2019



However there are substantial increases in the Water Supply targeted rates and this is associated with the increased levels of service and ongoing maintenance costs associated with providing treated water to meet New Zealand Drinking Water Standards 2005 as per the amendment to the Health Act. The increase in water rates is associated with funding depreciation relating to capital upgrades.



TARGETED SEWERAGE RATE TREND 2009 - 2019

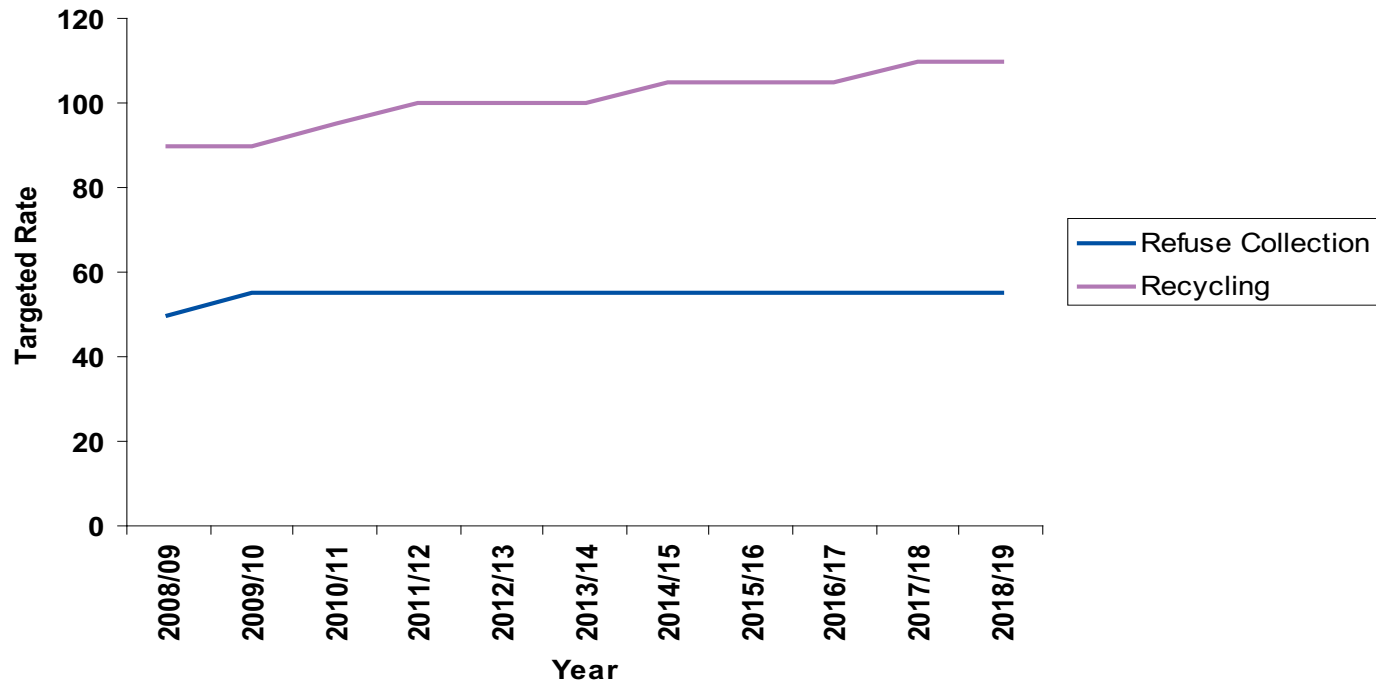


There has been a reduction in the targeted rates associated with Westport and Reefton sewerage. The drop in sewerage rates for Westport in 2009/2010 is associated with Council receiving the subsidy payment for Orowaiti and Westport water upgrades.





TARGETED RATE SOLID WASTE 2009 - 2019



The costs associated with the operation of the landfill monitoring and operation are funded from General Rates.



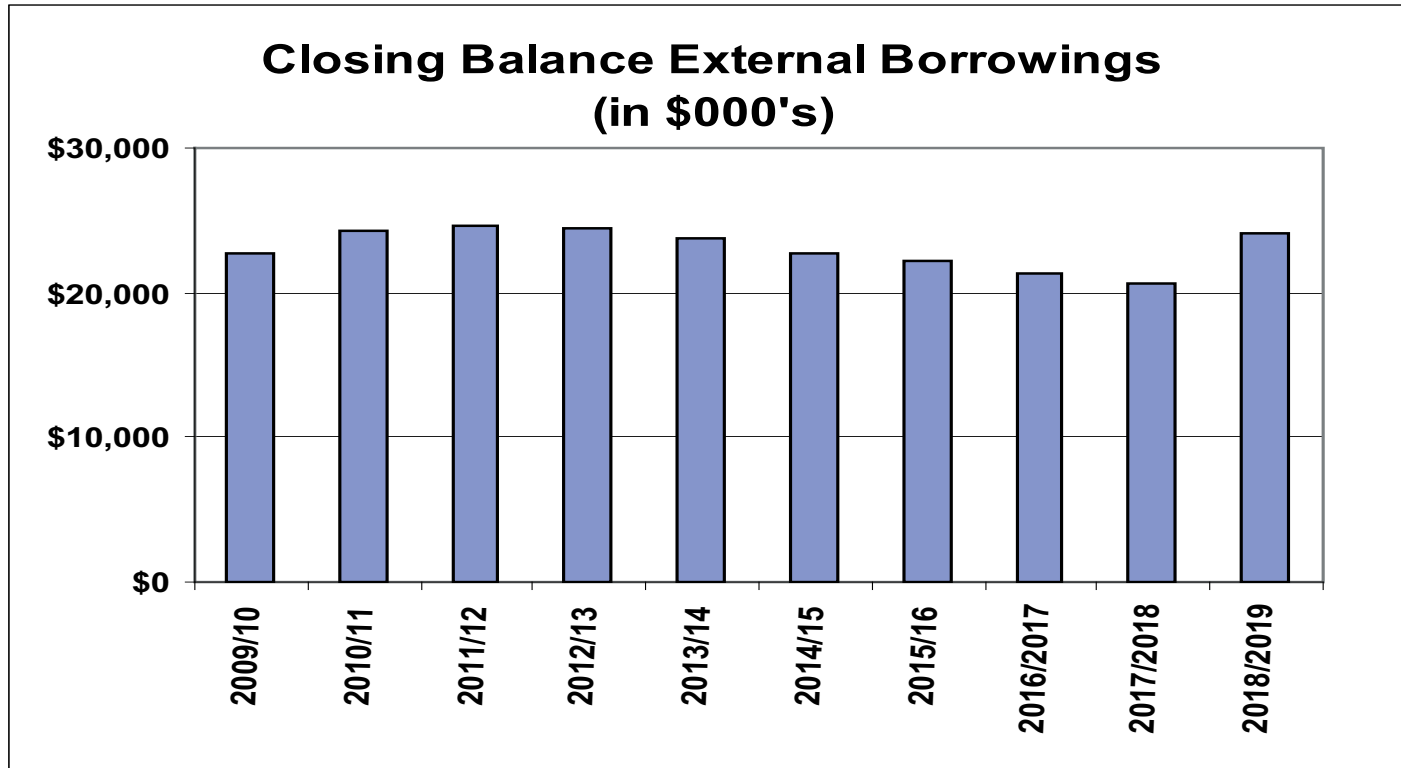
TARGETED RATE FOR DISTRICT MARKETING AND PROMOTION

We have included a targeted rate based on capital value effective from 2009/2010 so a shared funding model is adopted with 40% to be funded from General Rates and 60% from commercial/tourism operators who advertise via a targeted rate, or who are registered with Buller Promotions Association. The targeted rate comprises of a flat tiered (uniform charge) rate based on capital value plus a targeted rate of \$0.000676 based on capital value as set out on page 154. The governance model for District Promotion and Marketing is still to be formalised with Council and relevant industry bodies and organisations. Examples are shown on page 29. Tourism benefits the entire community. The Buller District has demonstrated relatively consistent growth over the past seven years in terms of the numbers of visitors staying in the district. However nearby districts such as Westland, Tasman and more recently Hurunui have grown significantly faster than Buller. In fact, Buller's share of New Zealand's commercial accommodation activity appears to have been declining since 2002.

Based on the current share of commercial accommodation activity, and the strong projected growth of the tourism sector in New Zealand, it is clear that there is a lot to gain in retaining and even growing our share. If Buller is to grow at the same rate as the rest of New Zealand based on the latest tourism prospectives, and maintain its market share, tourism expenditure in the district could be expected to grow from \$98 million in 2004 to \$137 million by 2011. This represents an additional \$39 million in the local economy. It should be noted that this type of growth is based on active investment in accommodation, transport, attractions and other infrastructure such as roads. Tourism sector growth in Buller offers many benefits in addition to economic benefits eg new jobs, new investment opportunities, enhancing local pride, improving public facilities and preserving local cultural heritage. The Buller District Council has indicated its support for a more strategic approach to tourism sector development in the district by funding this strategy. However, for the Buller District to compete effectively with other destinations in New Zealand, it will require support from the many tourism stakeholders in all parts of the district. The strategy has been deliberately called a "visitor strategy" rather than a more industry based "tourism strategy" reflecting the genuine nature of the experiences provided to visitors in Buller. As highlighted in our vision, we want visitors to explore our district but also ensure that local residents enjoy having visitors in the area.

The Buller Visitor Strategy includes 31 recommendations designed to achieve our vision. Much of the focus of these recommendations is on developing our destination so visitors will want to explore more of the district. Recommendations include developing a distinctive positioning for Buller, offering new reasons to visit, ensuring tourism businesses are sustainable, attracting more international and domestic visitors and creating a unified structure to pursue synergies across the district. Additional funding will be required to carry out all the recommendations contained in the Buller Visitor Strategy. However it may be possible to combine or redirect existing funding to enable more of a centralised focus in delivering benefits throughout the district and the wider West Coast region. It is important to note that this strategy should not be seen as an alternative to providing funding to our official Regional Tourism Organisation (RTO): Tourism West Coast. An effective RTO is required to build demand for the district in a wider regional and national context – it is our task to ensure that visitors, the travel media and travel trade see Buller as a compelling part of the West Coast. This strategy will ensure that, once visitors have made their decision to visit Buller, we provide them with an experience they will treasure.





2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)	\$(000's)
\$22,635	\$24,329	\$24,679	\$24,374	\$23,688	\$22,783	\$22,245	\$21,382	\$20,575	\$24,090

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FINANCIAL POSITION

The Council will continue to be in a sound financial position through the LTCCP period and beyond. Term debt is maintained at moderate levels with adequate interest coverage and liquidity as required by our Banking Covenant and Treasury Policy.

STATEMENT OF OPERATING PERFORMANCE

The general surplus before taxation decreases in 2013/2014 resultant from significantly reduced external funding associated with lower levels of capital expenditure.

CASH FLOW COMMENTS

Sound cashflow with cash generated being utilised to build long term investments and continued growth in income from investments.

CHANGES IN REVENUE AND FINANCING POLICY RESULTING FROM RATING REVIEW

We are intending to change our rating system to be based on a mixture of capital and land value. Each Council function is to be considered as either servicing the 'land' or the 'people' (or a combination of both), with any 'land' based function being thus rated on a land value basis, any 'people' based function being rated on a capital value basis, while any function that services both the 'land' and the 'people' being rated on a combination of both land and capital value. The previous Government had intended to have any changes within the Local Government Act (including the Rating Act) made so that the implementation of these changes would take place in time for the next round of local authorities' long term plans starting from 01 July 2011. It is proposed to be implemented on 01 July 2012 subject to consultation with ratepayers and thereafter a final decision will be made by the full Council. It should be noted that the long term plan is based on the current revenue and financing policy. The revenue and financing policy reflected on page 214 shows on what basis activities would be rated and how they would be funded under the revised rating model. At this stage it has not been possible to quantify the impact on specific ratepayers or sectors but at the time of the change in the rating model consultation will be undertaken regarding the specific impact on the ratepayers/ sector of ratepayers. The proposed rating system will result in greater transparency and will be designed to address rating differentials/anomalies. The rate take will not be increased by more than as stated in the LTCCP, but the implementation of the capital and land based system will change the apportionment between sectors/groups of ratepayers.

CHANGES IN SIGNIFICANCE POLICY AND TRANSFERS OF SIGNIFICANT ASSETS TO THE HOLDING COMPANY

Effective 01 July 2009 Council is establishing a new Council Controlled Organisation (Buller Recreation Limited) to take ownership of the Solid Energy Centre assets, which are listed as a strategic asset in the Significance Policy. We are also intending to transfer the Harbour assets to Westport Harbour Limited.

Transferring the assets into a holding company structure provides an opportunity for professional and experienced commercial governance. While Councillors bring a range of skills to the Council, the transfer of the assets enables the utilisation of the skills and specialist knowledge of the Board of the Holding Company. It enables us to recruit and access resources and skill bases over and above those currently available to us, to assist us in taking better advantage of commercial opportunities within the district.





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Council is still able to maintain control of expectations through monitoring of Board functions, director performance and regular reporting. An additional layer of governance is inserted between the company and Council, removing any political sensitivities, and enabling the company to make decisions based on commercial imperatives. Future investments can also be evaluated in a commercial, and non-political environment.