


Wairoa District Council

ANNUAL REPORT

For the year ending 30 June 2012



 *Te Wairoa Hōpūpū Hōnengenenge
Matangirau*

Adopted 23 October 2012



Wairoa District Council 2012 ©

2011/2012 ANNUAL REPORT

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JOINT STATEMENT FROM THE MAYOR AND THE CHIEF EXECUTIVE OFFICER

Welcome to readers of the Wairoa District Council Annual Report.

Overall Council completed the year with a surplus of \$3,297,386 (2011 – deficit of \$310,810).

A 1.6% increase in rates revenue (\$155,166), increase in subsidies (\$4,721,608) and increases in fees and charges (\$704,877) were partially offset by increases in operating costs (\$986,379) and decreases in investment income of \$976,014.

Working capital of \$16,218,981 was \$2,237,324 down on 2011 (\$18,456,305) whilst cash flow from Operations of \$9,429,632 was \$7,079,734 up on 2011 (\$2,349,898) due primarily to receipt of subsidies.

Capital Expenditure increased to \$10,200,318 (2011 - \$5,601,366) and there was a net decrease in financial assets of \$1,007,188.

All the above led to a decrease in cash balances of \$834,167.

Performance Management

Of the 180 identified service levels and targets, 126 were achieved, a score of 70% compared with 76% last year.

Quality Rooding and Services (Wairoa) Limited

Quality Rooding and Services (Wairoa) Limited Annual Report shows an operating surplus before tax of \$726,927. The after tax profit was \$521,661 which represents a 9.76% return on equity of \$5.34 million. A dividend of \$320,000 has been declared but only the amount received during the financial year of \$150,000 has been reflected within the 2012 Accounts.

Opoutama and Mahia Community Waste Water Schemes

The design of the Mahia Beach and Opoutama wastewater schemes has been completed. Construction is underway on the Mahia Beach scheme and will commence shortly on the Opoutama scheme. Further consultation on cost allocation is being undertaken for the Opoutama scheme.

Rooding

No new roads added to inventory
1.3km rehabilitated roads
24.1km resurfaced roads
15.4km unsealed road metal buildup

Stormwater

120m open drains piped

We acknowledge the contribution of Councillors, Staff, Consultants and Contractors in completing the year's work programme.

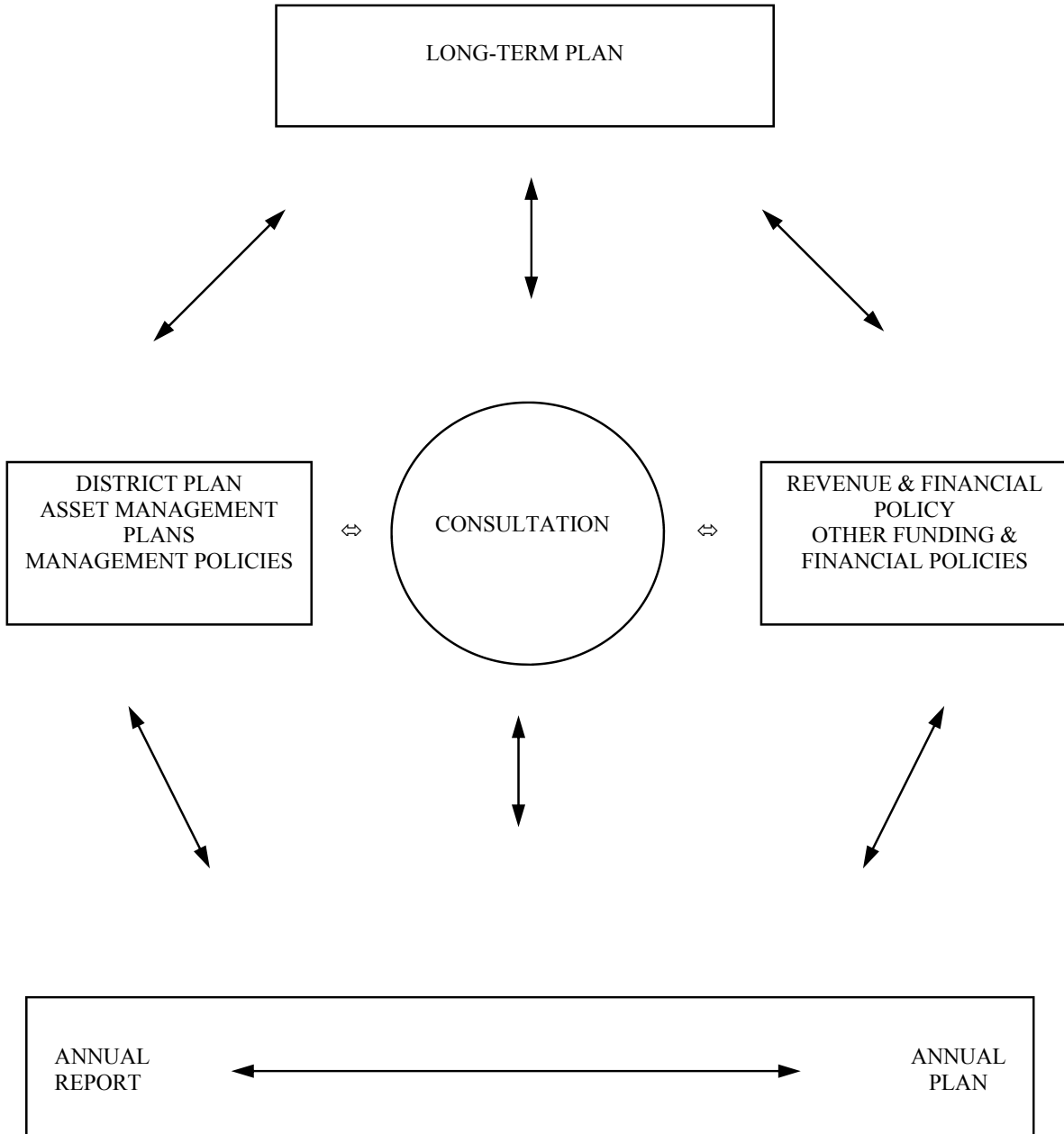


L Probert JP
MAYOR



P J Freeman
CHIEF EXECUTIVE OFFICER

RELATIONSHIP BETWEEN COUNCIL'S POLICIES AND PLANS



WAIROA DISTRICT COUNCIL 30 JUNE 2012

Mayor

Les Probert J.P.

Councillors

Benita Cairns

Denys Caves J.P

Denise Eaglesome

Dave Evans

Min Johansen

Craig Little

COMMITTEES

**MAORI STANDING
COMMITTEE**

Chairperson: G Symes

Members: T Quenneville
G Cooper
N Lambert
C Smith
H Keefe
P Kelly
H Nissen

**WATER PRODUCTION SUB
COMMITTEE**

Engineering Manager
Finance Manager
2 AFFCO Representatives

**CREATIVE NZ
LOCAL FUNDING**

Sub Committee
(full delegation)

MANAGEMENT STRUCTURE

Chief Executive Officer

Peter Freeman

| ENGINEERING | FINANCE | ADMINISTRATION AND CIVIC | COMMUNITY/REGULATORY SERVICES |
|---------------------------------|-----------------------------|------------------------------------|--------------------------------------|
| NEIL COOK | DAVID STEED | JAMES BATY | PETER FREEMAN |
| MANAGER: ENGINEERING | MANAGER: FINANCE | MANAGER: ADMINISTRATION | MANAGER: REGULATORY |
| Roads, Streets & Bridges | Accounting Services | Secretarial Services | Subdivision |
| Cemeteries | Information Services | Social Services | Resource Planning |
| Sports Grounds | Financial Management | Library | Building Control |
| Reserves | Revenue Collection | Public Halls | Environmental Health |
| Airport Control | Rating | Pensioner Housing | Liquor Licensing |
| Water Supply | Risk Management | Recreation | Animal Control |
| Sewage Management | Property Management | Official Information | Bylaws |
| Stormwater Drainage | | Information Centre | Economic Development |
| Waste Management | | Maori Liaison | Emergency Management |
| Street Lighting | | Records and Archives | |
| Traffic Management | | Human Resources | |
| Asset Management | | Tourism | |
| | | Elections | |

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Compliance

The Council and management of Wairoa District Council confirm that all statutory requirements of the Local Government Act 2002 have been complied with.

Responsibility

- 1 The Council and management of Wairoa District Council accept responsibility for the preparation of the Annual Financial Statements and the judgements used in them.
- 2 The Council and management of Wairoa 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.
- 3 In the opinion of the Council and management of Wairoa District Council, the Annual Financial Statements for the year ended 30 June 2012 fairly reflect the financial position and operations of Wairoa District Council.



Mayor

L. Probert

23rd October 2012



Chief Executive

P J Freeman

23rd October 2012

COMMUNITY OUTCOMES

During the planning process for the 2004-2014 LTCCP, the five Hawkes Bay Councils took a regional approach and worked collectively with the community to identify community outcomes. In 2005, Council further consulted with the Wairoa community to confirm/amend and prioritise the identified outcomes. The outcomes in priority order for the Wairoa District as adopted in the 2009-2019 LTCCP are listed below:

1. A strong, thriving and prosperous economy
2. A safe and secure community
3. A lifetime of good health and wellbeing
4. An environment that is appreciated, protected and sustained for future generations
5. Supportive, caring and valued communities
6. A safe and integrated transport system
7. Strong district leadership and a sense of belonging
8. Safe and accessible recreational facilities
9. A community that values and promotes its culture and heritage

Council Activities

Council Activities are divided into two strategic goal areas being:

- **Community Development & Participation**
Council's aim is to provide services and facilities to encourage community focus, ensuring access to information and leisure opportunities and to promote the expansion of the economy by encouraging tourism options and business development.
- **Safe Living Environment**
Council's aim is to provide services and facilities which contribute to community health and safety and ensure that the natural and physical resources of the district are preserved for future generations.

These are in turn supported by:

- **Management Services**
- **Investments**

In addition Council has grouped its activities into 8 "Key Activity Areas" and the table on the following page shows how these grouped "key activity areas" relate to the activities of Council, the strategic goal areas of Council, and shows where there is a direct linkage to the Community Outcomes identified in part 1 of the LTCCP.

Key Activity Areas

| Key Activity | Significant Activity | Strategic Area | Related Community Outcome |
|---------------------------------------|---|---|---|
| 1. Water Services | Water Reticulation Water Production Stormwater Drainage Sewerage | Safe Living Environment | A safe and secure Community A lifetime of good health & wellbeing An environment that is appreciated, protected and sustained for future generations |
| 2. Waste Management | Waste Management | Safe Living Environment | An environment that is appreciated, protected and sustained for future generations |
| 3. Transport | Roads Parking Airport | Safe Living Environment Safe Living Environment Community Development & Participation | A strong, prosperous & thriving economy A safe & integrated transport system |
| 4. Community Facilities | Cemeteries Parks & Reserves Library Community Support Pensioner Housing | Safe Living Environment Community Development & Participation Community Development & Participation Community Development & Participation Community Development & Participation | A safe & secure Community A lifetime of good health & wellbeing Safe and accessible recreational facilities A community that values and promotes its culture & heritage Supportive, caring and valued communities |
| 5. Planning & Regulatory | Resource Planning Environmental Health Building Inspection Liquor Licensing Bylaw Control Emergency Management | Safe Living Environment | An environment that is appreciated, protected and sustained for future generations A safe and secure community A lifetime of good health and wellbeing |
| 6. Leadership & Governance | Community Representation Maori Liaison Economic Development Visitor Information Centre | Community Development & Participation Community Development & Participation Community Development & Participation | Strong district leadership and a sense of belonging A community that values and promotes its culture & heritage A strong, prosperous and thriving economy |
| 7. Corporate Functions | Support Services Funds Management | | |
| 8. Trading Activities | Council Controlled Organisations | Support Service | |

The Local Government Act 2002 requires Council to report measures taken and progress made towards achieving the community outcomes stated in the LTCCP at least once every three years.

Survey results relating to Outcomes:

Is Wairoa a better place to live than it was three years ago? (All outcomes)

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------|-------------|-------------|-------------|-------------|-------------|
| Yes | 33% | 38% | 31% | 32% | 22% |
| The same | 53% | 51% | 54% | 53% | 64% |
| Worse | 8% | 6% | 12% | 13% | 6% |
| Unable to comment | 6% | 5% | 4% | 2% | 8% |

Is Wairoa District generally a safe place to live? (A safe and secure community)

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|--------------------|-------------|-------------|-------------|-------------|-------------|
| Yes, definitely | 41% | 36% | 33% | 39% | 40% |
| Yes, mostly | 50% | 54% | 58% | 50% | 57% |
| Not really | 7% | 8% | 6% | 9% | 2% |
| No, definitely not | 1% | | 1% | 1% | 1% |
| Unsure | 1% | 2% | 2% | | |

Satisfaction with the way Council involves the public in the decisions it makes (Strong district leadership and a sense of belonging; Supportive, caring and valued communities)

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Very satisfied | 7% | 10% | 11% | 14% | 13% |
| Satisfied | 52% | 44% | 53% | 55% | 42% |
| Neither satisfied or dissatisfied | 24% | 26% | 21% | 14% | 33% |
| Dissatisfied | 14% | 9% | 9% | 7% | 7% |
| Very dissatisfied | 2% | 4% | 3% | 5% | 2% |
| Don't know | 1% | 7% | 4% | 6% | 3% |

Quality of Life (All outcomes)

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------|-------------|-------------|-------------|-------------|-------------|
| Very good | 38% | 35% | 38% | 37% | 38% |
| Good | 45% | 50% | 44% | 41% | 46% |
| Fair | 14% | 13% | 13% | 16% | 12% |
| Poor | 3% | 2% | 4% | 5% | 4% |
| Don't know | | | 1% | 1% | |

Community Spirit (Supportive, caring and valued communities)

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| Very good | 33% | 36% | 32% | 35% | 26% |
| Good | 42% | 46% | 45% | 44% | 53% |
| Neither good nor bad | 20% | 15% | 17% | 13% | 14% |
| Not very good | 2% | 3% | 5% | 6% | 5% |
| Poor | 1% | | 1% | 1% | 1% |
| Don't know | 2% | | | | |

Natural Environment (An environment that is appreciated, protected and sustained for future generations)

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Very satisfied | 25% | 23% | 23% | 21% | 21% |
| Satisfied | 46% | 53% | 54% | 56% | 54% |
| Neither satisfied nor dissatisfied | 13% | 9% | 11% | 13% | 15% |
| Dissatisfied | 13% | 8% | 9% | 7% | 5% |
| Very dissatisfied | 3% | 4% | 1% | | 3% |
| Don't know | | 3% | 2% | 2% | 1% |

Level of Consultation with Maori (A community that values and promotes its culture and heritage)

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| More than enough | 25% | 27% | 32% | 29% | 34% |
| Enough | 38% | 40% | 42% | 45% | 39% |
| Not enough | 14% | 16% | 9% | 10% | 12% |
| Nowhere near enough | 6% | 8% | 3% | 5% | 5% |
| Don't know | 17% | 9% | 14% | 12% | 10% |

REPORT ON DEVELOPMENT OF MAORI CAPACITY TO CONTRIBUTE TO THE DECISION-MAKING PROCESS

PARTICIPATION IN DECISION MAKING

I raro i te mauri o te Tiriti o Waitangi me ata korero te kaunihera takiwa ki te tangata whenua nona nei te whenua, te aahi kaa me te mana ki runga i nga waahi i whakatipua e o ratou, o ia rohe i rote i te kaunihera takiwa o te Wairoa kia tutuki ai te he o te Tiriti o Waitangi.

Within the spirit of the Treaty of Waitangi the Wairoa District Council must consult with Maori who are descendants of the original inhabitants, who own land, who currently reside in the area, and who exercise traditional authority over the areas made sacred by their ancestors. Through this consultation process the aspirations of each area within Wairoa District will be realised in accordance with the Treaty of Waitangi.

The Council acknowledges that specific iwi have ahikaa (unbroken occupation) and exercise mana whenua (maintenance and sustainable management of land) over lands within the Council's boundaries. Council consult iwi for the purposes of the Resource Management Act 1991 (where there is a duty to consult with tangata whenua) and where there is mutual agreement between the Council and iwi exercising mana whenua. The Council also acknowledges that specific iwi have historical and spiritual ties to land within the Councils boundaries and as such should be consulted by Council for the purpose of the Resource Management Act 1991 in particular in respect to resource consent applications, District Plan changes and Notice of Requirements.

The Council maintains processes that provide opportunities for Maori to contribute to decisions. The Wairoa District Council Maori Standing Committee, (the group who advise and support Council on things pertaining to Maori) advise on how best to manage the consultation process and to facilitate the relationship between the Council and iwi exercising mana whenua.

Within the Wairoa District there are several Runanga or Iwi Authorities, which involve themselves in a range of issues. The runanga in Wairoa is as follows; Te Taiwhenua o Ngati Kahungunu ki te Wairoa, Te Runanga o Tuhoe Potiki ki Waikaremoana, Te Whanau o Rongomaiwahine Trust, Te Mana Taio o Rongomaiwahine, Te Runanga o Rakaipaaka, Te Pahuwera Incorporated Society, and the Wairoa-Waikaremoana Trust Board.

The Wairoa District Council Maori Policy outlines the relationship between the Council and the tangata whenua and is the foundation document for how this process will proceed. Council will continue to consider, and where appropriate, implement ways to foster the development of Maori capacity to contribute to its decision-making processes.

Activity Group One

WATER SERVICES

1. **Water Reticulation & Water Production**
2. **Stormwater Drainage**
3. **Sewerage**

Water Reticulation & Production

Activity Goal and Principal Objectives

1. To ensure that relevant legislation, regulations and bylaws are monitored and enforced such that Council meets its requirements;
2. Effective and efficient management of the production and distribution of water to ensure that neither public health nor the environment is compromised;
3. Match service provision in smaller communities with the communities' desired level of service and ability to pay;
4. Meet minimum grading under the New Zealand Drinking Water Standards appropriate to the population size for the Wairoa reticulation;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A strong, prosperous and thriving economy

A lifetime of good health and wellbeing

The targets, performance measures and results below, including prior year comparatives, are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|--|---|
| Water treatment, storage and reticulation systems are operational and there are no interruptions of more than eight hours | Not achieved—Water main failure behind Putani Marae, Frasertown caused a 3 day interruption to Wairoa town supply. (Not achieved in 2010/11). |
| Water quality meets Health Act requirements. Public Health Risk Management Plan for Wairoa supply audited and approved by District Health Board assessors | Not achieved— Water quality meets Health Act requirements at Wairoa, but not Tuai and Mahanga. Public Health Risk Management Plans have been prepared and approved for Wairoa, Tuai, and Mahanga water supplies. (Achieved in 2010/11) |
| Council has current consents, where required, and there is full compliance with all consent conditions throughout the year. | Not achieved—Discharges from the water treatment plant are not compliant with consent conditions (Not achieved in 2010/11) |
| An annually reducing trend in the volume of water lost in the system | Not achieved - Trend not monitored annually due to associated costs. Leakage survey done and high priority leaks identified repaired (Not achieved 2010/11 – not monitored) |
| An annually reducing trend in the volume of domestic water use per connection | Not achieved - Trend per connection not monitored (Not achieved 2010/11 – not monitored) |

| Service Levels and Targets | Performance Achieved |
|---|---|
| No safety incidents reported through the CSR system | Achieved—No safety incidents reported (Achieved 2010/11) |
| Fire hydrants maintained to meet the Fire Service code of practice | Not achieved—Several hydrants (e.g. Mahanga Village) do not meet the Fire Service code of practice (Not achieved 2010//11) |
| Budgeted expenditure on water production (including any Council approved additional expenditure) not exceeded | Not achieved—Net cost of \$305,482 is greater than budget of \$141,498 (Not achieved in 2010/11) |
| Budgeted expenditure on water reticulation (including any Council approved additional expenditure) not exceeded | Achieved—Net cost of \$950,807 is less than budget of \$1,006,599 (Not achieved in 2011/12) |
| Not less than 80% of the respondents rate the service as “fairly good or better” in the annual public satisfaction survey | Achieved—92% of all respondents are satisfied with their water supply (Achieved 88% in 2010/11) |
| A reducing number of complaints received through the Customer Service Request system | Not achieved—Total complaints increased from 118 in 2010/11 to 254 in 2011/12 (Achieved in 2010/11 with 61% decrease in CSRs) |

COMMUNITY SURVEY - PERFORMANCE RATING

| Water Supply (Users) | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Very Satisfied/fairly satisfied | 90% | 97% | 89% | 90% | 90% | 91% | 84% | 88% | 92% |
| Not very satisfied | 10% | 2% | 11% | 8% | 7% | 6% | 15% | 9% | 7% |
| Don't know/NA | | 1% | | 2% | 3% | 3% | 2% | 3% | 1% |

Stormwater & Drainage

Activity Goal and Principal Objectives

1. To ensure that relevant legislation, regulations and bylaws are monitored and enforced such that Council meets its requirements;
2. Effective and efficient management of collection and disposal of stormwater to ensure that the capacity of available facilities are optimised and that the environment is not compromised;
3. Continued development of stormwater systems to provide minimum levels of protection defined in Council's Engineering Code of Practice;
4. Piping of urban open drains at a rate that reflects the community's ability to pay;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A safe and secure community

A lifetime of good health and wellbeing

An environment that is appreciated, protected and sustained for future generations

The targets, performance measures and results below, including prior year comparatives, are intended to give an indication of Council's progress towards achieving the community outcomes listed above

| Service Levels and Targets | Performance Achieved |
|---|---|
| Stormwater systems functioning to the satisfaction of customers. Target for 2011/12 of 65% customer satisfaction | Achieved—72% satisfaction level (Achieved 72% satisfaction 2010/11) |
| The number of known incidences of flooding due to inadequacies in the system reducing over time | Achieved—4 complaints of flooding received in 2011/12 compared to 35 in 2010/11 (Not achieved in 2010/11 with 35 valid complaints) |
| The number of known incidences of flooding due to lack of maintenance reducing over time | Achieved—4 complaints of flooding received in 2011/12 compared to 45 in 2010/11 (Not achieved in 2010/11 with 45 valid complaints) |
| Council has current consents for all required purposes and there has been full compliance with all the conditions of them throughout the year | Not achieved— No consents in place for the discharge of stormwater (Not achieved in 2010/11) |
| There are no reported safety incidents through the Customer Service Report system | Not achieved—7 reports of missing sump gratings during the year that present a potential hazard (Achieved in 2010/11) |
| Budgeted expenditure (including any Council approved additional expenditure) not exceeded | Not achieved—Net cost of \$381,534 is greater than budget of \$360,018 (Achieved in 2010/11, Net cost of \$324,249 is less than budget of \$360,400). |
| Not less than 80% of the respondents rate the service as "fairly good or better" in the annual public survey | Not achieved—72% of all respondents rate the service fairly good or better (2010/11 Not achieved with 72% result) |

| COMMUNITY SURVEY - PERFORMANCE RATING | | | | | | |
|---------------------------------------|---------|---------|---------|---------|---------|---------|
| Stormwater (those connected) | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Very Satisfied/fairly satisfied | 56% | 42% | 57% | 63% | 72% | 72% |
| Not very satisfied | 29% | 42% | 35% | 37% | 26% | 26% |
| Don't know/NA | 15% | 16% | 8% | | 2% | 1% |

Sewerage

Activity Goal and Principal Objectives

1. To ensure that relevant legislation, regulations and bylaws are monitored and enforced such that Council meets its requirements;
2. Effective and efficient management of collection and disposal of sewerage and trade waste to ensure that the capacity of available facilities are optimised and that the environment is not compromised;
3. Maintain and upgrade existing networks as required to meet growth needs and resource consent requirements;
4. Address growth in Mahia by constructing collection, treatment and disposal facilities to a level agreed with the serviced communities;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A strong, prosperous and thriving economy

A lifetime of good health and wellbeing

An environment that is appreciated, protected and sustained for future generations

The targets, performance measures and results below, including prior year comparatives, are intended to give an indication of Council's progress towards achieving the community outcomes listed above

| Service Levels and Targets | Performance Achieved |
|---|---|
| Sewerage systems operational at Wairoa, Tuai and Mahia. All blockages to be rectified within 8 hours | Not achieved— Two of 15 blockages on sewers and associated laterals were not completed within 8 hours and one required the engagement of an external contractor. (Not achieved in 2010/11) |
| No significant overflows due to inadequate maintenance, measured through compliance with Regional Council consents | Achieved—No overflows attributed to inadequate maintenance. Overflows that occur are due to infiltration affecting pump station volumes. (Not achieved in 2010/11) |
| Council has current consents for all required purposes and there has been full compliance with all the conditions of them during the year | Not achieved—Required consents obtained and full compliance with regional Council consents not achieved due to overflows at pump stations caused by high groundwater infiltration (Not achieved in 2010/11) |
| There are no reported safety incidents through the Customer Service Request system | Achieved—No safety incidents reported through Customer Service Request system (Achieved in 2010/11) |
| Budgeted expenditure (including any Council approved additional expenditure) not exceeded | Not achieved—Net cost of \$954,650 is greater than budget of \$852,480. (Not achieved in 2010/11, Net cost of \$1,211,848 is greater than budget of \$844,540) |
| Not less than 80% of the respondents rate the service as "fairly good or better" in the annual public satisfaction survey | Achieved 86% of all respondents were satisfied with District's sewerage system (Achieved 88% in 2010/11) |
| A reducing number of complaints received through the CSR system | Achieved—Complaints reduced from 49 in 2010/11 to 28 in 2011/12. (Achieved in 2010/11 with a 14% decrease in CSRs). |

COMMUNITY SURVEY - PERFORMANCE RATING

| Sewerage (Users) | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Very Satisfied/fairly satisfied | 94% | 96% | 82% | 92% | 87% | 93% | 83% | 88% | 86% |
| Not very satisfied | 5% | 4% | 11% | 7% | 7% | 4% | 12% | 10% | 9% |
| Don't know/NA | 1% | | 7% | 1% | 6% | 3% | 5% | 2% | 4% |

WATER SERVICES

Statement of Cost of Service for the year ended 30 June 2012

| | COSTS 2011/12 | REVENUE 2011/12 | NET COST 2011/12 | BUDGET 2011/12 | LTP 2011/12 | ACTUAL 2010/11 |
|----------------------------------|-------------------------|---------------------------|----------------------------|--------------------------|-----------------------|--------------------------|
| Water Reticulation | 1,180,528 | 178,922 | 1,001,606 | 1,006,599 | 910,152 | 1,056,248 |
| Water Production | 734,801 | 480,118 | 254,683 | 141,498 | 143,424 | 573,490 |
| Stormwater and Drainage | 382,621 | 1,087 | 381,534 | 360,018 | 297,847 | 324,249 |
| Sewerage | 964,455 | 9,805 | 954,650 | 852,480 | 1,433,195 | 1,211,848 |
| | <u>3,262,405</u> | <u>669,932</u> | <u>2,592,473</u> | <u>2,360,595</u> | <u>2,784,618</u> | <u>3,165,835</u> |
| Less internal allocation | 253,363 | 253,363 | - | | | - |
| | <u>3,009,042</u> | <u>416,569</u> | <u>2,592,473</u> | <u>2,360,595</u> | <u>2,784,618</u> | <u>3,165,835</u> |
| Interest Received | | 241,212 | (241,212) | - | - | (657,297) |
| | <u>3,009,042</u> | <u>657,781</u> | <u>2,351,261</u> | <u>2,360,595</u> | <u>2,784,618</u> | <u>2,508,538</u> |
| Projects | | | | | | |
| Water Reticulation | 1,221,087 | | 1,221,087 | 228,900 | 215,340 | 201,173 |
| Water Production | 155,824 | | 155,824 | 95,000 | 60,102 | 469,815 |
| Stormwater & Drainage | 241,852 | | 241,852 | 130,000 | 31,280 | 72,962 |
| Stormwater & Drainage - Loan Pay | - | | - | - | 110,000 | - |
| Sewerage - Mahia | 2,414,535 | 1,000,000 | 1,414,535 | 3,128,496 | 4,830,000 | 1,196,168 |
| Sewerage - Other | 197,775 | | 197,775 | 212,000 | 212,574 | 654,270 |
| | <u>4,231,073</u> | <u>1,000,000</u> | <u>3,231,073</u> | <u>3,794,396</u> | <u>5,459,296</u> | <u>2,594,388</u> |

Activity Group Two WASTE MANAGEMENT

1. Waste Management

Activity Goal and Principal Objectives

1. To ensure that relevant legislation, regulations and bylaws are monitored and enforced such that Council meets its requirements;
2. Zero waste to landfill by 2015;
3. To ensure that waste is handled in appropriate and environmentally sound ways consistent with all consent requirements;
4. To ensure that individuals within the community understand the options and choices they can make for the disposal of waste;
5. Council and community work together to minimise waste and create a clean environment;
6. Waste is recognised as a valuable resource;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A safe and secure community

A lifetime of good health and wellbeing

An environment that is appreciated, protected and sustained for future generations

The targets, performance measures and results below, including prior year comparatives, are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|---|--|
| All approved bags collected weekly, provided they are at the roadside by 7.30am on the day of collection. Target—no valid complaints received | Not achieved—Four valid complaints of non-collection (Not achieved in 2010/11 with one valid complaint) |
| Changes to collection days are notified in the Wairoa Star in the week prior to the changed day | Achieved—All changes to collection days were notified in the Wairoa Star in the week prior to any change (Achieved in 2010/11) |
| All approved recyclable material deposited kerbside in approved bins is collected weekly on the designated day. Target—no valid complaints received | Not achieved—Two valid complaints received (Not achieved in 2010/11 with one valid complaint) |
| Reduction in the total volume of waste. Target—not more than 2900 Tonnes going into the landfill in 2011/12 | Achieved—2673 Tonnes recorded (Achieved in 2010/11 with 1970 recorded) |
| Council has current consents for all required purposes and there has been full compliance with all conditions of them during the year | Achieved—The Council was fully compliant with all consents during the year (Achieved in 2010/11) |
| Every rural school will have the opportunity to be involved in waste reduction, reuse, recycling and recovery | Not achieved—Educational programme is being revised for 2012/13 (Not achieved in 2010/11) |
| A bi-annual newsletter for waste education to be published | Achieved—Relevant articles incorporated into Wairoa District Council news publications in Wairoa Star (Achieved in 2010/11) |
| Litter control bylaw in place | Achieved (Achieved in 2010/11) |

| Service Levels and Targets | Performance Achieved |
|--|--|
| Fencing and screen planting along Fraser St will be maintained | Achieved—Fencing and screed planting maintained (Achieved in 2010/11) |
| Vegetation clearance within the landfill will be undertaken twice annually | Achieved—Vegetation clearance undertaken twice during the period (Achieved in 2010/11) |
| At least the current number of bins to be maintained and emptied frequently. Target—no complaints received | Not achieved—Four complaints received (Achieved in 2010/11) |
| No safety issues reported | Achieved—No safety issues reported (Achieved in 2010/11) |
| Budgeted expenditure (including any Council approved additional expenditure) not exceeded | Achieved—Net cost of \$726,373 is less than budget of \$773,373 (Achieved in 2010/11, with Net cost of \$681,055 less than budget of \$740,700). |
| Improve the satisfaction rating each year from 2007 score of 50% up to 80% by 2012 and maintain at 80% or above thereafter | Not achieved—Satisfaction level increased from 69% in 2010/11 to 74% in 2011/12 (Not Achieved in 2010/2011) |

COMMUNITY SURVEY - PERFORMANCE RATING

| Waste Management | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Very Satisfied/fairly satisfied | 58% | 56% | 47% | 47% | 49% | 66% | 64% | 69% | 74% |
| Not very satisfied | 34% | 36% | 43% | 49% | 48% | 31% | 30% | 24% | 18% |
| Don't know/NA | 8% | 8% | 10% | 4% | 3% | 3% | 7% | 7% | 8% |

WASTE MANAGEMENT*Statement of Cost of Service for the year ended 30 June 2012*

| | COSTS 2011/12 | REVENUE 2011/12 | NET COST 2011/12 | BUDGET 2011/12 | LTP 2011/12 | ACTUAL 2010/11 |
|---------------------------------|--------------------------|----------------------------|-----------------------------|---------------------------|------------------------|---------------------------|
| Waste Management | 1,036,764 | 310,391 | 726,373 | 773,018 | 736,815 | 681,055 |
| | <u>1,036,764</u> | <u>310,391</u> | <u>726,373</u> | <u>773,018</u> | <u>736,815</u> | <u>681,055</u> |
| Projects | | | | | | |
| Waste Management | 187,482 | | 187,482 | - | 5,500 | 268,198 |
| Waste Management - loan payment | - | | - | - | - | - |
| | <u>187,482</u> | | <u>187,482</u> | <u>-</u> | <u>5,500</u> | <u>268,198</u> |

Activity Group Three

TRANSPORT

1. Roads (District funded and Subsidised)
2. Parking
3. Airport

Roads (District funded & NZ Transport Agency Subsidised)

Activity Goal and Principal Objectives

1. To ensure that relevant legislation, regulations and bylaws are monitored and enforced such that Council meets its requirements;
2. To meet the community's needs for safe and efficient movement of people and goods by maintaining and developing the District's roading network;
3. Maintain the current network at "present day average" or better;
4. Provision of a safe and affordable roading network that contributes to the outcomes of the Land Transport Management Act and the objectives of the Regional Land Transport Strategy;
5. Ensure road safety continues to be a priority;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A strong prosperous and thriving economy

A safe and integrated transport system

The targets, performance measures and results below, including prior year comparatives, are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|--|---|
| All renewal and new capital work planned for the year completed to the predetermined standard during the year | Achieved—All planned roading projects completed to standard(Not achieved in 2010/11) |
| No more than 20 complaints received regarding sub-standard maintenance of footpaths or sub-standard cleaning of CBD area | Achieved—16 complaints received (Achieved in 2010/11 with 8 complaints received) |
| Walking and Cycling Strategy in place and programme for implementation included in long term planning | Achieved – walkway/cycleway construction strategy in place and Taylor's Bay walkway/cycleway installed. NZTA funding on hold. (Achieved in 2010/11) |
| All necessary resource consents obtained and all conditions complied with | Not achieved—All resource consents obtained and one non-conformance of conditions at Waikaretaheke Bridge pile works in waterway after 1 May 2012 (Achieved in 2010/11) |

| Service Levels and Targets | Performance Achieved |
|---|---|
| The network will be accessible at all times other than when closed by slips or other natural events except when closed in accordance with approved notice | Not achieved—Two recorded instances of roads not being accessible due to poor surface maintenance on Hereheretau and Kinikini Roads (Not achieved in 2010/11) |
| Road closures for events will be notified through Public Notices and residents of affected roads will be directly consulted | Achieved – no notified road closures required for 2011/12 (Achieved in 2010/11) |
| Average NAASRA* counts across sealed network to be less than 100 (i.e. a “fair” ride quality) (*National Association of Australian State Road Authorities - the measurement of surface ride quality) | Achieved—Average NAASRA = 91 (Fair = 80-110) (Achieved 94 in 2010/11) |
| No more than 10% of the sealed road network to be assessed as “very poor” | Not achieved—11% of network above NAASRA 150 (Achieved 5.6% in 2010/11) |
| A reducing number of accidents in each consequence category (fatal, injury, minor) | Not achieved—Fatal category in 2011 was the same as 2010 year end although achieved a decrease in injury and minor accidents (Not achieved in 2010/11) |
| No accidents attributable to “engineering” aspects of the road network (e.g. loose chip from reseals) | Achieved—1 minor injury accident resulted from loose chip on Nuhaka-Opoutama Rd sealed road repair and all required Traffic Management in place – accident attributed to driver speed (Achieved in 2010/11) |
| Budgeted expenditure (including any Council approved additional expenditure) not exceeded | Not achieved—NZTA and District funded roading net cost of \$5,810,091 and \$379,816 were cumulatively greater than the respective budgets of \$4,250,220 and \$474,166. (Achieved in 2010/11) |
| Long term target is to have no less than 75% of the respondents consider the land transport service to be “fairly good, very good or better” as measured by the annual public satisfaction survey. 72% target for 2010/11 | Not achieved—71% (69% in 2010/11) |

COMMUNITY SURVEY - PERFORMANCE RATING

| Roads | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Very Satisfied/fairly satisfied | 66% | 67% | 58% | 73% | 68% | 81% | 69% | 69% | 71% |
| Not very satisfied | 32% | 32% | 41% | 27% | 32% | 17% | 30% | 29% | 28% |
| Don't know/NA | 2% | 1% | 1% | | | 2% | 1% | 2% | 2% |

Parking

Activity Goal and Principal Objectives

1. To ensure that there is sufficient convenient, safe and secure parking for people visiting the Wairoa Central Business District;
2. To maintain the current car parking facilities at “present day” average condition or better through the provision of capital development and maintenance of the established (existing) car parks;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A strong prosperous and thriving economy

A safe and integrated transport system

The targets, performance measures and results below, including prior year comparatives, are intended to give an indication of Council’s progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|---|---|
| All renewal and new capital work planned for the year completed to the predetermined standard during the year | Achieved—Additional and improved parking provided at Wairoa College (Achieved in 2010/11) |
| No more than 10 complaints received regarding sub-standard maintenance of carparks | Achieved—two complaints received (Achieved in 2010/11) |
| Budgeted expenditure (including any Council approved additional expenditure) not exceeded | Achieved—Net cost of \$46,601 is less than budget of \$49,430 (Achieved in 2010/11) |
| Long term target is to have no less than 75% of the respondents consider the land transport service to be “fairly good, very good or better” as measured by the annual public satisfaction survey. 72% target for 2010/11 | Achieved—85% (Achieved in 2010/11 with 89%) |

| COMMUNITY SURVEY - PERFORMANCE RATING | | | | | | | | | |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Parking | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Very Satisfied/fairly satisfied | 83% | 85% | 80% | 78% | 86% | 82% | 86% | 89% | 85% |
| Not very satisfied | 16% | 14% | 20% | 22% | 13% | 17% | 14% | 10% | 14% |
| Don't know/NA | 1% | 1% | | | 1% | 1% | | 1% | 1% |

Airport

Activity Goal and Principal Objectives

1. Adopt proactive maintenance techniques combined with a sustainable renewals and capital works programme and to ensure that all preventative maintenance, renewals and other programmed works are completed on time and within budget;
2. Ensure the safe and efficient operation of the airport by providing the resources necessary to operate the airport;
3. Ensure that the airport remains operational at all times unless affected by adverse weather conditions;
4. Ensure that the activities undertaken at the airport are in accord with current Civil Aviation rules;
5. Ensure that agreed levels of service are provided;
6. Plan for the future by monitoring airport performance and need on a on-going basis to ensure it remains serviceable and meets community requirements;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A strong, prosperous and thriving economy.

A safe and integrated transport system

The targets, performance measures and results below are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|---|---|
| The airport is maintained and available for use with no more than 10 closures per year | Achieved – two car courses and one light outage (Achieved in 2010/11) |
| No health or safety incidents recorded at airport | Not achieved—Bird strikes on the runway continue (Not achieved in 2010/11) |
| All necessary resource consents obtained and all conditions complied with | Achieved—None required (Achieved in 2010/11) |
| Airport remains in Council ownership to provide a “lifeline” in time of need | Achieved (Achieved in 2010/11) |
| Budgeted expenditure (including any Council approved additional expenditure) not exceeded | Achieved—Net cost of \$21,906 is less than budget of \$29,090 (Achieved in 2010/11) |
| Not more than the number of complaints and requests for service received than the previous year | Achieved—No complaints in 2011 or 2012 (Achieved in 2010/11) |

TRANSPORT

Statement of Cost of Service for the year ended 30 June 2012

| | COSTS 2011/12 | REVENUE 2011/12 | NET COST 2011/12 | BUDGET 2011/12 | LTP 2011/12 | ACTUAL 2010/11 |
|----------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|------------------------------|---------------------------------|
| Airport | 54,727 | 32,821 | 21,906 | 29,090 | 23,537 | 5,939 |
| Roading (NZTA assisted) | 12,794,719 | 6,984,628 | 5,810,091 | 4,250,220 | 4,754,825 | 3,056,363 |
| Roading (District funded) | 392,139 | 12,323 | 379,816 | 474,166 | 453,229 | 380,445 |
| Infrastructural Works Unit | 725,405 | 886,253 | (160,848) | - | - | - |
| Parking | 46,601 | - | 46,601 | 49,430 | 50,419 | 36,087 |
| | <u>14,013,591</u> | <u>7,916,025</u> | <u>6,097,566</u> | <u>4,802,906</u> | <u>5,282,010</u> | <u>3,478,834</u> |
| Projects | | | | | | |
| Roading (NZTA assisted) | 7,530,911 | 6,056,368 | 1,474,543 | 2,859,528 | 2,620,430 | 3,306,787 |
| Roading (District funded) | 136,525 | | 136,525 | 146,500 | 150,176 | - |
| Infrastructural Works Unit | 2,512 | | 2,512 | - | - | 220,651 |
| Airport | - | | - | 5,000 | 5,670 | - |
| Parking | - | | - | - | - | - |
| | <u>7,669,948</u> | <u>6,056,368</u> | <u>1,613,580</u> | <u>3,011,028</u> | <u>2,776,276</u> | <u>3,527,438</u> |

Activity Group Four COMMUNITY FACILITIES

1. **Cemeteries**
2. **Parks & Reserves**
3. **Library**
4. **Community Support**
Museum
Community Funding/Support
Community Centre
Community Halls
5. **Pensioner Housing**

Cemeteries

Activity Goal and Principal Objectives

1. To manage and provide land and facilities for the burial or interment of ashes of the dead and their remembrance suitable for the current and foreseeable needs of the community;
2. To ensure that the cemetery is maintained to a standard that is consistent with the expectations of the community and shows respect for those interred;
3. To provide a safe and efficient service through compliance with relevant legislation and Council policy;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A safe and secure community

A lifetime of good health and wellbeing

A community that values and promotes its culture and heritage

The targets, performance measures and results below, including prior year comparatives, are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|---|---|
| Plots available at Nuhaka, Wairoa and Ruakituri | Achieved (Achieved in 2010/11) |
| Budgeted expenditure (including any Council approved additional expenditure) not exceeded | Achieved (Achieved in 2010/11) |
| Not less than 80% of the respondents rate the service as "fairly good or better" in the annual public satisfaction survey | Not Achieved—78% (Not achieved with 75% in 2010/11) |

COMMUNITY SURVEY - PERFORMANCE RATING

| Cemetery | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Very Satisfied/fairly satisfied | 84% | 80% | 65% | 72% | 69% | 80% | 80% | 75% | 78% |
| Not very satisfied | 2% | 3% | 6% | 7% | 6% | 4% | 2% | 5% | 4% |
| Don't know/NA | 14% | 17% | 29% | 21% | 25% | 16% | 18% | 20% | 18% |

Parks & Reserves

Activity Goal and Principal Objectives

1. To ensure that relevant legislation, regulations and bylaws are monitored and enforced such that Council meets its requirements;
2. Providing a network of reserves and community facilities for the public to use and enjoy;
3. Planning for the future including the adoption of proactive maintenance techniques combined with sustainable renewals and capital works programmes and to ensure that all preventative maintenance, renewals and other programmed works are completed on time and within budget;
4. Where possible, partnering with groups and clubs within the community;
5. Collaborating with the Department of Conservation and the Hawkes Bay Regional Council;
6. Advocating in the interests of our people and communities;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

Safe and accessible recreational facilities

The targets, performance measures and results below, including prior year comparatives, are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|---|---|
| No sales of reserves or sports grounds | Achieved—No sales during the period (Achieved 2010/11) |
| Public toilets continue to be available in the same locations as they are now | Achieved—No closures during the period (Achieved 2010/11) |
| No parks closures | Achieved —No closures during the period (Achieved 2010/11) |
| Not less than 80% of the respondents rate the service to be “fairly good, very good or better” in the annual public satisfaction survey | Achieved—84% (Achieved with 82% in 2010/11) |
| Playground safety standards met for all playgrounds | Not achieved- One valid complaint received. Note: existing unmodified playgrounds are not subject to changes in safety standards (Achieved in 2010/11). |
| No complaints of inadequate lighting | Achieved—No valid complaints received during the period (Achieved in 2010/11) |
| Budgeted expenditure (including any Council approved additional expenditure) not exceeded | Achieved—Net cost of \$649,616 less than budget of \$694,161 (Achieved in 2010/11, Net cost of \$628,947 less than budget of \$700,100) |

| COMMUNITY SURVEY - PERFORMANCE RATING | | | | | | | | | |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Parks and Reserves (Users) | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Very Satisfied/fairly satisfied | 76% | 80% | 87% | 83% | 80% | 83% | 84% | 88% | 90% |
| Not very satisfied | 21% | 17% | 11% | 13% | 15% | 12% | 11% | 8% | 7% |
| Don't know/NA | 3% | 3% | 2% | 4% | 5% | 5% | 5% | 4% | 3% |

Library

Activity Goal and Principal Objectives

1. Promote the library to the wider community as a centre for information, ideas and works of the imagination;
2. Explore and implement technologies that enhance communication, knowledge and information sharing locally, nationally and internationally;
3. Maintain collections, written and digital, so as to cater to the Wairoa community's needs, both current and future;
4. Promote reading and encourage and support lifetime learning and literacy;
5. Promote a "living room away from home" - a space that people can use and relax in and utilise for debates, educational programmes and activities;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A community that values and promotes its culture and heritage

Safe and accessible recreational facilities

Supportive, caring and valued communities

A lifetime of good health and wellbeing

The targets, performance measures and results below, including prior year comparatives, are intended to give an indication of Council's progress towards achieving the community outcomes listed above

| Service Levels and Targets | Performance Achieved |
|---|--|
| A maintained or increased number of library members | Not achieved – 2011/12 – 3,572 active borrowers (Achieved in 2010/11 – 3,612 active borrowers) |
| A maintained or increased number of library visits | Achieved (Not achieved in 2010/11) |
| A maintained or increased number of items issued | Not achieved – 2011/12 – 85,866 circulation issues (Not achieved in 2010/11 – 91,488 circulation issues) |
| The library is accessible to users during displayed opening hours | Achieved—The library was open during the hours displayed except for notified closures on public holidays (Achieved in 2010/11) |
| Opportunities are provided to participate in the annual Eastern & Central Region Summer Reading Programme via newspaper and the Council website | Achieved – widely advertised and participation as follows: Winter Warmers registrants = 93 Be a Legend Read! = 140 SRPlus registrants = 19 Read Plus registrants = 20 (Achieved in 2010/11) |
| All preventative maintenance, renewals and other programmed works are completed on time and within budget | Achieved (Achieved in 2010/11) |
| Level of customer satisfaction through survey indicates a "fairly good, very good or better" minimum 80% approval rating | Achieved—96% (Achieved 93% in 2010/11) |

| COMMUNITY SURVEY - PERFORMANCE RATING | | | | | | | | | |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Library (Users) | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Very Satisfied/fairly satisfied | 94% | 96% | 94% | 91% | 96% | 96% | 95% | 93% | 96% |
| Not very satisfied | 2% | 2% | 3% | 6% | 2% | 2% | 2% | 1% | 2% |
| Don't know/NA | 4% | 2% | 3% | 3% | 2% | 2% | 3% | 7% | 2% |

Community Support

Activity Goal and Principal Objectives

Council's goal is to provide a co-ordinated response to the provision of recreational, health, safety, education and other community services. In order to achieve this goal, and defined community outcomes, Council will:

1. Ensure community events, facilities and funding are available to foster community identity and participation; and to encourage the use of community facilities;
2. Allocate Council funding to organisations where appropriate;
3. Work co-operatively with other organisations to share information and to develop and monitor indicators and strategies to measure progress towards the district vision and community outcomes;
4. Enter into partnerships for the provision of community facilities and services to enhance the social, economic, environmental and cultural wellbeing of the Wairoa District as well as meet community outcomes;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A community that values and promotes its culture and heritage

Safe and accessible recreational facilities

Supportive, caring and valued communities

The targets, performance measures and results below, including prior year comparatives, are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|--|--|
| The number of customers visiting the Visitor Information Centre and level of customer satisfaction are the same or better than that of the previous year | Achieved (Achieved in 2010/11) |
| Overall user satisfaction of community halls and facilities through survey indicates a "fairly good, very good or better" approval rating of not less than 80% | Achieved—95% (Achieved 95% in 2010/11) |
| Council grants to funded organisations are paid in accordance with funding contracts/agreements | Achieved—All grants paid in accordance with contracts/agreements (Achieved in 2010/11) |
| Funding contracts/agreements are reviewed annually/triennially in accordance with existing funding contract specifications | Achieved—All agreements reviewed (Achieved in 2010/11) |
| Residents are satisfied with value for money through rates on supporting community facilities and organisations with an approval rating of not less than 80% | Not achieved—40% (Not achieved in 2010/11 with 51%) |

| COMMUNITY SURVEY - PERFORMANCE RATING | | | | COMMUNITY SURVEY - PERFORMANCE RATING | | |
|---------------------------------------|---------|---------|---------|---------------------------------------|---------|---------|
| Community Facilities Support | 2009/10 | 2010/11 | 2011/12 | Community Facilities Satisfaction | 2010/11 | 2011/12 |
| Very Satisfied/fairly satisfied | 51% | 51% | 40% | Very Satisfied/fairly satisfied | 95% | 95% |
| Neither satisfied/dissatisfied | 24% | 24% | 38% | Neither satisfied/dissatisfied | | |
| Dissatisfied/very dissatisfied | 20% | 17% | 17% | Dissatisfied/very dissatisfied | 5% | 5% |
| Don't know | 6% | 8% | 5% | Don't know | | |

Pensioner Housing

Activity Goal and Principal Objectives

The pensioner Housing activity goal is to:

1. Manage and maintain the pensioner housing assets to a standard and at a cost acceptable to the community and tenants;
2. Provide accommodation to those who are unable to access private sector rental properties;

In order to meet these goals and desired outcomes, Council will:

1. Manage all tenancies in accordance with the Residential Tenancy Act
2. Ensure all prospective tenants meet eligibility criteria
3. Regularly inspect pensioner housing units
4. Carry out pre and post occupancy inspections

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A safe and secure community

Supportive, caring and valued communities

The targets, performance measures and results below are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|---|--|
| Level of occupancy of the existing units. Target— not less than 75%. Occupancy annually | Achieved, 95-100% occupancy (95% in 2010/11) |
| All renewal and new capital work planned for the year completed to the predetermined standards required within the year | Achieved – Ramps installed as planned, within budget and to standard. (Achieved in 2010/11) |
| Annual inspections are conducted to identify any internal or external maintenance issues | Achieved – Annual inspections completed. (Achieved in 2010/11) |
| 100% compliance with relevant legislation and Council policy | Achieved – Tenancy agreements met (i.e. no Tribunal hearings) and Policy maintained and adhered to.(Achieved in 2010/11) |
| The number of reported health or safety incidents is the same or less than the previous year | Achieved – nil in 2011/12 (Achieved in 2010/11) |
| The cost related to this activity did not exceed the approved budget | Achieved—Net surplus of \$17,439 is greater than budgeted surplus of \$10,964 (Achieved in 2010/11) |
| 95% of all requests for service and complaints dealt with within the specified timeframes | Achieved – nil in 2011/12. (Achieved in 2010/11) |
| Less than 10 complaints from tenants per annum | Not achieved – 17 in 2011/12. (Achieved in 2010/11 – 5 complaints from tenants) |
| No Tenancy Tribunal related disputes with any of the tenants | Achieved – no litigation in 2011/12. (Achieved in 2010/11) |

COMMUNITY FACILITIES*Statement of Cost of Service for the year ended 30 June 2012*

| | COSTS 2011/12 | REVENUE 2011/12 | NET COST 2011/12 | BUDGET 2011/12 | LTP 2011/12 | ACTUAL 2010/11 |
|----------------------------|--------------------------|----------------------------|-----------------------------|---------------------------|------------------------|---------------------------|
| Parks & Reserves | 701,520 | 51,904 | 649,616 | 694,161 | 741,607 | 628,947 |
| Library | 343,839 | 12,067 | 331,772 | 327,376 | 322,864 | 302,265 |
| Museum | - | - | - | 92,158 | - | 95,000 |
| Community Support | 1,026,871 | 546,029 | 480,842 | 164,284 | 489,872 | 84,961 |
| Community Centre | 12,693 | - | 12,693 | 246,945 | - | 242,980 |
| Community Halls | 20,633 | - | 20,633 | 36,914 | - | 54,268 |
| Visitor Information Centre | 256,922 | 123,733 | 133,189 | 129,858 | - | 117,869 |
| Pensioner Housing | 74,331 | 91,770 | (17,439) | (10,964) | (12,935) | 40,658 |
| Cemeteries | 104,502 | 33,731 | 70,771 | 92,852 | 82,151 | 87,623 |
| Taskforce Green Scheme | 101,645 | 101,646 | (1) | - | - | - |
| | <u>2,642,956</u> | <u>960,880</u> | <u>1,682,076</u> | <u>1,773,584</u> | <u>1,623,559</u> | <u>1,654,571</u> |
| Projects | | | | | | |
| Parks & Reserves | 220,225 | | 220,225 | 170,000 | 113,400 | 32,155 |
| Library | 3,260 | | 3,260 | 58,440 | 46,340 | 47,920 |
| Cemetery | - | | - | - | - | - |
| Community Halls | 12,500 | | 12,500 | - | - | - |
| Pensioner Housing | 13,789 | | 13,789 | 31,340 | 11,340 | - |
| Community Centre | - | | - | 1,000,000 | - | - |
| | <u>249,774</u> | | <u>249,774</u> | <u>1,259,780</u> | <u>171,080</u> | <u>80,075</u> |

Activity Group Five PLANNING & REGULATORY

1. Resource Planning
2. Environmental Health
3. Bylaw Enforcement
 - Dog Control
 - Livestock Control
 - General
4. Building Inspection
5. Liquor Licensing
6. Emergency Management

Resource Planning

Activity Goals and Principal Objectives

1. To ensure that relevant legislation, regulations and bylaws are monitored and enforced such that Council meets its requirements;
2. To have in place a District Plan that meets the needs of the community, provides some certainty to developers and meets the requirements of the Resource Management Act 1991;
3. To have the capacity to assess and process Resource Consent applications in accordance with statutory timeframes;
4. To provide high quality information, advice and analysis to Council in order to facilitate the sustainable management of natural resources;
5. To manage natural resources sustainably using available statutes, plans and processes;
6. To monitor and revise the District Plan to ensure community outcomes are achieved and natural resources are managed in a sustainable manner;
7. To implement the Wairoa Coastal Strategy to ensure its goals and objectives are achieved;
8. To revise and update the District Profile on a regular basis so that information remains current;
9. To ensure all resource consent applications are processed in accordance with statutory requirements so as to limit Council's potential exposure to litigation;

Community Outcomes

An environment that is appreciated, protected and sustained for future generations

A safe and secure community

The targets, performance measures and results below are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|--|---|
| No Council resource consent or land use consent decisions subsequently overturned by the Environment Court | Achieved (Achieved in 2010/11) |
| No instances where legal proceedings have succeeded against the Council, alleging that it has acted unlawfully or has been negligent in the exercise of its responsibilities | Achieved - 1 Appeal lodged to the Environment Court re an abatement notice but the application for waiver was declined. (Achieved in 2010/11) |
| No actual or potential claims that have had to be notified to Council's insurers | Achieved (Achieved in 2010/11) |
| No health or safety incidents | Achieved (Achieved in 2010/11) |
| The cost related to this activity did not exceed the approved budget | Achieved (Achieved in 2010/11) |
| 100% of applications for consent dealt with within specified timeframes | Achieved (Achieved in 2010/11) |

Environmental Health

Activity Goal and Principal Objectives

1. To ensure that relevant legislation, regulations and bylaws are monitored and enforced such that Council meets its requirements and statutory obligations;
2. To ensure that all premises registered in terms of the Health Act are inspected on a regular basis, hygiene practices promoted and that food for human consumption is safe, wholesome and free from adulteration;
3. To provide an efficient customer service, particularly with regard to the matter of investigating and resolving complaints;
4. To utilise and monitor external contractors to deliver key environmental services which the Council is not able to carry out;
5. To fulfil an environmental health role within Council's structure in the event that emergencies or other unusual events arise;
6. To minimise adverse effects on public health in the community;
7. To ensure all environmental health functions are carried out within timeframe and budget;

Community Outcomes

A safe and secure community

A lifetime of good health and wellbeing

The targets, performance measures and results below are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|--|--|
| 100% of all registered premises inspected during the year | Achieved—All registered premises inspected (Achieved in 2010/11) |
| No sickness outbreaks that are known to have been caused or suspected to have been caused by persons purchasing contaminated food, or by the inadequate management (or of some other failing) of the public services | Achieved—Measure not actively monitored, but no incidents were reported during the period. (Achieved in 2010/11) |
| 100% of all complaints about unreasonable noise are responded to in accordance with legislation, regulations and Council policy | Achieved—All complaints resolved (Achieved in 2010/2011) |
| No health or safety incidents | Not achieved—4 accidents involving staff members were recorded. (Not achieved in 2010/11) |
| The net cost related to this activity did not exceed the approved budget | Achieved—Net cost of \$104,771 is less than budget of \$113,683 (Achieved in 2010/11) |
| Not less than 95% of all complaints dealt with within the specified timeframes | Achieved—All complaints dealt with within specified timeframes (Achieved in 2010/11) |

Bylaw Compliance—Dog Control

Activity Goal and Principal Objectives

1. To apply the enforcement provisions of the Dog Control Act 1996 and its amendments, which may include infringements notices (instant fines), prosecutions and other powers to enforce dog owner obligations and Act requirements;
2. To ensure that dogs are controlled such that there is no threat to people or property;
3. To ensure that complaints relating to dogs are responded to and suitable solutions found to resolve the complaint;
4. To ensure that dog owners are aware of the obligations of dog ownership;
5. All statutory dog control functions are carried out within timeframe and budget;

Community Outcomes

An environment that is appreciated, protected and sustained for future generations

A safe and secure community

A lifetime of good health and wellbeing

The targets, performance measures and results below, including prior year comparatives, are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|---|--|
| All known dogs registered by 30th June each year | Achieved—3568 dogs registered (Not achieved in 2010/11 with 2161 of 3826 dogs registered). |
| Annual Report about the administration of the Council's policy and dog control practices adopted by 30th August each year | Achieved—Policy on dog control practices open to discussions and submissions (Not achieved in 2010/11) |
| Council responds in accordance with legislation to 100% of complaints in relation to: Dogs attacking persons or animals Dogs rushing at persons, animals or vehicles Dogs causing serious injury Dogs at large and an immediate disturbance or threat to wildlife | Achieved—100% response to 288 complaints (Achieved 100% to 27 complaints 2010/11) |
| No health or safety incidents | Achieved—No health or safety incidents recorded (Achieved in 2010/11) |
| The cost related to this activity did not exceed the approved budget | Not achieved—Net cost of \$128,686 is greater than budget of \$111,805 (Achieved in 2010/11) |
| Not less than 95% of all complaints dealt with within the specified timeframe | Achieved—All complaints dealt with within specified timeframe (Achieved in 2010/11) |
| Not less than 70% of the respondents rate the service as "fairly good, or better" in the annual public satisfaction survey | Not achieved—56% (not achieved in 2010/11 with 66% satisfaction result) |

| COMMUNITY SURVEY - PERFORMANCE RATING | | | | | | | | | |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Dog Control | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Very Satisfied/fairly satisfied | 62% | 60% | 58% | 51% | 56% | 62% | 56% | 66% | 56% |
| Not very satisfied | 30% | 34% | 38% | 44% | 36% | 33% | 42% | 30% | 36% |
| Don't know/NA | 8% | 6% | 4% | 5% | 8% | 5% | 3% | 3% | 8% |

Bylaw Compliance—Livestock Control

Activity Goal and Principal Objectives

1. To ensure that relevant legislation, regulations and bylaws are monitored and enforced such that Council meets its requirements;
2. To ensure that livestock are controlled such that there is no threat to people or property;
3. To ensure that complaints relating to animal nuisances are responded to and suitable solutions found to resolve the complaint;
4. To ensure that Council owned stock paddocks are maintained to an appropriate standard;
5. All statutory livestock control functions are carried out within timeframe and budget;

Community Outcomes

A safe and secure community

The targets, performance measures and results below are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|---|--|
| At least 10% less complaints received about wandering stock than in the previous year | Not achieved—118 complaints received 2011/12 compared to 45 in 2010/11 (Achieved in 2010/11) |
| At least 10% less stock impounded than in the previous year | Not achieved—15 stock impounded 2011/12 (Not achieved in 2010/11 with 6 stock impounded) |
| No complaints received about the manner in which the Council has carried out its "Livestock Control" responsibilities | Achieved—No complaints received (Achieved in 2010/11) |
| The number of reported health or safety incidents are the same or less than the previous year | Achieved—No health or safety issues recorded (Achieved in 2010/11) |
| The cost related to this activity did not exceed the approved budget | Not achieved—Net cost of \$128,686 is greater than budget of \$111,805 (Achieved in 2010/11) |
| Not less than 95% of all complaints dealt with within the specified timeframe | Achieved—All complaints dealt with within specified timeframes (Achieved in 2010/11) |
| Not less than 70% of the respondents rate the service as "fairly good, or better" in the annual public satisfaction survey. | Achieved—84% (Achieved 83% in 2010/11) |

| COMMUNITY SURVEY - PERFORMANCE RATING | | | | | |
|---------------------------------------|---------|---------|---------|---------|---------|
| Livestock Control | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Very Satisfied/fairly satisfied | 69% | 79% | 78% | 83% | 84% |
| Not very satisfied | 20% | 13% | 12% | 11% | 10% |
| Don't know/NA | 11% | 8% | 10% | 7% | 7% |

Bylaw Compliance—General

Activity Goal and Principal Objectives

1. To ensure that relevant legislation, regulations and bylaws are monitored and enforced such that Council meets its requirements;

Community Outcomes

An environment that is appreciated, protected and maintained for future generations

A safe and secure community

A lifetime of good health and wellbeing

The targets, performance measures and results below are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|--|--|
| No Court decisions against the Council on the basis that any Council bylaw is, or the Council's enforcement of it has been unreasonable or ultra vires | Achieved (Achieved in 2010/11) |
| The cost related to this activity did not exceed the approved budget | Not achieved (Achieved in 2010/11) |
| Not less than 95% of all complaints dealt with within the specified timeframe | Not achieved – there is currently no means of measuring against this target available. (Achieved in 2010/11) |

Building Inspection

Activity Goal and Principal Objectives

The Building Control Activity Goal is:

An acceptable standard of building development within the District through the positive application of the Building Act 2004 and Act processes;

Council's objectives are to:

1. Ensure that relevant legislation, regulations and bylaws are monitored and enforced such that Council meets its requirements;
2. Ensure new and existing buildings within the District comply with the appropriate standards and codes;
3. Meet statutory deadlines for building consents processed under the Building Act 2004;
4. Employ effective, user-friendly consent handling and associated administrative processes;
5. Keep developers aware of issues that will affect their projects;
6. Promote the construction of safe and healthy buildings and ensure they are maintained in a safe and sanitary state;
7. Maintain a register of swimming pools within the District;
8. Have policies and procedures in place for the completion of audit on building warrants of fitness to ensure that building owners are complying with the requirements of compliance schedules;
9. Have policies and procedures in place for the completion of audit of independently qualified persons to ensure that they are performing in compliance with the Building Act 2004;
10. Ensure adequate staff are employed to complete all of the above;
11. Ensure staff receive adequate training to enable them to complete work to an acceptable standard;
12. Ensure that building consent activities are carried out within budget;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A strong, prosperous and thriving economy

An environment that is appreciated, protected and sustained for future generations

A safe and secure community

A lifetime of good health and wellbeing

The targets, performance measures and results below are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|--|--|
| Accreditation as a Building Consent Authority obtained and no compliance issues raised by the Building Consents Authority subsequently | Achieved—Reassessed by IANZ April 2012—Continuation of Accreditation confirmed 16 th August 2012. (Achieved in 2010/11) |
| No claims against the Council notified to Council's insurers during the year | Achieved—No claims notified to Wairoa District Council during the year (Achieved in 2010/11) |
| Number of consents still needing Code of Compliance Certificate. Target—10% reduction annually | Not achieved—513 as at 30 June 2012, compared to 395 as at 30 June 2011 (Not achieved 2010/11) |
| No unfenced or non-complying swimming pools identified during the year. | Not achieved—27 fences inspected over this period, 22 compliant fences and 5 failed fences. Owners have been given specific timeframes to bring up to compliance standard. 6 owners failed to reply to inspection request – to be followed up. (Not achieved in 2010/11) |
| Council responds to 100% of all known illegal or unauthorised buildings or instances of illegal or unauthorised building work identified during the year | Achieved—23 illegal or unauthorised buildings brought to the Council's attention and 23 Notices to Fix issued. 8 Rectified with 15 still in progress. (Achieved 2010/11) |

| Service Levels and Targets | Performance Achieved |
|---|--|
| No instances where legal proceeding have been taken against, or have threatened to be taken against, the Council, alleging that it has acted unlawfully or has been negligent in the exercise of its responsibilities | Achieved— No legal proceedings (Achieved in 2010/11) |
| The agreed level of service achieved with the total cost being met from fees and charges and no rate input, except for Council's statutory administrative duties (and then for a sum that does not exceed the amount in the approved annual budget) | Achieved—Net cost of service of \$115,038 is less than budget of \$146,402 (Not achieved in 2010/11) |
| 100% of consents processed within the prescribed times | Achieved—153 consents. 100% processed within 20 days (Achieved in 2010/11) |

Liquor Control

Activity Goal and Principal Objectives

1. To ensure that relevant legislation, regulations and bylaws are monitored and enforced such that Council meets its requirements;
2. To ensure liquor control produces positive health outcomes for the community as a whole;
3. Ensure appropriate resources are available to meet the legislative requirements of the activity;
4. Monitor activity to ensure interventions are resulting in the maintenance/improvement of a safe living environment and community outcomes are being met;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

An environment that is appreciated, protected and sustained for future generations

A safe and secure community

A lifetime of good health and wellbeing

The targets, performance measures and results below are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|---|---|
| 100% of all "On, Off and Club" licensed premises inspected during the year | Not achieved—Operating policy is only to inspect upon renewal (Not achieved in 2010/11) |
| Council responds in accordance with legislation to 100% of all known unlicensed liquor premises or other activities in contravention of the requirements of the Sale of Liquor Act 1989 | Achieved—No known unlicensed premises (Achieved in 2010/11) |
| Council responds in accordance with legislation to 100% of all situations where licenses have had to be suspended or revoked during the year | Achieved—No suspensions or revocations in the year. (Achieved in 2010/11) |
| The cost related to this activity did not exceed the approved budget | Not achieved—Net cost of service of \$22,058 is greater than budget of \$15,790 (Achieved in 2010/11) |
| Not less than 95% of all complaints dealt with within the specified timeframe | Achieved—No complaints (Achieved in 2010/11) |

Emergency Management

Activity Goal and Principal Objectives

The activity goal is to promote and protect the safety of the community.

The principal objectives of the Emergency Management activity are to ensure:

1. Relevant legislation, regulations and bylaws are monitored and enforced so that Council meets legislative requirements;
2. Communities are well prepared for emergencies;
3. Communities are responsible with respect to rural fire and civil defence activities and/or emergencies;
4. There is an appropriately resourced and trained network of volunteers for Emergency Management purposes;
5. There is appropriate leadership in an emergency/adverse event with quick response times and effective decision making;

Community Outcomes

An environment that is appreciated, protected and sustained for future generations

A safe and secure community

A lifetime of good health and wellbeing

The targets, performance measures and results below are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|---|---|
| Warden groups are established in all civil defence sectors | Achieved—Ten sectors in total (Achieved in 2010/11) |
| Rural Fire Plan maintained and meets statutory and local requirements | Achieved—Plan updated September 2010 (Achieved in 2010/11) |
| Response plans and SOP's are current and reflect perceived threats | Achieved—Plans have been revised (Not achieved in 2010/11) |
| Non-declared and declared events are responded to and recovered from efficiently and effectively in accordance with Hawkes Bay Civil Defence Emergency Management plans | Achieved— (Achieved in 2010/11) |
| All preventative maintenance, renewals and other programmed works are completed on time and within budget | Achieved—Net cost of \$224,386 is less than budget of \$247,213 (Achieved in 2010/11) |
| 90% of rural fire costs recovered | Achieved (Achieved in 2010/11) |
| 100% of claims on the National Rural Fire-Fighting Fund are successful | Achieved—No claims required (Achieved in 2010/11) |
| A Duty Officer is on call 24/7 for 365 days of the year | Achieved—Always at least one employee of Council with a pager on call (Achieved in 2010/11) |

PLANNING & REGULATORY*Statement of Cost of Service for the year ended 30 June 2012*

| | COSTS 2011/12 | REVENUE 2011/12 | NET COST 2011/12 | BUDGET 2011/12 | LTP 2011/12 | ACTUAL 2010/11 |
|----------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|------------------------------|---------------------------------|
| Resource Planning | 115,416 | 49,877 | 65,539 | 246,419 | 300,876 | 79,496 |
| Environmental Health | 118,460 | 13,689 | 104,771 | 113,683 | 120,624 | 93,797 |
| Building Inspection | 364,340 | 249,302 | 115,038 | 146,402 | 69,578 | 146,972 |
| Liquor Licensing | 28,663 | 6,605 | 22,058 | 15,790 | 15,215 | 17,457 |
| Bylaw Control | 329,817 | 201,131 | 128,686 | 111,805 | 106,190 | 98,085 |
| Safer Communities | 65,916 | 65,916 | - | - | - | - |
| Emergency Management | 234,921 | 10,535 | 224,386 | 247,213 | 281,322 | 240,388 |
| | <u>1,257,533</u> | <u>597,055</u> | <u>660,478</u> | <u>881,312</u> | <u>893,805</u> | <u>676,195</u> |

Projects

| | | | | | | |
|---|---------------|---|---------------|----------------|---------------|---------------|
| Environmental Health - Vehicle Purchase | - | - | - | 20,000 | - | - |
| Environmental Health - Camera | - | - | - | 3,000 | - | - |
| Regulatory | 19,521 | - | 19,521 | - | 60,000 | 25,657 |
| Emergency Management | 42,469 | - | 42,469 | 203,000 | - | 51,818 |
| | <u>61,990</u> | | <u>61,990</u> | <u>226,000</u> | <u>60,000</u> | <u>77,475</u> |

Activity Group Six LEADERSHIP & GOVERNANCE

1. **Community Representation**
2. **Maori Liaison**
3. **Economic Development**

Community Representation

Activity Goal and Principal Objectives

1. To ensure participation in the provision of effective representation and governance for and on behalf of the District;
2. To ensure the provision of triennially elected Council of one Mayor and six representatives;
3. To ensure people participate in the decision making processes of the elected Council and regular opportunities are provided for community involvement and participation;
4. To ensure Council and Councillor representatives' roles are effectively and efficiently performed in the best interests of the whole community;
5. To ensure the effective and efficient servicing of the Council;
6. To ensure the timely provision of advice and understanding on issues relevant to Maori and Tangata Whenua;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A strong, prosperous and thriving economy

A safe and integrated transport system

A community that values and promotes its culture and heritage

Safe and accessible recreational facilities

Supportive, caring and valued communities

Strong district leadership and a sense of belonging

A safe and secure community

A lifetime of good health and wellbeing

An environment that is appreciated, protected and sustained for future generations

The targets, performance measures and results below, including prior year comparatives, are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|--|---|
| Business conducted in confidence is kept to a minimum, and where decisions are deemed to not be of a sensitive nature, confidential items are released as public information | Achieved—Confidential items kept to a minimum (Achieved in 2010/11) |
| Council's Code of Conduct, Policies and other such documentation are available to the public on request and/or from Council's website | Achieved—All policies provided/available on request (Achieved in 2010/11) |
| Council's activities meet legislative requirements | Achieved—All activities performed in accordance with legislative requirements (Achieved in 2010/11) |
| The roles of Councillors, the Chief Executive Officer and all other officers of Council are clearly defined | Achieved—All roles clearly defined (Achieved in 2010/11) |
| Lines of accountability and delegation are defined | Achieved—Lines of accountability and delegation are clearly defined (Achieved in 2010/11) |
| No complaints are upheld against Council for not publicly consulting via the special consultative procedure when it was legally required to do so | Achieved—No complaints upheld (Achieved in 2010/11) |

| Service Levels and Targets | Performance Achieved |
|---|--|
| Opportunities are provided for community groups, ratepayers, tangata whenua and stakeholders to fully participate in consultation and the development and fostering of community outcomes | Achieved—Opportunities provided for all stakeholders to engage in consultation (Achieved in 2010/11) |
| The costs related to this activity did not exceed the approved budget | Achieved—Net costs of \$1,162,878 less than budget of \$1,228,495 (Achieved in 2010/11) |
| Mayor and Councillors “not very good or poor” rating in annual survey is less than 10% | Achieved—6% rated performance not very good or poor (Achieved 8% in 2010/11) |
| Council staff “not very good or poor” rating in annual survey is less than 10% | Achieved—5% rated performance not very good or poor (Achieved 9% in 2010/11) |

COMMUNITY SURVEY - PERFORMANCE RATING

| Mayor and Councillors | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
|-----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Very good/fairly good | 69% | 67% | 46% | 57% | 54% | 59% | 61% | 71% | 69% |
| Just acceptable | 21% | 18% | 34% | 30% | 31% | 30% | 28% | 16% | 21% |
| Not very good/poor | 6% | 11% | 15% | 10% | 9% | 8% | 9% | 8% | 6% |
| Don't know | 4% | 4% | 5% | 3% | 6% | 3% | 2% | 5% | 5% |

Maori Liaison

Activity Goal and Principal Objectives

The principal goal of Maori Liaison is to provide qualified strategic and social policy advice on matters that impact on Tangata Whenua and the wider Maori community, to Council and management in the pursuit of sound well-founded decisions

The principle objectives of Maori Liaison are to ensure:

1. All Council decisions on matters that impact on tangata whenua and the Maori community are supported by robust analysis covering the four well beings;
2. Decisions are evidence based, transparent and future focussed;
3. Tangata whenua and the Maori community are included in Council decision making processes;
4. Decisions and policies of Council are clearly communicated publicly and internally regarding matters that impact on tangata whenua and the Maori community;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A community that values and promotes its culture and heritage

The targets, performance measures and results below are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|--|---|
| The required number of nominated representatives are received within established timeframes and appointments made to Council's Maori Committee | Achieved (Achieved in 2010/11) |
| No less than bi-monthly meetings of the Maori Committee are scheduled, advertised and conducted on the advertised day | Achieved, meetings held monthly (Achieved in 2010/11) |
| Maori Committee meetings, public meetings and special consultative meetings provide opportunities for Maori to contribute to the decision making process | Achieved—Opportunities provided for Maori to contribute to decision making process as required by the Local Government Act 2002 (Achieved in 2010/11) |
| Consultation meetings and hui relating to Iwi, Hapu Marae and the wider community are scheduled as required | Achieved (Achieved in 2010/11) |
| Agreed levels of service are achieved within budget | Achieved (Achieved in 2010/11) |
| Council offices are open during the hours displayed | Achieved—Council offices were open during the hours displayed (Achieved in 2010/11) |
| All complaints are responded to within established timelines | Achieved—All complaints responded to within established timeframes (Achieved in 2010/11) |

Economic Development

Activity Goal and Principal Objectives

Council's goal is to provide an economic environment conducive to growth of a strong and diverse economy that enhances the community's values, resources, environment and lifestyle. In order to achieve this goal and defined community outcomes, Council will:

1. Ensure transport and infrastructure planning is co-ordinated for each community;
2. Ensure active participation in the Tairāwhiti Development Partnership and achievement of key Partnership outcomes;
3. Ensure Council plans and processes support the development of strategies for sustainable economic development;
4. Support programmes aimed at restoring the productivity of Maori land and other marginal land types;
5. Ensure the local delivery of national business development programmes;
6. Encourage local networking and clusters;
7. Attract new investment;
8. Continue to provide a Visitor Information Centre;
9. Develop visitor and recreational amenities;
10. Maintain funding support for destination marketing;
11. Ensure responsible environmental practices are encouraged;
12. Encourage enhancement of the town centre to ensure Wairoa retains an attractive retail centre;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A strong, prosperous and thriving economy

The targets, performance measures and results below are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|---|--|
| Economic Development plan developed and delivered | Achieved and on-going |
| The number of visitors to the Visitor Information Centre. Target—not less than 5% more p.a. | Achieved 2011/12 – 15,878 visitors (Achieved in 2010/11 – 15,531 visitors) |
| An annual reduction in, or at least no increase in, the number of unemployed compared with the end of the previous year | Not achieved 2011/12 – 1,108 unemployed (Achieved in 2010/11 – 1,056 unemployed) |
| The cost related to this activity did not exceed the proposed budget | Achieved (Achieved in 2010/11) |
| The Council is satisfied that it (or the relevant community group) has received during the year all of the financial assistance to which it (or they) were entitled, in order to assist the economic development of the district and the region | Achieved—Council believes that all financial assistance entitlements were received (Achieved in 2010/11) |
| All complaints dealt with within the prescribed timeframes | Achieved (Achieved in 2010/11) |

LEADERSHIP & GOVERNANCE*Statement of Cost of Service for the year ended 30 June 2012*

| | COSTS 2011/12 | REVENUE 2011/12 | NET COST 2011/12 | BUDGET 2011/12 | LTP 2011/12 | ACTUAL 2010/11 |
|--------------------------|--------------------------|----------------------------|-----------------------------|---------------------------|------------------------|---------------------------|
| Community Representation | 1,163,011 | 133 | 1,162,878 | 1,228,495 | 1,230,737 | 1,126,217 |
| Maori Liaison | 82,120 | 3,000 | 79,120 | 150,272 | 130,591 | 109,998 |
| Economic Development | 65,675 | 3,500 | 62,175 | 163,187 | 206,709 | 28,157 |
| Total | <u>1,310,806</u> | <u>6,633</u> | <u>1,304,173</u> | <u>1,541,954</u> | <u>1,568,037</u> | <u>1,264,372</u> |
| Projects | | | | | | |
| Economic Development | 21,897 | | 21,897 | - | - | - |
| | <u>21,897</u> | | <u>21,897</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Activity Group Seven CORPORATE FUNCTIONS

- 1. Support Services**
 - Management**
 - Administration**
 - Financial Management**
 - Information Management**
 - Asset Management**
- 2. Property Management**
- 3. Corporate & Funds Management**

Corporate Functions

Activity Goal and Principal Objectives

1. To provide effective and efficient internal support services to all parts of Council;
2. To assist all Council departments by means of support services to ensure that all statutory obligations are met;
3. To actively support the implementation, development and enforcement of policy relating to support services;
4. To provide a reliable information systems environment;
5. To ensure Council is provided with sound financial information and advice, with a view to Council making reliable decisions on strategic directions;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

All Outcomes

SUPPORT SERVICES*Statement of Cost of Service for the year ended 30 June 2012*

| | COSTS 2011/12 | REVENUE 2011/12 | NET COST 2011/12 | BUDGET 2011/12 | LTP 2011/12 | ACTUAL 2010/11 |
|--------------------------|-------------------------|---------------------------|----------------------------|--------------------------|-----------------------|--------------------------|
| Management | 216,314 | - | 216,314 | 226,256 | 226,319 | 214,681 |
| Administration Services | 786,141 | 4,459 | 781,682 | 825,491 | 825,491 | 746,604 |
| Financial Services | 873,496 | 4,633 | 868,863 | 879,221 | 812,836 | 830,960 |
| Information Services | 488,187 | 1,418 | 486,769 | 532,404 | 501,127 | 444,251 |
| Engineering Services | 564,145 | 1,250 | 562,895 | 626,787 | 630,654 | 158,713 |
| Less Overhead Allocation | | | (2,916,523) | (3,090,159) | (2,996,427) | (2,395,209) |
| | <u>2,928,283</u> | <u>11,760</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Projects | | | | | | |
| Administration Services | - | - | - | - | - | - |
| Information Services | 81,407 | - | 81,407 | 164,604 | 119,200 | 135,482 |
| Engineering | - | - | - | - | - | 73,631 |
| Corporate Services | - | - | - | - | - | - |
| | <u>81,407</u> | | <u>81,407</u> | <u>164,604</u> | <u>119,200</u> | <u>209,113</u> |

This statement records the cost of operating Council's administrative and support functions and other costs not directly attributable to any activity. These costs are all allocated via the overhead allocation process to the significant activities so that the net cost of Support Services is nil.

Property Management

Activity Goal and Principal Objectives

1. To ensure that Council retains property required to meet its needs;
2. To maintain its property holdings in good condition to maintain the value of Council's investment;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

1. All outcomes

The targets, performance measures and results below are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|--|---|
| Report to Council on any new sales or purchases | Achieved – no sales or purchases. (Achieved in 2010/11) |
| All maintenance and renewal work completed within budget and to agreed standard | Achieved - (Achieved in 2010/11) |
| Compliance with all health and safety standards | Achieved – no complaints or reports of property health and safety issues. (Achieved in 2010/11) |
| The level of service was achieved for not more than the approved budget for the year | Achieved - (Achieved in 2010/11) |
| Not more than the number of requests for service than in the previous year | Not achieved – 6 CSR's received. (Achieved in 2010/11 – 3 CSR's received) |

Corporate and Funds Management

Activity Goal and Principal Objectives

1. To maintain adequate cash reserves as a prudent public entity;
2. To invest in equity, property and treasury investments to maximise return on investment;
3. To invest in equity, property etcetera to meet the strategic and social needs of the district;

Community Outcomes

The community outcomes to which this activity primarily contributes are:

1. **All outcomes**

The targets, performance measures and results below are intended to give an indication of Council's progress towards achieving the community outcomes listed above.

| Service Levels and Targets | Performance Achieved |
|--|--|
| Quarterly reports on investments provided to Council | Not achieved (Not achieved in 2010/11) |
| Regular reporting to Council on key investment targets | Not achieved (Not achieved in 2010/11) |
| Interest income meets or exceeds budgeted level | Not achieved (Not achieved in 2010/11) |
| The level of service was achieved for not more than the approved budget for the year | Not achieved (Achieved in 2010/11) |

INVESTMENTS*Statement of Cost of Service for the year ended 30 June 2012*

| | COSTS 2011/12 | REVENUE 2011/12 | NET COST 2011/12 | BUDGET 2011/12 | LTP 2011/12 | ACTUAL 2010/11 |
|----------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|------------------------------|---------------------------------|
| Property | 112,439 | 113,452 | (1,013) | 38,027 | 40,554 | 69,700 |
| Funds Management | 22,763 | 94,380 | (71,617) | (1,197,317) | (1,262,180) | (1,079,973) |
| Dividends | - | 150,000 | (150,000) | (190,000) | - | (200,000) |
| Corporate | 735,734 | 74,211 | 661,523 | (36,000) | - | 2,898 |
| | <u>870,936</u> | <u>432,043</u> | <u>438,893</u> | <u>(1,385,290)</u> | <u>(1,221,626)</u> | <u>(1,207,375)</u> |
| Less Internal Reallocation | | | | | | - |
| | <u>870,936</u> | <u>432,043</u> | <u>438,893</u> | <u>(1,385,290)</u> | <u>(1,221,626)</u> | <u>(1,207,375)</u> |
| Less Interest Received | | 241,212 | 241,212 | | | 657,297 |
| | <u>870,936</u> | <u>190,831</u> | <u>680,105</u> | <u>(1,385,290)</u> | <u>(1,221,626)</u> | <u>(550,078)</u> |
| Projects | | | | | | |
| Corporate Property | | | - | - | 22,000 | 8,915 |
| Commercial Properties | | | - | - | - | - |
| Sundry Property | 12,540 | | 12,540 | 2,000 | - | 3,610 |
| | <u>12,540</u> | | <u>12,540</u> | <u>2,000</u> | <u>22,000</u> | <u>12,525</u> |

Activity Group Eight TRADING ACTIVITIES

1. Council Controlled Organisations

Council Controlled Organisations

Principal Objectives

1. To ensure the company is profitable and all financial targets are met;
2. To ensure the company has a positive cash flow;
3. To ensure the governance of the company is effective;

| Service Levels and Targets | Performance Achieved |
|--|--|
| To achieve target net profit, as per Statement of Intent | Not achieved (Not achieved in 2010/11) |
| To provide a dividend of 50% of tax paid profit | Not achieved (Not achieved in 2010/11) |
| Maintain a return on equity as per Statement of Intent | Not achieved (Not achieved in 2010/11) |
| Maintain a current ratio > 1 (current assets/current liabilities) | Achieved (Achieved in 2010/11) |
| Cost of debt servicing to be less than 20% of revenue (interest/total sales) | Achieved (Achieved in 2010/11) |
| Maintain a 45% equity ratio (equity/total assets) | Achieved (Achieved in 2010/11) |

Note: There have been no changes in QRS policies and activities throughout the year.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

| | Notes | COUNCIL 2011/12 ACTUAL | COUNCIL 2011/12 ANNUAL PLAN | COUNCIL 2011/12 LTP | COUNCIL 2010/11 ACTUAL | GROUP 2011/12 ACTUAL | GROUP 2010/11 ACTUAL |
|---|-------|------------------------------|-----------------------------------|---------------------------|------------------------------|----------------------------|----------------------------|
| REVENUES | | | | | | | |
| Rates | 1 | 9,743,050 | 9,246,141 | 10,297,756 | 9,587,884 | 9,743,050 | 9,402,675 |
| Subsidies and Grants | 32 | 14,764,885 | 8,046,368 | 7,647,210 | 10,043,277 | 14,764,885 | 10,043,277 |
| Petrol Tax | | 66,089 | 70,000 | 70,000 | 70,168 | 66,089 | 70,168 |
| Construction Revenue | | - | - | - | - | 6,600,632 | 3,745,989 |
| Fees and Charges | | 2,510,796 | 1,698,845 | 1,990,936 | 1,805,919 | 2,353,461 | 1,607,825 |
| Investment Income | 3 | 358,927 | 1,458,857 | 1,382,100 | 1,334,941 | 231,589 | 1,163,092 |
| Miscellaneous Income | | 7,027 | - | - | 14,010 | 7,027 | 14,655 |
| | | <u>27,450,774</u> | <u>20,520,211</u> | <u>21,388,002</u> | <u>22,856,199</u> | <u>33,766,733</u> | <u>26,047,681</u> |
| | 36 | <u>27,450,774</u> | <u>20,520,211</u> | <u>21,388,002</u> | <u>22,856,199</u> | <u>33,766,733</u> | <u>26,047,681</u> |
| EXPENDITURE | | | | | | | |
| Water Services | | 3,009,042 | 2,975,113 | 3,601,938 | 3,551,621 | 3,009,042 | 3,551,621 |
| Solid Waste | | 1,036,764 | 1,078,018 | 1,111,035 | 998,654 | 1,036,764 | 998,654 |
| Transport | | 14,013,591 | 8,856,510 | 9,658,200 | 13,312,492 | 14,013,591 | 13,312,492 |
| Community Facilities | | 2,642,956 | 2,057,085 | 1,941,283 | 2,063,297 | 2,642,956 | 2,063,297 |
| Planning & Regulatory | | 1,257,533 | 1,340,430 | 1,394,640 | 1,514,454 | 1,257,533 | 1,514,454 |
| Leadership & Governance | | 1,310,806 | 1,541,954 | 1,568,037 | 1,329,539 | 1,310,806 | 1,329,539 |
| Investments | | 112,439 | 68,567 | 76,239 | 124,667 | 112,439 | 124,667 |
| Corporate | | 770,257 | 75,000 | 154,235 | 272,285 | 770,257 | 87,076 |
| Expenditure - QRS | | - | - | - | - | 5,881,867 | 3,233,403 |
| | | <u>24,153,388</u> | <u>17,992,677</u> | <u>19,505,607</u> | <u>23,167,009</u> | <u>30,035,255</u> | <u>26,215,203</u> |
| Surplus (Deficit) before Capital Gain | | 3,297,386 | 2,527,534 | 1,882,395 | (310,810) | 3,731,478 | (167,522) |
| Capital Gain (Loss) on sale of Assets | | - | - | - | - | - | - |
| Plus: increase (decrease) in biological asset | | - | - | - | - | - | - |
| Operating Surplus (Deficit) before taxation | | <u>3,297,386</u> | <u>2,527,534</u> | <u>1,882,395</u> | <u>(310,810)</u> | <u>3,731,478</u> | <u>(167,522)</u> |
| Taxation | 9 | - | - | - | - | 205,266 | 133,018 |
| Net Surplus (Deficit) after taxation | | <u>3,297,386</u> | <u>2,527,534</u> | <u>1,882,395</u> | <u>(310,810)</u> | <u>3,526,212</u> | <u>(300,540)</u> |
| OTHER COMPREHENSIVE INCOME | | | | | | | |
| Property, Plant and Equipment - Increase (Decrease) in revaluation reserve | | 5,640,495 | - | - | 15,748,899 | 5,640,495 | 15,748,899 |
| TOTAL COMPREHENSIVE INCOME | | <u>8,937,881</u> | <u>2,527,534</u> | <u>1,882,395</u> | <u>15,438,089</u> | <u>9,166,707</u> | <u>15,448,359</u> |

STATEMENT OF CHANGES IN EQUITY*For the year ended 30 June 2012*

| | COUNCIL 2011/12 ACTUAL | COUNCIL 2011/12 ANNUAL PLAN | COUNCIL 2011/12 LTP | COUNCIL 2010/11 ACTUAL | GROUP 2011/12 ACTUAL | GROUP 2010/11 ACTUAL |
|----------------------------------|---------------------------------------|--|------------------------------------|---------------------------------------|-------------------------------------|-------------------------------------|
| Equity at 1 July 2011 | 204,177,802 | 190,549,947 | 211,267,935 | 188,739,713 | 207,907,135 | 192,458,776 |
| Net Surplus/(Deficit) for period | 3,297,386 | 2,527,534 | 1,882,395 | (310,810) | 3,526,212 | (300,540) |
| Other Comprehensive Income | 5,640,495 | - | - | 15,748,899 | 5,640,495 | 15,748,899 |
| Total Comprehensive Income | <u>8,937,881</u> | <u>2,527,534</u> | <u>1,882,395</u> | <u>15,438,089</u> | <u>9,166,707</u> | <u>15,448,359</u> |
| Equity at 30 June 2012 | <u>213,115,683</u> | <u>193,077,481</u> | <u>213,150,330</u> | <u>204,177,802</u> | <u>217,073,842</u> | <u>207,907,135</u> |

The accompanying notes form part of the Financial Statements

STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2012

| | Notes | COUNCIL 2011/12 ACTUAL | COUNCIL 2011/12 ANNUAL PLAN | COUNCIL 2011/12 LTP | COUNCIL 2010/11 ACTUAL | GROUP 2011/12 ACTUAL | GROUP 2010/11 ACTUAL |
|-------------------------------------|-------|------------------------------|-----------------------------------|---------------------------|------------------------------|----------------------------|----------------------------|
| CURRENT ASSETS | | | | | | | |
| Cash and cash equivalents | 7 | 2,785,658 | 3,249,617 | 4,051,978 | 3,619,825 | 3,886,338 | 5,329,882 |
| Inventories | 5 | 42,035 | 44,590 | 38,000 | 48,513 | 1,144,403 | 903,710 |
| Trade & other receivables | 4 | 6,433,205 | 4,314,912 | 3,934,536 | 6,270,970 | 7,774,072 | 7,598,664 |
| Financial assets at fair value | 6 | 11,504,972 | 14,113,538 | 11,928,755 | 12,512,160 | 11,504,972 | 12,512,160 |
| Total Current Assets | | <u>20,765,870</u> | <u>21,722,657</u> | <u>19,953,269</u> | <u>22,451,468</u> | <u>24,309,785</u> | <u>26,344,416</u> |
| LESS CURRENT LIABILITIES | | | | | | | |
| Trade & other payables | 8 | 4,546,889 | 5,072,355 | 4,980,505 | 3,995,163 | 5,155,311 | 5,079,175 |
| Term Liabilities - Current Portion | 10 | - | - | - | - | 365,195 | 431,559 |
| Taxation | | - | - | - | - | 154,618 | - |
| Total Current Liabilities | | <u>4,546,889</u> | <u>5,072,355</u> | <u>4,980,505</u> | <u>3,995,163</u> | <u>5,675,124</u> | <u>5,510,734</u> |
| Working Capital | | 16,218,981 | 16,650,302 | 14,972,764 | 18,456,305 | 18,634,661 | 20,833,682 |
| NON CURRENT ASSETS | | | | | | | |
| Property, Plant & Equipment | 12 | 196,206,586 | 175,634,770 | 202,725,870 | 184,831,884 | 199,832,076 | 188,200,229 |
| Loans & other receivables | 13 | 2,248 | 8,267 | 106,370 | 5,310 | 2,248 | 5,310 |
| Investments in Subsidiary | 14 | 1,250,000 | 1,250,000 | 1,250,000 | 1,250,000 | - | - |
| Investment Property | 15 | 277,000 | 277,000 | - | 277,000 | 277,000 | 277,000 |
| Biological asset - forestry | 17 | 69,946 | 64,946 | 144,430 | 64,946 | 69,946 | 64,946 |
| Available for sale financial assets | 16 | 22,992 | 22,992 | 22,992 | 22,992 | 22,992 | 22,992 |
| Intangible Assets | 11 | 108,193 | 26,592 | 52,000 | 86,550 | 292,086 | 283,941 |
| Deferred Taxation | 9 | - | - | - | - | 408,042 | 309,002 |
| | | <u>197,936,965</u> | <u>177,284,567</u> | <u>204,301,662</u> | <u>186,538,682</u> | <u>200,904,390</u> | <u>189,163,420</u> |
| NON CURRENT LIABILITIES | | | | | | | |
| Employee Entitlements | 20 | 189,745 | - | 334,196 | 213,105 | 260,384 | 279,562 |
| Landfill Aftercare | 28 | 850,518 | 857,388 | 812,000 | 604,080 | 850,518 | 604,080 |
| Quarry Aftercare | 29 | - | - | - | - | 132,189 | 126,881 |
| Borrowings | 10 | - | - | 4,977,900 | - | 1,222,118 | 1,079,444 |
| | | <u>1,040,263</u> | <u>857,388</u> | <u>6,124,096</u> | <u>817,185</u> | <u>2,465,209</u> | <u>2,089,967</u> |
| Net Assets | | <u>213,115,683</u> | <u>193,077,481</u> | <u>213,150,330</u> | <u>204,177,802</u> | <u>217,073,842</u> | <u>207,907,135</u> |
| Represented by | | | | | | | |
| Equity | 18 | <u>213,115,683</u> | <u>193,077,481</u> | <u>213,150,330</u> | <u>204,177,802</u> | <u>217,073,842</u> | <u>207,907,135</u> |

The accompanying notes form part of the Financial Statements

STATEMENT OF CASH FLOWS
For the year ended 30 June 2012

| | COUNCIL 2011/12 ACTUAL | COUNCIL 2011/12 ANNUAL PLAN | COUNCIL 2011/12 LTP | COUNCIL 2010/11 ACTUAL | GROUP 2011/12 ACTUAL | GROUP 2010/11 ACTUAL |
|--|---------------------------------------|--|------------------------------------|---------------------------------------|-------------------------------------|-------------------------------------|
| OPERATING ACTIVITIES | | | | | | |
| Cash was provided from: | | | | | | |
| Rates received | 9,853,880 | 9,246,141 | 10,297,756 | 9,511,035 | 9,853,880 | 9,511,035 |
| Revenue from services provided and subsidies | 16,954,309 | 9,625,212 | 11,090,246 | 9,903,723 | 20,743,799 | 13,313,799 |
| Dividends received | 150,000 | 190,000 | - | 200,000 | - | - |
| Interest received | 358,927 | 1,458,857 | - | 1,156,229 | 381,589 | 1,184,380 |
| | <u>27,317,116</u> | <u>20,520,210</u> | <u>21,388,002</u> | <u>20,770,987</u> | <u>30,979,268</u> | <u>24,009,214</u> |
| Cash was applied to: | | | | | | |
| Payments to Suppliers & Employees | 17,892,653 | 14,345,997 | 15,179,053 | 18,421,089 | 20,856,060 | 19,432,774 |
| Taxation | - | - | - | - | 127,054 | 278,224 |
| Interest Paid | - | - | 323,564 | - | 107,171 | 134,924 |
| | <u>17,892,653</u> | <u>14,345,997</u> | <u>15,502,617</u> | <u>18,421,089</u> | <u>21,090,285</u> | <u>19,845,922</u> |
| Net Cash Flow from Operations | 19 <u>9,424,463</u> | <u>6,174,213</u> | <u>5,885,385</u> | <u>2,349,898</u> | <u>9,888,983</u> | <u>4,163,292</u> |
| INVESTING ACTIVITIES | | | | | | |
| Cash was provided from: | | | | | | |
| Decrease in Loans & Other Receivables | - | - | - | 2,957 | - | 2,957 |
| Sale of Property, Plant & Equipment | - | - | 30,000 | - | 94,964 | 38,033 |
| Sale of Financial Assets | (1,938) | - | 150,000 | 2,352,000 | (1,938) | 2,352,000 |
| | <u>(1,938)</u> | <u>-</u> | <u>180,000</u> | <u>2,354,957</u> | <u>93,026</u> | <u>2,392,990</u> |
| Cash was applied to: | | | | | | |
| Increase in loans & advances | - | - | 48,213 | - | - | - |
| Purchase of Intangibles | 56,374 | - | - | 60,385 | 99,374 | 69,445 |
| Purchase of Financial Assets | - | - | 325,420 | 934,400 | - | 934,400 |
| Purchase of Property, Plant & Equipment | 10,200,318 | 8,494,312 | 8,509,882 | 5,601,366 | 11,402,489 | 6,209,928 |
| | <u>10,256,692</u> | <u>8,494,312</u> | <u>8,883,515</u> | <u>6,596,151</u> | <u>11,501,863</u> | <u>7,213,773</u> |
| Net Cash Flows from Investing Activities | <u>(10,258,630)</u> | <u>(8,494,312)</u> | <u>(8,703,515)</u> | <u>(4,241,194)</u> | <u>(11,408,837)</u> | <u>(4,820,783)</u> |
| FINANCING ACTIVITIES | | | | | | |
| Cash was provided from: | | | | | | |
| Loans Raised | - | - | 3,440,000 | - | 529,454 | - |
| | <u>-</u> | <u>-</u> | <u>3,440,000</u> | <u>-</u> | <u>529,454</u> | <u>-</u> |
| Cash was applied to: | | | | | | |
| Borrowings Repaid | - | - | - | - | 453,144 | 529,902 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>453,144</u> | <u>529,902</u> |
| Net Cash Flows from Financing Activities | <u>-</u> | <u>-</u> | <u>3,440,000</u> | <u>-</u> | <u>76,310</u> | <u>(529,902)</u> |
| Net Increase/(Decrease) | <u>(834,167)</u> | <u>(2,320,099)</u> | <u>621,870</u> | <u>(1,891,296)</u> | <u>(1,443,544)</u> | <u>(1,187,393)</u> |
| Plus opening cash & cash equivalents | 3,619,825 | 5,569,716 | 3,430,108 | 5,511,121 | 5,329,882 | 6,517,275 |
| Cash & cash equivalents at end of year | <u>2,785,658</u> | <u>3,249,617</u> | <u>4,051,978</u> | <u>3,619,825</u> | <u>3,886,338</u> | <u>5,329,882</u> |
| Made up of: | | | | | | |
| Cash | 801 | 3,249,617 | 4,051,978 | (39,378) | 1,101,481 | 1,670,679 |
| Short Term Deposits | 2,784,857 | - | - | 3,659,203 | 2,784,857 | 3,659,203 |
| Bank Overdraft | - | - | - | - | - | - |
| | <u>2,785,658</u> | <u>3,249,617</u> | <u>4,051,978</u> | <u>3,619,825</u> | <u>3,886,338</u> | <u>5,329,882</u> |

The accompanying notes form part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Statement of Rates

| | 2012 | 2011 |
|---|-------------------------|-------------------------|
| (a) Rate Debtors | | |
| Balance of Rate Debtors at start of year | 2,302,242 | 2,132,162 |
| Add Rates levied (current rates) | 11,533,149 | 11,357,623 |
| Penalties charged | 197,921 | 189,038 |
| Legal costs | 15,799 | 12,524 |
| | <u>14,049,111</u> | <u>13,691,347</u> |
| Less rates collected | (10,888,142) | (10,782,187) |
| Adjustments/write offs/discounts | (536,042) | (592,340) |
| Plus increase (Decrease) in rates paid in advance | 20,692 | (14,578) |
| | <u>2,645,619</u> | <u>2,302,242</u> |
| (b) Rates revenue | | |
| Rates levied (incl GST) | | |
| General Rates | 2,549,322 | 2,299,928 |
| Water | 847,301 | 723,643 |
| Sewerage | 725,483 | 829,673 |
| Waste Management | 836,032 | 798,350 |
| Stormwater / Drainage | 322,548 | 334,471 |
| Services | 380,800 | 562,090 |
| Roading | 3,549,988 | 3,560,127 |
| Recreation | 817,341 | 820,921 |
| | <u>10,028,814</u> | <u>9,929,203</u> |
| Penalties charged | 197,921 | 189,038 |
| | <u>10,226,735</u> | <u>10,118,241</u> |
| Less Remissions | (221,669) | (456,626) |
| | <u>10,005,066</u> | <u>9,661,615</u> |
| Less internal charges | (262,016) | (73,731) |
| Rating revenue per Income Statement | <u>9,743,050</u> | <u>9,587,884</u> |

NOTES TO THE FINANCIAL STATEMENTS

Note 2 Other Income

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|---|--------------------|--------------------|------------------|------------------|
| Gain (Loss) on change in fair value of forestry assets | - | - | - | - |
| Net gain (Loss) on disposal of property, plant and equipment | 7,027 | - | 7,027 | (1,740) |
| Net gain (Loss) on changes in fair value of investment property | - | - | - | - |
| | <u>7,027</u> | <u>-</u> | <u>7,027</u> | <u>(1,740)</u> |

Note 3 Investment Income

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|--|--------------------|--------------------|------------------|------------------|
| Interest on Financial assets at fair value through Profit and Loss | 1,090,008 | 1,156,229 | 1,112,670 | 1,184,380 |
| Loss in market value of Bond Portfolio | (995,628) | (56,053) | (995,628) | (56,053) |
| Dividends | 150,000 | 200,000 | - | - |
| Rental income from investment properties | - | - | - | - |
| Rental income on other investments | 27,696 | 34,765 | 27,696 | 34,765 |
| Other income | 86,851 | 14,010 | 86,851 | 14,655 |
| | <u>358,927</u> | <u>1,348,951</u> | <u>231,589</u> | <u>1,177,747</u> |

Note 4 Trade and other Receivables

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|--|--------------------|--------------------|------------------|------------------|
| Rates Debtors | 2,645,619 | 2,302,242 | 2,645,619 | 2,302,242 |
| Trade Receivables | 5,061,487 | 5,353,523 | 6,491,683 | 6,664,941 |
| GST Receivable | 754,578 | 195,844 | 754,578 | 195,844 |
| Other Debtors | - | - | - | 22,634 |
| Less provision for impairment of receivables | (2,028,479) | (1,580,639) | (2,117,808) | (1,586,997) |
| | <u>6,433,205</u> | <u>6,270,970</u> | <u>7,774,072</u> | <u>7,598,664</u> |

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of trade and other receivables approximates their fair value.

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

WDC provides for impairment on rates receivable, trade receivables and other debtors. The carrying amount is reduced directly when an asset is determined to be unrecoverable. An allowance for impairment is used when there is a reasonable likelihood that a debt may be impaired. A reversal to a write-down is to be made when a debt is determined to be recoverable.

The age of rates receivable is as set out in the table below:-

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|---------------------|--------------------|--------------------|------------------|------------------|
| Not past due | 252,871 | 606,155 | 252,871 | 606,155 |
| 1 to 2 years | 447,656 | 415,784 | 447,656 | 415,784 |
| 2 to 5 years | 1,185,743 | 945,147 | 1,185,743 | 945,147 |
| over 5 years | 759,349 | 335,156 | 759,349 | 335,156 |
| Total Rates Debtors | <u>2,645,619</u> | <u>2,302,242</u> | <u>2,645,619</u> | <u>2,302,242</u> |

NOTES TO THE FINANCIAL STATEMENTS

2012 Council and Group

| | Gross | Impairment | Net |
|--------------|------------------|-------------------|----------------|
| Not past due | 252,871 | 17,524 | 235,347 |
| 1 to 2 years | 447,656 | 238,271 | 209,385 |
| 2 to 5 years | 1,185,743 | 905,693 | 280,050 |
| over 5 years | 759,349 | 746,831 | 12,518 |
| | <u>2,645,619</u> | <u>1,908,319</u> | <u>737,300</u> |

2011 Council and Group

| | Gross | Impairment | Net |
|--------------|------------------|-------------------|----------------|
| Not past due | 606,155 | 161,268 | 444,887 |
| 1 to 2 years | 415,784 | 239,678 | 176,106 |
| 2 to 5 years | 945,147 | 775,628 | 169,519 |
| over 5 years | 335,156 | 346,628 | (11,472) |
| | <u>2,302,242</u> | <u>1,523,202</u> | <u>779,040</u> |

The impairment provision for rates has been calculated based upon the expected losses for WDC rate debtors. The calculation is based upon the percentage of rates debtors expected to be impaired. The impairment is collective, and reflects the actual impairment of rates debtors over the past three years.

WDC has power under the Local Government (Rating) Act 2002 to recover outstanding debts. WDC can commence legal proceedings within 4 months after due date for payment. If payment has not been received within 3 months of the Court judgement, then WDC can apply to the Registrar of the High Court to have judgement enforced by sale or lease of the rating unit for land that is not Maori freehold land.

WDC provides for impairment on trade receivables and other debtors. The impairment provision has been calculated based upon expected losses for WDC's pool of debtors. Expected losses have been determined based upon an analysis of WDC's losses in previous periods, and review of specific debtors as detailed below:-

2012 Council

| | Gross | Impairment | Net |
|-----------------------|------------------|-------------------|------------------|
| Not past due | 4,830,402 | - | 4,830,402 |
| Past due 30 - 60 days | 28,792 | - | 28,792 |
| Past due 60 - 90 days | 82,132 | - | 82,132 |
| Past due > 90 days | 120,161 | 120,161 | - |
| | <u>5,061,487</u> | <u>120,161</u> | <u>4,941,326</u> |

2012 Group

| | Gross | Impairment | Net |
|-----------------------|------------------|-------------------|------------------|
| Not past due | 6,260,598 | - | 6,260,598 |
| Past due 30 - 60 days | 28,792 | - | 28,792 |
| Past due 60 - 90 days | 82,132 | - | 82,132 |
| Past due > 90 days | 120,161 | 209,490 | (89,329) |
| | <u>6,491,683</u> | <u>209,490</u> | <u>6,282,193</u> |

2012 Summary

| | Gross | Impairment | Net |
|---------|--------------|-------------------|------------|
| Council | 8,461,684 | 2,028,480 | 6,433,204 |
| Group | 9,891,880 | 2,117,808 | 7,774,072 |

NOTES TO THE FINANCIAL STATEMENTS

| 2011 Council | | | |
|-----------------------|------------------|-------------------|------------------|
| | Gross | Impairment | Net |
| Not past due | 5,256,916 | 5,905 | 5,251,011 |
| Past due 30 - 60 days | 43,159 | - | 43,159 |
| Past due 60 - 90 days | 1,188 | - | 1,188 |
| Past due > 90 days | 52,260 | 51,532 | 728 |
| | <u>5,353,523</u> | <u>57,437</u> | <u>5,296,086</u> |

| 2011 Group | | | |
|-----------------------|------------------|-------------------|------------------|
| | Gross | Impairment | Net |
| Not past due | 6,568,334 | - | 6,568,334 |
| Past due 30 - 60 days | 43,159 | - | 43,159 |
| Past due 60 - 90 days | 1,188 | - | 1,188 |
| Past due > 90 days | 52,260 | 57,890 | (5,630) |
| | <u>6,664,941</u> | <u>57,890</u> | <u>6,607,051</u> |

| 2011 Summary | | | |
|---------------------|--------------|-------------------|------------|
| | Gross | Impairment | Net |
| Council | 7,851,609 | 1,580,639 | 6,270,970 |
| Group | 9,185,661 | 1,586,997 | 7,598,664 |

WDC holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Movement in the provision for impairment of receivables is as follows:-

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|---------------------------------------|----------------------------|----------------------------|--------------------------|--------------------------|
| At 1 July | 1,580,639 | 1,310,802 | 1,586,997 | 1,354,547 |
| Receivables written off during period | 447,841 | 269,837 | 530,811 | 232,450 |
| At 30 June | <u>2,028,480</u> | <u>1,580,639</u> | <u>2,117,808</u> | <u>1,586,997</u> |

Note 5 Inventories

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|--------------------------------|----------------------------|----------------------------|--------------------------|--------------------------|
| Metal Stocks | - | - | 847,837 | 729,112 |
| Water reticulation spare parts | 4,754 | 3,921 | 4,754 | 3,921 |
| Water treatment chemicals | 24,655 | 29,532 | 24,655 | 29,532 |
| Other supplies | 12,626 | 15,060 | 139,274 | 134,776 |
| Work in progress | - | - | 127,883 | 6,369 |
| | <u>42,035</u> | <u>48,513</u> | <u>1,144,403</u> | <u>903,710</u> |

The carrying amount of inventories held for distribution that are measured at lower of cost or net realisable value as at 30 June 2012 amounted to \$42,035 (2011 \$48,513). The write-down of inventories held for distribution amounted to \$nil (2011 \$nil), while reversal of writedowns amounted to \$nil. (2011 \$ nil). The carrying amount of inventories pledged as security is \$nil (2011 \$nil) for liabilities is \$nil (2011 \$nil).

NOTES TO THE FINANCIAL STATEMENTS

Note 6 Financial assets at Fair Value

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|--------------------------------------|--------------------|--------------------|-------------------|-------------------|
| Stock and Debentures - Current Asset | 11,504,972 | 12,512,160 | 11,504,972 | 12,512,160 |
| | <u>11,504,972</u> | <u>12,512,160</u> | <u>11,504,972</u> | <u>12,512,160</u> |

Financial assets at fair value through profit and loss are designated as such upon initial recognition, because they are managed and their performance is evaluated on a fair value basis, in accordance with WDC investment policy. Information is provided quarterly to Council on the performance of these financial assets.

The fair value of financial assets at fair value through profit and loss has been determined by reference to published price quotations in an active market. The maturity dates for financial assets through profit and loss are detailed in the following table:-

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|--------------------------------|--------------------|--------------------|-------------------|-------------------|
| Maturity | | | | |
| One year or less | 5,267,820 | 449,884 | 5,267,820 | 449,884 |
| Weighted average interest rate | 8.51% | 7.46% | 8.51% | 7.46% |
| Between one and five years | 4,418,898 | 6,950,004 | 4,418,898 | 6,950,004 |
| Weighted average interest rate | 7.02% | 7.49% | 7.02% | 7.49% |
| Over five years | 1,818,254 | 5,112,272 | 1,818,254 | 5,112,272 |
| Weighted average interest rate | 5.89% | 7.16% | 5.89% | 7.16% |
| | <u>11,504,972</u> | <u>12,512,160</u> | <u>11,504,972</u> | <u>12,512,160</u> |

The stocks and debentures are local authority stocks, and commercial bonds that are actively traded. The coupon rates vary from 3.58% to 10.04% with yields from 3.28% to 5.55%. Purchases and sales are accounted for at settlement date. These assets are exposed to cash flow interest rate risk.

Note 7 Cash and Cash Equivalents

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|---------------------------------|--------------------|--------------------|------------------|------------------|
| Cash at bank and in Hand | 801 | (39,378) | 1,101,481 | 1,670,679 |
| Short term deposits | 2,784,857 | 3,659,203 | 2,784,857 | 3,659,203 |
| Total cash and cash equivalents | <u>2,785,658</u> | <u>3,619,825</u> | <u>3,886,338</u> | <u>5,329,882</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

Note 8 Trade and other Payables

| | 2011/12 | 2010/11 | 2011/12 | 2010/11 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | Council | Council | Group | Group |
| Trade Payables | 3,703,111 | 3,259,293 | 3,572,163 | 3,665,918 |
| Employee Entitlements | 640,394 | 603,842 | 1,255,846 | 1,177,797 |
| GST Payable | - | - | 194,557 | 169,889 |
| Prepayments - Rates | 185,118 | 165,126 | 185,118 | 165,126 |
| Prepayments - Other debtors | 95,248 | 107,824 | 95,248 | 107,824 |
| | <u>4,623,871</u> | <u>4,136,085</u> | <u>5,302,932</u> | <u>5,286,554</u> |
| Less non-current portion of employee entitlements | (189,745) | (213,105) | (260,384) | (279,562) |
| | <u><u>4,434,126</u></u> | <u><u>3,922,980</u></u> | <u><u>5,042,548</u></u> | <u><u>5,006,992</u></u> |
| Trust funds and deposits | | | | |
| Deposits | 109,116 | 68,536 | 109,116 | 68,536 |
| Trust funds | 3,647 | 3,647 | 3,647 | 3,647 |
| | <u>112,763</u> | <u>72,183</u> | <u>112,763</u> | <u>72,183</u> |
| | <u><u>4,546,889</u></u> | <u><u>3,995,163</u></u> | <u><u>5,155,311</u></u> | <u><u>5,079,175</u></u> |

The trust funds are restricted cash with their purpose limited to use by the following groups:-

| | | | | |
|-----------------------------|--------------|--------------|--------------|--------------|
| Community Development Trust | | | | |
| Safer Community Committee | 3,647 | 3,647 | 3,647 | 3,647 |
| | <u>3,647</u> | <u>3,647</u> | <u>3,647</u> | <u>3,647</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

Note 9 Taxation

| | 2011/12 Group | 2010/11 Group |
|--|------------------|------------------|
| Current tax expense | 304,306 | 136,472 |
| Adjustments to current tax in prior years | | - |
| Reduction in tax rate | | - |
| Deferred tax expense | (99,040) | (3,454) |
| Income tax expense | <u>205,266</u> | <u>133,018</u> |
| | | |
| Surplus (Deficit) before tax | 3,731,478 | (167,522) |
| Non accessible income | 3,004,551 | 612,089 |
| Accessible income | <u>726,927</u> | <u>444,567</u> |
| Tax @ 28% | 203,539 | 133,370 |
| Plus taxation effect of permanent differences | - | - |
| Imputation credit adjustment | - | - |
| Reduction in tax rate | - | - |
| Non deductible expenses | 1,727 | (352) |
| Less prior period taxation | | - |
| Income tax expense at effective rate of 28% | <u>205,266</u> | <u>133,018</u> |
| | | |
| The major components of taxation expense are: | | |
| Current taxation | 304,306 | 136,472 |
| Deferred taxation | (99,040) | (3,454) |
| Reduction in tax rate | - | - |
| | <u>205,266</u> | <u>133,018</u> |
| | | |
| Imputation Credit Account | | |
| Balance as at 1 July 2011 | 2,351,802 | 2,097,905 |
| Imputation Credits attaching to dividends paid in the year | (64,286) | (85,713) |
| Income tax payments during the year | 120,000 | 330,917 |
| Resident withholding tax on interest received | 6,712 | 8,693 |
| Balance as at 30 June 2012 | <u>2,414,228</u> | <u>2,351,802</u> |
| | | |
| Deferred Tax Asset | | |
| Opening Balance | 309,002 | 305,548 |
| Current year charge | 99,040 | 3,454 |
| Closing Balance | <u>408,042</u> | <u>309,002</u> |

NOTES TO THE FINANCIAL STATEMENTS

Deferred Income Tax as at 30 June 2012 relates to the following

| | Balance Sheet | | Income Statement | |
|---------------------------------|---------------|---------|------------------|----------|
| | Group | | Group | |
| | 2011/12 | 2010/11 | 2011/12 | 2010/11 |
| Deferred tax liabilities | | | | |
| Contract retentions | 46,881 | 38,116 | (8,765) | 12,440 |
| Future amortisation | 8,945 | 2,872 | (6,073) | (2,599) |
| Gross deferred tax liabilities | 55,826 | 40,988 | (14,838) | 9,841 |
| Deferred tax assets | | | | |
| Doubtful Debts | 25,012 | 1,780 | 23,232 | (10,469) |
| <u>Provisions</u> | | | | |
| Annual leave | 72,126 | 76,694 | (4,568) | (2,266) |
| Staff gratuities | 19,858 | 21,407 | (1,549) | 1,235 |
| Sick leave | 1,433 | 3,404 | (1,971) | 1,355 |
| Time in lieu | 18,485 | 10,154 | 8,331 | (9,479) |
| Long service leave | 8,134 | 8,309 | (175) | (4,169) |
| Staff bonus | - | - | - | (5,600) |
| Aftercare | 37,013 | 35,527 | 1,486 | 2,224 |
| ACC Premiums | 9,967 | 10,046 | (79) | 2,631 |
| Maintenance accruals | 80,309 | 25,986 | 54,323 | (6,242) |
| Construction accruals | 73,500 | 52,780 | 20,720 | 23,408 |
| Future depreciation | 118,031 | 103,903 | 14,128 | 985 |
| Deferred tax assets | 463,868 | 349,990 | 113,878 | (6,387) |
| Net deferred tax assets | | | | |
| Deferred tax income (expense) | 408,042 | 309,002 | 99,040 | 3,454 |

Note 10 Borrowings

| | 2011/12 | 2010/11 | 2011/12 | 2010/11 |
|----------------------------|---------|---------|-----------|-----------|
| | Council | Council | Group | Group |
| Current Portion | | | | |
| Secured Loans | - | - | 365,195 | 431,559 |
| Debentures | - | - | - | - |
| Total Current Portion | - | - | 365,195 | 431,559 |
| Non Current Portion | | | | |
| Secured Loans | - | - | 1,222,118 | 1,079,444 |
| Total Borrowings | - | - | 1,587,313 | 1,511,003 |

NOTES TO THE FINANCIAL STATEMENTS

Note 10 Maturity Analysis and effective interest rates

The following is a maturity analysis of WDC's borrowings. There are no early repayment options.

| | 2011/12 Overdraft Council | 2011/12 Secured Loans Council | 2010/11 Overdraft Council | 2010/11 Secured Loans Council |
|---|---------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
| Less than one year | - | - | - | - |
| <i>weighted average effective interest rate</i> | 0.00% | 0.00% | 0.00% | 0.00% |
| Later than one year but less than two years | - | - | - | - |
| <i>weighted average effective interest rate</i> | 0.00% | 0.00% | 0.00% | 0.00% |
| Later than two years but less than five years | - | - | - | - |
| <i>weighted average effective interest rate</i> | 0.00% | 0.00% | 0.00% | 0.00% |
| Later than five years | - | - | - | - |
| <i>weighted average effective interest rate</i> | 0.00% | 0.00% | 0.00% | 0.00% |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Fair Value of non-current borrowings - Council

| | Carrying Amounts | | Fair Values | |
|---------------|------------------|----------|-------------|----------|
| | - | - | - | - |
| Secured Loans | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

| | 2011/12 Overdraft Group | 2011/12 Secured Loans Group | 2010/11 Overdraft Group | 2010/11 Secured Loans Group |
|---|-------------------------------|-----------------------------------|-------------------------------|-----------------------------------|
| | - | - | - | - |
| Less than one year | | 365,195 | | 431,559 |
| <i>weighted average effective interest rate</i> | 0.00% | 7.35% | 0.00% | 7.60% |
| Later than one year but less than two years | | 310,857 | | 272,486 |
| <i>weighted average effective interest rate</i> | 0.00% | 7.35% | 0.00% | 7.60% |
| Later than two years but less than five years | | 784,666 | | 555,350 |
| <i>weighted average effective interest rate</i> | 0.00% | 7.35% | 0.00% | 7.60% |
| Later than five years | | 126,595 | | 251,608 |
| <i>weighted average effective interest rate</i> | 0.00% | 7.35% | 0.00% | 7.60% |
| | <u>-</u> | <u>1,587,313</u> | <u>-</u> | <u>1,511,003</u> |

Fair Value of non-current borrowings - Group

| | Carrying Amounts | | Fair Values | |
|---------------|------------------|------------------|------------------|------------------|
| | - | - | - | - |
| Secured Loans | 1,222,118 | 1,079,444 | 1,222,118 | 1,079,444 |
| | <u>1,222,118</u> | <u>1,079,444</u> | <u>1,222,118</u> | <u>1,079,444</u> |

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 7.35% (2011 7.60%) The carrying amounts of borrowings repayable within one year approximate their fair value. WDC does not have any floating rate debt.

Security WDC's Loans are secured over either separate or general rates of the district. Our Subsidiary Company Quality Roading and Services (Wairoa) Limited has term loans secured over various plant items financed through the loan facility.

WDC 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 the WDC's Long-Term Council Community Plan.

NOTES TO THE FINANCIAL STATEMENTS

Note 11 Intangible Assets

| | 2011/12 | 2010/11 | 2011/12 | 2010/11 |
|---|------------------|------------------|------------------|------------------|
| | Council | Council | Group | Group |
| | Software | Software | Software | Software |
| Opening Balance | | | | |
| Cost | 361,959 | 301,574 | 721,597 | 652,151 |
| Accumulated amortisation and impairment | <u>(275,409)</u> | <u>(274,982)</u> | <u>(437,656)</u> | <u>(389,122)</u> |
| Opening carrying value | <u>86,550</u> | <u>26,592</u> | <u>283,941</u> | <u>263,029</u> |
| Year ended 30 June 2012 | | | | |
| Additions | 56,374 | 60,385 | 99,374 | 69,446 |
| Amortisation charge | <u>(34,731)</u> | <u>(427)</u> | <u>(91,229)</u> | <u>(48,534)</u> |
| Closing carrying amount | <u>108,193</u> | <u>86,550</u> | <u>292,086</u> | <u>283,941</u> |

NOTES TO THE FINANCIAL STATEMENTS

Note 12 Property, Plant and Equipment as at 30 June 2012 - Council

| Description | Cost/Revaluation 30/06/2011 | Accumulated Depreciation and Impairment Charges 30/06/2011 | Carrying Amount 30/06/2011 | Revaluation | Current Year Disposals | Current Year Accumulated Depreciation Disposals | Current Year Additions | Depreciation and Impairment Charges 30/06/2012 | Carrying Amount 30/06/2012 | Carrying Amount at 30/06/2012 Represented By | |
|--------------------------------|--------------------------------|--|----------------------------------|------------------|------------------------------|---|------------------------------|---|----------------------------------|---|--|
| | | | | | | | | | | Cost/ Revaluation | Accumulated Depreciation and Impairment Charges |
| Land | 3,640,878 | - | 3,640,878 | - | 6,400 | - | 250,767 | - | 3,885,245 | 3,885,245 | - |
| Buildings | 4,422,053 | 862,136 | 3,559,917 | - | - | - | 360,096 | 112,894 | 3,807,119 | 4,782,149 | 975,030 |
| | 8,062,931 | 862,136 | 7,200,795 | - | 6,400 | - | 610,863 | 112,894 | 7,692,364 | 8,667,394 | 975,030 |
| Other Improvements | 2,237,598 | 723,781 | 1,513,817 | - | 17,455 | 8,800 | 87,562 | 135,721 | 1,457,003 | 2,307,705 | 850,702 |
| Vehicles | 944,026 | 598,969 | 345,057 | - | 56,430 | 55,454 | 36,747 | 102,398 | 278,430 | 924,343 | 645,913 |
| Furniture and Office Equipment | 1,017,613 | 773,992 | 243,621 | - | 17,595 | 16,439 | 139,510 | 95,848 | 286,127 | 1,139,528 | 853,401 |
| Fixtures and Fittings | 28,331 | 23,722 | 4,609 | - | - | - | 8,070 | 1,938 | 10,741 | 36,401 | 25,660 |
| Library Collections | 292,235 | 101,774 | 190,461 | - | - | - | 44,234 | 53,769 | 180,926 | 336,469 | 155,543 |
| | 4,519,803 | 2,222,238 | 2,297,565 | - | 91,480 | 80,693 | 316,123 | 389,674 | 2,213,227 | 4,744,446 | 2,531,219 |
| Roading | 120,798,201 | - | 120,798,201 | - | 1,278,755 | - | 7,523,939 | 2,179,811 | 124,863,575 | 127,043,386 | 2,179,811 |
| Land under Roads | 5,344,000 | - | 5,344,000 | - | - | - | - | - | 5,344,000 | 5,344,000 | - |
| Bridges | 17,605,000 | - | 17,605,000 | - | 44,739 | - | 144,444 | 551,315 | 17,153,390 | 17,704,705 | 551,315 |
| Water Supply | 6,109,582 | 828,599 | 5,280,983 | (421,582) | 221 | - | 152,375 | 198,931 | 4,812,624 | 5,011,555 | 198,931 |
| Water Reticulation | 9,737,402 | 813,027 | 8,924,375 | 2,985,889 | 499 | - | 5,387 | 399,140 | 11,516,012 | 11,915,152 | 399,140 |
| Sewerage | 11,581,726 | 940,714 | 10,641,012 | 1,220,980 | 808 | - | 197,419 | 373,155 | 11,685,448 | 12,058,603 | 373,155 |
| Stormwater | 5,475,717 | 496,734 | 4,978,983 | 1,848,088 | 2,419 | - | 241,853 | 247,531 | 6,818,973 | 7,066,504 | 247,531 |
| Parking | 460,001 | - | 460,001 | - | - | - | - | 24,000 | 436,001 | 460,001 | 24,000 |
| | 177,111,629 | 3,079,074 | 174,032,555 | 5,633,375 | 1,327,441 | - | 8,265,417 | 3,973,883 | 182,630,023 | 186,603,906 | 3,973,883 |
| Capital Work in Progress | 1,300,969 | - | 1,300,969 | - | - | - | 2,370,003 | - | 3,670,972 | 3,670,972 | - |
| TOTAL | 190,995,332 | 6,163,448 | 184,831,884 | 5,633,375 | 1,425,321 | 80,693 | 11,562,406 | 4,476,451 | 196,206,586 | 203,686,718 | 7,480,132 |

The Council considers the carrying amount of assets is an indication of their fair value

NOTES TO THE FINANCIAL STATEMENTS

Note 12 Property, Plant and Equipment as at 30 June 2012 - Group

| Description | Cost/Revaluation 30/06/2011 | Accumulated Depreciation and Impairment Charges 30/06/2011 | Carrying Amount 30/06/2011 | Revaluation | Current Year Disposals | Current Year Accumulated Depreciation Disposals | Current Year Additions | Depreciation and Impairment Charges 30/06/2012 | Carrying Amount 30/06/2012 | Carrying Amount at 30/06/2012 Represented By | |
|--------------------------------|--------------------------------|--|----------------------------------|------------------|------------------------------|---|------------------------------|---|----------------------------------|---|--|
| | | | | | | | | | | Cost/ Revaluation | Accumulated Depreciation and Impairment Charges |
| Land | 3,652,845 | 6,895 | 3,645,950 | - | 6,400 | - | 250,767 | 404 | 3,889,913 | 3,897,212 | 7,299 |
| Buildings | 4,952,169 | 1,099,250 | 3,852,919 | - | - | - | 360,096 | 128,417 | 4,084,598 | 5,312,265 | 1,227,667 |
| | 8,605,014 | 1,106,145 | 7,498,869 | - | 6,400 | - | 610,863 | 128,821 | 7,974,511 | 9,209,477 | 1,234,966 |
| Other Improvements | 2,267,288 | 723,781 | 1,543,507 | - | 17,455 | 8,800 | 87,562 | 135,721 | 1,486,693 | 2,337,395 | 850,702 |
| Vehicles | 11,110,301 | 7,416,877 | 3,693,424 | - | 83,725 | 55,454 | 1,214,417 | 844,310 | 4,035,260 | 12,240,993 | 8,205,733 |
| Furniture and Office Equipment | 1,263,396 | 997,944 | 265,452 | - | 17,595 | 16,439 | 144,711 | 105,286 | 303,721 | 1,390,512 | 1,086,791 |
| Fixtures and Fittings | 169,278 | 130,050 | 39,228 | - | - | 1,750 | 12,170 | 9,556 | 43,592 | 181,448 | 137,856 |
| Library Collections | 292,235 | 101,775 | 190,460 | - | - | - | 44,234 | 53,769 | 180,925 | 336,469 | 155,544 |
| | 15,102,498 | 9,370,427 | 5,732,071 | - | 118,775 | 82,443 | 1,503,094 | 1,148,642 | 6,050,191 | 16,486,817 | 10,436,626 |
| Roading | 120,433,968 | - | 120,433,968 | - | 1,278,755 | - | 7,394,551 | 2,179,811 | 124,369,954 | 126,549,765 | 2,179,811 |
| Land under Roads | 5,344,000 | - | 5,344,000 | - | - | - | - | - | 5,344,000 | 5,344,000 | - |
| Bridges | 17,605,000 | - | 17,605,000 | - | 44,739 | - | 144,444 | 551,315 | 17,153,390 | 17,704,705 | 551,315 |
| Water Supply | 6,109,582 | 828,599 | 5,280,983 | (421,582) | 221 | - | 152,375 | 198,931 | 4,812,624 | 5,840,154 | 1,027,530 |
| Water Reticulation | 9,737,402 | 813,027 | 8,924,375 | 2,985,889 | 499 | - | 5,387 | 399,140 | 11,516,012 | 12,728,179 | 1,212,167 |
| Sewerage | 11,581,726 | 940,714 | 10,641,012 | 1,220,980 | 808 | - | 197,419 | 373,155 | 11,685,448 | 12,999,317 | 1,313,869 |
| Stormwater | 5,475,717 | 496,734 | 4,978,983 | 1,848,088 | 2,419 | - | 241,853 | 247,531 | 6,818,973 | 7,563,238 | 744,265 |
| Parking | 460,001 | - | 460,001 | - | - | - | - | 24,000 | 436,001 | 460,001 | 24,000 |
| | 176,747,396 | 3,079,074 | 173,668,322 | 5,633,375 | 1,327,441 | - | 8,136,029 | 3,973,883 | 182,136,402 | 189,189,359 | 7,052,957 |
| Capital Work in Progress | 1,300,967 | - | 1,300,967 | - | - | - | 2,370,003 | - | 3,670,972 | 3,670,972 | - |
| TOTAL | 201,755,875 | 13,555,646 | 188,200,229 | 5,633,375 | 1,452,616 | 82,443 | 12,619,989 | 5,251,346 | 199,832,076 | 218,556,625 | 18,724,549 |

The Council considers the carrying amount of assets is an indication of their fair value

NOTES TO THE FINANCIAL STATEMENTS

Note 12 Property, Plant and Equipment as at 30 June 2011 - Council

| Description | Cost/Revaluation 30/06/2010 | Accumulated Depreciation and Impairment Charges 30/06/2010 | Carrying Amount 30/06/2010 | Revaluation | Current Year Disposals | Current Year Accumulated Depreciation Disposals | Current Year Additions | Depreciation and Impairment Charges 30/06/2011 | Carrying Amount 30/06/2011 | Carrying Amount at 30/06/2011 Represented By | |
|--------------------------------|--------------------------------|--|----------------------------------|-------------------|------------------------------|---|------------------------------|---|----------------------------------|---|--|
| | | | | | | | | | | Cost/ Revaluation | Accumulated Depreciation and Impairment Charges |
| Land | 3,395,174 | - | 3,395,174 | - | 2,050 | - | 247,754 | 73 | 3,640,805 | 3,640,878 | - |
| Buildings | 4,409,533 | 751,649 | 3,657,884 | - | 10,390 | - | 22,910 | 110,414 | 3,559,990 | 4,422,053 | 862,136 |
| | 7,804,707 | 751,649 | 7,053,058 | - | 12,440 | - | 270,664 | 110,487 | 7,200,795 | 8,062,931 | 862,136 |
| Other Improvements | 2,207,909 | 604,134 | 1,603,775 | - | - | - | 29,689 | 119,647 | 1,513,817 | 2,237,598 | 723,781 |
| Vehicles | 744,481 | 601,858 | 142,623 | - | 115,819 | 114,759 | 315,364 | 111,870 | 345,057 | 944,026 | 598,969 |
| Furniture and Office Equipment | 873,258 | 696,940 | 176,318 | - | 9,807 | 9,802 | 154,162 | 86,854 | 243,621 | 1,017,613 | 773,992 |
| Fixtures and Fittings | 24,831 | 23,367 | 1,464 | - | - | - | 3,500 | 355 | 4,609 | 28,331 | 23,722 |
| Library Collections | 247,458 | 71,082 | 176,376 | - | - | - | 44,777 | 30,692 | 190,461 | 292,235 | 101,774 |
| | 4,097,937 | 1,997,381 | 2,100,556 | - | 125,626 | 124,561 | 547,492 | 349,418 | 2,297,565 | 4,519,803 | 2,222,238 |
| Roading | 108,656,564 | 3,156,372 | 105,500,192 | 15,159,407 | 2,653,429 | - | 2,792,031 | 1,607,599 | 120,798,201 | 120,798,201 | - |
| Land under Roads | 5,344,000 | - | 5,344,000 | - | - | - | - | - | 5,344,000 | 5,344,000 | - |
| Bridges | 18,148,131 | 1,144,853 | 17,003,278 | 758,843 | 671,877 | - | 514,756 | 551,683 | 17,605,000 | 17,605,000 | - |
| Water Supply | 5,951,594 | 566,776 | 5,384,818 | - | 309,832 | 45,061 | 467,820 | 306,884 | 5,280,983 | 6,109,582 | 828,599 |
| Water Reticulation | 9,739,550 | 548,663 | 9,190,887 | - | 203,321 | 12,899 | 201,173 | 277,263 | 8,924,375 | 9,737,402 | 813,027 |
| Sewerage | 11,244,826 | 638,989 | 10,605,837 | - | 317,370 | 42,405 | 654,270 | 344,130 | 10,641,012 | 11,581,726 | 940,714 |
| Stormwater | 5,425,175 | 331,082 | 5,094,093 | - | 22,420 | 2,721 | 72,962 | 168,373 | 4,978,983 | 5,475,717 | 496,734 |
| Parking | 692,579 | 42,152 | 650,427 | (169,350) | 21,076 | - | - | 21,076 | 460,001 | 460,001 | - |
| | 165,202,419 | 6,428,887 | 158,773,532 | 15,748,900 | 4,199,325 | 103,086 | 4,703,012 | 3,277,008 | 174,032,555 | 177,111,629 | 3,079,074 |
| Capital Work in Progress | 1,253,732 | - | 1,253,732 | - | 22,761 | - | 69,998 | - | 1,300,969 | 1,300,969 | - |
| TOTAL | 178,358,795 | 9,177,917 | 169,180,878 | 15,748,900 | 4,360,152 | 227,647 | 5,591,166 | 3,736,913 | 184,831,884 | 190,995,332 | 6,163,448 |

The Council considers the carrying amount of assets is an indication of their fair value

NOTES TO THE FINANCIAL STATEMENTS

Note 12 Property, Plant and Equipment as at 30 June 2011 - Group

| Description | Cost/Revaluation 30/06/2010 | Accumulated Depreciation and Impairment Charges 30/06/2010 | Carrying Amount 30/06/2010 | Revaluation | Current Year Disposals | Current Year Accumulated Depreciation Disposals | Current Year Additions | Depreciation and Impairment Charges 30/06/2011 | Carrying Amount 30/06/2011 | Carrying Amount at 30/06/2011 Represented By | |
|--------------------------------|--------------------------------|--|----------------------------------|-------------------|------------------------------|---|------------------------------|---|----------------------------------|---|--|
| | | | | | | | | | | Cost/ Revaluation | Accumulated Depreciation and Impairment Charges |
| Land | 3,407,141 | 6,452 | 3,400,689 | - | 2,050 | - | 247,754 | 443 | 3,645,950 | 3,652,845 | 6,895 |
| Buildings | 4,939,649 | 973,313 | 3,966,336 | - | 10,390 | - | 22,910 | 125,937 | 3,852,919 | 4,952,169 | 1,099,250 |
| | 8,346,790 | 979,765 | 7,367,025 | - | 12,440 | - | 270,664 | 126,380 | 7,498,869 | 8,605,014 | 1,106,145 |
| Other Improvements | 2,237,599 | 604,134 | 1,633,465 | - | - | - | 29,689 | 119,647 | 1,543,507 | 2,267,288 | 723,781 |
| Vehicles | 11,136,651 | 7,502,535 | 3,634,116 | - | 341,714 | 917,610 | 315,364 | 831,952 | 3,693,424 | 11,110,301 | 7,416,877 |
| Furniture and Office Equipment | 1,116,522 | 913,274 | 203,248 | - | 7,288 | 9,802 | 154,162 | 94,472 | 265,452 | 1,263,396 | 997,944 |
| Fixtures and Fittings | 157,962 | 115,638 | 42,296 | - | - | - | 11,344 | 14,412 | 39,228 | 169,306 | 130,050 |
| Library Collections | 247,458 | 71,083 | 176,375 | - | - | - | 44,777 | 30,692 | 190,460 | 292,235 | 101,775 |
| | 14,896,192 | 9,206,664 | 5,689,500 | - | 349,002 | 927,412 | 555,336 | 1,091,175 | 5,732,071 | 15,102,526 | 9,370,427 |
| Roading | 108,393,609 | 3,156,372 | 105,237,237 | 15,159,407 | 2,653,429 | - | 2,690,753 | 1,607,599 | 120,433,968 | 120,433,968 | - |
| Land under Roads | 5,344,000 | - | 5,344,000 | - | - | - | - | - | 5,344,000 | 5,344,000 | - |
| Bridges | 18,148,130 | 1,144,852 | 17,003,278 | 758,843 | 671,877 | - | 514,756 | 551,683 | 17,605,000 | 17,605,000 | - |
| Water Supply | 5,951,594 | 566,776 | 5,384,818 | - | 309,832 | 45,061 | 467,820 | 306,884 | 5,280,983 | 6,109,582 | 828,599 |
| Water Reticulation | 9,739,550 | 548,663 | 9,190,887 | - | 203,321 | 12,899 | 201,173 | 277,263 | 8,924,375 | 9,737,402 | 813,027 |
| Sewerage | 11,244,826 | 638,989 | 10,605,837 | - | 317,370 | 42,405 | 654,270 | 344,130 | 10,641,012 | 11,581,726 | 940,714 |
| Stormwater | 5,425,175 | 331,082 | 5,094,093 | - | 22,420 | 2,721 | 72,962 | 168,373 | 4,978,983 | 5,475,717 | 496,734 |
| Parking | 692,579 | 42,152 | 650,427 | (169,350) | 21,076 | - | - | 21,076 | 460,001 | 460,001 | - |
| | 164,939,463 | 6,428,886 | 158,510,577 | 15,748,900 | 4,199,325 | 103,086 | 4,601,734 | 3,277,008 | 173,668,322 | 176,747,396 | 3,079,074 |
| Capital Work in Progress | 1,253,730 | - | 1,253,730 | - | 22,761 | - | 69,998 | - | 1,300,967 | 1,300,967 | - |
| TOTAL | 189,436,175 | 16,615,315 | 172,820,832 | 15,748,900 | 4,583,528 | 1,030,498 | 5,497,732 | 4,494,563 | 188,200,229 | 201,755,903 | 13,555,646 |

The Council considers the carrying amount of assets is an indication of their fair value

NOTES TO THE FINANCIAL STATEMENTS

Note 13 Loans and other Receivables

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|--|--------------------|--------------------|------------------|------------------|
| Sinking Fund Investments @ start of year | - | - | - | - |
| Plus interest and instalments | - | - | - | - |
| Less withdrawals | - | - | - | - |
| Sinking Fund Investments @ end of year | - | - | - | - |
| Housing and Community Advances | 2,248 | 5,310 | 2,248 | 5,310 |
| | <u>2,248</u> | <u>5,310</u> | <u>2,248</u> | <u>5,310</u> |

There were no impairment provisions for Loans and Other Receivables.

The fair value of community loans is \$2,248 (2011 \$5,310).

The carrying value of community loans approximates their fair value.

Maturity Analysis and effective interest rates

The maturity dates for Loans and Investments are as follows:-

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|---|--------------------|--------------------|------------------|------------------|
| Less than one year | 2,248 | - | 2,248 | |
| <i>weighted average effective interest rate</i> | 8.05% | 0.00% | 8.05% | 0.00% |
| Later than one year but less than two years | | 5,310 | - | 5,310 |
| <i>weighted average effective interest rate</i> | 0.00% | 8.05% | 0.00% | 8.05% |
| Later than two years but less than five years | | - | | |
| <i>weighted average effective interest rate</i> | 0.00% | 0.00% | 0.00% | 0.00% |
| Later than five years | | - | | |
| <i>weighted average effective interest rate</i> | 0.00% | 0.00% | 0.00% | 0.00% |
| | <u>2,248</u> | <u>5,310</u> | <u>2,248</u> | <u>5,310</u> |

Note 14 Investment in Subsidiary

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|--|--------------------|--------------------|------------------|------------------|
| Quality Roding and Services (Wairoa) Ltd | 1,250,000 | 1,250,000 | - | - |

WDC has a 100% interest in QRS Ltd, and its reporting date is 30 June.

The investment in subsidiary is carried at cost in WDC's (parent company) balance sheet.

QRS Ltd is an unlisted company and, accordingly, there are no published price quotations to determine the fair value of this investment.

NOTES TO THE FINANCIAL STATEMENTS

Note 15 Investment Property

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|--|--------------------|--------------------|------------------|------------------|
| Information Centre | | | | |
| Balance at 1 July | 277,000 | 277,000 | 277,000 | 277,000 |
| Additions from acquisitions | | | | |
| Disposals | | | | |
| Fair value gains (losses) on valuation | | | | |
| Balance at 30 June | <u>277,000</u> | <u>277,000</u> | <u>277,000</u> | <u>277,000</u> |

WDC's investment properties are valued at fair value effective 30 June 2009. All investment properties were valued based on open market evidence. The valuation was performed by Registered Valuer M. I. Penrose of Telfer Young Hawkes Bay Ltd. Telfer Young Hawkes Bay Ltd are experienced and independent valuers with extensive market knowledge in the types of investment properties owned by WDC.

The rental income from Investment Property is \$15,216 (2011 \$12,675), direct operating expenses are \$11,911 (2011 \$4,929), with a net return of \$3,305 (2011 \$7,745), Repairs and Maintenance of \$5,652 (2011 \$3,136) is included in the direct operating costs.

Note 16 Available for sale financial assets

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|-----------------------------------|--------------------|--------------------|------------------|------------------|
| NZ Local Government Insurance Ltd | <u>22,992</u> | <u>22,992</u> | <u>22,992</u> | <u>22,992</u> |

Note 17 Biological Asset - Forestry

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|--|--------------------|--------------------|------------------|------------------|
| Balance at 1 July | 69,946 | 64,946 | 69,946 | 64,946 |
| Increases due to purchase | | | | |
| Gains (losses) arising from changes in fair value less estimated point of sale costs | | | | |
| Decreases due to sales | | | | |
| Decreases due to harvest | | | | |
| Balance at 30 June | <u>69,946</u> | <u>64,946</u> | <u>69,946</u> | <u>64,946</u> |

WDC owns 37.1 hectares (2011 37.1 hectares) of forest, mostly pinus radiata, which are at varying stages of maturity ranging from 5 to 33 years.

Independent valuers P.F.Olsen have valued forestry assets as at 30 June 2010.

Financial risk management strategies

WDC is exposed to financial risks arising from changes in timber prices. WDC is a long term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices. WDC reviews its outlook for timber prices regularly in considering the need for active financial risk management.

NOTES TO THE FINANCIAL STATEMENTS

Note 18 Reserves (Council only)

| | 2010/11 | | | 2011/12 |
|--|-------------------|--------------------|----------------------|-------------------|
| | Balance | Transfer to | Transfer From | Balance |
| EQ9801 District Development Fund | 504,606 | 29,972 | 159,042 | 375,536 |
| EQ9818 Wairoa Urban Fund | 207,456 | 12,322 | - | 219,778 |
| EQ9805 Retirement and Restructuring Reserve | 388,360 | 23,067 | - | 411,427 |
| EQ9806 Asset and Vehicle Depreciation Reserve | 913,190 | 210,481 | 80,933 | 1,042,738 |
| EQ9803 Information Systems Renewal Reserve | 141,680 | 89,715 | 84,224 | 147,171 |
| EQ9802 Disaster Recovery Reserve | 561,273 | 33,338 | - | 594,611 |
| EQ9807 Tuai Village Reserve | 178,939 | 10,628 | 12,500 | 177,067 |
| EQ9808 Water Production Reserve | 319,611 | 18,984 | - | 338,595 |
| EQ9810 Water Production Depreciation Reserve | 1,079,151 | 114,833 | 152,376 | 1,041,608 |
| EQ9831 Water Reticulation Reserve - Wairoa | 42,220 | 2,508 | - | 44,728 |
| EQ9811 Water Reticulation Depreciation Reserve - Wairoa | 3,475,014 | 243,739 | 1,462,939 | 2,255,814 |
| EQ9825 Water Reticulation Reserve - Wairoa Peri Urban | 261,454 | - | - | 261,454 |
| EQ9829 Water Reticulation Depreciation Reserve - Peri Urban | 123,685 | 16,021 | - | 139,706 |
| EQ9812 Water Reticulation Depreciation Reserve - Tuai | 225,177 | 15,794 | - | 240,971 |
| EQ9813 Water Reticulation Reserve - Frasertown | 33,575 | - | - | 33,575 |
| EQ9828 Water Reticulation Depreciation Reserve - Frasertown | 48,390 | 3,394 | - | 51,784 |
| EQ9826 Water Reticulation Reserve - Mahanga | 1 | - | - | 1 |
| EQ9827 Water Reticulation Depreciation Reserve - Mahanga | 17,452 | 1,224 | - | 18,676 |
| EQ9814 Sewerage System Depreciation Reserve - Wairoa | 3,536,394 | 507,653 | 1,580,011 | 2,464,036 |
| EQ9815 Sewerage System Depreciation Reserve - Tuai | 383,690 | 55,079 | 32,299 | 406,470 |
| EQ9816 Stormwater Reticulation Depreciation Reserve - Wairoa | 1,181,037 | 245,227 | - | 1,426,264 |
| EQ9832 Stormwater Reticulation Depreciation Reserve - Mahia | 12,479 | 741 | - | 13,220 |
| EQ9822 Parking Area Depreciation Reserve | 289,005 | 38,242 | - | 327,247 |
| EQ9823 Bridges Depreciation Reserve | 1,953,999 | 664,456 | - | 2,618,455 |
| EQ9824 Landfill/RTS Depreciation Reserve | 148,077 | 81,254 | 187,482 | 41,849 |
| EQ9819 Airport Runway Depreciation Reserve | 67,560 | 12,996 | - | 80,556 |
| EQ9820 Roading Depreciation Reserve | - | 1,556,817 | 1,556,817 | - |
| EQ9821 Footpaths Depreciation Reserve | 347,160 | 20,620 | - | 367,780 |
| EQ9817 Library Book Stocks Depreciation Reserve | 62,892 | 31,791 | - | 94,683 |
| EQ9830 Pensioner Housing Depreciation Reserve | 72,419 | 22,417 | 13,789 | 81,047 |
| EQ9833 Parks and Reserves Depreciation Reserve | 175,407 | 75,360 | 61,183 | 189,584 |
| | <u>16,751,353</u> | <u>4,138,673</u> | <u>5,383,595</u> | <u>15,506,431</u> |
| b) Sinking Funds | | | | |
| Sinking Funds are held for the purpose of repaying debt | - | - | - | - |
| Total special funds reserves | <u>16,751,353</u> | <u>4,138,673</u> | <u>5,383,595</u> | <u>15,506,431</u> |

c) Revaluation Reserves

The revaluation reserves reflect the net revaluations, above initial valuation, for Council assets and property investments.

| | 2011/12 | 2010/11 | 2011/12 | 2010/11 |
|---|-------------------|-------------------|-------------------|-------------------|
| | Council | Council | Group | Group |
| Revaluation Reserve Infrastructural | | | | |
| As at 1 July | 66,277,144 | 50,528,245 | 67,267,678 | 51,518,779 |
| Transfers to | | | | |
| Revaluations | 5,640,495 | 16,417,287 | 5,640,495 | 16,417,287 |
| Transfer from | | | | |
| Net transfer from asset revaluation reserve on disposal | (984,200) | (668,388) | (984,200) | (668,388) |
| | <u>70,933,439</u> | <u>66,277,144</u> | <u>71,923,973</u> | <u>67,267,678</u> |

NOTES TO THE FINANCIAL STATEMENTS

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|---|--------------------|--------------------|--------------------|--------------------|
| Retained Earnings | | | | |
| As at 1 July | 121,149,305 | 122,108,556 | 123,888,104 | 124,837,085 |
| Transfers to: | | | | |
| Restricted Reserves | (4,138,673) | (4,801,391) | (4,138,673) | (4,801,391) |
| Transfer From: | | | | |
| Restricted Reserves | 5,383,595 | 4,152,950 | 5,383,595 | 4,152,950 |
| Net transfer from asset revaluation reserve on disposal | 984,200 | - | 984,200 | - |
| Surplus (Deficit) for year | 3,297,386 | (310,810) | 3,526,212 | (300,540) |
| | <u>126,675,813</u> | <u>121,149,305</u> | <u>129,643,438</u> | <u>123,888,104</u> |

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
| Equity is made up of: | | | | |
| Special Fund reserves | 15,506,431 | 16,751,353 | 15,506,431 | 16,751,353 |
| Sinking Fund reserves | - | - | - | - |
| Revaluation Reserves | 70,933,439 | 66,277,144 | 71,923,973 | 67,267,678 |
| Accumulated Funds | 126,675,813 | 121,149,305 | 129,643,438 | 123,888,104 |
| | <u>213,115,683</u> | <u>204,177,802</u> | <u>217,073,842</u> | <u>207,907,135</u> |

Note 19 Reconciliation of Operating Surplus with Net Cash Flow from Operating Activities

| | 2011/12 COUNCIL | 2010/11 COUNCIL | 2011/12 GROUP | 2010/11 GROUP |
|--|--------------------|--------------------|-------------------|------------------|
| Surplus / Deficit | 3,297,386 | (310,810) | 3,526,212 | (300,540) |
| Add non cash items: | | | | |
| Depreciation | 4,500,842 | 3,724,294 | 5,275,737 | 4,481,944 |
| Loss on disposal of assets | 1,343,200 | 1,974,964 | 1,275,531 | 1,999,959 |
| Amortisation | - | - | 56,498 | 48,106 |
| Decrease (Increase) in deferred taxation | - | - | (99,040) | (3,454) |
| Increase (Decrease) in employee benefit provision | (23,360) | (45,263) | 18,137 | (6,455) |
| Increase in Bad Debts provision | 389,427 | 269,836 | 389,427 | 269,836 |
| Revaluation of investment property and forestry | - | - | - | - |
| Unrealised loss (Gain) on investments | 1,007,188 | 171,247 | 1,007,188 | 171,247 |
| Increase in Landfill aftercare provision | 246,438 | 5,060 | 246,438 | 5,060 |
| Quarry Aftercare Provision | - | - | 5,307 | 7,942 |
| | <u>10,761,121</u> | <u>5,789,328</u> | <u>11,701,435</u> | <u>6,673,645</u> |
| Add (less) movements in other working capital items: | | | | |
| Increase (Decrease) in rates receivable | (298,589) | (170,080) | (298,589) | (170,080) |
| Increase (Decrease) in trade & other receivables | (1,575,112) | (2,108,064) | (2,401,454) | (2,349,121) |
| Increase (Decrease) in trade & other payables | 480,730 | (1,211,880) | 901,196 | 48,732 |
| Increase (Decrease) in Quarry Aftercare | - | - | - | - |
| Increase (Decrease) in loans and other receivables | - | - | - | - |
| Decrease in GST Receivable / Increase in GST Payable | 49,835 | 52,252 | 49,835 | 64,340 |
| Increase (Decrease) in taxation payable | - | - | 177,252 | (197,458) |
| (Inc) / Dec Inventories | 6,478 | (1,658) | (240,692) | 93,234 |
| | <u>9,424,463</u> | <u>2,349,898</u> | <u>9,888,983</u> | <u>4,163,292</u> |
| Net cash inflow / (outflow) from operating activities | <u>9,424,463</u> | <u>2,349,898</u> | <u>9,888,983</u> | <u>4,163,292</u> |

NOTES TO THE FINANCIAL STATEMENTS

Note 20 Chief Executive Officer's Remuneration

The Chief Executive Officer of the Wairoa District Council is appointed under section 42 of the Local Government Act 2002. The annual salary package, including benefits, is as follows:-

| | |
|---------------|----------------|
| | Paid |
| Annual Salary | 188,475 |
| | <u>188,475</u> |

| Elected Representatives Remuneration | | 2011/12 | 2010/11 |
|---|-------------|----------------|----------------|
| Mayor | L.Probert | 63,797 | 61,344 |
| Deputy Mayor | D.Eaglesome | 33,364 | 33,015 |
| Councillor | D.Caves | 22,243 | 22,212 |
| Councillor | D.Evans | 22,243 | 22,212 |
| Councillor | A.McKinnon | - | 7,443 |
| Councillor | B.Cairns | 22,654 | 23,234 |
| Councillor | J.Heron | - | 7,611 |
| Councillor | M.Johansen | 22,395 | 14,944 |
| Councillor | C.Little | 23,478 | 14,769 |
| | | <u>210,174</u> | <u>206,784</u> |

| Key management personnel compensation | | 2011/12 | 2010/11 |
|--|--|----------------|----------------|
| Salaries and other short term benefits | | 766,268 | 736,359 |
| Post employment benefits | | - | - |
| Other long term benefits | | - | - |
| Termination benefits | | - | - |

Contributions to defined contribution plans are disclosed under other long term benefits, above.

Key Management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|---|----------------------------|----------------------------|--------------------------|--------------------------|
| Employee benefit expenses | | | | |
| Salaries and Wages | 3,838,774 | 3,609,196 | 7,930,106 | 7,444,480 |
| Employer contributions to Superannuation | 104,760 | 98,556 | 170,212 | 154,053 |
| Increase (decrease) in employee benefit liabilities | 36,552 | 77,134 | 78,049 | 70,679 |
| Total employee benefit expenses | <u>3,980,086</u> | <u>3,784,886</u> | <u>8,178,367</u> | <u>7,669,212</u> |

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|-------------------------------------|----------------------------|----------------------------|--------------------------|--------------------------|
| Employee benefit liabilities | | | | |
| Accrued pay | 96,114 | 113,687 | 212,142 | 230,871 |
| Annual leave | 342,843 | 271,869 | 737,180 | 610,352 |
| Long service leave | 11,692 | 12,070 | 40,741 | 41,745 |
| Retirement gratuities | 183,734 | 201,035 | 254,655 | 277,490 |
| Sick leave | 6,011 | 5,181 | 11,128 | 17,339 |
| Total employee benefit liabilities | <u>640,394</u> | <u>603,842</u> | <u>1,255,846</u> | <u>1,177,797</u> |
| Comprising: | | | | |
| Current | 450,649 | 390,737 | 995,462 | 898,235 |
| Non-current | 189,745 | 213,105 | 260,384 | 279,562 |
| Total employee benefit liabilities | <u>640,394</u> | <u>603,842</u> | <u>1,255,846</u> | <u>1,177,797</u> |

NOTES TO THE FINANCIAL STATEMENTS

Note 21 Items included in net surplus

| | 2011/12 Council | 2010/11 Council |
|---|--------------------|--------------------|
| Insurance premiums | 269,829 | 124,040 |
| Ex-gratia payments | - | - |
| Public ceremonies | 8,963 | 19,183 |
| Insignia and robes of office | - | - |
| Entertainment | - | - |
| Subscriptions, levies, grants and contributions | 554,071 | 590,568 |
| Unauthorised expenditure | - | - |

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|---|--------------------|--------------------|------------------|------------------|
| Other disclosures | | | | |
| Depreciation - Infrastructural assets | 3,788,729 | 3,259,521 | 3,788,729 | 3,259,521 |
| Depreciation - Operational assets | 712,113 | 459,904 | 1,487,008 | 1,217,554 |
| Amortisation charge - Intangible assets | - | 427 | 56,498 | 14,484 |
| Audit fees for financial statements audit | 107,797 | 105,124 | 170,304 | 159,266 |
| Audit fees for LTP | 95,778 | - | 95,778 | - |
| Interest paid - bank borrowings | - | - | 107,171 | 134,924 |
| Interest paid - discount rate | - | - | - | - |
| Mayor and Councillor fees | 210,174 | 206,784 | 210,174 | 206,784 |
| Impairment of receivables (bad debts written off) | - | (72,049) | - | (72,049) |
| Impairment of receivables (provision for doubtful debts) (Note 4) | 447,840 | 269,836 | 536,865 | 254,879 |
| Lease expenses | 46,528 | 60,833 | 188,725 | 204,825 |
| Loss on disposal of Property, Plant, and Equipment | 1,343,200 | 1,974,964 | 1,344,643 | 1,999,959 |
| Unrealised (gain) loss on investments | 995,628 | 171,247 | 995,628 | 56,053 |
| Gain on sale of assets | 7,027 | - | 76,139 | 18,502 |
| Directors fees | - | - | 90,610 | 78,544 |
| Donations | - | - | - | - |

Note 22 Transactions with related parties

Council's purchase of services and sales income from Quality Roding and Services (Wairoa) Ltd were as follows:-

Purchase of services \$7,278,870 (2011: \$9,431,132)
Sales: \$180,935 (2011: \$226,569) Dividend \$150,000 (2011: \$200,000)

Amount owed by Quality Roding and Services (Wairoa) Ltd to Council at year end: \$195 (2011: nil) which was receivable on normal trading terms.

Amount owed by Council to Quality Roding and Services (Wairoa) Ltd at year end: \$1,722,517 (2011: \$1,031,416) which is payable on normal trading terms except for \$121,022 (2011: \$62,569) contract retentions payable at closure of defects liability period.

Related party transactions of \$nil were forgiven or written off during the period.

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with WDC (such as payment of rates, dog registration etc)

QRS Directors and CEO

Sales transacted during the year payable on normal trading terms were as follows:

| | 2011/12 Business Transacted | 2011/12 Balance Owing | 2010/11 Business Transacted | 2010/11 Balance Owing |
|--------------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| D L Munro (Director) | 312 | - | 2,370 | - |
| L A Aitken (CEO) | 12,795 | 199 | 8,409 | 1,846 |
| K M Burger (FC) | 7,541 | 148 | 11,199 | 2,299 |
| A J O'Sullivan (Manager) | 1,366 | 78 | 1,504 | 87 |

NOTES TO THE FINANCIAL STATEMENTS

Note 23 Interest Revenue

Council recognises interest income on an accrual basis with movements in fair value profits and losses disclosed in the overall income statement as interest on investments. Loss on revaluation of investments as at 30/06/12 was \$1,159,797 (2011: \$171,247 loss).

Note 24 Financial Instruments Risk

| The Financial Instruments Categories | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|--|--------------------|--------------------|-------------------|-------------------|
| FINANCIAL ASSETS | | | | |
| Financial assets at fair value through profit and loss - upon initial recognition | | | | |
| Shares and debentures | 11,504,972 | 12,512,160 | 11,504,972 | 12,512,160 |
| Loans and Receivables | | | | |
| Cash and Cash Equivalents | 2,785,658 | 3,619,825 | 3,886,338 | 5,329,882 |
| Trade and other receivables | 5,678,627 | 6,075,126 | 7,019,494 | 7,402,820 |
| Other Financial Assets | | | | |
| Sinking Fund Investments | - | - | - | - |
| Housing and Community Advances | 2,248 | 5,310 | 2,248 | 5,310 |
| | <u>8,466,533</u> | <u>9,700,261</u> | <u>10,908,080</u> | <u>12,738,012</u> |
| Available for Sale Financial Assets | | | | |
| NZ Local Government Insurance Corporation Limited | 22,992 | 22,992 | 22,992 | 22,992 |
| | <u>22,992</u> | <u>22,992</u> | <u>22,992</u> | <u>22,992</u> |
| Total Financial Assets | <u>19,994,497</u> | <u>22,235,413</u> | <u>22,436,044</u> | <u>25,273,164</u> |
| FINANCIAL LIABILITIES | | | | |
| Financial Liabilities at Amortised cost | | | | |
| Trade and other Payables | 4,546,889 | 3,995,163 | 5,155,311 | 5,079,175 |
| Borrowings | | | | |
| Bank Overdraft | - | - | - | - |
| Secured Loans | - | - | 1,587,313 | 1,511,003 |
| Total Financial Liabilities at amortised cost | <u>4,546,889</u> | <u>3,995,163</u> | <u>6,742,624</u> | <u>6,590,178</u> |

Financial instrument risks

WDC has a series of policies to manage the risks associated with financial instruments. WDC is risk averse and seeks to minimise exposure from its treasury activities. WDC has 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. WDC is exposed to securities price risk on its investments, which are classified as financial assets held at fair value through profit or loss. The price risk arises due to market movements in listed securities. The price risk is managed by diversification of WDC's investment portfolio in accordance with the limits set out in WDC's Investment policy.

Currency Risk

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

NOTES TO THE FINANCIAL STATEMENTS

Interest Rate Risk

The interest rates on WDC's investments are disclosed in note 6 and on WDC's borrowings in note 10.

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 the WDC to fair value interest rate risk. WDC's Liability Management policy outlines the level of borrowing that is secured using fixed rate instruments.

Cash flow interest rate risk

Cash flow interest rate risk is the 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 WDC to cash flow interest rate risk.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to WDC, causing WDC to incur a loss. WDC has no significant concentration of credit risk, as it has a large number of credit customers, mainly ratepayers, and WDC has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

WDC restricts its investments to government or state owned enterprises, registered banks, local authorities and approved corporate investments. Investments are only made with institutions with a high credit rating, and exposure is limited by spreading investments, and limiting the amount of each investment. Accordingly WDC does not require any collateral or security to support these financial instruments.

Financial instruments which potentially subject Council to credit risk principally consist of bank balances, accounts receivable and investments.

WDC has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Financial Instruments Risk

WDC's maximum credit exposure for each class of financial instrument is as follows:-

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|---|--------------------|--------------------|-------------------|-------------------|
| Cash at bank, short term deposits and sinking funds | 2,785,658 | 3,619,825 | 3,886,338 | 5,329,882 |
| Trade and other receivables | 5,678,627 | 6,075,126 | 7,019,494 | 7,402,820 |
| Housing and Community Advances | 2,248 | 5,310 | 2,248 | 5,310 |
| Shares and Debentures | 11,527,964 | 12,535,152 | 11,527,964 | 12,535,152 |
| Land and Buildings | - | - | - | - |
| Total Credit Risk | <u>19,994,497</u> | <u>22,235,413</u> | <u>22,436,044</u> | <u>25,273,164</u> |

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

Counterparties with Credit Ratings

| | | | | |
|--------------------------------------|------------|------------|------------|------------|
| Cash at Bank and Short Term Deposits | | | | |
| AA | 2,785,658 | 3,619,825 | 3,886,338 | 5,329,882 |
| Shares and Debentures | | | | |
| A-1 or better | 11,527,964 | 12,535,152 | 11,527,964 | 12,535,152 |

Counterparties without Credit Ratings

| | | | | |
|--|-------|-------|-------|-------|
| Housing and Community Advances | | | | |
| Existing counterparty with no defaults in the past | 2,248 | 5,310 | 2,248 | 5,310 |
| Existing counterparty with defaults in the past | - | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

Debtors and other receivables mainly arise from WDC's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings.

WDC has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and WDC has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

| Issuers | Instruments | Limits |
|--|---------------------------------------|--|
| Risk Free | | |
| NZ Government guaranteed | Treasury Government stock | 100% |
| Near Risk Free | | |
| Local authorities and other institutions with the ability to levy rates or taxes | Local authority stock | Up to 100% subject to not more than \$2 million with one issuer |
| Local Authority Bond Trust | Bonds | Up to 100% subject to not more than \$2 million in any one issue |
| Low Risk | | |
| ANZ Bank; ASB Bank; Bank of New Zealand | Money market call deposits | Up to 80% but no more than |
| National Bank; WestpacTrust | Money market term deposits | \$2 million with one issuer |
| | Transferable certificates of deposits | |
| | Negotiable certificates of deposits | |
| | Registered certificates of deposits | |
| | Bank bills | |
| Corporate and SOEs as long as they have a short term credit rating of at least A-1 or better and a long term rating of A or better as determined by Standard and Poors | Promissory Notes | Up to 40% but not more than |
| | Corporate Bonds | \$1 million with one issuer |

Liquidity Risk

Liquidity Risk is the risk that WDC will encounter difficulties in raising liquid funds to meet commitments as they fall due. Prudent liquidity 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. WDC aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, WDC maintains a target level of investments that must mature within the next 12 months.

WDC maintains its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy. These policies have been adopted as part of the WDC's Long Term Plan.

The maturity profiles of WDC's interest bearing investments and borrowings are disclosed in notes 6 and 10 respectively.

The table on page 81 analyses WDC's financial liabilities into relevant maturity groupings based upon the remaining period at the balance date to the contracted maturity date.

NOTES TO THE FINANCIAL STATEMENTS

Financial Instruments Risk

Council 2012

| | <u>Carrying Amount</u> | <u>Contractual Cash Flow</u> | <u>Less than 1 year</u> | <u>1 - 2 years</u> | <u>2 - 5 years</u> | <u>more than 5 years</u> |
|--------------------------|----------------------------|----------------------------------|-----------------------------|--------------------|--------------------|------------------------------|
| Trade and other payables | 4,546,889 | 4,546,889 | 4,546,889 | | | |
| Borrowings | | | | | | |
| Bank Overdraft | - | - | | | | |
| Secured Loans | - | - | | | | |
| Total | <u>4,546,889</u> | <u>4,546,889</u> | <u>4,546,889</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Group 2012

| | | | | | | |
|--------------------------|------------------|------------------|------------------|----------------|----------------|----------------|
| Trade and other payables | 5,155,311 | 5,155,311 | 5,155,311 | | | |
| Borrowings | | | | | | |
| Bank Overdraft | - | - | | | | |
| Secured Loans | 1,587,313 | 1,587,313 | 365,195 | 310,857 | 784,666 | 126,595 |
| Total | <u>6,742,624</u> | <u>6,742,624</u> | <u>5,520,506</u> | <u>310,857</u> | <u>784,666</u> | <u>126,595</u> |

Council 2011

| | <u>Carrying Amount</u> | <u>Contractual Cash Flow</u> | <u>Less than 1 year</u> | <u>1 - 2 years</u> | <u>2 - 5 years</u> | <u>more than 5 years</u> |
|--------------------------|----------------------------|----------------------------------|-----------------------------|--------------------|--------------------|------------------------------|
| Trade and other payables | 3,995,163 | 3,995,163 | 3,995,163 | - | - | - |
| Borrowings | | | | | | |
| Bank Overdraft | - | - | | | | |
| Secured Loans | - | - | | | | |
| Total | <u>3,995,163</u> | <u>3,995,163</u> | <u>3,995,163</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Group 2011

| | | | | | | |
|--------------------------|------------------|------------------|------------------|----------------|----------------|----------------|
| Trade and other payables | 5,079,175 | 5,079,175 | 5,079,175 | | | |
| Borrowings | | | | | | |
| Bank Overdraft | - | - | - | | | |
| Secured Loans | 1,511,003 | 1,511,003 | 431,559 | 272,486 | 555,350 | 251,608 |
| Total | <u>6,590,178</u> | <u>6,590,178</u> | <u>5,510,734</u> | <u>272,486</u> | <u>555,350</u> | <u>251,608</u> |

NOTES TO THE FINANCIAL STATEMENTS

Financial Instruments Risk

The table below analyses WDC's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contracted maturity date.

| | <u>Carrying Amount</u> | <u>Contractual Cash Flow</u> | <u>Less than 1 year</u> | <u>1 - 2 years</u> | <u>2 - 5 years</u> | <u>more than 5 years</u> |
|--------------------------------|----------------------------|----------------------------------|-----------------------------|--------------------|--------------------|------------------------------|
| Council 2012 | | | | | | |
| Cash and Cash Equivalents | 2,785,658 | 2,785,658 | 2,785,658 | | | |
| Trade and Other receivables | 5,678,627 | 5,678,627 | 5,678,627 | | | |
| Other financial assets | | | | | | |
| Housing and Community Advances | 2,248 | 2,248 | 2,248 | | | |
| Shares and Debentures | 11,527,964 | 11,527,964 | 5,267,820 | 1,613,690 | 2,805,208 | 1,841,246 |
| Sinking Funds | - | - | | | | |
| Total | 19,994,497 | 19,994,497 | 13,734,353 | 1,613,690 | 2,805,208 | 1,841,246 |
| Group 2012 | | | | | | |
| Cash and Cash Equivalents | 3,886,338 | 3,886,338 | 3,886,338 | | | |
| Trade and Other receivables | 7,019,494 | 7,019,494 | 7,019,494 | | | |
| Other financial assets | | | | | | |
| Housing and Community Advances | 2,248 | 2,248 | 2,248 | | | |
| Shares and Debentures | 11,527,964 | 11,527,964 | 5,267,820 | 1,613,690 | 2,805,208 | 1,841,246 |
| Sinking Funds | - | - | | | | |
| Total | 22,436,044 | 22,436,044 | 16,175,900 | 1,613,690 | 2,805,208 | 1,841,246 |
| Council 2011 | | | | | | |
| Cash and Cash Equivalents | 3,619,825 | 3,619,825 | 3,619,825 | | | |
| Trade and Other receivables | 6,075,126 | 6,075,126 | 6,075,126 | | | |
| Other financial assets | | | | | | |
| Housing and Community Advances | 5,310 | 5,310 | 5,310 | | | |
| Shares and Debentures | 12,535,152 | 12,535,152 | 2,664,301 | 5,365,135 | 3,642,077 | 863,639 |
| Sinking Funds | | | | | | |
| Total | 22,235,413 | 22,235,413 | 12,364,562 | 5,365,135 | 3,642,077 | 863,639 |
| Group 2011 | | | | | | |
| Cash and Cash Equivalents | 5,329,882 | 5,329,882 | 5,329,882 | | | |
| Trade and Other receivables | 7,402,820 | 7,402,820 | 7,402,820 | | | |
| Other financial assets | | | | | | |
| Housing and Community Advances | 5,310 | 5,310 | 5,310 | - | - | - |
| Shares and Debentures | 12,535,152 | 12,535,152 | 2,664,301 | 5,365,135 | 3,642,077 | 863,639 |
| Sinking Funds | - | - | - | - | - | - |
| Total | 25,273,164 | 25,273,164 | 15,402,313 | 5,365,135 | 3,642,077 | 863,639 |

NOTES TO THE FINANCIAL STATEMENTS

Financial Instruments Risk

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 constant, based on WDC's financial instrument exposures at the balance date.

| Council | 2011/12 -100bps Profit | 2011/12 -100bps Other Equity | 2011/12 +100bps Profit | 2011/12 +100bps Other Equity |
|--|---------------------------------------|---|---------------------------------------|---|
| Interest Rate Risk | | | | |
| Financial Assets | | | | |
| Cash and Cash Equivalents | (10,900) | | 10,900 | |
| Other financial assets | | | | |
| Shares and Debentures | 532,501 | | (445,213) | |
| Financial Liabilities | | | | |
| Borrowings | | | | |
| Bank Overdraft | | | | |
| Secured Loans | | | | |
| Debentures | | | | |
| Total sensitivity to interest rate risk | <u>521,601</u> | <u>-</u> | <u>(434,313)</u> | <u>-</u> |
| Council | | | | |
| | 2010/11 -100bps Profit | 2010/11 -100bps Other Equity | 2010/11 +100bps Profit | 2010/11 +100bps Other Equity |
| Interest Rate Risk | | | | |
| Financial Assets | | | | |
| Cash and Cash Equivalents | (12,532) | - | 12,532 | - |
| Other financial assets | | | | |
| Shares and Debentures | 852,236 | - | (525,093) | - |
| Financial Liabilities | | | | |
| Borrowings | | | | |
| Bank Overdraft | | | | |
| Secured Loans | | | | |
| Debentures | | | | |
| Total sensitivity to interest rate risk | <u>839,704</u> | <u>-</u> | <u>(512,561)</u> | <u>-</u> |
| Group | | | | |
| | 2011/12 -100bps Profit | 2011/12 -100bps Other Equity | 2011/12 +100bps Profit | 2011/12 +100bps Other Equity |
| Interest Rate Risk | | | | |
| Financial Assets | | | | |
| Cash and Cash Equivalents | (10,900) | | 10,900 | |
| Other financial assets | | | | |
| Shares and Debentures | 532,501 | | (445,213) | |
| Financial Liabilities | | | | |
| Borrowings | | | | |
| Bank Overdraft | | | | |
| Secured Loans | | | | |
| Debentures | | | | |
| Total sensitivity to interest rate risk | <u>521,601</u> | <u>-</u> | <u>(434,313)</u> | <u>-</u> |
| Group | | | | |
| | 2010/11 -100bps Profit | 2010/11 -100bps Other Equity | 2010/11 +100bps Profit | 2010/11 +100bps Other Equity |
| Interest Rate Risk | | | | |
| Financial Assets | | | | |
| Cash and Cash Equivalents | (12,532) | - | 12,532 | - |
| Other financial assets | | | | |
| Shares and Debentures | 852,236 | - | (525,093) | - |
| Financial Liabilities | | | | |
| Borrowings | | | | |
| Bank Overdraft | | | | |
| Secured Loans | | | | |
| Debentures | | | | |
| Total sensitivity to interest rate risk | <u>839,704</u> | <u>-</u> | <u>(512,561)</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS

Note 25 Events subsequent to balance date

There have been no other events subsequent to balance date that would have a material effect on the 30 June 2012 Annual Report.

| | 2012 Council | 2011 Council | 2012 Group | 2011 Group |
|---|-----------------|-----------------|---------------|---------------|
| Note 26 Contingencies: | | | | |
| Contingent Liabilities | - | - | - | - |
| Performance bonds with ANZ Banking Group (NZ) Ltd | - | - | 412,000 | 336,000 |

Guarantees

\$412,000 (2011 : \$336,000)

Note 27 Long Term Council Community Plan 2009-2019

The Long Term Council Community Plan for 2009-2019 was adopted by Council on 23rd July 2009. The third year of this Plan is reported in these Financial Statements as Annual Plan 2012.

Note 28 Landfill aftercare provision

The Council has provided for aftercare of the Wairoa and Mahia landfills where such a liability exists. Council has a liability under the Resource consent issued by the Hawkes Bay Regional Council until 2031. This provides for ongoing maintenance and monitoring of the Wairoa Landfill until 2031.

The cash outflows for landfill post closure are expected to occur within the next 25 years. There are inherent uncertainties due to the long term nature of the liability. The costs have been estimated using existing technology with a discount rate of 3%.

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|--|--------------------|--------------------|------------------|------------------|
| Balance at 1 July | 604,080 | 599,020 | 604,080 | 599,020 |
| Provided (released) during the year - Wairoa | - | - | - | - |
| Provided (released) during the year - Mahia | - | - | - | - |
| Expenditure during the period | - | - | - | - |
| Amortisation | 246,438 | 5,060 | 246,438 | 5,060 |
| Balance at 30 June | <u>850,518</u> | <u>604,080</u> | <u>850,518</u> | <u>604,080</u> |

Note 29 Quarry aftercare provision

Quality Roding and Services (Wairoa) Ltd have provided for the reinstatement of Quarries where such liability exists.

The costs have been estimated using existing technology at current prices.

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|-------------------------------|--------------------|--------------------|------------------|------------------|
| Balance at 1 July | - | - | 126,881 | 118,939 |
| Provided during the year | - | - | 7,576 | 7,942 |
| Expenditure during the period | - | - | (2,268) | - |
| Balance at 30 June | <u>-</u> | <u>-</u> | <u>132,189</u> | <u>126,881</u> |

NOTES TO THE FINANCIAL STATEMENTS

Note 30 Statement of Commitments as at 30 June 2012

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|---|--------------------|--------------------|------------------|------------------|
| Capital Commitments approved and contracted | 3,923,666 | 196,056 | 3,923,666 | 196,056 |

WDC leases 5 photocopier machines in the ordinary course of its business. The majority of these have a non-cancellable term of 60 months. The future aggregate minimum lease payments to be made under non-cancellable operating leases are as follows:-

| | 2011/12 Council | 2010/11 Council | 2011/12 Group | 2010/11 Group |
|---|--------------------|--------------------|------------------|------------------|
| Non cancellable operating lease commitments | | | | |
| Office equipment | | | | |
| Up to one year | 55,344 | - | 190,196 | 139,940 |
| one to five years | 181,873 | 243,334 | 244,733 | 441,046 |
| over five years | - | - | - | - |

The lease does not transfer substantially all the risks and rewards incidental to ownership.

The lease does not transfer ownership to WDC at the end of the lease term.

The leased asset is not of a specialised nature that only the lessee can use without modifications.

The lessee cannot cancel the lease unilaterally unless the lessor is in material breach of contract, and gains and losses in value do not accrue to the lessee.

Note 31 Statement of Financial Involvement in CCTO's and Other Companies or Organisations

Wairoa District Council has control over the following entities:

Quality Roding and Services (Wairoa) Ltd

The cost to the above enterprise for the financial interests, finance or financial assistance of the Council is as follows:

| | Dividends 2011/12 | Dividends 2010/11 |
|--|----------------------|----------------------|
| | 150,000 | 200,000 |

Note 32 Government Grants and Subsidies

WDC received government grants from Land Transport New Zealand, which subsidises part of the costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions relating to eligible expenditure are fulfilled.

| Source of Funding | 2011/12 | 2010/11 |
|--|-------------------|-------------------|
| Land Transport New Zealand - Transport Subsidies | 13,044,314 | 9,784,156 |
| Ministry of Health | 1,000,000 | - |
| Veteran Affairs | 2,568 | 2,568 |
| Creative New Zealand | 340 | 10,384 |
| SPARC's - Rural Travel Fund | 9,062 | 8,577 |
| YROA YNOT | 26,413 | 74,882 |
| Ministry of Internal Affairs | 657,880 | 151,464 |
| Civil Defence | - | - |
| Others | 24,308 | 11,246 |
| | <u>14,764,885</u> | <u>10,043,277</u> |

WDC has fulfilled all conditions attaching to the government assistance.

NOTES TO THE FINANCIAL STATEMENTS

Revenue received from Government grants and subsidies (and hence operating surplus) includes \$6,056,368 (2011: \$1,856,880) relating to grants received where the associated expenditure has been capitalised. Expenditure relating to these projects will be recognised (primarily as depreciation) over the life of the capitalised assets.

Cashflow from Government grants and subsidies (and hence operating cash inflows) includes \$6,056,368 (2011: \$1,856,880) with respect to these capital grants where the associated cash outflows are recognised as investing activities.

Note 33 Segmental Reporting

The group operates in one geographic segment (New Zealand) and in two industries, being that of local government and construction and maintenance activities (operated by the 100% owned subsidiary Quality Roading and Services (Wairoa Ltd).

Note 34 Financial Accounts

Explanations for major variances from WDC's estimated figures in the 2009/2019 Long Term Council Community Plan and the 2010/2011 Annual Plan are as follows:-

| | 2011/12 Annual Plan | 2010/11 Annual Plan |
|--|---------------------------|---------------------------|
| Income Statement | | |
| 2012 plan net surplus | 2,527,534 | 1,810,234 |
| Higher (lower) subsidy revenue (regional projects, emergency works) | 6,718,517 | 2,497,798 |
| Higher (lower) income from investments | (1,099,930) | (97,559) |
| Higher (lower) income from fees and charges (water production, waste management) | 811,951 | (150,672) |
| Higher income from rates | 496,909 | 158,506 |
| Increase in costs due to additional roading work, operating deficits from production of water and sewerage | (6,160,711) | (4,543,296) |
| Capital gain on asset sales | - | - |
| Loss on revaluation of woodlots | - | - |
| Gain on revaluation of Wairoa Landfill Aftercare provision | - | - |
| Other | 3,116 | 14,179 |
| 2012 actual net surplus | <u>3,297,386</u> | <u>(310,810)</u> |
| Capital expenditure | | |
| 2012 plan | 8,494,312 | 9,257,951 |
| Projects deferred or cancelled | | |
| Additional projects approved | 4,021,799 | (3,656,585) |
| Projects under/over spent | | |
| Actual expenditure 2012 | <u>12,516,111</u> | <u>5,601,366</u> |

Note 35 Capital Management

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

The Local Government Act 2002 (the Act) requires the 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, liabilities, investments and general financial dealings.

The object 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 cost 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 to meet the expenditure needs identified in those plans. The Act sets out the factors that the 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 Council's LTP.

NOTES TO THE FINANCIAL STATEMENTS

WDC has the following Council created reserves:

- Reserves for different areas of benefit
- Self-insurance 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 to the 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 can only be approved by Council.

| Note 36 Funding Impact Statement Council Only | COUNCIL 2011/12 ACTUAL | COUNCIL 2011/12 ANNUAL PLAN | COUNCIL 2011/12 LTP | COUNCIL 2010/11 ACTUAL |
|--|---------------------------------------|--|------------------------------------|---------------------------------------|
| Sources of Operating Funding | | | | |
| General rates | 327,000 | 320,690 | 371,450 | 418,100 |
| Uniform Annual General Rates | 2,222,322 | 2,814,019 | 2,513,077 | 1,881,829 |
| Targeted Rates | 7,193,728 | 6,111,433 | 7,413,229 | 7,287,956 |
| | 9,743,050 | 9,246,142 | 10,297,756 | 9,587,884 |
| Subsidies and grants | 14,764,885 | 8,046,367 | 7,647,210 | 10,043,277 |
| Fees and Charges | 2,510,796 | 1,698,845 | 1,990,936 | 1,805,919 |
| Investment Income | 358,927 | 1,458,857 | 1,382,100 | 1,334,941 |
| Petrol Tax | 73,116 | 70,000 | 70,000 | 84,178 |
| Total Operating Funding | 27,450,774 | 20,520,211 | 21,388,002 | 22,856,199 |

Note 37 Adoption of Annual Report

Council adopted the Annual Report on the 23 October 2012.

The statutory deadline to adopt the Annual Report for the year ended 30 June 2012 was 31st October 2012.

STATEMENT OF ACCOUNTING POLICIES

Reporting entity

Wairoa District Council (WDC) is a territorial local authority in New Zealand governed by the Local Government Act 2002. The Council group consists of Wairoa District Council and its 100% owned subsidiary, Quality Roading and Services (Wairoa) Ltd (QRS Ltd).

The primary objective of WDC is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly WDC has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of WDC are for the year ended 30 June 2012. The financial statements were authorised for issue by Council on 23 October 2012.

Basis of Preparation

The financial statements of the Wairoa 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 the New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The financial statements have been prepared on an historical cost basis, modified by the revaluation of land and buildings, certain infrastructure assets, investment property, biological assets and financial instruments.

The financial statements have been presented in New Zealand dollars. Foreign exchange transactions are translated into New Zealand dollars using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of financial performance.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Basis of consolidation

The consolidated financial statements include the Council and its subsidiary QRS Ltd. The financial statements of QRS Ltd are accounted for using the purchase method, which involves adding together corresponding assets, liabilities, revenue and expenses on a line-by-line basis. All significant inter-entity transactions, balances and unrealised gains are eliminated on consolidation. Accounting policies of QRS Ltd have been changed to ensure consistency with the policies adopted by the group.

WDC's investment in its subsidiary is carried at cost in WDC's own "parent entity" financial statements.

Revenue

Revenue is measured at the fair value of consideration received.

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when receivable.

Interest revenue

Interest income is recognised in the period in which it is earned.

Dividend revenue

Revenue is recognised when the right to receive payment is established.

Other Revenue

Water billing revenue is recognised on an accrual basis. Unbilled usage as a result of unread meters at year-end, is accrued on an average usage basis.

WDC receives government grants from Land Transport New Zealand, which subsidises part of WDC's costs in maintaining the local road infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

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

Sales of goods are recognised when a product is sold to the customer.

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 WDC are recognised as revenue when control over the asset is obtained.

Revenue on construction contracts is recognised progressively over the period of each contract. The amount included in the statement of financial performance, and the value of the contract work in progress are established by assessment of the individual contracts taking into account the proportion of work completed, cost analysis and estimated final results.

When the contract income cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

Income Tax

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arose from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

Current and deferred tax is charged or credited to the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the tax is charged or credited directly to equity.

LEASES

Operating Lease

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

Cash or cash equivalents

Cash or cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less.

Trade and Other Receivables

Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method less an allowance for any uncollectable amounts.

An allowance for uncollectable receivables is established when there is objective evidence that WDC will not be able to collect all amounts due according to the original terms of receivables.

Inventories

Inventories are stated at the lower of cost (on a first in first out basis) or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Financial Assets

Wairoa District Council classifies its financial assets into the three categories as detailed under A, B and C below. The classification depends on the purpose for which the financial assets were acquired.

Management determines the classification of its financial assets at initial recognition and re-evaluates this classification at each reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit and loss in which case the transaction costs are recognised in the statement of financial performance.

Purchases and sales of financial assets are recognised on trade-date, the date on which WDC 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 and WDC has transferred substantially the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on the quoted market prices at the balance sheet date. The quoted 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. WDC uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

A. Financial assets at fair value through profit and loss

This category has two sub categories: financial assets held for trading, and those designated at fair value through profit and loss 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. Included in this category are short-term investments, which are valued at fair value.

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 statement of financial performance

Council has classified its investments as financial assets at fair value through profit and loss. The portfolio includes investments in local authority and government stock, registered bank bills and bonds, and corporate stocks and bonds. The reason for the classification is that the investments were acquired for the purpose of selling and trading in the near term, and they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a pattern of short-term profit-taking. In addition, there is a quoted market price in an active market where fair value can be reliably measured.

B. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Included in this category are sinking funds that are valued at amortised cost. Community loans are included at amortised cost.

Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance.

C. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available for sale or not designated in any of the other categories. Available for sale financial assets are held at fair value with gains or losses recognised directly in equity with the exception of impairment losses that are recognised in the statement of financial performance. In the event of impairment, any cumulative losses previously recognised in equity, will be removed from equity and recognised in the statement of financial performance, even though the asset has not been derecognised.

Impairment of Financial Assets

At each balance date WDC 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 income statement.

Loans and Other Receivables

Impairment of a loan or receivable is established when there is objective evidence that WDC will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For trade and other receivables, the carrying amount of the asset is reduced through the use of a doubtful debt account, and the amount of the loss is recognised in the statement of financial performance. When the receivable is uncollectible, it is written off against the debtor account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount. Impairment is established when there is objective evidence that that WDC will not be able to collect amounts due to the original terms of the instrument. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

Quoted and unquoted equity investments

A significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment. If such evidence exists the cumulative loss is removed from equity and recognised in the statement of financial performance. Impairment losses recognised in the statement of financial performance are not reversed through the statement of financial performance.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Non-current assets held for sale

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

An impairment loss is recognised for any write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets held for sale are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Property, Plant & Equipment

Property, Plant & Equipment consists of:

Operational Assets – These include land, buildings, library books, plant and equipment and motor vehicles

Restricted assets – Restricted assets are parks and reserves owned by WDC that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets - Infrastructure assets are the fixed utility systems owned by WDC. Each asset class includes all items that are required for the network to function; for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, Plant & Equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

Additions of an item of property, plant and equipment are recognised at 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 statement of financial performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to WDC 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 for WDC other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Our subsidiary company QRS Ltd. uses the diminishing value basis for depreciating plant, equipment and motor vehicles, office equipment and furniture, and computer hardware.

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

Property, Plant and Equipment

| Estimated Life | Years |
|--|--------------|
| Quarries | 30 – 40 |
| Buildings | 30 – 40 |
| Other improvements | 10 – 50 |
| Plant, Equipment and Vehicles | 4 – 10 |
| Library Collection | 2 – 10 |
| Office Equipment, Furniture and Fittings | 5 – 10 |
| Computer Equipment | 4 - 5 |

| SEWERAGE | Life years | STORMWATER | Life years |
|-------------------|-------------------|---------------------|-------------------|
| Structures | 50 | Reticulation piping | 50-100 |
| Oxidation ponds | 40 | Culverts | 50-100 |
| Pipes | 80-100 | Manholes/Sumps | 50-100 |
| Manholes | 100 | Open Drains | Not depreciated |
| Pumps | 10-15 | | |
| Plant | 10-15 | | |
| Resource Consents | 25 | | |

| WATER SUPPLY | Life years | ROADS | Life years |
|---------------------|-------------------|----------------------|-------------------|
| Structures | 50 | Top Surface (seal) | 14 |
| Pumps | 15-20 | Basecourse | Not depreciated |
| Reticulation Piping | 60-100 | Formation | Not depreciated |
| Meters | 20 | Bridges | 20-80 |
| Hydrants | 40 | Footpaths | 15-40 |
| Resource Consents | 20-25 | Kerbs | 50 |
| Reservoirs | 80 | Streetlights (Poles) | 50 |

Application of the estimated useful economic lives of assets are subject to change depending on the individual circumstances of the asset, particularly when assets are revalued and the valuers provide an annual depreciation figure.

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

Revaluation

Those assets classes that are revalued are valued on a three yearly valuation cycle on the 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. If there is a material difference then a revaluation is performed.

Increases in asset carrying amounts, due to revaluation, increase revaluation reserves in equity. Decreases in asset carrying amount decrease revaluation reserves in equity only to the extent that the class of asset has sufficient reserves to absorb the reduction. All other decreases are charged to the income statement. If a revaluation increase reverses a decrease previously recognised in the statement of financial performance, the increase is recognised first in the statement of financial performance to reverse any previous reduction.

Operational land and buildings

Operational land and buildings were valued at fair value effective from 30 June 2005. Under NZ IFRS, WDC has elected to use the fair value of operational land and buildings as at 30 June 2005 as deemed cost. Operational land and buildings are no longer revalued.

Restricted land and buildings

Restricted land and buildings were valued at fair value effective from 30 June 2005. Under NZ IFRS, WDC has elected to use the fair value of restricted land and buildings as at 30 June 2005 as deemed cost. Restricted land and buildings are no longer revalued.

Infrastructure asset classes: roads, water reticulation, sewerage reticulation and stormwater systems:

Infrastructure assets are carried at fair value on a depreciated replacement cost basis as assessed by an independent valuer. At balance date WDC assesses the carrying values of its infrastructure assets to ensure that they do not differ materially from the assets' fair value. If there is a material difference, then the off-cycle asset classes are revalued. Any additions since valuation are carried at depreciated cost.

Land under Roads

Land under roads was valued on the basis of fair value of adjacent land as at 30 June 2005. Under NZ IFRS, WDC has elected to use the fair value of land under roads as at 30 June 2005 as deemed cost.

Intangible Assets

Software acquisition and development

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

Costs associated with maintaining computer software are recognized as an expense when incurred. Costs that are directly associated with the development of software for internal use by WDC are recognized as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

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 statement of financial performance.

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

| | | |
|-------------------|---------|-----|
| Computer software | 3 years | 33% |
|-------------------|---------|-----|

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. 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.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash flows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of financial performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of financial performance.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in statement of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the statement of financial performance.

Forestry Assets

Forestry assets are independently valued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and taking into consideration environmental, operational and market restrictions.

Gains or losses arising on the initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the statement of financial performance. The costs to maintain forestry assets are included in the statement of financial performance.

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 its cost including transaction costs.

After initial recognition, WDC measures all investment property at fair value as determined annually by an independent valuer. Gains or losses arising from changes in fair values of investment properties are included in the statement of financial performance.

Investment properties are derecognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Any gains or losses on derecognition of an investment property are recognised in the statement of financial performance in the year of derecognition.

Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

For a revalued asset, the impairment loss is recognised in the revaluation reserve for that class of asset. For an asset carried at cost, the impairment loss is recognised in the statement of financial performance.

Trade and Other Payables

Trade and Other Payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

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

Borrowings are classified as current liabilities unless WDC has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Employee Benefits

Short-term benefits

Employee benefits which WDC 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, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months and sick leave.

WDC recognises a liability for sick leave based on entitlements accrued at balance date, which WDC expects employees to use in future periods. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that WDC anticipates it will be used by staff to cover for future absences.

Long – Term Employee Entitlements

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

Likely future entitlements accruing to staff, based upon years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlement information; and
The present value of the estimated future cash flows

The discount rate is based upon the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based upon the expected long-term increase in remuneration for employees.

Superannuation

Defined Contribution Pension Plan obligations are recognised as an expense in the Statement of Financial Performance as incurred.

Provisions

WDC 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 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.

Borrowing Costs

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

Equity

Equity is the community's interest in WDC 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 the reserves are:

- Retained earnings
- Restricted reserves
- Property plant and equipment reserves
- Fair value through equity reserves

Restricted & Council Created Reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by WDC.

Restricted reserves are those subject to specific conditions accepted as binding by WDC and which may not be revised by WDC without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to or from these reserves are at the discretion of the Council.

WDC's objectives, policies, and processes for managing capital are described in note 36

Goods and Services Tax (GST)

All amounts in the financial statements are exclusive of GST, with the exception of receivables and payables that are stated at GST-inclusive amounts. When GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, 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 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, using accounting policies that are consistent with those adopted by WDC for the preparation of the financial statements.

Overhead Cost allocation

WDC has derived the cost of service for each significant activity using cost allocation systems 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 activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Critical Accounting Estimates and Assumptions

In preparing these financial statements WDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations on future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill Aftercare

Note 28 discloses an analysis of the exposure of WDC in relation to the estimates and uncertainties surrounding the landfill aftercare provision. WDC has assumed that the aftercare provision for Wairoa Landfill is operative until 2040, based upon the resource consent issued by the Hawke's Bay Regional Council which will need to be extended in 2031. WDC has a responsibility under the resource consent to provide for ongoing maintenance and monitoring of the landfill site.

The cash outflows for landfill post-closure are expected to occur within the next 35 years. 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 using a discount rate of 3%.

Infrastructure Assets

There are a number of assumptions and estimates used when performing DRC valuations over infrastructure assets. These include:

- The physical deterioration and condition of an asset, for example the 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, for example stormwater, wastewater and water supply pipes that are underground. This 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 the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset then WDC could be over or under estimating the annual depreciation charge recognised as an expense in the statement of financial performance.

To minimise this risk WDC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural 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 modelling are also carried out regularly as part of WDC's asset management planning activities, which give WDC further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

Critical Judgements in applying WDC's Accounting Policies

Management has exercised the following critical judgements in applying the WDC's accounting policies for the period ended 30 June 2012:

Changes in Accounting Policies:

All accounting policies have been applied on a consistent basis throughout the year.

There have been no changes in accounting policies during the financial year.

The Council and Group have adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- Amendments to NZ IAS 1 Presentation of Financial Statements. The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item. The Council has decided to present this analysis in note 18(c).
- NZ IAS 24 Related Party Disclosures (Revised 2009) replaces NZ IAS 24 Related Party Disclosures (Issued 2004). The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The effect of this standard has been to disclose further information about commitments between related parties. The Council presents this analysis in note 22.
- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the Council and Group is that certain information about property valuations is no longer required to be disclosed.
- Amendments to NZ IFRS 7 Financial Instruments: Disclosures - The amendment reduces the disclosure requirements relating to credit risk.

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

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (it's business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting

Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

**Policy on Replacement of Assets
Compliance with Local Government Act 2002**

The following policy was consulted on in 1999 and reconfirmed on 30th August, 2006

Depreciation:

The Local Government Act 2002 requires all Territorial Local Authorities to fund the loss of service potential (i.e. depreciation). Wairoa District Council has reviewed its assets and advises that the following assets will be depreciated but not funded for replacement.

1. Community Halls
2. Housing
3. Rural fire appliances
5. Camping Ground
6. Water Production (associated with Affco Ltd supply agreement)
7. Roading (Transfund subsidised portion of roading)

The above assets will be maintained on an ongoing basis at a level that meets the needs of the community. Where appropriate Council will cover each asset with an insurance cover for fire, earthquake and natural catastrophe. Non-funding of depreciation associated with (6) is in line with an agreement entered into between Council and Affco in 1984.

The effects of this decision are that:

1. The current assets will be available for many years to come.
2. Once an asset reaches the point where it is considered unsafe to use then that asset will be removed. Any decision to provide a replacement service will be considered as a new service at that time and will be the subject of consultation.
3. Should any asset under this policy be the subject of an insurance claim then, prior to reinstatement, Council will decide whether reinstatement of the asset should proceed or whether the service should be discontinued at the time of loss.
4. By not funding loss of service potential (depreciation) there is a reduction in rates payable by the present ratepayers.
This reduction is as listed below.
5. In respect of (6) above the effect would be that in the event of asset renewal, Council would only be required to rebuild an asset that can produce 50% of the existing facility, unless Affco wished to participate in a further joint venture.

Depreciation not funded:

| | BUDGET \$ | ACTUAL \$ |
|--------------------------|--------------------|------------------|
| 1. Community Halls | 5,690 | 5,690 |
| 2. Housing | 4,983 | 4,421 |
| 4. Rural fire appliances | 18,700 | 18,001 |
| 5. Camping Ground | 8,904 | 8,390 |
| 6. Water Production | 141,498 | 96,062 |
| 7. Roading | 1,097,068 | 1,174,245 |
| Total | <u>\$1,276,843</u> | <u>1,174,245</u> |

OFFICIAL INFORMATION

Wairoa District Council, P.O. Box 54, Coronation Square, Wairoa
Phone (06) 8387309 Fax (06) 8388874
e-mail: @wairoadc.govt.nz

DOCUMENTS HELD BY COUNCIL

The Council holds a variety of documents spread between its departments. All requests for Official Information in the first instance should be addressed to:

Administration Manager, Wairoa District Council, Wairoa

POLICY MANUALS/DOCUMENTS

The following documents contain policies, principles, rules or guidelines under which the Council makes recommendations and decisions:

District Plans

Council's planning documents consist of the Wairoa District Plan - Urban Sector and Wairoa District Plan - Rural Sector. These have been reviewed and the result is the adopted Wairoa District Plan.

Local Government Act 2002 and Amendments

This Act sets out the powers and functions of Regional Councils and Territorial Local Authorities.

Local Government Official Information and Meetings Act 1987

This Act sets out the regulations relating to Official Information and Meeting Procedures for Local Bodies.

Long Term Council Community Plan 2009-2019

Annual Plan 2011/12

Wairoa District Policy Manual (currently under review)

This contains the policy decisions of Council.

Civil Defence Plan

The Civil Defence Plan is a management plan for Civil Defence emergencies within the Community. It is designed to minimise the effect of a major disaster on the population and to restore normal services back to the Community as soon as possible.

Rural Fire Plan

The Rural Fire Plan is a management plan for Rural Fire emergencies within the Community. It is designed to provide the necessary procedures and co-ordination to effectively respond and deal with fires in the rural area of the District.

Standing Orders (NZS 9202 - 2001)

Rules of conduct and standards for debate at meetings of Council.

Asset Management Plans

- A Sewerage Systems
- B Stormwater Systems
- C Water Production Systems
- D Water Reticulation Systems
- E Roothing

COUNCIL DIRECTORY AS AT 30 JUNE 2012

EXECUTIVE STAFF

Chief Executive Officer
Manager Administration
Manager Engineering
Manager Finance

P. J. Freeman
J. Baty
N. Cook
D. Steed

POSTAL ADDRESS

P.O.Box 54
Wairoa 4160

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AUDITORS

Ernst & Young
P.O.Box 490
Wellington
On behalf of the Auditor-General

BANKERS

Westpac Banking Corporation
Marine Parade
Wairoa

SOLICITORS

I. R. McDonald
Barristers & Solicitors
Locke Street
Wairoa

INSURANCE BROKERS

Jardine Risk Consultants Ltd
P.O.Box 11145
Wellington

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WAIROA DISTRICT COUNCIL AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

The Auditor-General is the auditor of Wairoa District Council (the "District Council") and group. The Auditor-General has appointed me, Grant Taylor, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements, non-financial performance information and other information required by schedule 10 of the Local Government Act 2002 (other information) of the District Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 53 to 98, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the non-financial performance information of the District Council and group on pages 13 to 52 that includes other information required by schedule 10 of the Local Government Act 2002.

Opinion on the financial statements, non-financial performance information and other information

In our opinion:

- The financial statements of the District Council and group on pages 53 to 98:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2012; and
 - the results of its operations and cash flows for the year ended on that date.
- The non-financial performance information of the District Council and group on pages 13 to 52:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council and group's levels of service for the year ended 30 June 2012, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- The other information of the District Council and group contained in the financial statements and the non-financial performance information, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 23 October 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, non-financial performance information and other information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, non-financial performance information and other information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, non-financial performance information and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, non-financial performance information and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council and group's financial statements, non-financial performance information and other information that fairly reflect the matters to which they relate. We consider internal control 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements, non-financial performance information and other information;
- determining the appropriateness of the reported non-financial performance information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, non-financial performance information and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, non-financial performance information and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and non-financial performance information that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council and group's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to forecast; and

- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, non-financial performance information and other information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, non-financial performance information and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit and in carrying out the audit of the District Council's Long-Term Plan and the audit of Gisborne District Disaster Relief Trust, we have no relationship with or interest in the District Council or any of its subsidiaries.

A handwritten signature in blue ink, appearing to read 'Grant Taylor', with a long horizontal flourish extending to the right.

Grant Taylor
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements, non-financial performance information and the other requirements

This audit report relates to the financial statements, non-financial performance information and the other requirements of Wairoa District Council for the year ended 30 June 2012 included on Wairoa District Council's website. The Council is responsible for the maintenance and integrity of Wairoa District Council's website. We have not been engaged to report on the integrity of Wairoa District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, non-financial performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, non-financial performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, non-financial performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, non-financial performance information and the other requirements as well as the related audit report dated 23 October 2012 to confirm the information included in the audited financial statements, non-financial performance information and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.