

# Wairoa District Council

## ANNUAL REPORT

*For the year ending 30 June 2013*



 *Te Wairoa Hōpūpū Hōnengenenge  
Matangirau*

Adopted 22 October 2013



Wairoa District Council 2013 ©

# 2012-2013 ANNUAL REPORT

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# JOINT STATEMENT FROM THE MAYOR AND THE CHIEF EXECUTIVE OFFICER

Welcome to the Wairoa District Council's 2012/13 Annual Report. The past year has seen a variety of milestones and innovations that have placed the spotlight on our community's future.

Infrastructure received a significant boost this year with several big ticket projects coming to fruition.

After over a decade of planning, negotiating and consulting, the Mahia Beach Community Wastewater Scheme is now well and truly nearing completion, and Opoutama residents will soon benefit from their new wastewater system also.

Tuai residents experienced a complete upgrade to their water treatment system, ensuring safe drinking water for those connected to the village supply.

Another highlight was the inaugural Wairoa Business Week, creating a positive vibe that was perpetuated with the announcement of a \$400,000 Lotteries Grant boost to the fund to upgrade the Community Centre and skatepark – a project that is now well into the design stages.

At the time of writing, the Local Government Commission is reviewing the future organisation of representation in our district – the outcome of which will not be known until later in the year. Regardless, the highlights mentioned in this introduction are an example of a community that is forward-focused and committed to providing the best outcome for the people who reside here.

Below are some facts and figures that form the key points of this report:

## Financials

Overall Council completed the year with an Operating surplus of \$5,751,053 (2012 – surplus of \$3,297,386).

A 3.6% increase in rates revenue (\$357,252), increase in fees and charges (\$91,511), increase in Investment Income (\$1,876,756) and a decrease in operating costs (\$1,502,213) were partially offset by a reduction in Subsidies received (\$1,365,061).

Working capital of \$14,986,875 was \$1,232,106 down on 2012 (\$16,218,981) whilst cash flow from Operations of \$11,535,669 was \$2,111,206 up on 2012 (\$9,424,463) due primarily to movements on Investment Income.

Capital Expenditure increased to \$13,176,327 (\$2012 - \$10,200,318) and there was a net decrease in financial assets of \$1,784,312.

All the above led to an increase in cash balances of \$711,949.

## Performance Management

Of the 151 identified service levels and targets, 115 were achieved, a score of 76% compared with 70% last year.

## Quality Rooding and Services (Wairoa) Limited

Quality Rooding and Services (Wairoa) Limited Annual Report shows an operating surplus before tax of \$336,487. The after tax profit was \$241,860 which represents a 4.23% return on equity of \$5.72 million. A dividend of \$320,000 has been declared but only the amount received during the financial year of \$205,000 has been reflected within the 2013 Accounts.

## Rooding

649m new roads added to inventory  
6.4km rehabilitated roads  
28.43km resurfaced roads  
13.8km unsealed road metal buildup

## Stormwater

90m open drains piped

## Mahia Beach Community Sewage Scheme

9km community reticulation  
1 large pump station  
1.7km rising/pumping main  
15,000m<sup>2</sup> treatment pond

## Opoutama Community Wastewater Scheme

4km community reticulation  
Purchased treatment plant  
3 small pump stations

We acknowledge the contribution of councillors, staff, consultants and contractors in completing the year's work programme.

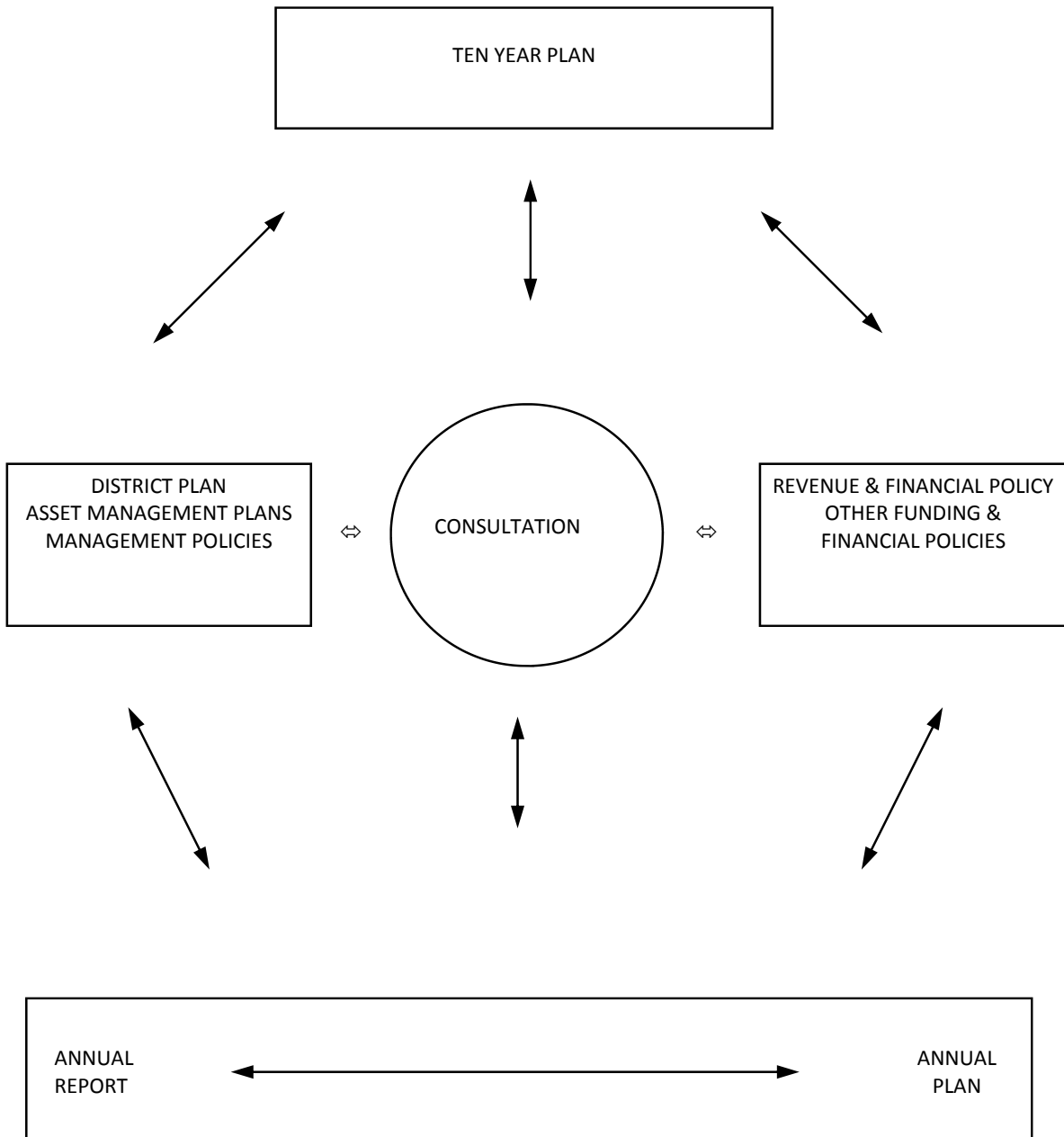


C Little  
MAYOR



P J Freeman  
CHIEF EXECUTIVE OFFICER

## RELATIONSHIP BETWEEN COUNCIL'S POLICIES AND PLANS



# WAIROA DISTRICT COUNCIL 30 JUNE 2013

**Mayor**

**Les Probert J.P.**

**Councillors**

**Benita Cairns**

**Denys Caves J.P.**

**Denise Eaglesome**

**Dave Evans**

**Min Johansen**

**Craig Little**

## COUNCIL PORTFOLIOS

**FINANCE**  
Benita Cairns  
Denys Caves J.P.  
Manager: Finance

**SOCIAL/COMMUNITY**  
Les Probert J.P.  
Denise Eaglesome  
Dave Evans  
Manager: Administration

**ENGINEERING**  
Craig Little  
Min Johansen  
Manager: Engineering

## COMMITTEES

**MĀORI STANDING  
COMMITTEE**  
Chairperson: Graeme Symes  
Members: Neuton Lambert  
Tara Quenneville  
Gary Cooper  
Christine Smith  
Paul Kelly  
Hoani Keefe  
Here Nissen  
Cr Benita Cairns (Council Representative)  
Cr Dave Evans (Council Representative)

**WATER PRODUCTION SUB  
COMMITTEE**  
Engineering Manager  
Finance Manager  
2 AFFCO Representatives

**CREATIVE NZ  
LOCAL FUNDING  
Sub-Committee  
(full delegation)**

**CITIZENS AWARD  
ASSESSMENT COMMITTEE  
Sub-Committee (full delegation)**

# MANAGEMENT STRUCTURE

**Chief Executive Officer**

**Peter Freeman**

<b>ENGINEERING</b>	<b>FINANCE</b>	<b>ADMINISTRATION</b>	<b>REGULATORY SERVICES</b>
<b>JAMIE COX</b>	<b>DAVID STEED</b>	<b>JAMES BATY</b>	<b>PETER FREEMAN</b>
<b>MANAGER: ENGINEERING</b>	<b>MANAGER: FINANCE</b>	<b>MANAGER: ADMINISTRATION</b>	<b>MANAGER: REGULATORY</b>
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	Recreational	Animal Control
Wastewater	Property Administration	Official Information	Bylaws
Stormwater		Information Centre	Economic Development
Waste Management		Māori 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 2013 fairly reflect the financial position and operations of Wairoa District Council.



Mayor  
C Little  
22nd October 2013



Chief Executive  
P J Freeman  
22nd October 2013



# COMMUNITY OUTCOMES

Community outcomes are aspirational statements that describe what the community believes are important for its present and future economic, social, cultural and environmental well-being.

In the 2009-2019 Long-term (Council Community) Plan (LTP), Council adopted nine community outcomes. The community outcomes were derived from a regional-wide approach by the five Hawke's Bay councils: Hastings District Council, Napier City Council, Central Hawke's Bay District Council, Wairoa District Council and the Hawke's Bay Regional Council, to work collectively with the community to identify community outcomes and determine a long-term vision for the future of our region. A 2005 survey of the Wairoa district community reconfirmed the outcomes identified.

In the 2009-2019 LTP, Council emphasised that these outcomes belonged to the community, not Council. The 2010 amendments to the Local Government Act 2002 not only changed the definition of community outcomes, but also changed the focus from community-owned aspirations (in which Council was one of many organisations such as business, central Government and other community agencies responsible for achieving these outcomes) to outcomes that relate to the activities that Council has responsibility for and has direct control over, in order to promote the four well-beings (economic, social, cultural and environmental) of its district in the present and for the future.

The community outcomes in this plan remain unchanged and are described as follows:

1. A strong, prosperous and thriving economy.
2. A safe and secure community.
3. A lifetime of good health and well-being.
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.

It is important to note that Council is not solely responsible for the delivery of these community outcomes. Council will work with the community, key organisations and stakeholders to achieve the community outcomes together. Council's role therefore will vary, depending on the specific outcomes and the activities involved.

More information on the outcomes and the way in which Council will work towards achieving them can be found in the LTP 2012-2022 on Council's website or from Council's office.

## **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 seven "Key Activity Areas" and the following table shows how these grouped key activity areas relate to the work of Council, the strategic goal areas of Council, and shows where there is a direct linkage to the community outcomes identified in the LTP.

In December 2012 Parliament made some substantial amendments to the Local Government Act 2002. Perhaps of most interest to the community is that the purpose of local government has been changed. Parliament removed all references to "promoting

the social, environmental, economic and cultural well-being of communities” and instead the “new” purpose of local government is “to meet the current and future needs of communities for good quality local infrastructure, local public services, and the performance of regulatory functions in a way that is most cost-effective for households and businesses.”

Arguably this purpose is narrower in scope; we believe that there is still a mandate for local councils to deliver the services we currently deliver. We are taking this change in purpose very seriously and are currently undertaking an analysis of all of our activities and services to review our mandate (legal or otherwise) for continuing with these services.

In the meantime, we will continue to focus on delivering our outcomes:

1. A strong, prosperous and thriving economy.
2. A safe and secure community.
3. A lifetime of good health and well-being.
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.

We will continue delivering on the commitments that we made in our 2012-2022 LTP, with a focus on being more cost-efficient.

## Community Outcomes

<b>ECONOMIC WELL-BEING</b>	<b>SOCIAL AND CULTURAL WELL-BEING</b>	<b>ENVIRONMENTAL WELL-BEING</b>
<ul style="list-style-type: none"> <li>• A strong, prosperous and thriving economy.</li> <li>• A safe and integrated transport system.</li> </ul>	<ul style="list-style-type: none"> <li>• A community that values and promotes its culture and heritage.</li> <li>• Safe and accessible recreational facilities.</li> <li>• Supportive, caring and valued communities.</li> <li>• Strong district leadership and a sense of belonging.</li> </ul>	<ul style="list-style-type: none"> <li>• A safe and secure community.</li> <li>• A lifetime of good health and well-being.</li> <li>• An environment that is appreciated, protected and sustained for future generations.</li> </ul>



<b>Council's Strategic Response</b>		
<b>UNITY DEVELOPMENT &amp; PARTICIPATION</b>	<b>SAFE LIVING ENVIRONMENT</b>	
Community Representation Māori Liaison Economic Development Parks & Reserves Airport Library Community Support Property Land Transport (NZTA subsidised)	Resource Planning Environmental Health Bylaw Compliance: <ul style="list-style-type: none"> <li>• Dog Control</li> <li>• Livestock Control</li> <li>• General Bylaw Enforcement</li> </ul> Cemeteries Building Control Liquor Control Water Supply Stormwater Wastewater	Waste Management Emergency Management Land Transport (district funded)

## Key Activity Areas

ACTIVITIES GROUP	ACTIVITY	ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
		A strong, thriving and prosperous 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 well-being.	An environment that is appreciated, protected and sustained for future generations.
<b>1. Water Services</b>	Water Supply	✓				✓		✓	✓	✓
	Stormwater	✓	✓		✓	✓		✓	✓	✓
	Wastewater	✓		✓		✓		✓	✓	✓
<b>2. Waste Management</b>	Waste Management	✓	✓	✓	✓	✓		✓	✓	✓
<b>3. Transport</b>	Land Transport	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Airport	✓	✓	✓	✓			✓	✓	✓
<b>4. Community Facilities</b>	Cemeteries			✓		✓				✓
	Library			✓	✓	✓			✓	
	Parks & Reserves			✓		✓		✓	✓	✓
	Community Support			✓	✓	✓				

ACTIVITIES GROUP	ACTIVITY	ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
		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 well-being.	An environment that is appreciated, protected and sustained for future generations.
<b>5. Planning &amp; Regulatory</b>	Resource Planning								✓	✓
	Environmental Health							✓	✓	
	Building Control	✓			✓			✓	✓	
	Liquor Control							✓	✓	✓
	Bylaw Compliance – Dog Control							✓	✓	✓
	Bylaw Compliance – Livestock Control							✓		
	Bylaw Compliance – General Bylaws Enforcement							✓	✓	✓
	Emergency Management							✓	✓	✓
<b>6. Leadership &amp; Governance</b>	Community Representation	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Māori Liaison			✓						
	Economic Development	✓								
<b>7. Corporate Functions</b>	Property	✓		✓	✓	✓		✓	✓	✓
	Corporate & Funds Management	✓	✓	✓	✓	✓	✓	✓	✓	✓

The Local Government Act 2002 requires Council to report measures taken and progress made towards achieving the community outcomes stated in the LTP 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)**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Yes	38%	31%	32%	22%	27%
The same	51%	54%	53%	64%	62%
Worse	6%	12%	13%	6%	8%
Unable to comment	5%	4%	2%	8%	4%

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

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Yes, definitely	36%	33%	39%	40%	49%
Yes, mostly	54%	58%	50%	57%	49%
Not really	8%	6%	9%	2%	1%
No, definitely not		1%	1%	1%	1%
Unsure	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)**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Very satisfied	10%	11%	14%	13%	9%
Satisfied	44%	53%	55%	42%	44%
Neither satisfied or dissatisfied	26%	21%	14%	33%	32%
Dissatisfied	9%	9%	7%	7%	9%
Very dissatisfied	4%	3%	5%	2%	1%
Don't know	7%	4%	6%	3%	5%

**Quality of Life (All outcomes)**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Very good	35%	38%	37%	38%	44%
Good	50%	44%	41%	46%	47%
Fair	13%	13%	16%	12%	5%
Poor	2%	4%	5%	4%	3%
Don't know		1%	1%		1%

**Community Spirit (Supportive, caring and valued communities)**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Very good	36%	32%	35%	26%	35%
Good	46%	45%	44%	53%	51%
Neither good nor bad	15%	17%	13%	14%	12%
Not very good	3%	5%	6%	5%	2%
Poor		1%	1%	1%	

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

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Very satisfied	23%	23%	21%	21%	17%
Satisfied	53%	54%	56%	54%	53%
Neither satisfied nor dissatisfied	9%	11%	13%	15%	18%
Dissatisfied	8%	9%	7%	5%	8%
Very dissatisfied	4%	1%		3%	2%
Don't know	3%	2%	2%	1%	2%

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

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
More than enough	27%	32%	29%	34%	28%
Enough	40%	42%	45%	39%	43%
Not enough	16%	9%	10%	12%	15%
Nowhere near enough	8%	3%	5%	5%	5%
Don't know	9%	14%	12%	10%	10%

# REPORT ON DEVELOPMENT OF MĀORI 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 Māori 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 Council's 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 Māori to contribute to decisions. The Wairoa District Council Māori Standing Committee (the group who advise and support Council on things pertaining to Māori) 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 Māori 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 Māori capacity to contribute to its decision-making processes.



## Activity Group One

### WATER SERVICES

1. **Water Supply**
2. **Stormwater**
3. **Wastewater**

#### Water Supply

The water supply activity primarily contributes to the following community outcomes:

- A strong, prosperous and thriving economy.
- Supportive, caring and valued communities.
- A safe and secure community.
- A lifetime of good health and well-being.
- An environment that is appreciated, protected and sustained for future generations.

Council's goal is to comply with the New Zealand Drinking Water Standards (NZDWS).

#### Service Levels and Performance Measures

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
Council will continue to own and deliver potable water supplies to: <ul style="list-style-type: none"> <li>• Wairoa</li> <li>• Frasertown</li> <li>• Tuai</li> <li>• Mahanga.</li> </ul>	Work done by the contractor is completed within times specified by the contract.	Achieved - all works including capital works completed within timeframes.
	The taste, smell and look of the water (as defined in the Health Act) are monitored.	Achieved - by way of various process treatments and control.
	The taste, smell and look of the water (received by the customer) are monitored.	Achieved - no Customer Service Request's (CSRs) received concerning taste, look or smell of potable supply.
	Customers will have water service available to them except during planned maintenance or through an emergency.	Achieved - no reports or CSR's received indicating services during these periods have been unsatisfactory.
	Customers' water pressure will be maintained.	Achieved - monitored and recorded 24/7 on telemetry Scada System.
	Shutdowns will be advertised in the Wairoa Star.	Achieved - copies kept on file at WTP and Council office.
	Communities' willingness to pay for the service will be monitored.	Achieved - no reports received indicating any concerns of associated costs.
Council will manage the water supply and reticulation to an acceptable standard.	Maintenance, operational, renewal and capital investments are undertaken cost effectively.	Not achieved - net operating costs of \$1,244,467 is greater than budget of \$869,057. (Not achieved in 2011/12). Renewal and capital expenditure of \$972,708 is below a budget of \$1,032,000 although the Tuai Treatment Plant project is not yet completed.
	Compliance with current legislative requirements for the operation of the water activity.	Not achieved - Tuai & Mahanga currently do not comply for bacteria and protozoa compliance with the NZDWS, due to no onsite treatment (NB: Wairoa and Frasertown supplies both met compliance of the NZDWS).
The water services activity will be managed in a safe manner.	Operational and maintenance activities are undertaken in a safe and healthy manner.	Achieved - no reported accidents or near misses.
Customers will receive a prompt and efficient service.	Not less than 80% of those connected to a Council supply rate the service as 'fairly good' or 'better' in the annual public satisfaction survey.	Achieved - as indicated by the annual community survey result of 95% very satisfied/fairly satisfied.
	A reducing amount of CSRs over time.	Achieved - 244 CSRs for water reticulation were received in 2012/13 compared to 254 CSRs in 2011/12. No CSRs issued for water treatment.

COMMUNITY SURVEY - PERFORMANCE RATING									
Water Supply (Users)	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Very Satisfied/fairly satisfied	97%	89%	90%	90%	91%	84%	88%	92%	95%
Not very satisfied	2%	11%	8%	7%	6%	15%	9%	7%	5%
Don't know/NA	1%		2%	3%	3%	2%	3%	1%	

**FUNDING IMPACT STATEMENT - WATER SUPPLY**

For the year ending 30th June 2013

	ACTUAL 2012/13	BUDGET 2012/13	LTP 2012/13	ANNUAL PLAN 2011/12
<b>Sources of Operating Funding</b>				
General rates, uniform annual charges, rates penalties	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	745,868	719,057	719,057	788,643
Subsidies and grants for operating purposes	-	-	-	-
Fees charges and targeted rates for water supply	1,308,109	1,178,341	1,178,341	668,153
Local authorities fuel tax, fines, infringement fees, and other receipts	408,541	250,117	250,117	217,955
<b>Total Operating Funding</b>	<b>2,462,518</b>	<b>2,147,515</b>	<b>2,147,515</b>	<b>1,674,751</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers	1,632,450	1,405,756	1,405,756	1,083,807
Finance costs	-	-	-	-
Internal Charges and overheads applied	293,545	266,722	266,722	312,818
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>1,925,995</b>	<b>1,672,478</b>	<b>1,672,478</b>	<b>1,396,625</b>
<b>Surplus (Deficit) of operating funding</b>	<b>536,523</b>	<b>475,037</b>	<b>475,037</b>	<b>278,126</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	197,000	197,000	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>197,000</b>	<b>197,000</b>	<b>-</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	364,000	364,000	6,500
- to improve the level of service	177,645	-	-	-
- to replace existing assets	795,062	668,000	668,000	317,400
Increase (Decrease) in reserves	(436,184)	(359,963)	(359,963)	(45,774)
Increase (Decrease) of investments	-	-	-	-
<b>Total application of capital funding</b>	<b>536,523</b>	<b>672,037</b>	<b>672,037</b>	<b>278,126</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(536,523)</b>	<b>(475,037)</b>	<b>(475,037)</b>	<b>(278,126)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**The stormwater activity primarily contributes to the following community outcomes:**

- A strong, thriving and prosperous economy.
- A safe and secure community.
- A lifetime of good health and well-being.
- An environment that is appreciated, protected and sustained for future generations.
- Supportive, caring and valued communities.
- A safe and integrated transport system.
- Safe and accessible recreation facilities.

**Service Levels and Performance Measures**

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
Council will continue to own and deliver a stormwater system to: <ul style="list-style-type: none"> <li>• Wairoa</li> <li>• Mahia</li> <li>• Tuai.</li> </ul> Outside of the areas defined above the stormwater assets will be captured in the roading activity.	Work done by the contractor is completed within times specified by the contract.	Not achieved - 4 out of 25 stormwater related CSRs were not completed on time in 2012/13.
	How well the service is delivered to the community shall be monitored through the CSR system.	Achieved - service delivery reported through CSRs monitoring as detailed by the reducing number of CSRs (see table below).
	Communities' willingness to pay for the service will be monitored.	Achieved - LTP and Annual Plan submission process in place
Council will manage the stormwater systems to an acceptable standard.	Maintenance, operational, renewal and capital investments are undertaken cost effectively.	Not achieved - net operating costs of \$388,765 is greater than budget of \$283,248. (Not achieved in 2011/12). Renewal and capital expenditure of \$123,845 is below a budget of \$350,000.
The stormwater activity will be managed in a safe manner.	Operational and maintenance activities are undertaken in a safe and healthy manner.	Achieved - no reported or recorded incidences of H&S non-compliance.
Customers will receive a prompt and efficient service.	Not less than 80% of those connected to a Council supply rate the service as 'fairly good' or 'better' in the annual public satisfaction survey.	Not achieved - 79% satisfaction recorded as below.
	A reducing amount of CSRs over time.	Not achieved - 24 CSRs for stormwater received in 2012/13 compared to 25 in 2011/12.

COMMUNITY SURVEY - PERFORMANCE RATING							
Stormwater (those connected)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Very Satisfied/fairly satisfied	56%	42%	57%	63%	72%	72%	79%
Not very satisfied	29%	42%	35%	37%	26%	26%	20%
Don't know/NA	15%	16%	8%		2%	1%	1%

## FUNDING IMPACT STATEMENT - STORMWATER

For the year ending 30th June 2013

	ACTUAL 2012/13	BUDGET 2012/13	LTP 2012/13	ANNUAL PLAN 2011/12
<b>Sources of Operating Funding</b>				
General rates, uniform annual charges, rates penalties	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	291,696	283,248	283,248	301,942
Subsidies and grants for operating purposes	-	-	-	-
Fees charges and targeted rates for water supply	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	73,508	73,508	58,076
<b>Total Operating Funding</b>	<b>291,696</b>	<b>356,756</b>	<b>356,756</b>	<b>360,018</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers	78,999	90,287	90,287	76,749
Finance costs	-	4,000	4,000	29,371
Internal Charges and overheads applied	59,028	82,310	82,310	78,820
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>138,027</b>	<b>176,597</b>	<b>176,597</b>	<b>184,940</b>
<b>Surplus (Deficit) of operating funding</b>	<b>153,669</b>	<b>180,159</b>	<b>180,159</b>	<b>175,078</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	50,000	50,000	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	110,000
- to improve the level of service	-	-	-	-
- to replace existing assets	123,845	350,000	350,000	20,000
Increase (Decrease) in reserves	29,824	(119,841)	(119,841)	45,078
Increase (Decrease) of investments				
<b>Total application of capital funding</b>	<b>153,669</b>	<b>230,159</b>	<b>230,159</b>	<b>175,078</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(153,669)</b>	<b>(180,159)</b>	<b>(180,159)</b>	<b>(175,078)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Wastewater

**The wastewater activity primarily contributes to the following community outcomes:**

- A strong, thriving and prosperous economy.
- A safe and secure community.
- A lifetime of good health and well-being.
- An environment that is appreciated, protected and sustained for future generations.
- Supportive, caring and valued communities.
- Safe and accessible recreation facilities.
- A community that values and promotes its culture and heritage.

**Service Levels and Performance Measures**

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
Council will continue to own and deliver a safe sewer system to: <ul style="list-style-type: none"> <li>• Wairoa</li> <li>• Tuai</li> <li>• Mahia.</li> </ul>	Work done by the contractor is completed within times specified by the contract.	Not achieved - 7 out of 37 sewer-related CSRs were not completed on time in 2012/13.
	Wastewater will be removed from customer properties and treated at a central treatment plant.	Not achieved - Mahia wastewater scheme construction in progress 2012/13. Wairoa and Tuai urban areas have sewerage reticulation in place.
	The treatment plant will be kept clean and tidy at all times.	Achieved - no reported or recorded incidences of rubbish, litter, spill etc.
	The smell of the treatment plant will be managed.	Achieved - no reported or recorded incidences of offensive odours from Wairoa or Tuai waste water treatment plants (WWTP).
	Communities' willingness to pay for the service will be monitored.	Achieved - LTP and Annual Plan submission process in place.
Council will manage the sewer systems to an acceptable standard.	Maintenance, operational, renewal and capital investments are undertaken cost effectively.	Achieved - net operating costs of \$963,254 is less than budget of \$1,429,337. (Not achieved in 2011/12). Renewal and capital expenditure of \$4,854,386 is below a budget of \$12,783,500 although the Mahia and Opoutama Community Wastewater Schemes are not yet fully complete.
	Collate condition information.	Achieved - infiltration studies undertaken and ongoing in 2012/13.
The sewer activity will be managed in a safe manner.	Operational and maintenance activities are undertaken in a safe and healthy manner.	Achieved - no reported or recorded incidences of H&S non-compliance.
	Compliance with current legislative requirements for the operation of the wastewater activity.	Not achieved - occasional breaches of the resource consent conditions for the discharge of effluent from the Wairoa WWTP in 2012/13.
Customers will receive a prompt and efficient service.	Not less than 80% of the respondents rate the service as 'very satisfied' or 'fairly satisfied' in the annual public satisfaction survey.	Achieved - 86% satisfaction recorded (see table below).
	A reducing amount of CSRs over time.	Not achieved - 34 CSRs for sewerage were received in 2012/13 compared to 28 in 2011/12.

COMMUNITY SURVEY - PERFORMANCE RATING									
Sewerage (Users)	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Very Satisfied/fairly satisfied	96%	82%	92%	87%	93%	83%	88%	86%	86%
Not very satisfied	4%	11%	7%	7%	4%	12%	10%	9%	13%
Don't know/NA		7%	1%	6%	3%	5%	2%	4%	

**FUNDING IMPACT STATEMENT - WASTEWATER**

For the year ending 30th June 2013

	ACTUAL 2012/13	BUDGET 2012/13	LTP 2012/13	ANNUAL PLAN 2011/12
<b>Sources of Operating Funding</b>				
General rates, uniform annual charges, rates penalties	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	807,262	781,337	781,337	673,478
Subsidies and grants for operating purposes	-	-	-	-
Fees charges and targeted rates for water supply	5,046	4,912	4,912	6,237
Local authorities fuel tax, fines, infringement fees, and other receipts	-	241,434	241,434	179,000
<b>Total Operating Funding</b>	<b>812,308</b>	<b>1,027,683</b>	<b>1,027,683</b>	<b>858,715</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers	439,978	477,682	477,682	338,403
Finance costs	-	627,480	627,480	-
Internal Charges and overheads applied	147,203	202,302	202,302	190,419
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>587,181</b>	<b>1,307,464</b>	<b>1,307,464</b>	<b>528,822</b>
<b>Surplus (Deficit) of operating funding</b>	<b>225,127</b>	<b>(279,781)</b>	<b>(279,781)</b>	<b>329,893</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	2,500,000	6,856,522	6,856,522	1,560,000
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	8,550,000	8,550,000	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>2,500,000</b>	<b>15,406,522</b>	<b>15,406,522</b>	<b>1,560,000</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	12,612,000	12,612,000	3,128,496
- to improve the level of service	4,800,171	-	-	-
- to replace existing assets	54,215	171,500	171,500	212,000
Increase (Decrease) in reserves	(2,129,259)	2,343,241	2,343,241	(1,450,603)
Increase (Decrease) of investments		-	-	
<b>Total application of capital funding</b>	<b>2,725,127</b>	<b>15,126,741</b>	<b>15,126,741</b>	<b>1,889,893</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(225,127)</b>	<b>279,781</b>	<b>279,781</b>	<b>(329,893)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**FUNDING IMPACT STATEMENT - WATER SERVICES**

For the year ending 30th June 2013

	ACTUAL 2012/13	BUDGET 2012/13	LTP 2012/13	ANNUAL PLAN 2011/12
<b>Sources of Operating Funding</b>				
General rates, uniform annual charges, rates penalties	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	1,844,826	1,783,642	1,783,642	1,764,063
Subsidies and grants for operating purposes	-	-	-	-
Fees charges and targeted rates for water supply	1,313,155	1,183,253	1,183,253	674,390
Local authorities fuel tax, fines, infringement fees, and other receipts	408,541	565,059	565,059	455,031
<b>Total Operating Funding</b>	<b>3,566,522</b>	<b>3,531,954</b>	<b>3,531,954</b>	<b>2,893,484</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers	2,151,427	1,973,725	1,973,725	1,498,959
Finance costs	-	631,480	631,480	29,371
Internal Charges and overheads applied	499,776	551,334	551,334	582,057
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>2,651,203</b>	<b>3,156,539</b>	<b>3,156,539</b>	<b>2,110,387</b>
<b>Surplus (Deficit) of operating funding</b>	<b>915,319</b>	<b>375,415</b>	<b>375,415</b>	<b>783,097</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	2,500,000	7,053,522	7,053,522	1,560,000
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	8,600,000	8,600,000	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>2,500,000</b>	<b>15,653,522</b>	<b>15,653,522</b>	<b>1,560,000</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	12,976,000	12,976,000	3,244,996
- to improve the level of service	4,977,816	-	-	-
- to replace existing assets	973,122	1,189,500	1,189,500	549,400
Increase (Decrease) in reserves	(2,535,619)	1,863,437	1,863,437	(1,451,299)
Increase (Decrease) of investments	-	-	-	-
<b>Total application of capital funding</b>	<b>3,415,319</b>	<b>16,028,937</b>	<b>16,028,937</b>	<b>2,343,097</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(915,319)</b>	<b>(375,415)</b>	<b>(375,415)</b>	<b>(783,097)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**WATER SERVICES**

Statement of Cost of Service for the year ended 30 June 2013

	<b>COSTS</b>	<b>REVENUE</b>	<b>NET COST</b>	<b>BUDGET *</b>	<b>LTP *</b>	<b>ACTUAL</b>
	<b>2012/13</b>	<b>2012/13</b>	<b>2012/13</b>	<b>2012/13</b>	<b>2012/13</b>	<b>2011/12</b>
Water Reticulation	1,707,579	169,358	1,538,221	869,057	869,057	1,001,606
Water Production	844,996	1,138,750	(293,754)	-	-	254,683
Stormwater	388,765	-	388,765	283,248	283,248	381,534
Wastewater	968,300	5,046	963,254	1,429,337	1,429,337	954,650
	<u>3,909,640</u>	<u>1,313,154</u>	<u>2,596,486</u>	<u>2,581,642</u>	<u>2,581,642</u>	<u>2,592,473</u>
Less internal allocation	607,397	607,397	-	-	-	-
	<u>3,302,243</u>	<u>705,757</u>	<u>2,596,486</u>	<u>2,581,642</u>	<u>2,581,642</u>	<u>2,592,473</u>
Interest Received		408,541	(408,541)	-	-	(241,212)
	<u>3,302,243</u>	<u>1,114,298</u>	<u>2,187,945</u>	<u>2,581,642</u>	<u>2,581,642</u>	<u>2,351,261</u>
<b>Projects</b>						
Water Reticulation	648,157	-	648,157	507,000	507,000	1,221,087
Water Production	324,551	-	324,551	328,000	328,000	155,824
Stormwater	123,845	-	123,845	350,000	350,000	241,852
Stormwater - Loan Pay	-	-	-	-	-	-
Wastewater - Mahia	4,854,386	2,500,000	2,354,386	4,143,478	4,143,478	1,414,535
Wastewater - Other	-	-	-	1,783,500	1,783,500	197,775
	<u>5,950,939</u>	<u>2,500,000</u>	<u>3,450,939</u>	<u>7,111,978</u>	<u>7,111,978</u>	<u>3,231,073</u>
<b>Application of capital funding</b>						
- to meet additional demand	-			12,976,000	12,976,000	
- to improve the level of service	4,977,816			-	-	
- to replace existing assets	973,123			1,189,500	1,189,500	
	<u>5,950,939</u>		<u>-</u>	<u>14,165,500</u>	<u>14,165,500</u>	

\* The 2012/13 LTP has been restated to reflect Non Funded Depreciation. This has had no financial impact on the overall LTP.

## Activity Group Two

### WASTE MANAGEMENT

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
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## 1. Waste Management

The waste management activity primarily contributes to the following community outcomes:

- A strong, thriving and prosperous economy.
- A safe and secure community.
- A lifetime of good health and well-being.
- An environment that is appreciated, protected and sustained for future generations.
- Supportive, caring and inclusive communities.
- A safe and integrated transport system.
- Safe and accessible recreation facilities.
- A community that values and promotes its culture and heritage.

### Service Levels and Performance Measures

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
Council will continue to own and deliver the waste management activity by providing a landfill for the disposal of domestic and commercial refuse.	Forward works programmes are developed on time.	Achieved - plans in place with new cell constructed with capacity for next 20 years, recycling centre upgrade completed.
Below is a description of the works provided:  Recyclables will be collected weekly from the kerbside at:	Operations, maintenance, renewal and capital investments are undertaken cost effectively.	Achieved - net operating costs of \$647,405 is less than budget of \$798,766. (Achieved in 2011/12). Renewal and capital expenditure of \$14,981 is below a budget of \$50,000.
<ul style="list-style-type: none"> <li>• Wairoa</li> <li>• Frasertown.</li> </ul>	Community's willingness to pay for the service will be monitored.	Achieved - LTP and Annual Plan submission process in place
Recyclables will be collected fortnightly at specified drop-off points at:	Gain knowledge of community's desired level of service.	Achieved - customer survey and annual public surveys undertaken with 74% satisfaction achieved 2012/13. Also LTP and Annual Plan consultation process in place.
<ul style="list-style-type: none"> <li>• Mahia</li> <li>• Nuhaka</li> <li>• Mohaka.</li> </ul>		
Council will provide for the disposal of hazardous waste through Council-provided facilities or outsourced solutions.		
Note: Waste management in the Waikaremoana area is a community-run service facilitated by Council and the Lake Waikaremoana Hapū Restoration Trust. This delivers recycling services and waste disposal services for the Waikaremoana area. A similar model is being looked at for Raupunga.		
Generators of commercial and industrial refuse are expected to arrange for disposal of their refuse.		

Council will maintain the landfill to an acceptable standard through: <ul style="list-style-type: none"> <li>reducing the amount of waste going into the landfill (excluding diversion for reuse and recycling)</li> <li>maintaining the landfill and recycling area to a clean and tidy standard</li> <li>ensuring the landfill does not detract from the aesthetic of the neighbourhood.</li> <li>ensuring Council has consents for Resource Management Act requirements.</li> </ul>	Council will aim at reducing the amount of waste going into the landfill over the next 5 years with a goal to zero waste.	Achieved - 2,630T for 2012/13 compared to 2,673T in 2011/12.
	Landfill and recycling area will be well maintained, clean and tidy at all times.	Achieved - no CSR complaints about untidiness or litter at landfill and no issues raised through monthly contract management.
	Council will monitor opening and closing times to ensure people are satisfied. 9:00am – 3:00pm : Thursday 11:00am – 5:00pm : Monday – Sunday	Achieved - CSRs, Communitrak survey reviews, and LTP and Annual Plan consultation processes in place.
Council will implement measures to reduce the spread of litter district wide.	Council will take action whenever litter is reported in public places.	Achieved - compliance with Litter Act by reactive litter removal attended to when reported.
	Council will maintain the current number of litterbins in streets and public places and will not allow them to overflow. These places are: <ul style="list-style-type: none"> <li>Wairoa township</li> <li>Mahia Beach reserves.</li> </ul>	Not achieved - current number of bins still in place and regularly maintained, however two recorded incidences of full bins overflowing.
	Screen planting in accordance with resource consent will be established on boundary with Hillcrest Road residents. Planting will be undertaken progressively from 2012-14 and reviewed after 2014.	Achieved - perimeter plantings done, however majority of these plantings died (reasons unclear).
	Council will monitor the litter situation by reviewing the CSRs yearly.	Achieved - CSRs for litter reviewed and compared annually with 35 CSRs received for 2012/13 compared to 35 CSRs received for 2011/12.
	Maintenance, operational, renewal and capital investments are undertaken cost effectively.	Achieved - net operating costs of \$647,405 is less than budget of \$798,766 (Achieved in 2011/12). Renewal and capital expenditure of \$14,981 is below a budget of \$50,000.
The waste management activity will be managed in a safe manner.	Operational and maintenance activities are undertaken in a safe and healthy manner.	Achieved - no reported or observed incidences of unsafe work practices.
Customers will receive a prompt and efficient service.	Not less than 80% of the respondents rate the service as 'very satisfied' or 'fairly satisfied' in the annual public satisfaction survey.	Not achieved - 74% of the respondents rate the service as 'very satisfied' or 'fairly satisfied' in the annual public satisfaction survey.
	A reducing amount of CSRs over time.	Not achieved - 35 litter/waste-related CSRs received for 2012/13 compared to 35 for 2011/12.

COMMUNITY SURVEY - PERFORMANCE RATING

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Waste Management									
Very Satisfied/fairly satisfied	56%	47%	47%	49%	66%	64%	69%	74%	74%
Not very satisfied	36%	43%	49%	48%	31%	30%	24%	18%	22%
Don't know/NA	8%	10%	4%	3%	3%	7%	7%	8%	4%

**FUNDING IMPACT STATEMENT - WASTE MANAGEMENT**
*For the year ending 30th June 2013*

	ACTUAL 2012/13	BUDGET 2012/13	LTP 2012/13	ANNUAL PLAN 2011/12
<b>Sources of Operating Funding</b>				
General rates, uniform annual charges, rates penalties	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	838,322	798,766	798,766	773,018
Subsidies and grants for operating purposes	-	-	-	-
Fees charges and targeted rates for water supply	353,922	356,800	356,800	305,000
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total Operating Funding</b>	<b>1,192,244</b>	<b>1,155,566</b>	<b>1,155,566</b>	<b>1,078,018</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers	771,537	884,346	884,346	762,585
Finance costs	-	56,520	56,520	33,150
Internal Charges and overheads applied	135,927	141,408	141,408	209,824
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>907,464</b>	<b>1,082,274</b>	<b>1,082,274</b>	<b>1,005,559</b>
<b>Surplus (Deficit) of operating funding</b>	<b>284,780</b>	<b>73,292</b>	<b>73,292</b>	<b>72,459</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	14,981	50,000	50,000	-
Increase (Decrease) in reserves	269,799	23,292	23,292	72,459
Increase (Decrease) of investments	-	-	-	-
<b>Total application of capital funding</b>	<b>284,780</b>	<b>73,292</b>	<b>73,292</b>	<b>72,459</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(284,780)</b>	<b>(73,292)</b>	<b>(73,292)</b>	<b>(72,459)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**WASTE MANAGEMENT***Statement of Cost of Service for the year ended 30 June 2013*

	<b>COSTS 2012/13</b>	<b>REVENUE 2012/13</b>	<b>NET COST 2012/13</b>	<b>BUDGET * 2012/13</b>	<b>LTP * 2012/13</b>	<b>ACTUAL 2011/12</b>
Waste Management	1,001,327	353,922	647,405	798,766	798,766	726,373
	<u>1,001,327</u>	<u>353,922</u>	<u>647,405</u>	<u>798,766</u>	<u>798,766</u>	<u>726,373</u>
<b>Projects</b>						
Waste Management	14,981		14,981	50,000	50,000	187,482
Waste Management - loan payment	-		-	-	-	-
	<u>14,981</u>		<u>14,981</u>	<u>50,000</u>	<u>50,000</u>	<u>187,482</u>
<b>Application of capital funding</b>						
- to meet additional demand	-			-	-	
- to improve the level of service	-			-	-	
- to replace existing assets	14,981			50,000	50,000	
	<u>14,981</u>		<u>-</u>	<u>50,000</u>	<u>50,000</u>	

\* The 2012/13 LTP has been restated to reflect Non Funded Depreciation. This has had no financial impact on the overall LTP.

# TRANSPORT

1. Land Transport(district funded and subsidised)
2. Airport

## Land Transport (district funded & NZ Transport Agency subsidised)

The land transport activity contributes to the following community outcomes:

- A strong, thriving and prosperous economy.
- A safe and secure community.
- A lifetime of good health and well-being.
- An environment that is appreciated, protected and sustained for future generations.
- Supportive, caring and valued communities.
- A safe and integrated transport system.
- Safe and accessible recreation facilities.
- A community that values and promotes its culture and heritage.

### Service Levels and Performance Measures

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
The Council delivers a land transport system to the community.	The land transport network is trafficable at all times, other than when affected by natural events (e.g. slips) and notified planned road closures.	Not achieved - stock truck unable to gain traction to access steep incline on Kinikini Rd around RP 1.5
	Road closures for planned events (e.g. rallies, bridge repairs etc.) are notified through public notices and residents of affected roads informed.	Achieved - advertisements placed for rally in newspapers Thursday 27 September 2012.
Customers will receive a prompt and efficient service.	The public and other road users satisfied with the overall level of service provided. Target is to have no less than 75% of respondents consider the land transport service to be 'fairly good, very good, or better', as measured by the annual public satisfaction survey.	Achieved - survey result of 75% very satisfied or fairly satisfied.
	All requests for service and complaints are dealt with properly and promptly. Appropriate Council staff contact and discuss complaints received with complainants (subject to contact details being provided) in an effort to improve relationship and responsiveness to customers. 90% of all CSRs and complaints are dealt with within the prescribed timeframes.	Not achieved - 87% achieved with 13 out of 119 roading-related CSRs ( <i>excluding streetlights, footpaths and parking etc.</i> ) not completed by the due date.
The district-funded footpaths will be maintained in good order.	Not more than the number of footpath complaints and CSRs received than the previous year.	Achieved - 7 footpath related CSRs for 2012/13 compared to 8 in 2011/12.
The district-funded land transport activity will contribute to overall road safety by adequately catering for pedestrians and cyclists in the urban area.	Walking & Cycling Strategy programme to be implemented. (Note that general road safety and vehicular safety in particular is dealt with in the NZTA-funded activities).	Not achieved - no funding from NZTA 2012/13 due to changes in the July 2011 Government Policy Statement on Land Transport Funding 2012/13 –2021/22.
The district-funded streetlights will be maintained in good order.	Not more than the number of streetlight complaints and CSRs received than the previous year. (Note that most streetlights are covered by the NZTA-subsidised activities. Non-subsidised streetlights are those in place for amenity or not specifically related to road safety).	Achieved - 71 streetlight-related CSRs for 2012/13 compared to 111 in 2011/12.
LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED

The Council provides car parking that is sufficient to meet the current and projected demand.	The Wairoa township and Mahia Beach car parking facilities will be accessible at all times, other than when affected by natural events (e.g. flooding) and notified planned road closures.	Achieved - no reported or recorded blocked parking with exception of notified closure of parking on Marine Pde for the rally in newspapers Thursday 27 September 2012.
The Council provides car parking that is sufficient to meet the current and projected demand. The service is provided at a reasonable cost (value for money).	Not more than the number of parking complaints and CSRs received than the previous year. The costs of these services are consulted on annually.	Not achieved - 3 parking-related CSRs for 2012/13 compared to 1 in 2011/12. Achieved - refer to Annual Plan 2012/13.
The service is provided at a reasonable cost (value for money). The land transport network is designed to be safe.  and  The Council works with the NZ Police and NZ Transport Agency to promote the safe use of the land transport network by motorists and others.	Professional service and physical works providers are competitively procured.  Local management opportunities to be considered prior to engagement of an external supplier to reduce overhead costs and increase in-house efficiency. All annual physical works targets in the Asset Management Plan completed to standard, on time and within +3% to -5% of budget.  A reducing number of accidents in each consequence category (fatal, injury, minor).	Achieved - various procurement arrangements in 2012/13 with numerous consultants engaged and 9 public physical works tenders.  Achieved - local suppliers engaged in 8 out of 9 roading contracts with annual physical works completed to standard, on time and within +3% to -5% of budget.  Not achieved - 4 fatal and 9 serious injury crashes in 2012 compared to 1 fatal and 2 serious injury in 2011. (as measured over the calendar year January to December)
The land transport network is designed to be safe.  and  The Council works with the NZ Police and NZ Transport Agency to promote the safe use of the land transport network by motorists and others. The Council endeavour to programme, provide, develop and manage the land transport network in a manner that assists the economic development of the district.	No accidents attributed to 'engineering' aspects of the road network (e.g. loose chips from reseals).  Physical works and professional engineering services procurement options directed to best reflect the local resources where possible, to sustain the district's economy, and promote local knowledge and technical expertise within the community.	Achieved - one reported incident (Nuhaka-Opoutama Rd RP 7, May 2012) with loose chip and subsequent review confirmed appropriate TMP in place and attributed to driver error.  Achieved - Procurement Strategy document updated Nov 2012 resulting in various procurement arrangements in 2012/13 with local suppliers engaged in 8 out of 9 roading contracts.

COMMUNITY SURVEY - PERFORMANCE RATING									
Roads	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Very Satisfied/fairly satisfied	67%	58%	73%	68%	81%	69%	69%	71%	75%
Not very satisfied	32%	41%	27%	32%	17%	30%	29%	28%	25%
Don't know/NA	1%	1%			2%	1%	2%	2%	

## Airport

The airport activity primarily contributes to the following community outcomes:

- A strong, thriving and prosperous economy.
- A safe and secure community.
- A lifetime of good health and well-being.
- An environment that is appreciated, protected and sustained for future generations.
- A safe and integrated transport system.
- Safe and accessible recreation facilities.
- A community that values and promotes its culture and heritage.

### Service Levels and Performance Measures

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
Council will continue to own and deliver the airport services to the Wairoa district community.	How the service is delivered to the community shall be monitored.	Not achieved - airport and runway is checked at least 4 times a week, but not included in annual customer surveys.
	Community's willingness to pay for the service will be monitored.	Achieved - LTP and Annual Plan submission process in place and monthly landing schedules received and invoiced out.
Council will manage the airport activity to an acceptable standard.	Maintenance, operations, renewal and capital investments are undertaken cost effectively.	Not achieved - net operating costs of \$31,094 is greater than budget of \$17,842. (Achieved in 2011/12). There was no renewal or capital expenditure in 2012/13.
The airport services activity will be managed in a safe manner.	Operational and maintenance activities are undertaken in a safe and healthy manner.	Achieved - no reported or recorded incidences of H&S non-compliance.
Customers will receive a prompt and efficient service.	Not less than 80% of the respondents rate the service as 'fairly good' or 'better' in the annual public satisfaction survey.	Not achieved - the airport was not included in the 2012/13 Communitrak survey.
	A reducing amount of CSRs over time.	Not achieved - one CSR for the airport was received in 2012/13 compared to nil in 2011/12.



**FUNDING IMPACT STATEMENT - TRANSPORT**

For the year ending 30th June 2013

	ACTUAL 2012/13	BUDGET 2012/13	LTP 2012/13	ANNUAL PLAN 2011/12
<b>Sources of Operating Funding</b>				
General rates, uniform annual charges, rates penalties	139,863	61,422	61,422	78,521
Targeted rates (other than a targeted rate for water supply)	3,461,178	3,376,691	3,376,691	3,327,317
Subsidies and grants for operating purposes	4,720,488	3,483,812	3,483,812	4,588,441
Fees charges and targeted rates for water supply	677,808	863,435	863,435	933,536
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total Operating Funding</b>	<b>8,999,337</b>	<b>7,785,360</b>	<b>7,785,360</b>	<b>8,927,815</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers	8,530,210	5,714,777	5,714,777	6,468,384
Finance costs	-	7,872	7,872	-
Internal Charges and overheads applied	1,004,942	1,054,140	1,054,140	923,487
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>9,535,152</b>	<b>6,776,789</b>	<b>6,776,789</b>	<b>7,391,871</b>
<b>Surplus (Deficit) of operating funding</b>	<b>(535,815)</b>	<b>1,008,571</b>	<b>1,008,571</b>	<b>1,535,944</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	6,048,028	2,191,102	2,191,102	1,945,971
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	98,400	98,400	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>6,048,028</b>	<b>2,289,502</b>	<b>2,289,502</b>	<b>1,945,971</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	116,500	116,500	295,731
- to improve the level of service	1,307,780	-	-	-
- to replace existing assets	5,589,874	3,407,892	3,407,892	3,266,748
Increase (Decrease) in reserves	(1,385,441)	(226,319)	(226,319)	(80,564)
Increase (Decrease) of investments		-	-	
<b>Total application of capital funding</b>	<b>5,512,213</b>	<b>3,298,073</b>	<b>3,298,073</b>	<b>3,481,915</b>
<b>Surplus (Deficit) of capital funding</b>	<b>535,815</b>	<b>(1,008,571)</b>	<b>(1,008,571)</b>	<b>(1,535,944)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TRANSPORT**

Statement of Cost of Service for the year ended 30 June 2013

	<b>COSTS</b> <b>2012/13</b>	<b>REVENUE</b> <b>2012/13</b>	<b>NET COST</b> <b>2012/13</b>	<b>BUDGET *</b> <b>2012/13</b>	<b>LTP *</b> <b>2012/13</b>	<b>ACTUAL</b> <b>2011/12</b>
Roading (NZTA assisted)	11,248,023	4,726,935	6,521,088	4,554,366	4,554,366	5,810,091
Roading (District funded)	497,098	1,700	495,398	381,513	381,513	379,816
Infrastructural Works Unit	640,316	648,823	(8,507)	5,876	5,876	(160,848)
Parking	38,157	-	38,157	43,581	43,581	46,601
Airport	51,932	20,838	31,094	17,841	17,841	21,906
	<u>12,475,526</u>	<u>5,398,296</u>	<u>7,077,230</u>	<u>5,003,177</u>	<u>5,003,177</u>	<u>6,097,566</u>
<b>Projects</b>						
Roading (NZTA assisted)	6,826,706	6,048,028	778,678	1,091,289	1,091,289	1,474,543
Roading (District funded)	68,871	-	68,871	207,000	207,000	136,525
Infrastructural Works Unit	2,077	-	2,077	1,000	1,000	2,512
Parking	-	-	-	5,000	5,000	-
Airport	-	-	-	29,000	29,000	-
	<u>6,897,654</u>	<u>6,048,028</u>	<u>849,626</u>	<u>1,333,289</u>	<u>1,333,289</u>	<u>1,613,580</u>
<b>Application of capital funding</b>						
- to meet additional demand	-			116,500	116,500	
- to improve the level of service	1,307,780			-	-	
- to replace existing assets	5,589,874			3,407,892	3,407,892	
	<u>6,897,654</u>		<u>-</u>	<u>3,524,392</u>	<u>3,524,392</u>	

\* The 2012/13 LTP has been restated to reflect Non Funded Depreciation. This has had no financial impact on the overall LTP.

## COMMUNITY FACILITIES

1. Cemeteries
2. Parks & Reserves
3. Library
4. Community Support

### Cemeteries

The cemeteries activity primarily contributes to the following community outcomes:

- An environment that is appreciated, protected and sustained for future generations.
- Supportive, caring and valued communities.
- Safe and accessible recreation facilities.
- A community that values and promotes its unique culture and heritage.

### Service Levels and Performance Measures

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
Council will continue to own and deliver a cemetery service to the community of Wairoa.	How the service is delivered to the community shall be monitored through the CSR system.	Achieved - service delivery reported through CSRs monitoring as detailed by reducing number of CSRs (see table below).
	Community's willingness to pay for the service will be monitored.	Achieved - LTP and Annual Plan submission process in place.
Council will manage the cemetery service to an acceptable standard.	Maintenance, operational, renewal and capital investments are undertaken cost effectively.	Achieved - net operating costs of \$80,237 is less than budget of \$104,622. (Achieved in 2011/12). Renewal and capital expenditure of \$12,000 is below a budget of \$112,000 although proposed work at the Mahia Cemetery has not yet commenced.
The cemeteries activity will be managed in a safe manner.	Operational and maintenance activities are undertaken in a safe and healthy manner.	Achieved - no reported or recorded incidences of H&S non-compliance.
Customers will receive a prompt and efficient service.	Level of customer satisfaction through survey indicates a 'fairly good, very good or better' minimum 80% approval rating.	Not achieved - 79% satisfaction recorded as below.
	A reducing amount of CSRs over time.	Not achieved - one CSR for cemeteries was received in 2012/13 compared to one in 2011/12.

COMMUNITY SURVEY - PERFORMANCE RATING									
Cemetery	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Very Satisfied/fairly satisfied	80%	65%	72%	69%	80%	80%	75%	78%	79%
Not very satisfied	3%	6%	7%	6%	4%	2%	5%	4%	5%
Don't know/NA	17%	29%	21%	25%	16%	18%	20%	18%	16%

## Parks & Reserves

The parks and reserves activity primarily contributes to the following community outcomes:

- A safe and secure community.
- A lifetime of good health and well-being.
- An environment that is appreciated, protected and sustained for future generations.
- Safe and accessible recreation facilities.
- A community that values and promotes its culture and heritage.

### Service Levels and Performance Measures

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
Council will continue to own and deliver parks and reserves services to the district.	How the service is delivered to the community shall be monitored through the CSR system.	Achieved - service delivery reported through CSRs monitoring as detailed by reducing number of CSR (see table below).
	Community's willingness to pay for the service will be monitored.	Achieved - LTP and Annual Plan submission process in place.
Council will manage the parks and reserves to an acceptable standard.	Maintenance, operational, renewal and capital investments are undertaken cost effectively.	Achieved - net operating costs of \$655,421 is less than budget of \$723,634. (Achieved in 2011/12). Renewal and capital expenditure of \$19,125 is below a budget of \$218,000 although proposed work at the skatepark and Opoutama Reserve have only recently commenced.
The parks and reserves activity will be managed in a safe manner.	Operational and maintenance activities are undertaken in a safe and healthy manner.	Achieved - no reported or recorded incidences of H&S non-compliance.
Customers will receive a prompt and efficient service.	Level of customer satisfaction through survey indicates a 'fairly good, very good or better' minimum 80% approval rating.	Achieved - 87% satisfaction recorded as below.
	A reducing amount of CSRs over time.	Not achieved - 7 CSRs for parks and reserves received in 2012/13 compared to 5 in 2011/12.

COMMUNITY SURVEY - PERFORMANCE RATING									
Parks and Reserves (Users)	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Very Satisfied/fairly satisfied	80%	87%	83%	80%	83%	84%	88%	90%	87%
Not very satisfied	17%	11%	13%	15%	12%	11%	8%	7%	11%
Don't know/NA	3%	2%	4%	5%	5%	5%	4%	3%	2%

## Library

### The library activity primarily contributes to the following community outcomes:

- 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 well-being.

### Service Levels and Performance Measures

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
<p><b>Demand and Capacity</b> Council will continue to provide library services for the district through the Wairoa Centennial Library.</p>	<p>A maintained or increased number of library members.</p> <p>A maintained or increased number of library visits.</p> <p>A maintained or increased number of items issued.</p>	<p>Achieved - within an acceptable range. Fluctuations occur due to population changes and other social factors. The measure used is active borrowers (who have used library card in last 4 years) = 3500. (Not achieved in 2011/12.)</p> <p>Achieved - within an acceptable range. The largest significant single contributor to high volume of traffic through the door is still the children's reading programmes which occur in Dec/Jan and July/Aug. (Achieved in 2011/12.)</p> <p>Not achieved - but planning is underway to adjust for shift in formats wanted, to include the trend towards ebooks and online information. With the ease of access to information technology, the way people access their information and reading materials is shifting and the Library needs to stay abreast of what the community wants.</p> <ul style="list-style-type: none"> <li>- The Library provides access to quality information via the Library Website 24/7 through the EPIC databases.</li> <li>- The Library is part of the Wheelers NZLibs ebook consortia and borrowers are able to source ebooks to use on all devices except a Kindle.</li> </ul> <p>(Not achieved in 2011/12.)</p>
<p><b>Accessibility</b> Excluding statutory and public holidays, the Wairoa Centennial Library will be open during the times displayed.</p>	<p>The library is accessible to users during the displayed opening hours.</p>	<p>Achieved. (Achieved in 2011/12.)</p>
<p><b>Quality and Reliability</b> The services provided will include:</p> <ul style="list-style-type: none"> <li>• children's and young adult's programmes</li> <li>• a database reference system</li> <li>• educational holiday programmes</li> <li>• internet access</li> <li>• a regional and national inter-loaning system</li> <li>• photocopying facilities</li> <li>• new and replacement books.</li> </ul> <p>The number of books and reference materials</p>	<p>Opportunities to participate in the annual Eastern &amp; Central Region Summer Reading Programme are provided via newspaper and the Council website.</p>	<p>Achieved. Reading Programmes are advertised via</p> <ul style="list-style-type: none"> <li>• Library website</li> <li>• Facebook</li> <li>• 'At the Library' advertisement in Wairoa Star</li> <li>• News article in Wairoa Star</li> <li>• Display in Library</li> <li>• Flyers to schools</li> </ul> <p>(Achieved in 2011/12.)</p>

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
<p>will not be less than the national standard of 35 items per person in the district. The respective types of books will comply with the national standard:</p> <ul style="list-style-type: none"> <li>• adult non-fiction 35-45%</li> <li>• adult fiction 30-40%</li> <li>• children and young adults 25-30%.</li> </ul>		
<p><b>Costs and Funding</b> Council will manage library activities in a financially viable manner.</p>	All preventative maintenance, renewals and other programmed works are completed on time and within budget.	Not achieved - net operating costs of \$342,490 is greater than budget of \$320,507. (Achieved in 2011/12.) Renewal and capital expenditure of \$44,740 was incurred, primarily on book purchases.
<p><b>Customer Service and Satisfaction</b> Council will respond to all enquiries, requests, complaints, and identified issues in a timely manner.</p>	Level of customer satisfaction through survey indicates a 'fairly good, very good or better' minimum 80% approval rating.	Achieved - 98%. (Achieved 96% in 2011/12.)

COMMUNITY SURVEY - PERFORMANCE RATING									
Library (Users)	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Very Satisfied/fairly satisfied	96%	94%	91%	96%	96%	95%	93%	96%	98%
Not very satisfied	2%	3%	6%	2%	2%	2%	1%	2%	1%
Don't know/NA	2%	3%	3%	2%	2%	3%	7%	2%	1%

## Community Support

The community support activity primarily contributes to the following community outcomes:

- Supportive, caring and valued communities.
- Safe and accessible recreational facilities.
- A community that values and promotes its culture and heritage.

### Service Levels and Performance Measures

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
<b>Demand</b> Council will assist in the provision of healthy, accessible and enjoyable community facilities and encourage community participation.	The number of customers visiting the Wairoa Community Centre and Wairoa Museum and level of customer satisfaction are the same or better than that of the previous year.	Achieved (Wairoa Community Centre) - 82% very/fairly satisfied. (Achieved in 2011/12.)  Achieved (Wairoa Museum) - 83% very/fairly satisfied. (Achieved in 2011/12.)
<b>Quality</b> Community facilities will provide a valuable resource for the creation of local communities of interest as meeting places and for passive and physical leisure.	Overall 'user' satisfaction of community facilities through survey indicates a 'fairly good, very good or better' approval rating of not less than 80%.	Achieved - 94% very/fairly satisfied. (Achieved 95% in 2011/12)
<b>Costs and Funding</b> Funds are provided for community facilities and initiatives in accordance with Council's community outcomes.	Council grants to funded organisations are paid in accordance with funding contracts/agreements.  Funding contracts/agreements are reviewed annually/triennially in accordance with existing funding contract specifications.  Residents are satisfied with value for money through rates on supporting community facilities and organisations with an approval rating of not less than 80%.	Achieved - all grants paid in accordance with contracts/agreements. (Achieved in 2011/12.)  Achieved - All agreements reviewed. (Achieved in 2011/12.)  Not achieved - 50%. (Not achieved in 2011/12 with 40%.)

COMMUNITY SURVEY - PERFORMANCE RATING				COMMUNITY SURVEY - PERFORMANCE RATING			
Community Facilities Support	2010/11	2011/12	2012/13	Community Facilities Satisfaction	2010/11	2011/12	2012/13
Very Satisfied/fairly satisfied	51%	40%	50%	Very Satisfied/fairly satisfied	95%	95%	94%
Neither satisfied/dissatisfied	24%	38%	36%	Neither satisfied/dissatisfied			
Dissatisfied/very dissatisfied	17%	17%	7%	Dissatisfied/very dissatisfied	5%	5%	6%
Don't know	8%	5%	7%	Don't know			

**FUNDING IMPACT STATEMENT - COMMUNITY FACILITIES**

For the year ending 30th June 2013

	ACTUAL 2012/13	BUDGET 2012/13	LTP 2012/13	ANNUAL PLAN 2011/12
<b>Sources of Operating Funding</b>				
General rates, uniform annual charges, rates penalties	1,155,440	907,890	907,890	699,560
Targeted rates (other than a targeted rate for water supply)	821,932	723,634	723,634	855,243
Subsidies and grants for operating purposes	92,162	61,825	61,825	26,801
Fees charges and targeted rates for water supply	50,890	59,470	59,470	63,300
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total Operating Funding</b>	<b>2,120,424</b>	<b>1,752,819</b>	<b>1,752,819</b>	<b>1,644,904</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers	1,383,281	1,454,146	1,454,146	1,314,103
Finance costs	-	-	-	40,804
Internal Charges and overheads applied	158,673	188,668	188,668	219,716
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>1,541,954</b>	<b>1,642,814</b>	<b>1,642,814</b>	<b>1,574,623</b>
<b>Surplus (Deficit) of operating funding</b>	<b>578,470</b>	<b>110,005</b>	<b>110,005</b>	<b>70,281</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	200,000	200,000	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>200,000</b>	<b>200,000</b>	<b>-</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	318,000	318,000	-
- to improve the level of service	35,269	-	-	-
- to replace existing assets	40,596	12,000	12,000	214,000
Increase (Decrease) in reserves	502,605	(19,995)	(19,995)	(143,719)
Increase (Decrease) of investments	-	-	-	-
<b>Total application of capital funding</b>	<b>578,470</b>	<b>310,005</b>	<b>310,005</b>	<b>70,281</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(578,470)</b>	<b>(110,005)</b>	<b>(110,005)</b>	<b>(70,281)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**COMMUNITY FACILITIES***Statement of Cost of Service for the year ended 30 June 2013*

	<b>COSTS</b> <b>2012/13</b>	<b>REVENUE</b> <b>2012/13</b>	<b>NET COST</b> <b>2012/13</b>	<b>BUDGET *</b> <b>2012/13</b>	<b>LTP *</b> <b>2012/13</b>	<b>ACTUAL</b> <b>2011/12</b>
Cemeteries	103,405	23,168	80,237	104,622	104,622	70,771
Parks & Reserves	673,945	18,524	655,421	723,634	723,634	649,616
Library - Operating	354,078	11,588	342,490	320,507	320,507	331,772
Community Support	544,381	78,961	465,420	463,945	463,945	480,842
Taskforce Green Scheme	10,694	10,810	(116)	-	-	1
	<u>1,686,503</u>	<u>143,051</u>	<u>1,543,452</u>	<u>1,612,708</u>	<u>1,612,708</u>	<u>1,533,002</u>
<b>Projects</b>						
Cemeteries	12,000		12,000	112,000	112,000	-
Parks & Reserves	19,125		19,125	218,000	218,000	220,225
Library - Operating	44,740		44,740	-	-	3,260
	<u>75,865</u>		<u>75,865</u>	<u>330,000</u>	<u>330,000</u>	<u>223,485</u>
<b>Application of capital funding</b>						
- to meet additional demand	-			318,000	318,000	
- to improve the level of service	35,269			-	-	
- to replace existing assets	40,596			12,000	12,000	
	<u>75,865</u>		<u>-</u>	<u>330,000</u>	<u>330,000</u>	

\* The 2012/13 LTP has been restated to reflect Non Funded Depreciation. This has had no financial impact on the overall LTP.

## Activity Group Five PLANNING & REGULATORY

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

### Resource Planning

The resource planning activity primarily contributes to the following community outcomes:

- A lifetime of good health and well-being.
- An environment that is appreciated, protected and sustained for future generations.

### Service Levels and Performance Measures

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED															
<p><b>Legislative Obligations:</b></p> <ul style="list-style-type: none"> <li>• As required by the Resource Management Act 1991, the Council will maintain an Operative District Plan to guide the future development of the district.</li> </ul> <p>The present District Plan became operative in June 2005. It does not have to be reviewed again until 2015.</p> <p>The Council will also formulate development policies and strategies.</p> <ul style="list-style-type: none"> <li>• The Council will ensure that all subdivision and development in the district takes place in conformity with all of the requirements of the District Plan.</li> </ul>	<p>Council is committed to processing all applications within the statutory timeframes as set under the Resource Management Act.</p>	Achieved.															
	<p>No situations where inadequate conditions were imposed relating to roading, water supply, wastewater or stormwater infrastructure to be constructed and transferred to the Council, or to the standard and condition to which it was actually built before being transferred.</p>	Achieved - no situations where inadequate conditions were imposed have been reported.															
	<p>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.</p>	Achieved - no instances where legal proceedings have succeeded against Council have been reported.															
	<p>The number of actual or potential claims that have had to be notified to the Council's insurers.</p>	Achieved - there have been no actual or potential claims notified to the Council's insurers.															
<p><b>Costs and Funding:</b></p> <ul style="list-style-type: none"> <li>• The services will be provided at a cost that will be publicly consulted on annually – via either the LTP or Annual Plan preparation process.</li> <li>• The Council will fund this activity by a combination of user charges and the general rate. The following table shows the approximate share of the cost from each source.</li> </ul> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>General Rate</th> <th>User Fees and Charges</th> </tr> </thead> <tbody> <tr> <td>Policy Development</td> <td>100%</td> <td></td> </tr> <tr> <td>Consent Applications</td> <td></td> <td>100%</td> </tr> <tr> <td>Consent Monitoring</td> <td></td> <td>100%</td> </tr> <tr> <td>Environmental Monitoring</td> <td>100%</td> <td></td> </tr> </tbody> </table>		General Rate	User Fees and Charges	Policy Development	100%		Consent Applications		100%	Consent Monitoring		100%	Environmental Monitoring	100%		<p>The cost related to this activity does not exceed the approved budget.</p>	<p>Achieved - net operating costs of \$92,810 is less than budget of \$266,514. (Achieved in 2011/12.)</p> <p>Achieved - user fees and charges are raised for consent applications and monitoring.</p>
	General Rate	User Fees and Charges															
Policy Development	100%																
Consent Applications		100%															
Consent Monitoring		100%															
Environmental Monitoring	100%																
<p><b>Customer Service:</b></p>	100% of applications for consent dealt with	Achieved - all applications for consent															

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
<p>All complaints and requests for service will be responded to within the following timeframes:</p> <ul style="list-style-type: none"> <li>• verbal complaints – 3 working days</li> <li>• written complaints and requests for information – 10 working days.</li> </ul> <p>All applications for consent will be responded to within the following timeframes:</p> <ul style="list-style-type: none"> <li>• if not required to be notified – within 20 working days</li> <li>• if required to be notified – notified, and notice served within 10 working days.</li> </ul> <p>The Council will aim to ensure that the users of the services and the general public will be satisfied with the overall level of service that is being provided.</p>	<p>within specified timeframes.</p>           <p>100% of applications for consent dealt with within specified timeframes.</p>	<p>were dealt with within specified timeframes.</p>           <p>Achieved - all applications for consent were dealt with within specified timeframes.</p>

**Environmental Health**

**The environmental health activity primarily contributes to the following community outcomes:**

- A safe and secure community.
- A lifetime of good health and well-being.

**Service Levels and Performance Measures**

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
<p><b>Legislative Obligations:</b>                      (a) The Council will inspect all premises that are required to be registered under the Health Act 1956, the Food Act 1981, and the Food Hygiene Regulations 1974, for compliance every year, e.g.:</p> <ul style="list-style-type: none"> <li>• food premises</li> <li>• hairdressers</li> <li>• funeral directors</li> <li>• camping grounds.</li> </ul> <p>And it will take steps to ensure that all food workers are aware of their obligations.</p> <p>(b) It will also:</p> <ul style="list-style-type: none"> <li>• monitor the community's water, wastewater, stormwater and sanitary services to ensure that they are being satisfactorily managed, and are performing satisfactorily, from the health point of view</li> <li>• maintain a general overview of the public health of the district and respond to public health complaints.</li> </ul>	<p>100% of all registered premises inspected during the year.</p>	<p>Achieved - all registered premises inspected.</p>
	<p>No sickness outbreaks that are known to have been caused or are suspected to have been caused by persons purchasing contaminated food, or by the inadequate management (or of some other failing) of the public services.</p>	<p>Achieved - no illness outbreaks attributable to food borne illness have been reported.</p>
	<p>100% of all complaints about unreasonable noise are responded to in accordance with legislation, regulations and Council policy.</p>	<p>Achieved - 100% of all complaints have been responded to within the required timeframes and within the legislative parameters.</p>
<p><b>Health and Safety:</b>                      All of the above responsibilities will be carried out safely.</p>	<p>No health or safety incidents.</p>	<p>Achieved - there have been no incidents involving the Environmental Health Officer.</p>
<p><b>Costs and Funding:</b>                      The services will be provided at a cost that will be publicly consulted on annually via the LTP or Annual Plan process. The Council will fund the activity by way of a combination of user fees and charges and the general rate.</p>	<p>The cost related to this activity did not exceed the approved budget.</p>	<p>Achieved - net operating costs of \$104,245 is less than budget of \$108,210. (Achieved in 2011/12.)</p>
<p><b>Customer Service:</b>                      All complaints will be responded to within the following timeframes:</p> <ul style="list-style-type: none"> <li>• verbal complaints – emergencies – 1 hour</li> <li>• other – 1 working day</li> <li>• written complaints – 10 working days</li> </ul> <p>The Council will aim to ensure that the users of the service and the general public will be satisfied with the overall level of service that is being provided.</p> <p>Maintain 'approval' status as organization and Environmental Health Officer.</p>	<p>Not less than 95% of all complaints dealt with within the specified timeframes.</p>	<p>Achieved - all complaints were dealt with within specified timeframes.</p>

**Building Control**

**The building control activity primarily contributes to the following community outcomes:**

- A strong, thriving and prosperous economy.
- A safe and secure community.
- A lifetime of good health and well-being.
- Safe and accessible recreational facilities.

### Service Levels and Performance Measures

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
<b>Legislative Obligations:</b> <ul style="list-style-type: none"> <li>• Council will monitor and exercise control over all building work that is undertaken in the district in accordance with its role as a Building Control Authority.</li> <li>• Council processing, inspection and certification of buildings meet the requirements of the Building Act 2004.</li> <li>• Ensure that all building work will be monitored and addressed to the extent that offers assurance that people, places and property will not be significantly harmed.</li> <li>• Council will monitor and enforce the requirements of the Fencing of Swimming Pools Act 1977.</li> </ul>	Accreditation as a BCA (as required by the Building Act) obtained and continued to be maintained with each IANZ assessment.	Achieved - re-assessed by IANZ in April 2012. Certificate of Accreditation for Regulations 5–17 inclusive.
	Number of historic building consents still needing code compliance certificates, is to be reduced annually.	Achieved - currently 408. 2011/12 – 513 2010/11 – 395 2009/10 – 512
	Any unfenced or non-complying swimming pool fences identified during the year are addressed.	Not achieved - 9 additional pools identified were inspected. 14 Inspections undertaken in total with 6 pools still not fully compliant.
	Council responds to 100% of all known illegal or unauthorised buildings (or instances of illegal or unauthorised building work identified during the year).	Not achieved - 5 instances of unauthorised building work brought to our attention. 4 Notices to Fix issued and actioned. One yet to be inspected when next in remote location.
	No instances where legal proceedings have been taken against, or have been threatened to be taken against Council, alleging that it has acted unlawfully or has been negligent in the exercise of its responsibilities.	Achieved - no legal proceedings during the year.
<b>Costs and Funding:</b> The service will be provided at a cost that will be publicly consulted on annually – via either the LTP or Annual Plan processes.  The Council will fund this activity entirely from user fees and charges (except the cost of statutory administrative duties, which will be met from the general rate).	Operations and associated capital investments (vehicles) are undertaken cost effectively.	This activity is about ensuring appropriate building standards so that the community can have confidence that buildings of a suitable standard are being constructed in the district.  Public Benefit    Approx. 25% Private Benefit    Approx. 75%
<b>Customer Service of Building Control Authority and Territorial Authority:</b> All applications for consent or other information will be processed within the following timeframes: <ul style="list-style-type: none"> <li>• building consents – 20 working days</li> <li>• project information memoranda – 20 days</li> <li>• code of compliance certificates – 20 days</li> <li>• certificates of acceptance – 20 days</li> <li>• certificates of public use – 20 days.</li> </ul>	The number of consents, inspections, etc. are processed within the prescribed times.  Target: 100%.	<ul style="list-style-type: none"> <li>• Building Consents - 96.54% none achievement of 100% is due to increase in number of Building Consents by 146% due to Mahia Beach Community Sewerage Scheme.</li> <li>• Project information memoranda 100%.</li> <li>• Code of compliance certificates – 100%.</li> <li>• Certificates of acceptance – 100%.</li> <li>• Certificates of public use 100%.</li> </ul>

### Liquor Control

The liquor control activity primarily contributes to the following community outcomes:

- A safe and secure community.

- A lifetime of good health and well-being.
- An environment that is appreciated, protected and sustained for future generations.

### Service Levels and Performance Measures

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
<p><b>Legislative Obligations:</b> As the District Licensing Agency, the Council will issue 'on, off and club' licenses that allow the sale and supply of liquor, and will inspect the premises for compliance each year.</p> <p>It will also process applications for renewal licenses and for special licenses (which are licenses that allow the sale and supply of liquor at events such as sporting occasions, street parties and other functions).</p>	100% of all 'on, off and club' licensed premises inspected during the year.	All renewals inspected.
	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 - appropriate action is taken in response to prevailing conditions.
	Council responds in accordance with legislation to 100% of all situations where licenses have to be suspended or revoked during the year.	Achieved - one license hearing attended and evidence presented.
<p><b>Costs and Funding:</b> The services will be provided at a cost that will be publicly consulted on annually – via either the LTP or Annual Plan preparation process.</p> <p>The Council will fund the activity by a combination of user fees and charges and the general rate.</p>	The cost related to this activity did not exceed the approved budget.	Achieved - net operating costs of \$2,616 is less than budget of \$11,304. (Not achieved in 2011/12.)
<p>All complaints will be responded to within the following timeframes:</p> <ul style="list-style-type: none"> <li>• verbal complaints, emergencies – 1 hour</li> <li>• other – 1 day</li> <li>• written complaints – 10 working days.</li> </ul> <p>The Council will aim to ensure that the users of the service and the general public will be satisfied with the overall level of service that is being provided.</p>	Not less than 95% of all complaints dealt with within the specified timeframes.	Achieved - 100% of complaints were attended to within the specified timeframes.

### Bylaw Compliance:

- Dog Control**
- Livestock Control**
- General Bylaw Enforcement**

The bylaw compliance activity primarily contributes to the following community outcomes:

- A safe and secure community.
- A lifetime of good health and well-being.
- An environment that is appreciated, protected and sustained for future generations.

### Service Levels and Performance Measures

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
<p><b>Legislative Obligations – Dog Control:</b> The Council will exercise its responsibilities under the Dog Control Act 1996 and the Dog Control Amendment Act 2003, including:</p> <ul style="list-style-type: none"> <li>• the maintenance and regular review of a Dog Control Policy and of a Dog Control Bylaw</li> <li>• the maintenance of a register of all known dogs in the district and National Dog Database</li> <li>• the promotion of responsible dog ownership</li> <li>• impounding (and, if not claimed, destroying) stray dogs</li> <li>• responding to complaints about dangerous stray/barking/nuisance dogs etc.</li> </ul> <p>Council will issue a public report annually about the administration of its policy and dog control practices, including information relating to:</p> <ul style="list-style-type: none"> <li>• the number of registered dogs in the district (currently about 3,580)</li> <li>• the number of probationary owners and disqualified owners within the district</li> <li>• the number of dogs classified as dangerous and menacing</li> <li>• the number of infringement notices issued</li> <li>• the number of complaints received, and the number of prosecutions taken.</li> </ul>	<ul style="list-style-type: none"> <li>• All known dogs registered by 30 June each year.</li> </ul>	Achieved - all known dogs are registered within the prescribed timescales.
	<ul style="list-style-type: none"> <li>• Annual Report about the administration of the Council's policy and dog control practices adopted by 30 August each year.</li> </ul>	Achieved - report taken to Council in August 2013.
	<ul style="list-style-type: none"> <li>• Council responds in accordance with legislation to 100% of complaints in relation to instances of: <ul style="list-style-type: none"> <li>• dogs attacking persons or animals</li> <li>• dogs rushing at persons, animals, or vehicles</li> <li>• dogs causing serious injury</li> <li>• dogs at large and an immediate disturbance or threat to wildlife.</li> </ul> </li> </ul>	<p>Achieved - all complaints responded to within legislative timescales.</p> <p>14 instances.</p> <p>4 instances.</p> <p>1 instance.</p> <p>Nil.</p> <p>3,375 registered dogs within the district.</p> <p>3 probationary or disqualified owners within the district.</p> <p>78 dogs classified as dangerous and menacing within the district.</p> <p>76 infringement notices issued.</p> <p>231 complaints received. Nil prosecutions taken.</p>
<p><b>Legislative Obligations – Livestock Control:</b> The Council will provide a stock-ranging service for the retrieval and impounding of roaming animals on roads other than state highways.</p> <p>It will also respond to complaints relating to animal nuisances.</p>	<ul style="list-style-type: none"> <li>• The extent to which wandering stock poses a danger to traffic in the district as measured by: <ul style="list-style-type: none"> <li>• The number of complaints received about wandering stock.</li> <li>• The number of times stock has had to be impounded during the year.</li> </ul> </li> <li>• No complaints about the manner in which the Council has carried out its livestock control responsibilities.</li> </ul>	<p>103 complaints received.</p> <p>6 instances of impounded stock.</p> <p>There have been no complaints within the year.</p>
<p><b>Legislative Obligations – General Bylaws Enforcement:</b></p> <ul style="list-style-type: none"> <li>• The Council will maintain bylaws for a variety of purposes relating to community well-being.</li> <li>• The Council will enforce compliance with its bylaws as and when necessary.</li> </ul>	<ul style="list-style-type: none"> <li>• The number of occasions when the Council has had to formally enforce compliance with any of its bylaws, or institute a legal action under them during the year.</li> <li>• Target: 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.</li> </ul>	<p>There have been no occasions when the Council had had to formally enforce compliance.</p> <p>Achieved - there have been no court decisions against the Council.</p>
<p><b>Costs and Funding – Dog Control:</b> The services will be provided at a cost that will be publicly consulted on annually via the LTP or Annual Plan process. 90% of the cost of this activity will be funded from dog control fees, with the balance of 10% being met from the general rate.</p>	<p>The cost related to this activity does not exceed the approved budget.</p>	<p>Achieved - net operating costs of \$62,909 is less than budget of \$102,519. (Not achieved in 2011/12.)</p> <p>Renewal and capital expenditure of \$98,856 is below a budget of \$140,000.</p>

COMMUNITY SURVEY - PERFORMANCE RATING									
Dog Control	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Very Satisfied/fairly satisfied	60%	58%	51%	56%	62%	56%	66%	56%	65%
Not very satisfied	34%	38%	44%	36%	33%	42%	30%	36%	31%
Don't know/NA	6%	4%	5%	8%	5%	3%	3%	8%	4%

COMMUNITY SURVEY - PERFORMANCE RATING						
Livestock Control	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Very Satisfied/fairly satisfied	69%	79%	78%	83%	84%	83%
Not very satisfied	20%	13%	12%	11%	10%	7%
Don't know/NA	11%	8%	10%	7%	7%	9%



**Emergency Management:  
Civil Defence  
Rural Fire**

The emergency management activity primarily contributes to the following community outcomes:

- A safe and secure community.
- A lifetime of good health and well-being.
- An environment that is appreciated, protected and sustained for future generations.

**Service Levels and Performance Measures**

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
Council will work with residents, tangata whenua, businesses, industry, and stakeholders to develop initiatives that promote emergency management preparedness.	Warden groups are established in civil defence sectors.	Achieved - Warden Groups are established.
	Public awareness of rural fire and civil defence through liaison with community groups, volunteers and the media is maintained.	Achieved - public awareness is maintained.
Council will ensure emergency management resources are available to all ratepayers, residents, stakeholders, and visitors to the district when required.	Rural Fire Plan maintained and meets statutory and local requirements.	Achieved - a Rural Fire Plan is maintained.
<b>Readiness and Preparedness:</b> Council will be prepared to respond to and manage emergency management incidents.	Response plans and Standard Operating Procedures (SOPs) are current and reflect perceived threats.	Achieved - response plans and operating procedures are current and reflect perceived threats.
	<ul style="list-style-type: none"> <li>• Appropriate response plans and SOPs are developed and maintained.</li> <li>• Council staff and volunteers are trained and exercised to the degree necessary to maintain efficient and effective rural fire and civil defence operations.</li> </ul> <p>Appropriately trained personnel are identified for the position of controller.</p>	Achieved - there are 3 trained controllers.
<b>Response/Recovery:</b> Council will provide resources to effectively manage emergency management incidents	Non-declared and declared events are responded to and recovered from efficiently and effectively in accordance with Hawke's Bay Civil Defence Emergency Management Plans.	No events - not measured.
	The procedures described in the Adverse Events Plan and the Civil Defence Emergency Management Group Plan pertaining to warning systems, co-ordination, and management, of response and recovery activities are complied with.	National Rural Fire Authority (NRFA) Evaluation score of 5.5 from 10 - improvement required. This is currently being appealed. The Council remains eligible for NRFA grants.
	Rural fire prevention and suppression activities are administered effectively and efficiently in accordance with Council's Rural Fire Plan 2010.	
<b>Cost and Funding:</b> Council will deliver an effective, efficient and economical emergency management service, which meets the needs and expectations of our communities.	All preventative maintenance, renewals and other programmed works are completed on time and within budget	Preventative maintenance and renewals are under contract with Professional Fire and Fleet Maintenance. Achieved - net operating costs of \$202,986 is less than budget of \$282,730. (Achieved in 2011/12.) Renewal and capital expenditure of \$35,250 is above a budget of \$4,000.
	90% of rural firefighting costs recovered.	
	100% of claims on the National Rural Firefighting Fund are successful.	

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
<p><b>Customer Service:</b> Council will provide timely response, information, advice and support to the local community.</p>	<p>A Duty Officer is on-call 24/7 for 365 days of the year.</p> <p>Response times to customer enquiries will be as follows:</p> <ul style="list-style-type: none"> <li>• telephone calls (1 working day).</li> <li>• reception (15 minutes).</li> <li>• letters, faxes, e-mail (8 working days).</li> </ul>	<p>Achieved.</p> <p>Not measured.</p>

**FUNDING IMPACT STATEMENT - PLANNING AND REGULATORY**

For the year ending 30th June 2013

	ACTUAL 2012/13	BUDGET 2012/13	LTP 2012/13	ANNUAL PLAN 2011/12
<b>Sources of Operating Funding</b>				
General rates, uniform annual charges, rates penalties	1,189,019	363,379	363,379	630,805
Targeted rates (other than a targeted rate for water supply)	-	250,096	250,096	111,806
Subsidies and grants for operating purposes	39,146	-	-	60,000
Fees charges and targeted rates for water supply	581,122	536,400	536,400	399,119
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total Operating Funding</b>	<b>1,809,287</b>	<b>1,149,875</b>	<b>1,149,875</b>	<b>1,201,730</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers	956,977	1,100,036	1,100,036	1,083,235
Finance costs	10,095	11,200	11,200	11,425
Internal Charges and overheads applied	143,224	181,339	181,339	219,193
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>1,110,296</b>	<b>1,292,575</b>	<b>1,292,575</b>	<b>1,313,853</b>
<b>Surplus (Deficit) of operating funding</b>	<b>698,991</b>	<b>(142,700)</b>	<b>(142,700)</b>	<b>(112,123)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	140,000	140,000	-
Gross proceeds from sale of assets	-	5,000	5,000	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>145,000</b>	<b>145,000</b>	<b>-</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	161,577	169,000	169,000	366,000
Increase (Decrease) in reserves	537,414	(166,700)	(166,700)	(478,123)
Increase (Decrease) of investments	-	-	-	-
<b>Total application of capital funding</b>	<b>698,991</b>	<b>2,300</b>	<b>2,300</b>	<b>(112,123)</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(698,991)</b>	<b>142,700</b>	<b>142,700</b>	<b>112,123</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**PLANNING & REGULATORY***Statement of Cost of Service for the year ended 30 June 2013*

	<b>COSTS 2012/13</b>	<b>REVENUE 2012/13</b>	<b>NET COST 2012/13</b>	<b>BUDGET * 2012/13</b>	<b>LTP * 2012/13</b>	<b>ACTUAL 2011/12</b>
Resource Planning	129,946	37,136	92,810	266,514	266,514	65,539
Environmental Health	121,452	17,207	104,245	108,210	108,210	104,771
Building Control	292,839	232,336	60,503	68,698	68,698	115,038
Liquor Control	23,046	20,430	2,616	11,304	11,304	22,058
Bylaw Compliance	258,846	195,937	62,909	102,519	102,519	128,686
Safer Communities	39,146	39,146	-	-	-	-
Emergency Management	-	-	-	-	-	224,386
Civil Defence	105,219	62,626	42,593	78,653	78,653	-
Rural Fire	175,843	15,450	160,393	204,077	204,077	-
	<u>1,146,337</u>	<u>620,268</u>	<u>526,069</u>	<u>839,975</u>	<u>839,975</u>	<u>660,478</u>
<b>Projects</b>						
Building Control	27,471		27,471	20,000	20,000	-
Bylaw Compliance	98,856		98,856	140,000	140,000	19,521
Emergency Management	-		-	-	-	42,469
Civil Defence	30,804		30,804	4,000	4,000	-
Rural Fire	4,446		4,446			
	<u>161,577</u>		<u>161,577</u>	<u>164,000</u>	<u>164,000</u>	<u>61,990</u>
<b>Application of capital funding</b>						
- to meet additional demand	-		-	-	-	
- to improve the level of service	-		-	-	-	
- to replace existing assets	161,577			164,000	164,000	
	<u>161,577</u>		<u>-</u>	<u>164,000</u>	<u>164,000</u>	

\* The 2012/13 LTP has been restated to reflect Non Funded Depreciation. This has had no financial impact on the overall LTP.

## LEADERSHIP & GOVERNANCE

1. Community Representation
2. Māori Liaison
3. Economic Development

### Community Representation

The community representation activity primarily contributes to the following community outcomes:

- A strong thriving and prosperous economy.
- A safe and secure community.
- A lifetime of good health and well-being.
- An environment that is appreciated, protected and sustained for future generations.
- Supportive, caring and valued communities.
- A safe and integrated transport system.
- Strong district leadership and a sense of belonging.
- Safe and accessible recreational facilities.
- A community that values and promotes its culture and heritage.

### Service Levels and Performance Measures

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
<b>Access</b> Opportunities are provided to the public to address Council on any matter through public forums and submissions.	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 2011/12.)
<b>Quality</b> Council will promote and maintain ethical standards.	Council's Code of Conduct, policies, and other such documentation are available to the public on request and/or from Council's website. Council activities meet legislative requirements.	Achieved - all policies provided/available on request. All activities performed in accordance with legislative requirements. No court proceedings upheld. (Achieved in 2011/12.)
<b>Leadership</b> Council will demonstrate leadership to the community as a whole, to its electors, stakeholders, and within the organisation.	Executive Officer and all other officers of the Council are clearly defined.  Lines of accountability and delegation are defined.	Achieved - all roles clearly defined by job descriptions and Council policy/delegations. Lines of accountability and delegation are clearly defined. (Achieved in 2011/12.)
<b>Consultation</b> Council will communicate clearly and informatively with, and on behalf of, the ratepayers, tangata whenua, and stakeholders of the Wairoa district. The interests of the district will be represented at all levels, including Government, its agencies, and other local authorities. Council will make decisions openly, in a timely manner, and communicate decisions effectively.	No complaints are upheld against Council for not publicly consulting via the special consultative procedure when it was legally required to do so. 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 - no complaints upheld. No court proceedings upheld.  Opportunities provided for all stakeholders to engage in consultation. Public notifications achieved. (Achieved in 2011/12.)
<b>Costs and Funding</b> Council will manage community representation activities in a financially viable manner.	The cost related to this activity did not exceed the approved budget.	Achieved - net operating costs of \$1,079,558 is less than budget of \$1,215,248. (Achieved in 2011/12.)
<b>Customer Service and Satisfaction</b> Council will respond to all enquiries, requests, complaints, and customers are happy with the Mayor and councillors, and Council staff performance.	Mayor and councillors 'not very good or poor' rating in annual survey is less than 10%.  Council staff 'not very good or poor' rating in annual survey is less than 10%.	Achieved (Mayor and councillors) - 6% rated performance not very good or poor. (Achieved 6% in 2011/12.) Achieved (Council staff) - 6% rated performance not very good or poor. (Achieved 6% in 2011/12.)

COMMUNITY SURVEY - PERFORMANCE RATING									
Mayor and Councillors	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Very good/fairly good	67%	46%	57%	54%	59%	61%	71%	69%	63%
Just acceptable	18%	34%	30%	31%	30%	28%	16%	21%	27%
Not very good/poor	11%	15%	10%	9%	8%	9%	8%	6%	6%
Don't know	4%	5%	3%	6%	3%	2%	5%	5%	4%

## Māori Liaison

The Māori liaison activity primarily contributes to the following community outcome:

- A community that values and promotes its culture and heritage.
- Strong district leadership and a sense of belonging.

### Service Levels and Performance Measures

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
<b>Demand</b> Council will ensure effective representation is maintained.	The required number of nominated representatives are received within established timeframes and appointments made to Council's Māori Standing Committee.	Achieved. (Achieved in 2011/12.)
<b>Access</b> Opportunities are provided for Māori to address Council on policy, reports, submissions, and any other Council-related business.	No less than bimonthly meetings of the Māori Standing Committee are scheduled, advertised, and conducted on the advertised day.	Achieved, meetings held monthly. (Achieved in 2011/12.)
<b>Consultation</b> With respect to Council's Māori Policy the Council will ensure that whenever an option relating to any proposed decision involves a significant decision in relation to land or a body of water, it will take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga.	Māori Standing Committee meetings, public meetings and special consultative meetings provide opportunities for Māori to contribute to the decision-making process.	Achieved - opportunities provided for Māori to contribute to the decision-making process as required by the Local Government Act 2002. (Achieved in 2011/12.)
<b>Costs and Funding</b> Council will manage Māori liaison activities in a financially viable manner.	Agreed levels of service are achieved within budget.	Achieved - net operating costs of \$113,278 is less than budget of \$148,776. (Achieved in 2011/12.)
<b>Customer Service and Satisfaction</b> Council will respond to all enquiries, requests, complaints, and identified issues in a timely manner.	Council offices are open during the hours displayed.  All complaints are responded to within established timeframes.	Achieved - Council offices were open during the hours displayed. (Achieved in 2011/12.) Achieved - all complaints responded to within established timeframes. (Achieved in 2011/12.)

## Economic Development

The economic development activity primarily contributes to the following community outcome:

- A strong prosperous and thriving economy.

### Service Levels and Performance Measures

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
Strategy planning and policy	Development of Economic Development Plan.	Achieved and ongoing. (Achieved in 2011/12.)
	Number of actions completed in the Economic Development Plan – Action Plan.	2012/13 - 18
District promotion Promoting economic development of the district.	Number of tourism-focused events.	2012/13 - 20
	Number of business promotion events.	2012/13 - 5
	The number of businesses that have been established in the district annually.	2012/13 - 7
	The number of registered unemployed in the district.	2012/13 – 1,250 unemployed (2011/12 – 1,108 unemployed) (2010/11 – 1,056 unemployed) (Source: Ministry of Social Development (2013). <i>Service Centre Benefit Fact Sheets 2013 – East Coast Region</i> . Wellington: Ministry of Social Development)
Visitor Information Centre	The number of visitors to the Visitor Information Centre.	Achieved – 16,395 visitors (Achieved in 2011/12 – 15,878 visitors)
	Number of visitors who stay overnight in the district.	1,654 (Source – Statistics New Zealand (2013) <i>Commercial accommodation Monitor: June 2013 – Hawke’s Bay</i> . Wellington: Statistics New Zealand). New measure.
Funding of the net cost of the activity (after any financial assistance that may be available from the Government or other sources) by way of the general rate.	The cost related to this activity did not exceed the approved budget.	Achieved - net operating costs of \$265,276 is less than budget of \$271,653. (Achieved in 2011/12.)
Customer complaints will be dealt with promptly and properly.	Verbal complaints within 1 working day.	Achieved. (Achieved in 2011/12.)
	Written complaints within 3 working days.	Achieved. (Achieved in 2011/12.)



**FUNDING IMPACT STATEMENT - LEADERSHIP AND GOVERNANCE**

For the year ending 30th June 2013

	<b>ACTUAL 2012/13</b>	<b>BUDGET 2012/13</b>	<b>LTP 2012/13</b>	<b>ANNUAL PLAN 2011/12</b>
<b>Sources of Operating Funding</b>				
General rates, uniform annual charges, rates penalties	1,877,463	1,517,978	1,517,978	1,671,813
Targeted rates (other than a targeted rate for water supply)	-	117,699	117,699	-
Subsidies and grants for operating purposes	-	3,000	3,000	-
Fees charges and targeted rates for water supply	133,549	132,900	132,900	132,900
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total Operating Funding</b>	<b>2,011,012</b>	<b>1,771,577</b>	<b>1,771,577</b>	<b>1,804,713</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers	758,891	854,245	854,245	861,935
Finance costs	460	-	-	-
Internal Charges and overheads applied	826,115	914,652	914,652	940,098
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>1,585,466</b>	<b>1,768,897</b>	<b>1,768,897</b>	<b>1,802,033</b>
<b>Surplus (Deficit) of operating funding</b>	<b>425,546</b>	<b>2,680</b>	<b>2,680</b>	<b>2,680</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	18,427	-	-	-
- to replace existing assets	-	-	-	-
Increase (Decrease) in reserves	407,119	2,680	2,680	2,680
Increase (Decrease) of investments	-	-	-	-
<b>Total application of capital funding</b>	<b>425,546</b>	<b>2,680</b>	<b>2,680</b>	<b>2,680</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(425,546)</b>	<b>(2,680)</b>	<b>(2,680)</b>	<b>(2,680)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**LEADERSHIP & GOVERNANCE***Statement of Cost of Service for the year ended 30 June 2013*

	<b>COSTS</b> <b>2012/13</b>	<b>REVENUE</b> <b>2012/13</b>	<b>NET COST</b> <b>2012/13</b>	<b>BUDGET *</b> <b>2012/13</b>	<b>LTP *</b> <b>2012/13</b>	<b>ACTUAL</b> <b>2011/12</b>
Community Representation	1,079,980	422	1,079,558	1,215,248	1,215,248	1,162,878
Maori Liaison	113,278	-	113,278	148,776	148,776	79,120
Economic Development	144,842	8,709	136,133	153,954	153,954	62,175
Visitor Information Centre	253,562	124,419	129,143	117,699	117,699	133,189
<b>Total</b>	<b>1,591,662</b>	<b>133,550</b>	<b>1,458,112</b>	<b>1,635,677</b>	<b>1,635,677</b>	<b>1,437,362</b>
<b>Projects</b>						
Economic Development	-	-	-	-	-	21,897
Community Representation	18,427	-	18,427	-	-	-
	<b>18,427</b>		<b>18,427</b>	<b>-</b>	<b>-</b>	<b>21,897</b>
<b>Application of capital funding</b>						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	18,427	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-
	<b>18,427</b>		<b>-</b>	<b>-</b>	<b>-</b>	

\* The 2012/13 LTP has been restated to reflect Non Funded Depreciation. This has had no financial impact on the overall LTP.

## CORPORATE FUNCTIONS

1. Property
2. Corporate & Funds Management
3. Council-controlled Organisations

### Property

The property activity primarily contributes to the following community outcomes:

- A strong, thriving and prosperous economy.
- A safe and secure community.
- A lifetime of good health and well-being.
- An environment that is appreciated, protected and sustained for future generations.
- Supportive, caring and valued communities.
- Safe and accessible recreation facilities.
- A community that values and promotes its culture and heritage.

#### Service Levels and Performance Measures

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	PERFORMANCE ACHIEVED
Council will deliver the following property services: <ul style="list-style-type: none"> <li>• commercial</li> <li>• corporate</li> <li>• halls</li> <li>• pensioner housing</li> <li>• camp grounds</li> <li>• community centre.</li> </ul>	How the service is delivered to the community will be monitored.	Achieved - self-review.
	Community's willingness to pay for the service will be monitored.	Achieved - via annual Communitrak Survey.
Council will manage the property activity to an acceptable standard.	Maintenance, operations, renewal and capital investments are undertaken cost effectively.	Achieved - Annual Plan/LTP budgeting. (Achieved in 2011/12.)
The property activity will be managed in a safe manner.	Operational and maintenance activities are undertaken in a safe and healthy manner.	Achieved - no complaints or reports of property health and safety issues. (Achieved in 2011/12.)
Customers will receive a prompt and efficient service.	Not less than 80% of the respondents rate the service as 'fairly good' or very good' in the annual public satisfaction survey.	Achieved (Halls) - 94% very/fairly satisfied. (Achieved in 2011/12.) Achieved (Wairoa Community Centre) - 82% very/fairly satisfied. (Achieved in 2011/12.) Not Achieved (Community facilities) - 50% (Not Achieved in 2011/12 with 40%.) NB: Camping ground, commercial and corporate property is not measured.
	A reducing amount of CSRs over time.	Not achieved - 45 CSRs received. (Not Achieved in 2011/12 – 6 CSRs received.)

**FUNDING IMPACT STATEMENT - PROPERTY**

For the year ending 30th June 2013

	ACTUAL 2012/13	BUDGET 2012/13	LTP 2012/13	ANNUAL PLAN 2011/12
<b>Sources of Operating Funding</b>				
General rates, uniform annual charges, rates penalties	62,654	155,097	155,097	233,489
Targeted rates (other than a targeted rate for water supply)	-	40,760	40,760	-
Subsidies and grants for operating purposes	-	613,000	613,000	-
Fees charges and targeted rates for water supply	612,953	258,706	258,706	234,200
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total Operating Funding</b>	<b>675,607</b>	<b>1,067,563</b>	<b>1,067,563</b>	<b>467,689</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers	658,841	427,921	427,921	343,346
Finance costs	-	56,000	56,000	-
Internal Charges and overheads applied	(105,124)	(119,171)	(119,171)	(119,660)
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>553,717</b>	<b>364,750</b>	<b>364,750</b>	<b>223,686</b>
<b>Surplus (Deficit) of operating funding</b>	<b>121,890</b>	<b>702,813</b>	<b>702,813</b>	<b>244,003</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	500,000	500,000	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>500,000</b>	<b>500,000</b>	<b>-</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	27,000	27,000	31,340
- to improve the level of service	37,633	-	-	-
- to replace existing assets	35,441	1,181,953	1,181,953	16,440
Increase (Decrease) in reserves	48,816	(6,140)	(6,140)	196,223
Increase (Decrease) of investments	-	-	-	-
<b>Total application of capital funding</b>	<b>121,890</b>	<b>1,202,813</b>	<b>1,202,813</b>	<b>244,003</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(121,890)</b>	<b>(702,813)</b>	<b>(702,813)</b>	<b>(244,003)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**PROPERTY**

Statement of Cost of Service for the year ended 30 June 2013

	<b>COSTS</b> <b>2012/13</b>	<b>REVENUE</b> <b>2012/13</b>	<b>NET COST</b> <b>2012/13</b>	<b>BUDGET *</b> <b>2012/13</b>	<b>LTP *</b> <b>2012/13</b>	<b>ACTUAL</b> <b>2011/12</b>
Corporate Property	(9,626)	80	(9,706)	-	-	2,096
Staff Housing	10,852	12,960	(2,108)	2,804	2,804	(107)
Camping Grounds	15,635	-	15,635	27,345	27,345	18,797
Commercial Property	1,819	3,464	(1,645)	5,717	5,717	(873)
Information Centre Property	8,857	2,925	5,932	174	174	(818)
Library Property	14,239	-	14,239	18,816	18,816	-
Community Centre	435,919	-	435,919	336,173	336,173	12,693
Community Halls	25,156	-	25,156	46,450	46,450	20,633
Pensioner Housing	62,079	93,948	(31,869)	13,493	13,493	(17,439)
Sundry Property	11,010	-	11,010	4,821	4,821	1,841
Forestry	406,409	499,576	(93,167)	7,424	7,424	(21,949)
	<b>982,349</b>	<b>612,953</b>	<b>369,396</b>	<b>463,217</b>	<b>463,217</b>	<b>14,874</b>
<b>Projects</b>						
Corporate Property	9,484			8,000	8,000	
Staff Housing	-			2,000	2,000	
Camping Grounds	-			-	-	-
Commercial Property	-			-	-	-
Information Centre Property	22,267			19,000	19,000	
Library Property	33,566			33,000	33,000	
Community Centre	6,557			500,453	500,453	
Community Halls	-			1,500	1,500	12,500
Pensioner Housing	1,200			32,000	32,000	13,789
Sundry Property	-			-	-	12,540
Forestry	-			-	-	-
	<b>73,074</b>		<b>-</b>	<b>595,953</b>	<b>595,953</b>	<b>38,829</b>
<b>Application of capital funding</b>						
- to meet additional demand	-			27,000	27,000	
- to improve the level of service	37,633			-	-	
- to replace existing assets	35,441			1,181,953	1,181,953	
	<b>73,074</b>		<b>-</b>	<b>1,208,953</b>	<b>1,208,953</b>	

\* The 2012/13 LTP has been restated to reflect Non Funded Depreciation. This has had no financial impact on the overall LTP.

**The corporate and funds management activity primarily contributes to the following community outcomes:**

- A strong, thriving and prosperous economy.
- A safe and secure community.
- A lifetime of good health and well-being.
- An environment that is appreciated, protected and sustained for future generations.
- Supportive, caring and valued communities.
- A safe and integrated transport system.
- Strong district leadership and a sense of belonging.
- Safe and accessible recreational facilities.
- A community that values and promotes its culture and heritage.

**FUNDING IMPACT STATEMENT - INVESTMENTS**
*For the year ending 30th June 2013*

	ACTUAL 2012/13	BUDGET 2012/13	LTP 2012/13	ANNUAL PLAN 2011/12
<b>Sources of Operating Funding</b>				
General rates, uniform annual charges, rates penalties	(1,290,396)	(473,341)	(473,341)	(898,723)
Targeted rates (other than a targeted rate for water supply)	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees charges and targeted rates for water supply	479	800	800	26,000
Local authorities fuel tax, fines, infringement fees, and other receipts	1,371,850	683,041	683,041	797,035
<b>Total Operating Funding</b>	<b>81,933</b>	<b>210,500</b>	<b>210,500</b>	<b>(75,688)</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers	31,083	40,500	40,500	82,409
Finance costs	428,914	-	-	-
Internal Charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>459,997</b>	<b>40,500</b>	<b>40,500</b>	<b>82,409</b>
<b>Surplus (Deficit) of operating funding</b>	<b>(378,064)</b>	<b>170,000</b>	<b>170,000</b>	<b>(158,097)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	-	-	-	-
Increase (Decrease) in reserves	(378,064)	170,000	170,000	(158,097)
Increase (Decrease) of investments	-	-	-	-
<b>Total application of capital funding</b>	<b>(378,064)</b>	<b>170,000</b>	<b>170,000</b>	<b>(158,097)</b>
<b>Surplus (Deficit) of capital funding</b>	<b>378,064</b>	<b>(170,000)</b>	<b>(170,000)</b>	<b>158,097</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**INVESTMENTS**

Statement of Cost of Service for the year ended 30 June 2013

	<b>COSTS 2012/13</b>	<b>REVENUE 2012/13</b>	<b>NET COST 2012/13</b>	<b>BUDGET * 2012/13</b>	<b>LTP * 2012/13</b>	<b>ACTUAL 2011/12</b>
Funds Management	17,012	1,396,279	(1,379,267)	(448,041)	(448,041)	(71,617)
Dividends	-	320,000	(320,000)	(145,000)	(145,000)	(150,000)
Corporate	442,985	64,591	378,394	(50,300)	(50,300)	661,523
	<u>459,997</u>	<u>1,780,870</u>	<u>(1,320,873)</u>	<u>(643,341)</u>	<u>(643,341)</u>	<u>439,906</u>
Less Internal Reallocation						-
	<u>459,997</u>	<u>1,780,870</u>	<u>(1,320,873)</u>	<u>(643,341)</u>	<u>(643,341)</u>	<u>439,906</u>
Less Interest Received		408,541	408,541			241,212
	<u>459,997</u>	<u>1,372,329</u>	<u>(912,332)</u>	<u>(643,341)</u>	<u>(643,341)</u>	<u>681,118</u>
<b>Projects</b>						
Funds Management	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Corporate	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Application of capital funding</b>						
- to meet additional demand	-			-	-	
- to improve the level of service	-			-	-	
- to replace existing assets	-			-	-	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

\* The 2012/13 LTP has been restated to reflect Non Funded Depreciation. This has had no financial impact on the overall LTP.



**FUNDING IMPACT STATEMENT - SUPPORT SERVICES**

For the year ending 30th June 2013

	ACTUAL 2012/13	BUDGET 2012/13	LTP 2012/13	ANNUAL PLAN 2011/12
<b>Sources of Operating Funding</b>				
General rates, uniform annual charges, rates penalties	-	(1,600)	(1,600)	-
Targeted rates (other than a targeted rate for water supply)	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees charges and targeted rates for water supply	5,229	25,100	25,100	38,440
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total Operating Funding</b>	<b>5,229</b>	<b>23,500</b>	<b>23,500</b>	<b>38,440</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers	2,651,282	2,943,543	2,943,543	2,764,293
Finance costs	20,190	-	-	-
Internal Charges and overheads applied	(2,788,657)	(2,958,188)	(2,958,188)	(2,829,574)
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>(117,185)</b>	<b>(14,645)</b>	<b>(14,645)</b>	<b>(65,281)</b>
<b>Surplus (Deficit) of operating funding</b>	<b>122,414</b>	<b>38,145</b>	<b>38,145</b>	<b>103,721</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	20,000	20,000	-
- to improve the level of service	99,548	-	-	-
- to replace existing assets	35,843	117,900	117,900	133,000
Increase (Decrease) in reserves	(12,977)	(99,755)	(99,755)	(29,279)
Increase (Decrease) of investments	-	-	-	-
<b>Total application of capital funding</b>	<b>122,414</b>	<b>38,145</b>	<b>38,145</b>	<b>103,721</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(122,414)</b>	<b>(38,145)</b>	<b>(38,145)</b>	<b>(103,721)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**SUPPORT SERVICES***Statement of Cost of Service for the year ended 30 June 2013*

	<b>COSTS 2012/13</b>	<b>REVENUE 2012/13</b>	<b>NET COST 2012/13</b>	<b>BUDGET * 2012/13</b>	<b>LTP * 2012/13</b>	<b>ACTUAL 2011/12</b>
Chief Executive Officer	207,331	-	207,331	214,258	214,258	216,314
Administration Services	743,291	3,115	740,176	825,435	825,435	781,682
Financial Services	764,094	1,242	762,852	839,367	839,367	868,863
Information Services	536,215	872	535,343	578,184	578,184	486,769
Engineering Services	542,957	-	542,957	621,474	621,474	562,895
Regulatory Manager			-	-	-	-
Less Overhead Allocation			(2,788,657)	(3,025,318)	(3,025,318)	(2,916,523)
	<u>2,793,888</u>	<u>5,229</u>	<u>2</u>	<u>53,400</u>	<u>53,400</u>	<u>-</u>
<b>Projects</b>						
Administration Services	47,401		47,401	20,000	20,000	-
Information Services	87,990		87,990	117,900	117,900	81,407
Engineering	-		-	-	-	-
Corporate Services	-		-	-	-	-
	<u>135,391</u>		<u>135,391</u>	<u>137,900</u>	<u>137,900</u>	<u>81,407</u>
<b>Application of capital funding</b>						
- to meet additional demand	-			20,000	20,000	
- to improve the level of service	99,548			-	-	
- to replace existing assets	35,843			117,900	117,900	
	<u>135,391</u>		<u>-</u>	<u>137,900</u>	<u>137,900</u>	

\* The 2012/13 LTP has been restated to reflect Non Funded Depreciation. This has had no financial impact on the overall LTP.

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.

### Quality Roding and Services (Wairoa) Ltd.

QRS is a Council-controlled organisation that is 100% owned by the Wairoa District Council.

Further information on QRS is available from their website [www.qrs.co.nz](http://www.qrs.co.nz).

QRS is a specialist construction and maintenance provider of all types of civil construction, infrastructure and roading. The principal activities of the company are:

- roading maintenance and construction
- civil construction
- quarrying
- utility services
- reserves maintenance
- heavy transport
- other activities associated with any of the above.

There have been no changes in QRS's policies and activities throughout the year.

Council's objectives for QRS are:

- To ensure the company is profitable, and all financial targets are met.
- To ensure the company has a positive cash flow.
- To ensure the governance of the company is effective.

The following performance targets are the measures by which the company's performance will be judged.

	<b>2013 Plan</b>	<b>2013 Actual ACHIEVED</b>
Net profit before tax as a percentage of opening shareholder funds	10.2%	5.9%
Total cost of public debt servicing not to exceed 20% of operating revenue	20%	1.1%
Ratio of shareholder funds to total assets – not less than	45%	62.2%
Local permanent workforce	60	71**

\*\* Average throughout the year.

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 30 June 2013

	Notes	COUNCIL 2012/13 ACTUAL	COUNCIL 2012/13 ANNUAL PLAN *	COUNCIL 2012/13 LTP *	COUNCIL 2011/12 ACTUAL	GROUP 2012/13 ACTUAL	GROUP 2011/12 ACTUAL
<b>REVENUES</b>							
Rates	1	10,100,302	9,622,113	9,622,113	9,743,050	10,100,302	9,743,050
Subsidies and Grants	32	13,399,824	13,406,261	13,406,261	14,764,885	13,399,824	14,764,885
Petrol Tax		64,112	70,000	70,000	66,089	64,112	66,089
Construction Revenue		-	-	-	-	3,341,288	6,600,632
Fees and Charges		2,602,307	3,274,198	3,274,198	2,510,796	2,335,663	2,353,461
Investment Income	3	2,235,683	1,178,100	1,178,100	358,927	1,944,955	231,589
Miscellaneous Income		-	-	-	7,027	-	7,027
		<u>28,402,228</u>	<u>27,550,672</u>	<u>27,550,672</u>	<u>27,450,774</u>	<u>31,186,144</u>	<u>33,766,733</u>
		<u>28,402,228</u>	<u>27,550,672</u>	<u>27,550,672</u>	<u>27,450,774</u>	<u>31,186,144</u>	<u>33,766,733</u>
<b>EXPENDITURE</b>							
Water Services		3,302,243	4,327,717	4,327,717	3,009,042	3,302,243	3,009,042
Solid Waste		1,001,327	1,150,392	1,150,392	1,036,764	1,001,327	1,036,764
Transport		12,475,526	9,349,555	9,349,555	14,013,591	12,475,526	14,013,591
Community Facilities		1,686,503	2,483,814	2,483,814	2,278,377	1,686,503	2,278,377
Planning & Regulatory		1,146,337	1,376,131	1,376,131	1,257,533	1,146,337	1,257,533
Leadership & Governance		1,591,662	1,520,978	1,520,978	1,567,728	1,591,662	1,567,728
Investments		459,997	40,500	40,500	310,658	459,997	310,658
Property		982,349	78,825	78,825	220,096	982,349	220,096
Corporate		5,231	78,500	78,500	459,599	5,231	459,599
Expenditure - QRS		-	-	-	-	2,873,146	5,881,867
		<u>22,651,175</u>	<u>20,406,412</u>	<u>20,406,412</u>	<u>24,153,388</u>	<u>25,524,321</u>	<u>30,035,255</u>
		<u>22,651,175</u>	<u>20,406,412</u>	<u>20,406,412</u>	<u>24,153,388</u>	<u>25,524,321</u>	<u>30,035,255</u>
Surplus (Deficit) before Capital Gain		5,751,053	7,144,260	7,144,260	3,297,386	5,661,823	3,731,478
Capital Gain (Loss) on sale of Assets		-	-	-	-	-	-
Plus: increase (decrease) in biological asset		-	-	-	-	-	-
Operating Surplus (Deficit) before taxation		<u>5,751,053</u>	<u>7,144,260</u>	<u>7,144,260</u>	<u>3,297,386</u>	<u>5,661,823</u>	<u>3,731,478</u>
Taxation	9	-	-	-	-	94,627	205,266
Net Surplus (Deficit) after taxation		<u>5,751,053</u>	<u>7,144,260</u>	<u>7,144,260</u>	<u>3,297,386</u>	<u>5,567,196</u>	<u>3,526,212</u>
<b>OTHER COMPREHENSIVE INCOME</b>							
Property, Plant and Equipment - vested asset		6,227,983	-	-	-	6,227,983	-
Increase (Decrease) in revaluation reserve		-	-	-	5,640,495	-	5,640,495
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>11,979,036</u>	<u>7,144,260</u>	<u>7,144,260</u>	<u>8,937,881</u>	<u>11,795,179</u>	<u>9,166,707</u>
		<u>11,979,036</u>	<u>7,144,260</u>	<u>7,144,260</u>	<u>8,937,881</u>	<u>11,795,179</u>	<u>9,166,707</u>

\* Post publication of the 2012/13 LTP, the Investments Activity was divided into separate Investments and Property Activities resulting in these categories having changed from the published LTP. The overall budget surplus of \$7,144,260 remains the same.

**STATEMENT OF CHANGES IN EQUITY***For the year ended 30 June 2013*

	<b>COUNCIL 2012/13 ACTUAL</b>	<b>COUNCIL 2012/13 ANNUAL PLAN</b>	<b>COUNCIL 2012/13 LTP</b>	<b>COUNCIL 2011/12 ACTUAL</b>	<b>GROUP 2012/13 ACTUAL</b>	<b>GROUP 2011/12 ACTUAL</b>
Equity at 1 July 2012	213,115,683	193,077,481	193,077,481	204,177,802	217,073,842	207,907,135
Net Surplus/(Deficit) for period	5,751,053	7,144,260	7,144,260	3,297,386	5,567,196	3,526,212
Other Comprehensive Income	<u>6,227,983</u>	<u>-</u>	<u>-</u>	<u>5,640,495</u>	<u>6,227,983</u>	<u>5,640,495</u>
Total Comprehensive Income	<u>11,979,036</u>	<u>7,144,260</u>	<u>7,144,260</u>	<u>8,937,881</u>	<u>11,795,179</u>	<u>9,166,707</u>
Equity at 30 June 2013	<u>225,094,719</u>	<u>200,221,741</u>	<u>200,221,741</u>	<u>213,115,683</u>	<u>228,869,021</u>	<u>217,073,842</u>

The accompanying notes form part of the Financial Statements

**STATEMENT OF FINANCIAL POSITION**

For the year ended 30 June 2013

	Notes	COUNCIL 2012/13 ACTUAL	COUNCIL 2012/13 ANNUAL PLAN	COUNCIL 2012/13 LTP	COUNCIL 2011/12 ACTUAL	GROUP 2012/13 ACTUAL	GROUP 2011/12 ACTUAL
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	7	3,497,607	3,334,761	3,334,761	2,785,658	5,186,115	3,886,338
Inventories	5	38,291	44,590	44,590	42,035	1,241,266	1,144,403
Trade & other receivables	4	6,242,954	7,405,273	7,405,273	6,433,205	7,129,700	7,774,072
Financial assets at fair value	6	9,720,660	14,113,538	14,113,538	11,504,972	9,720,660	11,504,972
Taxation Refundable		-	-	-	-	113,694	-
<b>Total Current Assets</b>		<b>19,499,512</b>	<b>24,898,162</b>	<b>24,898,162</b>	<b>20,765,870</b>	<b>23,391,435</b>	<b>24,309,785</b>
<b>LESS CURRENT LIABILITIES</b>							
Trade & other payables	8	4,512,637	6,707,360	6,707,360	4,546,889	5,528,073	5,155,311
Term Liabilities - Current Portion	10	-	-	-	-	351,914	365,195
Taxation		-	-	-	-	-	154,618
<b>Total Current Liabilities</b>		<b>4,512,637</b>	<b>6,707,360</b>	<b>6,707,360</b>	<b>4,546,889</b>	<b>5,879,987</b>	<b>5,675,124</b>
<b>Working Capital</b>		<b>14,986,875</b>	<b>18,190,802</b>	<b>18,190,802</b>	<b>16,218,981</b>	<b>17,511,448</b>	<b>18,634,661</b>
<b>NON CURRENT ASSETS</b>							
Property, Plant & Equipment	12	209,351,827	190,767,187	190,767,187	196,206,586	212,668,767	199,832,076
Loans & other receivables	13	247	8,267	8,267	2,248	247	2,248
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	277,000
Biological asset - forestry	17	69,946	64,946	64,946	69,946	69,946	69,946
Available for sale financial assets	16	22,992	22,992	22,992	22,992	22,992	22,992
Intangible Assets	11	143,277	26,592	26,592	108,193	292,919	292,086
Deferred Taxation	9	-	-	-	-	313,415	408,042
		211,115,289	192,416,984	192,416,984	197,936,965	213,645,286	200,904,390
<b>NON CURRENT LIABILITIES</b>							
Employee Entitlements	20	147,883	206,210	206,210	189,745	223,083	260,384
Landfill Aftercare	28	859,562	651,178	651,178	850,518	859,562	850,518
Quarry Aftercare	29	-	-	-	-	136,248	132,189
Borrowings	10	-	9,528,657	9,528,657	-	1,068,820	1,222,118
		1,007,445	10,386,045	10,386,045	1,040,263	2,287,713	2,465,209
<b>Net Assets</b>		<b>225,094,719</b>	<b>200,221,741</b>	<b>200,221,741</b>	<b>213,115,683</b>	<b>228,869,021</b>	<b>217,073,842</b>
<b>Represented by</b>							
Equity	18	225,094,719	200,221,741	200,221,741	213,115,683	228,869,021	217,073,842

The accompanying notes form part of the Financial Statements

**STATEMENT OF CASH FLOWS**  
For the year ended 30 June 2013

	<b>COUNCIL 2012/13 ACTUAL</b>	<b>COUNCIL 2012/13 ANNUAL PLAN</b>	<b>COUNCIL 2012/13 LTP</b>	<b>COUNCIL 2011/12 ACTUAL</b>	<b>GROUP 2012/13 ACTUAL</b>	<b>GROUP 2011/12 ACTUAL</b>
<b>OPERATING ACTIVITIES</b>						
Cash was provided from:						
Rates received	10,193,048	8,307,266	8,307,266	9,853,880	10,193,048	9,853,880
Revenue from services provided and subsidies	15,830,188	16,153,045	16,153,045	16,954,309	18,203,051	20,743,799
Dividends received	320,000	-	-	150,000	-	-
Interest received	2,235,683	-	-	358,927	2,264,955	381,589
	<u>28,578,919</u>	<u>24,460,311</u>	<u>24,460,311</u>	<u>27,317,116</u>	<u>30,661,054</u>	<u>30,979,268</u>
Cash was applied to:						
Payments to Suppliers & Employees	17,043,250	15,556,573	15,556,573	17,892,653	17,410,417	20,856,060
Taxation	-	-	-	-	268,312	127,054
Interest Paid	-	763,072	763,072	-	116,531	107,171
	<u>17,043,250</u>	<u>16,319,645</u>	<u>16,319,645</u>	<u>17,892,653</u>	<u>17,795,260</u>	<u>21,090,285</u>
Net Cash Flow from Operations	19 <u>11,535,669</u>	<u>8,140,666</u>	<u>8,140,666</u>	<u>9,424,463</u>	<u>12,865,794</u>	<u>9,888,983</u>
<b>INVESTING ACTIVITIES</b>						
Cash was provided from:						
Decrease in Loans & Other Receivables	-	-	-	-	-	-
Sale of Property, Plant & Equipment	-	5,000	5,000	-	206,294	94,964
Sale of Financial Assets	2,446,001	-	-	(1,938)	2,446,001	(1,938)
	<u>2,446,001</u>	<u>5,000</u>	<u>5,000</u>	<u>(1,938)</u>	<u>2,652,295</u>	<u>93,026</u>
Cash was applied to:						
Increase in loans & advances	-	-	-	-	-	-
Purchase of Intangibles	93,394	-	-	56,374	98,366	99,374
Purchase of Financial Assets	-	-	-	-	-	-
Purchase of Property, Plant & Equipment	13,176,327	17,589,179	17,589,179	10,200,318	13,953,367	11,402,489
	<u>13,269,721</u>	<u>17,589,179</u>	<u>17,589,179</u>	<u>10,256,692</u>	<u>14,051,733</u>	<u>11,501,863</u>
Net Cash Flows from Investing Activities	<u>(10,823,720)</u>	<u>(17,584,179)</u>	<u>(17,584,179)</u>	<u>(10,258,630)</u>	<u>(11,399,438)</u>	<u>(11,408,837)</u>
<b>FINANCING ACTIVITIES</b>						
Cash was provided from:						
Loans Raised	-	9,538,400	9,538,400	-	228,348	529,454
	<u>-</u>	<u>9,538,400</u>	<u>9,538,400</u>	<u>-</u>	<u>228,348</u>	<u>529,454</u>
Cash was applied to:						
Borrowings Repaid	-	9,743	9,743	-	394,927	453,144
	<u>-</u>	<u>9,743</u>	<u>9,743</u>	<u>-</u>	<u>394,927</u>	<u>453,144</u>
Net Cash Flows from Financing Activities	<u>-</u>	<u>9,528,657</u>	<u>9,528,657</u>	<u>-</u>	<u>(166,579)</u>	<u>76,310</u>
Net Increase/(Decrease)	<u>711,949</u>	<u>85,144</u>	<u>85,144</u>	<u>(834,167)</u>	<u>1,299,777</u>	<u>(1,443,544)</u>
Plus opening cash & cash equivalents	2,785,658	3,249,617	3,249,617	3,619,825	3,886,338	5,329,882
Cash & cash equivalents at end of year	<u>3,497,607</u>	<u>3,334,761</u>	<u>3,334,761</u>	<u>2,785,658</u>	<u>5,186,115</u>	<u>3,886,338</u>
Made up of:						
Cash	801	3,334,761	3,334,761	801	1,689,309	1,101,481
Short Term Deposits	3,496,806	-	-	2,784,857	3,496,806	2,784,857
Bank Overdraft	-	-	-	-	-	-
	<u>3,497,607</u>	<u>3,334,761</u>	<u>3,334,761</u>	<u>2,785,658</u>	<u>5,186,115</u>	<u>3,886,338</u>

The accompanying notes form part of the Financial Statements

**Note 1 Statement of Rates**

	<b>2013</b>	<b>2012</b>
<b>(a) Rate Debtors</b>		
Balance of Rate Debtors at start of year	2,645,619	2,302,242
Add Rates levied (current rates)	12,059,258	11,533,149
Penalties charged	223,845	197,921
Legal costs	10,165	15,799
	<u>14,938,887</u>	<u>14,049,111</u>
Less rates collected	(11,319,064)	(10,888,142)
Adjustments/write offs/discounts	(687,312)	(536,042)
Plus increase (Decrease) in rates paid in advance	16,535	20,692
	<u><u><b>2,949,046</b></u></u>	<u><u><b>2,645,619</b></u></u>
<b>(b) Rates revenue</b>		
Rates levied		
General Rates	2,468,993	2,549,322
Water	774,383	847,301
Sewerage	838,113	725,483
Waste Management	870,360	836,032
Stormwater / Drainage	302,844	322,548
Services	784,813	380,800
Roading	3,593,452	3,549,988
Recreation	853,344	817,341
	<u>10,486,302</u>	<u>10,028,814</u>
Penalties charged	223,845	197,921
	<u>10,710,147</u>	<u>10,226,735</u>
Less Remissions	(299,538)	(221,669)
	<u>10,410,609</u>	<u>10,005,066</u>
Less internal charges	(310,307)	(262,016)
<b>Rating revenue per Income Statement</b>	<u><u><b>10,100,302</b></u></u>	<u><u><b>9,743,050</b></u></u>



NOTES TO THE FINANCIAL STATEMENTS

**Note 2 Other Income**

	<b>2012/13 Council</b>	<b>2011/12 Council</b>	<b>2012/13 Group</b>	<b>2011/12 Group</b>
Gain (Loss) on change in fair value of forestry assets	-	-	-	-
Net gain (Loss) on disposal of property, plant and equipment	-	7,027	-	7,027
Net gain (Loss) on changes in fair value of investment property	-	-	-	-
	<u>-</u>	<u>7,027</u>	<u>-</u>	<u>7,027</u>

**Note 3 Investment Income**

	<b>2012/13 Council</b>	<b>2011/12 Council</b>	<b>2012/13 Group</b>	<b>2011/12 Group</b>
Interest on Financial assets at fair value through Profit and Loss	709,056	1,090,008	738,328	1,112,670
Gain / (Loss) in market value of Bond Portfolio	687,223	(995,628)	687,223	(995,628)
Dividends	320,000	150,000	-	-
Rental income from investment properties	-	-	-	-
Rental income on other investments	19,349	27,696	19,349	27,696
Other income	500,055	86,851	500,055	86,851
	<u>2,235,683</u>	<u>358,927</u>	<u>1,944,955</u>	<u>231,589</u>

**Note 4 Trade and other Receivables**

	<b>2012/13 Council</b>	<b>2011/12 Council</b>	<b>2012/13 Group</b>	<b>2011/12 Group</b>
Rates Debtors	2,949,046	2,645,619	2,949,046	2,645,619
Trade Receivables	4,934,173	5,061,487	5,841,121	6,491,683
GST Receivable	778,479	754,578	778,479	754,578
Other Debtors	-	-	-	-
Less provision for impairment of receivables	(2,418,744)	(2,028,480)	(2,438,946)	(2,117,808)
	<u>6,242,954</u>	<u>6,433,204</u>	<u>7,129,700</u>	<u>7,774,072</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.

Wairoa District Council (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:

	<b>2012/13 Council</b>	<b>2011/12 Council</b>	<b>2012/13 Group</b>	<b>2011/12 Group</b>
Not past due	273,469	252,871	273,469	252,871
1 to 2 years	502,798	447,656	502,798	447,656
2 to 5 years	1,302,070	1,185,743	1,302,070	1,185,743
over 5 years	870,709	759,349	870,709	759,349
Total Rates Debtors	<u>2,949,046</u>	<u>2,645,619</u>	<u>2,949,046</u>	<u>2,645,619</u>

**2013 Council and Group**

	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>
Not past due	273,469	66,816	206,653
1 to 2 years	502,798	266,170	236,628
2 to 5 years	1,302,070	1,106,899	195,171
over 5 years	<u>870,709</u>	<u>880,336</u>	<u>(9,627)</u>
	<u><u>2,949,046</u></u>	<u><u>2,320,221</u></u>	<u><u>628,826</u></u>

**2012 Council and Group**

	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>
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	<u>759,349</u>	<u>746,831</u>	<u>12,518</u>
	<u><u>2,645,619</u></u>	<u><u>1,908,319</u></u>	<u><u>737,300</u></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 Māori 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 a review of specific debtors as detailed below:

**2013 Council**

	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>
Not past due	2,694,107	-	2,694,107
Past due 30 - 60 days	51,908	-	51,908
Past due 60 - 90 days	64,461	-	64,461
Past due > 90 days	<u>2,123,697</u>	<u>98,523</u>	<u>2,025,174</u>
	<u><u>4,934,173</u></u>	<u><u>98,523</u></u>	<u><u>4,835,650</u></u>

**2013 Group**

	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>
Not past due	3,601,055	-	3,601,055
Past due 30 - 60 days	51,908	-	51,908
Past due 60 - 90 days	64,461	-	64,461
Past due > 90 days	<u>2,123,697</u>	<u>118,725</u>	<u>2,004,972</u>
	<u><u>5,841,121</u></u>	<u><u>118,725</u></u>	<u><u>5,722,396</u></u>

**2013 Summary**

	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>
Council	8,661,698	2,418,744	6,242,954
Group	9,568,646	2,438,946	7,129,700

NOTES TO THE FINANCIAL STATEMENTS

	<b>2012 Council</b>		
	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>
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	<u>120,161</u>	<u>120,161</u>	<u>-</u>
	<u>5,061,487</u>	<u>120,161</u>	<u>4,941,326</u>

	<b>2012 Group</b>		
	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>
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	<u>120,161</u>	<u>209,490</u>	<u>(89,329)</u>
	<u>6,491,683</u>	<u>209,490</u>	<u>6,282,193</u>

	<b>2012 Summary</b>		
	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>
Council	8,461,684	2,028,480	6,433,204
Group	9,891,880	2,117,808	7,774,072

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:

	<b>2012/13 Council</b>	<b>2011/12 Council</b>	<b>2012/13 Group</b>	<b>2011/12 Group</b>
At 1 July	2,028,480	1,580,639	2,117,808	1,586,997
Receivables written off during period	<u>390,264</u>	<u>447,841</u>	<u>321,138</u>	<u>530,811</u>
At 30 June	<u>2,418,744</u>	<u>2,028,480</u>	<u>2,438,946</u>	<u>2,117,808</u>

#### **Note 5 Inventories**

	<b>2012/13 Council</b>	<b>2011/12 Council</b>	<b>2012/13 Group</b>	<b>2011/12 Group</b>
Metal Stocks	-	-	872,392	847,837
Water reticulation spare parts	3,921	4,754	3,921	4,754
Water treatment chemicals	22,213	24,655	22,213	24,655
Other supplies	12,157	12,626	121,605	139,274
Work in progress	<u>-</u>	<u>-</u>	<u>221,135</u>	<u>127,883</u>
	<u>38,291</u>	<u>42,035</u>	<u>1,241,266</u>	<u>1,144,403</u>

The carrying amount of inventories held for distribution that are measured at lower of cost or net realisable value as at 30 June 2013 amounted to \$38,291 (2012 \$42,035). The write-down of inventories held for distribution amounted to \$nil (2012 \$nil), while reversal of write downs amounted to \$nil (2012 \$nil.) The carrying amount of inventories pledged as security is \$nil (2012 \$nil) and for liabilities is \$nil (2012 \$nil.)

NOTES TO THE FINANCIAL STATEMENTS

**Note 6 Financial assets at Fair Value**

	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
Stock and Debentures - Current Asset	9,720,660	11,504,972	9,720,660	11,504,972
	<u>9,720,660</u>	<u>11,504,972</u>	<u>9,720,660</u>	<u>11,504,972</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:

	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
<b>Maturity</b>				
One year or less	2,871,582	5,267,820	2,871,582	5,267,820
Weighted average interest rate	5.76%	8.51%	5.76%	8.51%
Between one and five years	5,592,242	4,418,898	5,592,242	4,418,898
Weighted average interest rate	5.73%	7.02%	5.73%	7.02%
Over five years	1,256,836	1,818,254	1,256,836	1,818,254
Weighted average interest rate	5.73%	5.89%	5.73%	5.89%
	<u>9,720,660</u>	<u>11,504,972</u>	<u>9,720,660</u>	<u>11,504,972</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**

	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
Cash at bank and in Hand	801	801	1,689,309	1,101,481
Short term deposits	<u>3,496,806</u>	<u>2,784,857</u>	<u>3,496,806</u>	<u>2,784,857</u>
Total cash and cash equivalents	<u>3,497,607</u>	<u>2,785,658</u>	<u>5,186,115</u>	<u>3,886,338</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**

	<b>2012/13 Council</b>	<b>2011/12 Council</b>	<b>2012/13 Group</b>	<b>2011/12 Group</b>
Trade Payables	3,585,499	3,703,111	3,981,425	3,572,163
Employee Entitlements	641,954	640,394	1,256,949	1,255,846
GST Payable	-	-	79,715	194,557
Prepayments - Rates	202,354	185,118	202,354	185,118
Prepayments - Other debtors	<u>89,267</u>	<u>95,248</u>	<u>89,267</u>	<u>95,248</u>
	4,519,074	4,623,871	5,609,710	5,302,932
Less non-current portion of employee entitlements	<u>(147,883)</u>	<u>(189,745)</u>	<u>(223,083)</u>	<u>(260,384)</u>
	<u><u>4,371,191</u></u>	<u><u>4,434,126</u></u>	<u><u>5,386,627</u></u>	<u><u>5,042,548</u></u>
<b>Trust funds and deposits</b>				
Deposits	137,799	109,116	137,799	109,116
Trust funds	<u>3,647</u>	<u>3,647</u>	<u>3,647</u>	<u>3,647</u>
	<u><u>141,446</u></u>	<u><u>112,763</u></u>	<u><u>141,446</u></u>	<u><u>112,763</u></u>
<b>Trade and Other Payables</b>	<u><u>4,512,637</u></u>	<u><u>4,546,889</u></u>	<u><u>5,528,073</u></u>	<u><u>5,155,311</u></u>

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

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

**Note 9 Taxation**

	<b>2012/13 Group</b>	<b>2011/12 Group</b>
Current tax expense	-	304,306
Adjustments to current tax in prior years		
Reduction in tax rate		
Deferred tax expense	<u>94,627</u>	<u>(99,040)</u>
Income tax expense	<u>94,627</u>	<u>205,266</u>
Accessible income	<u>336,487</u>	<u>726,927</u>
Tax @ 28%	94,216	203,539
Plus taxation effect of permanent differences	-	-
Imputation credit adjustment	-	-
Reduction in tax rate	-	-
Non deductible expenses	<u>411</u>	<u>1,727</u>
Less prior period taxation		
Income tax expense at effective rate of 28%	<u>94,627</u>	<u>205,266</u>
<b>The major components of taxation expense are:</b>		
Current taxation	-	304,306
Deferred taxation	94,627	(99,040)
Reduction in tax rate	-	-
	<u>94,627</u>	<u>205,266</u>
<b>Imputation Credit Account</b>		
Balance as at 30 June 2012	<u>2,431,784</u>	<u>2,414,228</u>
<b>Deferred Tax Asset</b>		
Opening Balance	408,042	309,002
Current year charge	<u>(94,627)</u>	<u>99,040</u>
Closing Balance	<u>313,415</u>	<u>408,042</u>

Deferred Income Tax as at 30 June 2013 relates to the following

	Balance Sheet Group		Income Statement Group	
	2012/13	2011/12	2012/13	2011/12
<b>Deferred tax liabilities</b>				
Contract retentions	82,420	46,881	(35,539)	(8,765)
Future amortisation	8,215	8,945	729	(6,073)
Gross deferred tax liabilities	90,635	55,826	(34,810)	(14,838)
<b>Deferred tax assets</b>				
Doubtful Debts	5,656	25,012	(19,355)	23,232
<u>Provisions</u>				
Annual leave	80,056	72,126	7,930	(4,568)
Staff gratuities	20,733	19,858	875	(1,549)
Sick leave	3,138	1,433	1,705	(1,971)
Time in lieu	16,376	18,485	(2,108)	8,331
Long service leave	8,958	8,134	824	(175)
Staff bonus	-	-	-	-
Aftercare	38,149	37,013	1,136	1,486
ACC Premiums	9,708	9,967	(260)	(79)
Recognised tax losses	9,202	-	9,202	-
Maintenance accruals	13,580	80,309	(66,730)	54,323
Construction accruals	65,436	73,500	(8,064)	20,720
Future depreciation	133,058	118,031	15,028	14,128
Deferred tax assets	404,050	463,868	(59,817)	113,878
<b>Net deferred tax assets</b>	313,415	408,042		
Deferred tax income (expense)			(94,627)	99,040

**Note 10 Borrowings**

	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
<b>Current Portion</b>				
Secured Loans	-	-	351,914	365,195
Debentures	-	-	-	-
Total Current Portion	-	-	351,914	365,195
<b>Non Current Portion</b>				
Secured Loans	-	-	1,068,820	1,222,118
<b>Total Borrowings</b>	-	-	1,420,734	1,587,313

**Note 10 Fair Value of non-current borrowings - Council**

	<b>2011/12</b>	<b>2011/12</b>
	<b>Secured Loans</b>	<b>Secured Loans</b>
	<b>Group</b>	<b>Group</b>
Less than one year	351,914	365,195
<i>weighted average effective interest rate</i>	7.30%	7.35%
Later than one year but less than two years	375,099	310,857
<i>weighted average effective interest rate</i>	7.30%	7.35%
Later than two years but less than five years	693,721	784,666
<i>weighted average effective interest rate</i>	7.30%	7.35%
Later than five years	-	126,595
<i>weighted average effective interest rate</i>	7.30%	7.35%
	<u>1,420,734</u>	<u>1,587,313</u>

**Fair Value of non-current borrowings - Group**

	<b>Carrying Amounts</b>		<b>Fair Values</b>	
	<b>2012/13</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2011/12</b>
Secured Loans	-	1,222,118	-	1,222,118
	<u>-</u>	<u>1,222,118</u>	<u>-</u>	<u>1,222,118</u>

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 7.30% (2012 7.35%) 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 Plan.



**Internal Borrowing - Council**

The Council holds Internal Borrowings for the following groups of Activities.

<b>Activity Group</b>	<b>Balance 2011/12</b>	<b>Borrowed in Year 2012/13</b>	<b>Repaid in Year 2012/13</b>	<b>Balance 2012/13</b>
Water Supply	1,215,700	564,277	-	1,779,977
Stormwater and Drainage	999,588	-	-	999,588
Wastewater	1,534,305	2,163,634	-	3,697,939
Waste Management	706,766	14,981	-	721,747
Community Facilities	-	15,447	-	15,447
Planning and Regulatory	19,521	98,856	-	118,377
Property	-	6,557	-	6,557
	<u>4,475,880</u>	<u>2,863,752</u>	<u>-</u>	<u>7,339,632</u>

The Council uses an assumed Internal Interest Rate of 6% in relation to Internal borrowing amounts.

<b>Activity Group</b>	<b>Interest Charged 2012/13</b>
Water Supply	106,799
Stormwater and Drainage	59,975
Wastewater	221,876
Waste Management	43,305
Community Facilities	927
Planning and Regulatory	7,103
Property	393
	<u>440,378</u>

**Note 11 Intangible Assets**

	<b>2012/13 Council Software</b>	<b>2011/12 Council Software</b>	<b>2012/13 Group Software</b>	<b>2011/12 Group Software</b>
Opening Balance				
Cost	418,333	361,959	820,971	721,597
Accumulated amortisation and impairment	<u>(310,140)</u>	<u>(275,409)</u>	<u>(528,885)</u>	<u>(437,656)</u>
Opening carrying value	<u>108,193</u>	<u>86,550</u>	<u>292,086</u>	<u>283,941</u>
Year ended 30 June 2013				
Additions	93,394	56,374	98,367	99,374
Amortisation charge	<u>(58,310)</u>	<u>(34,731)</u>	<u>(97,534)</u>	<u>(91,229)</u>
Closing carrying amount	<u>143,277</u>	<u>108,193</u>	<u>292,919</u>	<u>292,086</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 12

Property, Plant and Equipment as at 30 June 2013 - Council

Description	Cost/Revaluation 30/06/2012	Accumulated Depreciation and Impairment Charges 30/06/2012	Carrying Amount 30/06/2012	Revaluation	Current Year Disposals	Current Year Accumulated Depreciation Disposals	Current Year Additions	Depreciation and Impairment Charges 30/06/2013	Carrying Amount 30/06/2013	Carrying Amount at 30/06/2013 Represented By	
										Cost/ Revaluation	Accumulated Depreciation and Impairment Charges
Land	3,885,245	-	3,885,245	-	-	-	-	-	3,885,245	3,885,245	-
Buildings	4,782,149	975,030	3,807,119	-	-	-	6,372,735	449,137	9,730,717	11,154,884	1,424,167
	8,667,394	975,030	7,692,364	-	-	-	6,372,735	449,137	13,615,962	15,040,129	1,424,167
Other Improvements	2,307,705	850,702	1,457,003	-	-	-	675	138,131	1,319,547	2,308,380	988,833
Vehicles	924,343	645,913	278,430	-	81,580	72,775	99,456	101,732	267,349	942,219	674,870
Furniture and Office Equipment	1,139,528	853,401	286,127	-	85,183	85,174	121,196	108,695	298,619	1,175,541	876,922
Fixtures and Fittings	36,401	25,660	10,741	-	-	-	22,267	3,519	29,489	58,668	29,179
Library Collections	336,469	155,543	180,926	-	-	-	40,596	57,669	163,853	377,065	213,212
	4,744,446	2,531,219	2,213,227	-	166,763	157,949	284,190	409,746	2,078,857	4,861,873	2,783,016
Roading	127,043,385	2,179,811	124,863,574	-	1,079,585	38,675	6,485,773	2,305,024	128,003,413	132,449,573	4,446,160
Land under Roads	5,344,000	-	5,344,000	-	-	-	-	-	5,344,000	5,344,000	-
Bridges	17,704,705	551,315	17,153,390	-	57,391	1,703	408,215	554,380	16,951,537	18,055,529	1,103,992
Water Supply	5,011,555	198,931	4,812,624	-	1,945	82	69,459	207,282	4,672,938	4,880,138	207,200
Water Reticulation	11,915,152	399,140	11,516,012	-	180,171	5,670	1,801,719	419,272	12,723,958	13,137,560	413,602
Sewerage	12,058,603	373,155	11,685,448	-	2,155	61	22,533	381,119	11,324,768	11,705,826	381,058
Stormwater	7,066,505	247,531	6,818,974	-	12,384	569	123,845	250,738	6,680,266	6,930,435	250,169
Parking	460,001	24,000	436,001	-	-	-	-	24,000	412,001	460,001	48,000
	186,603,906	3,973,883	182,630,023	-	1,333,631	46,760	8,911,544	4,141,815	186,112,881	192,963,062	6,850,181
Capital Work in Progress	3,670,972	-	3,670,972	-	-	-	3,873,155	-	7,544,127	7,544,127	-
TOTAL	203,686,718	7,480,132	196,206,586	-	1,500,394	204,709	19,441,624	5,000,698	209,351,827	220,409,191	11,057,364

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 2013 - Group

Description	Cost/Revaluation 30/06/2012	Accumulated Depreciation and Impairment Charges 30/06/2012	Carrying Amount 30/06/2012	Revaluation	Current Year Disposals	Current Year Accumulated Depreciation Disposals	Current Year Additions	Depreciation and Impairment Charges 30/06/2013	Carrying Amount 30/06/2013	Carrying Amount at 30/06/2013 Represented By	
										Cost/ Revaluation	Accumulated Depreciation and Impairment Charges
Land	3,897,212	7,299	3,889,913	-	-	-	-	-	3,889,913	3,897,212	7,299
Buildings	5,312,265	1,227,667	4,084,598	-	-	-	6,372,735	464,660	9,992,673	11,685,000	1,692,327
	9,209,477	1,234,966	7,974,511	-	-	-	6,372,735	464,660	13,882,586	15,582,212	1,699,626
Other Improvements	2,337,395	850,702	1,486,693	-	-	-	675	138,131	1,349,237	2,338,070	988,833
Vehicles	12,240,993	8,205,733	4,035,260	-	623,824	511,516	856,941	944,554	3,835,339	12,474,110	8,638,771
Furniture and Office Equipment	1,390,512	1,086,791	303,721	-	85,183	85,174	138,646	119,902	322,456	1,443,975	1,121,519
Fixtures and Fittings	181,448	137,856	43,592	-	-	-	24,378	10,340	57,630	205,826	148,196
Library Collections	336,469	155,544	180,925	-	-	-	40,596	57,669	163,852	377,065	213,213
	16,486,817	10,436,626	6,050,191	-	709,007	596,690	1,061,236	1,270,596	5,728,514	16,839,046	11,110,532
Roading	126,549,764	2,179,811	124,369,953	-	1,079,585	38,675	6,380,055	2,305,024	127,404,074	131,850,234	4,446,160
Land under Roads	5,344,000	-	5,344,000	-	-	-	-	-	5,344,000	5,344,000	-
Bridges	17,704,705	551,315	17,153,390	-	57,391	1,703	408,215	554,380	16,951,537	18,055,529	1,103,992
Water Supply	5,840,154	1,027,530	4,812,624	-	1,945	82	69,459	207,282	4,672,938	5,907,668	1,234,730
Water Reticulation	12,728,179	1,212,167	11,516,012	-	180,171	5,670	1,801,719	419,272	12,723,958	14,349,727	1,625,769
Sewerage	12,999,317	1,313,869	11,685,448	-	2,155	61	22,533	381,119	11,324,768	13,019,695	1,694,927
Stormwater	7,563,239	744,265	6,818,974	-	12,384	569	123,845	250,738	6,680,266	7,674,700	994,434
Parking	460,001	24,000	436,001	-	-	-	-	24,000	412,001	460,001	48,000
	189,189,359	7,052,957	182,136,402	-	1,333,631	46,760	8,805,826	4,141,815	185,513,542	196,661,554	11,148,012
Capital Work in Progress	3,670,970	-	3,670,970	-	-	-	3,873,155	-	7,544,125	7,544,125	-
TOTAL	218,556,623	18,724,549	199,832,074	-	2,042,638	643,450	20,112,952	5,877,071	212,668,767	236,626,937	23,958,170

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 - 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	124,863,574	127,043,385	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	6,818,974	7,066,505	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	-
<b>TOTAL</b>	<b>190,995,332</b>	<b>6,163,448</b>	<b>184,831,884</b>	<b>5,633,375</b>	<b>1,425,321</b>	<b>80,693</b>	<b>11,562,406</b>	<b>4,476,451</b>	<b>196,206,586</b>	<b>203,686,718</b>	<b>7,480,132</b>

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
	<u>8,605,014</u>	<u>1,106,145</u>	<u>7,498,869</u>	<u>-</u>	<u>6,400</u>	<u>-</u>	<u>610,863</u>	<u>128,821</u>	<u>7,974,511</u>	<u>9,209,477</u>	<u>1,234,966</u>
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
	<u>15,102,498</u>	<u>9,370,427</u>	<u>5,732,071</u>	<u>-</u>	<u>118,775</u>	<u>82,443</u>	<u>1,503,094</u>	<u>1,148,642</u>	<u>6,050,191</u>	<u>16,486,817</u>	<u>10,436,626</u>
Roading	120,433,968	-	120,433,968	-	1,278,755	-	7,394,551	2,179,811	124,369,953	126,549,764	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	6,818,974	7,563,239	744,265
Parking	460,001	-	460,001	-	-	-	-	24,000	436,001	460,001	24,000
	<u>176,747,396</u>	<u>3,079,074</u>	<u>173,668,322</u>	<u>5,633,375</u>	<u>1,327,441</u>	<u>-</u>	<u>8,136,029</u>	<u>3,973,883</u>	<u>182,136,402</u>	<u>189,189,359</u>	<u>7,052,957</u>
Capital Work in Progress	1,300,967	-	1,300,967	-	-	-	2,370,003	-	3,670,970	3,670,970	-
<b>TOTAL</b>	<u>201,755,875</u>	<u>13,555,646</u>	<u>188,200,229</u>	<u>5,633,375</u>	<u>1,452,616</u>	<u>82,443</u>	<u>12,619,989</u>	<u>5,251,346</u>	<u>199,832,074</u>	<u>218,556,623</u>	<u>18,724,549</u>

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**

	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
Sinking Fund Investments @ start of year	-	-	-	-
Plus interest and instalments	-	-	-	-
Less withdrawals	-	-	-	-
Sinking Fund Investments @ end of year	-	-	-	-
Housing and Community Advances	247	2,248	247	2,248
	<u>247</u>	<u>2,248</u>	<u>247</u>	<u>2,248</u>

There were no impairment provisions for Loans and Other Receivables.

The fair value of community loans is \$247 (2012 \$2,248).

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:-

	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
Less than one year	247	2,248	247	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	-	-	-	-
<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>247</u>	<u>2,248</u>	<u>247</u>	<u>2,248</u>

**Note 14 Investment in Subsidiary**

	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
Quality Roading 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**

	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 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 Hawke's Bay Ltd. Telfer Young Hawke's 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 \$15,200 (2012 \$15,216), direct operating expenses are \$7,571 (2012 \$11,911), with a net return of \$7,629 (2012 \$3,305), repairs and maintenance of \$1,306 (2012 \$5,652) is included in the direct operating costs.

**Note 16 Available for sale financial assets**

	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 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**

	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
Balance at 1 July	69,946	69,946	69,946	69,946
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>69,946</u>	<u>69,946</u>	<u>69,946</u>

WDC owns 37.5 hectares (2012 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)**

**a) Special Funds**

	<b>2011/12</b>			<b>2012/13</b>
	<b>Balance</b>	<b>Transfer to</b>	<b>Transfer From</b>	<b>Balance</b>
<b>Reserves held for Emergency Purposes</b>				
Disaster Recovery Reserve	594,611	30,145		624,756
	<u>594,611</u>	<u>30,145</u>	<u>-</u>	<u>624,756</u>
<b>Reserves held for future Asset Purchases</b>				
District Development Fund	375,536	212,256	69,768	518,024
Asset and Vehicle Depreciation Reserve	1,042,738	237,088	251,097	1,028,729
Information Systems Renewal Reserve	147,171	113,450	101,376	159,245
Water Production Depreciation Reserve	1,041,608	207,158	-	1,248,766
Water Reticulation Depreciation Reserve - Wairoa	2,255,814	419,272	550,750	2,124,336
Water Reticulation Depreciation Reserve - Peri Urban	139,706	-	-	139,706
Water Reticulation Depreciation Reserve - Tuai	240,971	-	177,645	63,326
Water Reticulation Depreciation Reserve - Frasertown	51,784	-	-	51,784
Water Reticulation Depreciation Reserve - Mahanga	18,676	-	-	18,676
Sewerage System Depreciation Reserve - Wairoa	2,464,036	381,119	2,353,414	491,741
Sewerage System Depreciation Reserve - Tuai	406,470	-	972	405,498
Stormwater Reticulation Depreciation Reserve - Wairoa	1,426,264	250,738	365,697	1,311,305
Stormwater Reticulation Depreciation Reserve - Mahia	13,220	-	-	13,220
Parking Area Depreciation Reserve	327,247	40,590	-	367,837
Bridges Depreciation Reserve	2,618,455	687,127	-	3,305,582
Landfill/RTS Depreciation Reserve	41,849	95,985	14,981	122,853
Airport Runway Depreciation Reserve	80,556	9,007	-	89,563
Roading Depreciation Reserve	-	833,257	833,257	-
Footpaths Depreciation Reserve	367,780	184,149	-	551,929
Library Book Stocks Depreciation Reserve	94,683	62,469	40,596	116,556
Pensioner Housing Depreciation Reserve	81,047	22,103	1,200	101,950
Parks and Reserves Depreciation Reserve	189,584	81,404	19,125	251,863
	<u>13,425,195</u>	<u>3,837,172</u>	<u>4,779,878</u>	<u>12,482,489</u>
<b>Reserves held for future Operational Costs</b>				
Wairoa Urban Fund	219,778	11,142	-	230,920
Retirement and Restructuring Reserve	411,427	20,858	-	432,285
Tuai Village Reserve	177,067	8,977	-	186,044
Water Production Reserve	338,595	17,166	-	355,761
Water Reticulation Reserve - Wairoa	44,728	2,268	-	46,996
Water Reticulation Reserve - Wairoa Peri Urban	261,454	13,255	-	274,709
Water Reticulation Reserve - Frasertown	33,575	1,702	-	35,277
Water Reticulation Reserve - Mahanga	1	-	-	1
	<u>1,486,625</u>	<u>75,368</u>	<u>-</u>	<u>1,561,993</u>
<b>Reserves held for repayment of maturing debt</b>				
	-	-	-	-
	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Sub-total Special Funds</b>	<u>15,506,431</u>	<u>3,942,685</u>	<u>4,779,878</u>	<u>14,669,238</u>
<b>b) Sinking Funds</b>				
Sinking Funds are held for the purpose of repaying debt	-	-	-	-
<b>Total special funds reserves</b>	<u>15,506,431</u>	<u>3,942,685</u>	<u>4,779,878</u>	<u>14,669,238</u>



NOTES TO THE FINANCIAL STATEMENTS

WDC has the following Council created reserves:

- Reserves held for emergency purposes
- Reserves held for future asset purchases
- Reserves held for future operational costs

A Disaster Recovery Reserve is held to fund Council's share of any natural disaster or costs of an unforeseen event.

Reserves held for future asset purchases include proceeds from the sale of Council-owned infrastructure and land and buildings which are held in the District Development Reserve and may be used towards the cost of purchasing or constructing new assets. A number of depreciation reserves are held to fund the renewal of infrastructure and other assets.

Reserves held to meet future operational costs include administration reserves – funds carried over from one financial year to the next to match related expenditure, and retirement and restructuring reserves – to fund future retirement, redundancy, long service gratuities and costs associated with Council reorganisations.

No reserves are held for the repayment of maturing debt as it is Council's intention to repay debt as it falls due over the term of the debt.

**c) Revaluation Reserves**

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

	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
<b>Revaluation Reserve Infrastructural</b>				
As at 1 July	70,933,439	66,277,144	71,923,973	67,267,678
Transfers to				
Revaluations	-	5,640,495	-	5,640,495
Transfer from				
Net transfer from asset revaluation reserve on disposal	<u>(787,077)</u>	<u>(984,200)</u>	<u>(787,077)</u>	<u>(984,200)</u>
	<u>70,146,362</u>	<u>70,933,439</u>	<u>71,136,896</u>	<u>71,923,973</u>
	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
<b>Retained Earnings</b>				
As at 1 July	126,675,813	121,149,305	129,643,438	123,888,104
Transfers to:				
Restricted Reserves	(3,942,685)	(4,138,673)	(3,942,685)	(4,138,673)
Transfer From:				
Restricted Reserves	4,779,878	5,383,595	4,779,878	5,383,595
Net transfer from asset revaluation reserve on disposal	787,077	984,200	787,077	984,200
Surplus (Deficit) for year	<u>11,979,036</u>	<u>3,297,386</u>	<u>11,795,179</u>	<u>3,526,212</u>
	<u>140,279,119</u>	<u>126,675,813</u>	<u>143,062,887</u>	<u>129,643,438</u>
	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
<b>Equity is made up of:</b>				
Special Fund reserves	14,669,238	15,506,431	14,669,238	15,506,431
Sinking Fund reserves	-	-	-	-
Revaluation Reserves	70,146,362	70,933,439	71,136,896	71,923,973
Accumulated Funds	140,279,119	126,675,813	143,062,887	129,643,438
	<u>225,094,719</u>	<u>213,115,683</u>	<u>228,869,021</u>	<u>217,073,842</u>

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

	2012/13 COUNCIL	2011/12 COUNCIL	2012/13 GROUP	2011/12 GROUP
<b>Surplus / Deficit</b>	5,751,053	3,297,386	5,567,196	3,526,212
<b>Add non cash items:</b>				
Depreciation	5,030,508	4,500,842	5,906,879	5,275,737
Loss on disposal of assets	1,286,871	1,343,200	1,184,079	1,275,531
Amortisation		-	39,223	56,498
Decrease (Increase) in deferred taxation		-	94,927	(99,040)
Increase (Decrease) in employee benefit provision	(41,862)	(23,360)	(42,319)	18,137
Increase in Bad Debts provision	339,360	389,427	339,360	389,427
Revaluation of investment property and forestry		-	-	-
Unrealised loss (Gain) on investments	(659,688)	1,007,188	(659,688)	1,007,188
Increase in Landfill aftercare provision	9,044	246,438	9,044	246,438
Quarry Aftercare Provision	-	-	4,059	5,307
	<u>11,715,286</u>	<u>10,761,121</u>	<u>12,442,760</u>	<u>11,701,435</u>
<b>Add (less) movements in other working capital items:</b>				
(Increase) Decrease in rates receivable	(263,850)	(298,589)	(263,850)	(298,589)
(Increase) Decrease in trade & other receivables	89,926	(1,575,112)	649,464	(2,401,454)
Increase (Decrease) in trade & other payables	(28,317)	480,730	383,715	901,196
Increase (Decrease) in Quarry Aftercare	-	-	-	-
Increase (Decrease) in loans and other receivables		-	-	-
(Decrease) in GST Receivable / Increase in GST Payable	18,880	49,835	18,880	49,835
Increase (Decrease) in taxation payable		-	(268,312)	177,252
(Increase) / Decrease Inventories	3,744	6,478	(96,863)	(240,692)
	<u>11,535,669</u>	<u>9,424,463</u>	<u>12,865,794</u>	<u>9,888,983</u>
<b>Net cash inflow / (outflow) from operating activities</b>	<u><u>11,535,669</u></u>	<u><u>9,424,463</u></u>	<u><u>12,865,794</u></u>	<u><u>9,888,983</u></u>

NOTES TO THE FINANCIAL STATEMENTS

**Note 20 Chief Executive Officer's Remuneration**

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

Annual Salary	188,475
	<u>188,475</u>

<b>Elected Representatives Remuneration</b>		<b>2012/13</b>	<b>2011/12</b>
Mayor	L.Probert	65,571	63,797
Deputy Mayor	D.Eaglesome	33,364	33,364
Councillor	D.Caves	22,243	22,243
Councillor	D.Evans	22,243	22,243
Councillor	B.Cairns	22,457	22,654
Councillor	M.Johansen	22,243	22,395
Councillor	C.Little	<u>22,243</u>	<u>23,478</u>
		<u>210,364</u>	<u>210,174</u>

<b>Key management personnel compensation</b>		<b>2012/13</b>	<b>2011/12</b>
Salaries and other short term benefits		783,699	766,268
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.

<b>Employee staffing levels and remuneration</b>		<b>2012/13</b>	<b>2011/12</b>
Number of full time employees		39	39
Full time equivalent number of all other employees		9.8	14.4
Employees receiving total remuneration < \$60,000		37	46
Employees receiving total remuneration in the band \$60,000 - \$80,000		12	11
Employees receiving total remuneration in the band \$80,000 - \$120,000		5	5
Employees receiving total remuneration in the band \$120,000 - \$200,000		3	2

NOTES TO THE FINANCIAL STATEMENTS

Note 20 – continued

	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
<b>Employee benefit expenses</b>				
Salaries and Wages	3,269,147	3,838,774	7,405,442	7,930,106
Employer contributions to Superannuation	105,488	104,760	184,237	170,212
Increase (decrease) in employee benefit liabilities	1,560	36,552	1,103	78,049
<b>Total employee benefit expenses</b>	<b>3,376,195</b>	<b>3,980,086</b>	<b>7,590,782</b>	<b>8,178,367</b>
	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
<b>Employee benefit liabilities</b>				
Accrued pay	122,914	96,114	249,186	212,142
Annual leave	360,428	342,843	731,907	737,180
Long service leave	10,729	11,692	42,722	40,741
Retirement gratuities	146,306	183,734	220,351	254,655
Sick leave	1,577	6,011	12,783	11,128
<b>Total employee benefit liabilities</b>	<b>641,954</b>	<b>640,394</b>	<b>1,256,949</b>	<b>1,255,846</b>
Comprising:				
Current	494,071	450,649	1,033,866	995,462
Non-current	147,883	189,745	223,083	260,384
<b>Total employee benefit liabilities</b>	<b>641,954</b>	<b>640,394</b>	<b>1,256,949</b>	<b>1,255,846</b>

Note 21 Items included in net surplus

	2012/13 Council	2011/12 Council		
Insured premiums	466,391	269,829		
Ex-gratia payments	-	-		
Public ceremonies	12,199	8,963		
Insignia and robes of office	-	-		
Entertainment	-	-		
Subscriptions, levies, grants and contributions	536,370	554,071		
Unauthorised expenditure	-	-		
	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
<b>Other disclosures</b>				
Depreciation - Infrastructural assets	4,135,729	3,788,729	4,135,729	3,788,729
Depreciation - Operational assets	836,469	712,113	1,712,840	1,487,008
Amortisation charge - Intangible assets	58,310	-	97,534	56,498
Audit fees for financial statements audit	78,503	107,797	124,453	170,304
Audit fees for LTP	-	95,778	-	95,778
Interest paid - bank borrowings	-	-	116,531	107,171
Interest paid - discount rate	-	-	-	-
Mayor and Councillor fees	210,364	210,174	210,364	210,174
Impairment of receivables (bad debts written off)	-	-	(70,665)	89,024
Impairment of receivables (provision for doubtful debts) (Note 4)	2,418,744	2,028,480	2,438,946	2,117,808
Lease expenses	55,344	46,528	198,316	188,725
Loss on disposal of Property, Plant, and Equipment	1,286,881	1,343,200	1,287,121	1,344,643
Unrealised (gain) loss on investments	(687,223)	995,628	(687,223)	995,628
Gain on sale of assets	-	7,027	103,032	76,139
Directors fees	-	-	101,832	90,610
Donations	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

**Note 22 Transactions with related parties**

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

Purchase of services \$8,555,274 (2012: \$7,278,870)  
 Sales: \$306,641 (2012: \$180,935) Dividend \$278,261 (2012: \$150,000)

Amount owed by Quality Roothing and Services (Wairoa) Ltd to Council at year end: \$Nil (2012: \$195) which was receivable on normal trading terms.

Amount owed by Council to Quality Roothing and Services (Wairoa) Ltd at year end: \$780,188 (2012: \$1,722,517) which is payable on normal trading terms except for \$232,131 (2012: \$121,022) 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:

	<b>2012/13 Business Transacted</b>	<b>2012/13 Balance Owing</b>	<b>2011/12 Business Transacted</b>	<b>2011/12 Balance Owing</b>
D L Munro (Director)	-	-	312	-
LA Aitken (CEO)	7,170	219	12,795	199
K M Burger (FC)	3,184	1,338	7,541	148
A J O'Sullivan (Manager)	1,607	53	1,366	78
J L Ross (Director)	1,044	1,047	-	-

**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. Gains on revaluation of investments as at 30 June 2013 was \$472,574 (2012: \$1,159,797 loss).

**Note 24 Financial Instruments Risk**

The Financial Instruments Categories	<b>2012/13 Council</b>	<b>2011/12 Council</b>	<b>2012/13 Group</b>	<b>2011/12 Group</b>
<b>FINANCIAL ASSETS</b>				
<b>Financial assets at fair value through profit and loss - upon initial recognition</b>				
Shares and debentures	9,720,660	11,504,972	9,720,660	11,504,972
<b>Loans and Receivables</b>				
Cash and Cash Equivalents	3,497,607	2,785,658	5,186,115	3,886,338
Trade and other receivables	5,464,475	5,678,626	6,351,221	7,019,494
Other Financial Assets				
Sinking Fund Investments	-	-	-	-
Housing and Community Advances	247	2,248	247	2,248
	8,962,329	8,466,532	11,537,583	10,908,080
<b>Available for Sale Financial Assets</b>				
NZ Local Government Insurance Corporation Limited	22,992	22,992	22,992	22,992
	22,992	22,992	22,992	22,992
Total Financial Assets	18,705,981	19,994,496	21,281,235	22,436,044
<b>FINANCIAL LIABILITIES</b>				
<b>Financial Liabilities at Amortised cost</b>				
Trade and other Payables	4,512,637	4,546,889	5,528,073	5,155,311
Borrowings				
Bank Overdraft	-	-	-	-
Secured Loans	-	-	1,420,734	1,587,313
Total Financial Liabilities at amortised cost	4,512,637	4,546,889	6,948,807	6,742,624

**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.

**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.

NOTES TO THE FINANCIAL STATEMENTS

**Financial Instruments Risk**

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

	<b>2012/13 Council</b>	<b>2011/12 Council</b>	<b>2012/13 Group</b>	<b>2011/12 Group</b>
Cash at bank, short term deposits and sinking funds	3,497,607	2,785,658	5,186,115	3,886,338
Trade and other receivables	5,464,475	5,678,626	6,351,221	7,019,494
Housing and Community Advances	247	2,248	247	2,248
Shares and Debentures	9,743,652	11,527,964	9,743,652	11,527,964
Land and Buildings	-	-	-	-
<b>Total Credit Risk</b>	<b><u>18,705,981</u></b>	<b><u>19,994,496</u></b>	<b><u>21,281,235</u></b>	<b><u>22,436,044</u></b>

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	3,497,607	2,785,658	5,186,115	3,886,338
Shares and Debentures				
A-1 or better	9,743,652	11,527,964	9,743,652	11,527,964

**Counterparties without Credit Ratings**

Housing and Community Advances				
Existing counterparty with no defaults in the past	247	2,248	247	2,248
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
<b>Risk Free</b>		
NZ Government guaranteed	Treasury Government stock	100%
<b>Near Risk Free</b>		
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
<b>Low Risk</b>		
ANZ Bank; ASB Bank; Bank of New Zealand	Money market call deposits	Up to 80% but no more than
National Bank; Westpac Trust	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 Poor's	Promissory Notes Corporate Bonds	Up to 40% but not more than \$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 97 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 2013

	<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	4,512,637	4,512,637	4,512,637	-	-	-
Borrowings						
Bank Overdraft	-	-	-	-	-	-
Secured Loans	-	-	-	-	-	-
<b>Total</b>	<b>4,512,637</b>	<b>4,512,637</b>	<b>4,512,637</b>	<b>-</b>	<b>-</b>	<b>-</b>

Group 2013

Trade and other payables	5,528,073	5,528,073	5,528,073	-	-	-
Borrowings						
Bank Overdraft	-	-	-	-	-	-
Secured Loans	1,420,734	1,420,734	351,914	375,099	693,721	-
<b>Total</b>	<b>6,948,807</b>	<b>6,948,807</b>	<b>5,879,987</b>	<b>375,099</b>	<b>693,721</b>	<b>-</b>

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	-	-	-	-	-	-
<b>Total</b>	<b>4,546,889</b>	<b>4,546,889</b>	<b>4,546,889</b>	<b>-</b>	<b>-</b>	<b>-</b>

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
<b>Total</b>	<b>6,742,624</b>	<b>6,742,624</b>	<b>5,520,506</b>	<b>310,857</b>	<b>784,666</b>	<b>126,595</b>

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>
<b>Council 2013</b>						
Cash and Cash Equivalents	3,497,607	3,497,607	3,497,607	-	-	-
Trade and Other receivables	5,464,475	5,464,475	5,464,475	-	-	-
Other financial assets						
Housing and Community Advances	247	247	247	-	-	-
Shares and Debentures	9,743,652	9,743,652	2,894,574	2,001,051	3,591,191	1,256,836
Sinking Funds	-	-	-	-	-	-
<b>Total</b>	<b>18,705,981</b>	<b>18,705,981</b>	<b>11,856,903</b>	<b>2,001,051</b>	<b>3,591,191</b>	<b>1,256,836</b>
<b>Group 2013</b>						
Cash and Cash Equivalents	5,186,115	5,186,115	5,186,115	-	-	-
Trade and Other receivables	6,351,221	6,351,221	6,351,221	-	-	-
Other financial assets						
Housing and Community Advances	247	247	247	-	-	-
Shares and Debentures	9,743,652	9,743,652	2,894,574	2,001,051	3,591,191	1,256,836
Sinking Funds	-	-	-	-	-	-
<b>Total</b>	<b>21,281,235</b>	<b>21,281,235</b>	<b>14,432,157</b>	<b>2,001,051</b>	<b>3,591,191</b>	<b>1,256,836</b>
<b>Council 2012</b>						
Cash and Cash Equivalents	2,785,658	2,785,658	2,785,658	-	-	-
Trade and Other receivables	5,678,626	5,678,626	5,678,626	-	-	-
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	-	-	-	-	-	-
<b>Total</b>	<b>19,994,496</b>	<b>19,994,496</b>	<b>13,734,352</b>	<b>1,613,690</b>	<b>2,805,208</b>	<b>1,841,246</b>
<b>Group 2012</b>						
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	-	-	-	-	-	-
<b>Total</b>	<b>22,436,044</b>	<b>22,436,044</b>	<b>16,175,900</b>	<b>1,613,690</b>	<b>2,805,208</b>	<b>1,841,246</b>

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	2012/13 -100bps Profit	2012/13 -100bps Other Equity	2012/13 +100bps Profit	2012/13 +100bps Other Equity
<b>Interest Rate Risk</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents	(7,091)	-	7,091	-
Other financial assets				
Shares and Debentures	729,651	-	(549,880)	-
<b>Financial Liabilities</b>				
Borrowings				
Bank Overdraft				
Secured Loans				
Debentures				
<b>Total sensitivity to interest rate risk</b>	<u>722,560</u>	<u>-</u>	<u>(542,789)</u>	<u>-</u>
<b>Council</b>				
	<b>2011/12 -100bps Profit</b>	<b>2011/12 -100bps Other Equity</b>	<b>2011/12 +100bps Profit</b>	<b>2011/12 +100bps Other Equity</b>
<b>Interest Rate Risk</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents	(10,900)	-	10,900	-
Other financial assets				
Shares and Debentures	532,501	-	(445,213)	-
<b>Financial Liabilities</b>				
Borrowings				
Bank Overdraft				
Secured Loans				
Debentures				
<b>Total sensitivity to interest rate risk</b>	<u>521,601</u>	<u>-</u>	<u>(434,313)</u>	<u>-</u>
<b>Group</b>				
	<b>2012/13 -100bps Profit</b>	<b>2012/13 -100bps Other Equity</b>	<b>2012/13 +100bps Profit</b>	<b>2012/13 +100bps Other Equity</b>
<b>Interest Rate Risk</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents	(7,091)	-	7,091	-
Other financial assets				
Shares and Debentures	729,651	-	(549,880)	-
<b>Financial Liabilities</b>				
Borrowings				
Bank Overdraft				
Secured Loans				
Debentures				
<b>Total sensitivity to interest rate risk</b>	<u>722,560</u>	<u>-</u>	<u>(542,789)</u>	<u>-</u>
<b>Group</b>				
	<b>2011/12 -100bps Profit</b>	<b>2011/12 -100bps Other Equity</b>	<b>2011/12 +100bps Profit</b>	<b>2011/12 +100bps Other Equity</b>
<b>Interest Rate Risk</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents	(10,900)	-	10,900	-
Other financial assets				
Shares and Debentures	532,501	-	(445,213)	-
<b>Financial Liabilities</b>				
Borrowings				
Bank Overdraft				
Secured Loans				
Debentures				
<b>Total sensitivity to interest rate risk</b>	<u>521,601</u>	<u>-</u>	<u>(434,313)</u>	<u>-</u>

**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 2013 Annual Report.

	2013 Council	2012 Council	2013 Group	2012 Group
<b>Note 26 Contingencies:</b>				
Contingent Liabilities	0	0	0	0
Performance bonds with ANZ Banking Group (NZ) Ltd	0	0	282,000	412,000

**Guarantees**

\$282,000 ( 2012 : \$412,000)

**Note 27 Long-Term Plan 2012-2022**

The Long-Term Plan for 2012-2022 was adopted by Council on 4 September 2012. The first year of this Plan is reported in these Financial Statements as Annual Plan 2013.

**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 Hawke's 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%.

	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
Balance at 1 July	850,518	604,080	850,518	604,080
Provided (released) during the year - Wairoa	16,979	-	16,979	-
Provided (released) during the year - Mahia	(7,935)	-	(7,935)	-
Expenditure during the period	-	-	-	-
Amortisation	-	246,438	-	246,438
Balance at 30 June	<u>859,562</u>	<u>850,518</u>	<u>859,562</u>	<u>850,518</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.

	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
Balance at 1 July	-	-	132,189	126,881
Provided during the year	-	-	4,059	7,576
Expenditure during the period	-	-	-	(2,268)
Balance at 30 June	<u>-</u>	<u>-</u>	<u>136,248</u>	<u>132,189</u>

NOTES TO THE FINANCIAL STATEMENTS

**Note 30 Statement of Commitments as at 30 June 2013**

	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
Capital Commitments approved and contracted	7,956,133	3,923,666	7,956,133	3,923,666

WDC leases 5 photocopy 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:-

	2012/13 Council	2011/12 Council	2012/13 Group	2011/12 Group
Non cancellable operating lease commitments				
Office equipment				
Up to one year	55,100	55,344	97,984	190,196
one to five years	126,855	181,873	146,833	244,733
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 Roothing 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 2012/13	Dividends 2011/12
	320,000	150,000

**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	2012/13	2011/12
Land Transport New Zealand - Transport Subsidies	10,768,516	13,044,314
Ministry of Health	2,500,000	1,000,000
Veteran Affairs	2,568	2,568
Creative New Zealand	22,590	340
SPARC's - Rural Travel Fund	8,773	9,062
YROA YNOT	46,011	26,413
Ministry of Internal Affairs	49,254	657,880
Civil Defence	-	-
Others	2,112	24,308
	<u>13,399,824</u>	<u>14,764,885</u>

WDC has fulfilled all conditions attached to the Government assistance.

## NOTES TO THE FINANCIAL STATEMENTS

Revenue received from Government grants and subsidies (and hence operating surplus) includes \$8,548,028 (2012: \$6,056,368) 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 \$8,548,028 (2012: \$6,056,368) 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 2012/2022 Long Term Plan and the 2011/2012 Annual Plan are as follows:-

	2012/13 Annual Plan	2011/12 Annual Plan
<b>Income Statement</b>		
2013 plan net surplus	7,144,260	2,527,534
Higher (lower) subsidy revenue (regional projects, emergency works)	(6,437)	6,718,517
Higher (lower) income from investments	1,057,583	(1,099,930)
Higher (lower) income from fees and charges (water production, waste management)	(671,891)	811,951
Higher income from rates	478,189	496,909
Increase in costs due to additional roading work, operating deficits from production of water and sewerage	(2,244,763)	(6,160,711)
Capital gain on asset sales	-	-
Loss on revaluation of woodlots	-	-
Gain on revaluation of Wairoa Landfill Aftercare provision	-	-
Other	(5,888)	3,116
2013 actual net surplus	<u>5,751,053</u>	<u>3,297,386</u>
<b>Capital expenditure</b>		
2013 plan	17,589,179	8,494,312
Projects deferred or cancelled		
Additional projects approved	(4,261,272)	4,021,799
Projects under/over spent		
Actual expenditure 2013	<u>13,327,907</u>	<u>12,516,111</u>

### Note 35 Capital Management

The Council's capital is its equity (or ratepayers' 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. Ratepayers' 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

**Note 36 Funding Impact Statement  
Council Only**

	<b>ACTUAL 2012/13</b>	<b>BUDGET 2012/13</b>	<b>LTP 2012/13</b>	<b>ACTUAL 2011/12</b>
<b>Sources of Operating Funding</b>				
General rates, uniform annual charges, rates penalties	3,134,043	2,530,825	2,530,825	2,846,623
Targeted rates (other than a targeted rate for water supply)	6,966,259	7,091,289	7,091,289	6,896,426
Subsidies and grants for operating purposes	4,851,796	4,161,638	4,161,638	7,654,247
Fees charges and targeted rates for water supply	2,012,828	3,416,864	3,416,864	2,684,835
Interest and Dividends from Investments	1,716,279	1,178,100	1,178,100	244,380
Local authorities fuel tax, fines, infringement fees, and other receipts	1,780,391	70,000	70,000	317,541
<b>Total Operating Funding</b>	<b>20,461,596</b>	<b>18,448,715</b>	<b>18,448,715</b>	<b>20,644,053</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers	17,768,406	15,347,421	15,347,421	19,206,009
Finance costs	459,659	763,072	763,072	750,434
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>18,228,065</b>	<b>16,110,493</b>	<b>16,110,493</b>	<b>19,956,443</b>
<b>Surplus (Deficit) of operating funding</b>	<b>2,233,531</b>	<b>2,338,222</b>	<b>2,338,222</b>	<b>687,610</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	8,548,028	9,244,624	9,244,624	7,110,619
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	9,538,400	9,538,400	-
Gross proceeds from sale of assets	-	5,000	5,000	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>8,548,028</b>	<b>18,788,024</b>	<b>18,788,024</b>	<b>7,110,619</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	13,457,498	13,457,498	-
- to improve the level of service	6,476,473	-	-	6,180,782
- to replace existing assets	6,851,434	6,128,248	6,128,248	6,364,282
Increase (Decrease) in reserves	(2,546,348)	1,540,500	1,540,500	(4,746,835)
Increase (Decrease) of investments	-	-	-	-
<b>Total application of capital funding</b>	<b>10,781,559</b>	<b>21,126,246</b>	<b>21,126,246</b>	<b>7,798,229</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(2,233,531)</b>	<b>(2,338,222)</b>	<b>(2,338,222)</b>	<b>(687,610)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Reconciliation of Total Comprehensive Income

	ACTUAL 2012/13	BUDGET 2012/13	LTP 2012/13	ACTUAL 2011/12
Surplus / (Deficit) of operating funding from funding impact statement	2,233,531	2,338,222	2,338,222	687,610
Add subsidies and grants for capital expenditure	8,548,028	9,244,624	9,244,624	7,110,619
Add development and financial contributions	-	-	-	-
Add depreciation and amortisation expense	(5,030,506)	(4,448,329)	(4,448,329)	(4,500,842)
Add capital funding not through Income Statement		9,743	9,743	-
<b>Net Surplus before taxation in Income Statement</b>	<b>5,751,053</b>	<b>7,144,260</b>	<b>7,144,260</b>	<b>3,297,387</b>

### Note 37 Legislative compliance - Rates

Setting rates in compliance with the Local Government (Rating) Act 2002 (the Act) is a complex matter. In the course of setting rates for the 2013/14 year Council obtained legal advice to help ensure it was setting rates in a manner consistent with the Act. This legal advice identified a number of issues with the process Council had used to set rates for 2012/13. None of the issues identified prejudiced ratepayers. These issues have been resolved in process used to set 2013/14 Rates.

### Note 38 Adoption of Annual Report

Council adopted the Annual Report on the 22 October 2013.

The statutory deadline to adopt the Annual Report for the year ended 30 June 2013 was 31st October 2013.



# 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 2013. The financial statements were authorised for issue by Council on 22 October 2013.

## **Basis of Preparation**

The financial statements of the WDC 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 a 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**

WDC 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 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 and 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 and 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**

<b>Estimated Life</b>	<b>Years</b>
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

<b>SEWERAGE</b>	<b>Life years</b>	<b>STORMWATER</b>	<b>Life years</b>
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		

<b>WATER SUPPLY</b>	<b>Life years</b>	<b>ROADS</b>	<b>Life years</b>
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 is 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 capitalised 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 recognised 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%
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## **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 the 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;
- 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 expenditure 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 35.

## **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 the Inland Revenue Department (IRD), is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as 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 2052, 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 39 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.
- 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 WDC's accounting policies for the period ended 30 June 2013:

#### **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.

There have been no revisions to accounting standards during the financial year.

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 three 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 IAS39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its 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 have been developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. The Council will transition to the new standards in preparing its 30 June 2015 financial statements.

Any impact of these changes on the financial statements of the Council and Group is yet to be quantified.

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). WDC 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
4. Camping ground
5. Roothing (Transfund subsidised portion of roading)
6. Community Centre

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.

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.

**Depreciation not funded:**

	<b>BUDGET \$</b>	<b>ACTUAL \$</b>
1. Community halls	5,690	5,690
2. Housing	3,950	4,421
3. Rural fire appliances	56,500	6,230
4. Camping ground	8,904	8,704
5. Roothing	1,565,063	1,306,262
6. Community Centre	230,000	327,317
	<u>\$1,870,107</u>	<u>\$1,658,624</u>

# OFFICIAL INFORMATION

Wairoa District Council, P.O. Box 54, Coronation Square, Wairoa  
Phone (06) 8387309 Fax (06) 8388874  
e-mail: administrator@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 Plan 2012-2022

### 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 Roading

# COUNCIL DIRECTORY AS AT 30 JUNE 2013

## EXECUTIVE STAFF

Chief Executive Officer  
Manager Administration  
Manager Engineering  
Manager Finance

P. J. Freeman  
J. Baty  
J. Cox  
D. Steed

## POSTAL ADDRESS

P.O.Box 54  
Wairoa 4160

## LOCATION

Coronation Square  
Queen Street  
Wairoa

## TELEPHONE

(06) 838 7309

## FACSIMILE

(06) 838 8874

## EMAIL

administrator@wairoadc.govt.nz

## WEB

[www.wairoadc.govt.nz](http://www.wairoadc.govt.nz)

## 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 2013

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 audit:

- the financial statements of the District Council and group that comprise:
  - the statement of financial position as at 30 June 2013 on page 70;
  - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2013 on pages 68 to 71;
  - the funding impact statement of the District Council on page 103;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 17 to 67; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 72 to 116;
- the statement of service provision made up of Activity Group One through to Activity Group Eight of the District Council and the funding impact statements in relation to each group of activities of the District Council on pages 17 to 67.

In addition, the Auditor-General has appointed me to report on whether the District Council and group's annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
  - internal borrowing on page 81;
  - council-controlled organisations on page 67;
  - reserve funds on pages 88 to 89;
  - each group of activities carried out by the District Council on pages 17 to 67;
  - remuneration paid to the elected members and certain employees of the District Council on pages 91 to 92; and
  - employee staffing levels and remuneration on page 91;
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 16; and
- a statement of compliance signed by the mayor of the Council, and by the District Council and group's chief executive on page 8.

## Opinion

### **Audited information**

In our opinion:

- the financial statements of the District Council and group on pages 68 to 116:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council and group's financial position as at 30 June 2013; and
    - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 103, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 17 to 67, fairly reflect for each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the statement of service provision on pages 17 to 67:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service for the year ended 30 June 2013, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
    - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 17 to 67, fairly reflect for each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.

### **Compliance with the other requirements of schedule 10**

In our opinion, which is not an audit opinion, the District Council and group's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 22 October 2013. 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 we 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 information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service provision of the District Council. 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 information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design 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 information we audited;
- determining the appropriateness of the reported statement of service provision of the District Council within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

#### **Responsibilities of the Council**

The Council is responsible for preparing:

- financial statements and statement of service provision of the District Council 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;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

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

#### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the *Other Requirements* of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

#### **Independence**

When carrying out this audit, which includes our report on the *Other Requirements*, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the *Other Requirements*, we have no relationship with or interests in the District Council or its subsidiary



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