


Wairoa District Council

ANNUAL REPORT

For the year ending 30 June 2010



 *Te Wairoa Hōpūpū Hōnengenenge
Matangirau*

Adopted 14 December 2010



Wairoa District Council 2010 ©

2009/2010 ANNUAL REPORT

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JOINT STATEMENT FROM THE MAYOR AND THE CHIEF EXECUTIVE OFFICER

Welcome to readers of the Wairoa District Council Annual Report.

The delay in adopting these accounts is sincerely regretted.

Overall Council completed the year with a surplus of \$916,000 (2009 - \$334,000).

A 2% increase in rates revenue (\$173,000), increase in subsidies (\$1,912,000) and improved investment income (\$93,000) were partially offset by increases in operating costs (\$1,456,000) and decreases in fees and charges of \$77,000.

Working capital remained essentially the same at \$18,776,000 (2009 - \$18,876,000) as did net cash flow from Operations, \$5,993,000.

Capital Expenditure increased to \$5,804,000 (\$2009 - \$4,411,000) and there was a net increase in financial assets of \$1,422,000.

All the above led to a decrease in cash balances of \$959,000.

Performance Management

Of the 184 identified service levels and targets, 145 were achieved, a new score of 78% compared with 72% last year.

Quality Rooding and Services (Wairoa) Limited

Quality Rooding and Services (Wairoa) Limited Annual Report shows an operating surplus before tax of \$842,000. The after tax profit was \$569,000 which represents a 10.9% return on equity of \$5.23 million. A dividend of \$140,000 has been provisionally declared.

Mahia Community Waste Water Scheme

Resource Consents for both Mahia Beach and Opoutama Schemes were submitted by the Ministry of Health deadline of 31 December 2009.

Council requested and HBRC approved the referral of the Mahia Beach Scheme directly to the Environment Court. The hearing was held on November 1-5. A decision is awaited.

The Resource Consent for the Opoutama Scheme was combined with a Notice of Requirement for a designation to establish a new road access route and these hearings were held 30-31 August 2010. There are appeals and these are currently being mediated.

Rooding

| | |
|---------|------------------------------|
| 670m | new roads added to inventory |
| 1.46km | rehabilitated roads |
| 19.76km | resurfaced roads |
| 9.7km | unsealed road metal buildup |

Stormwater

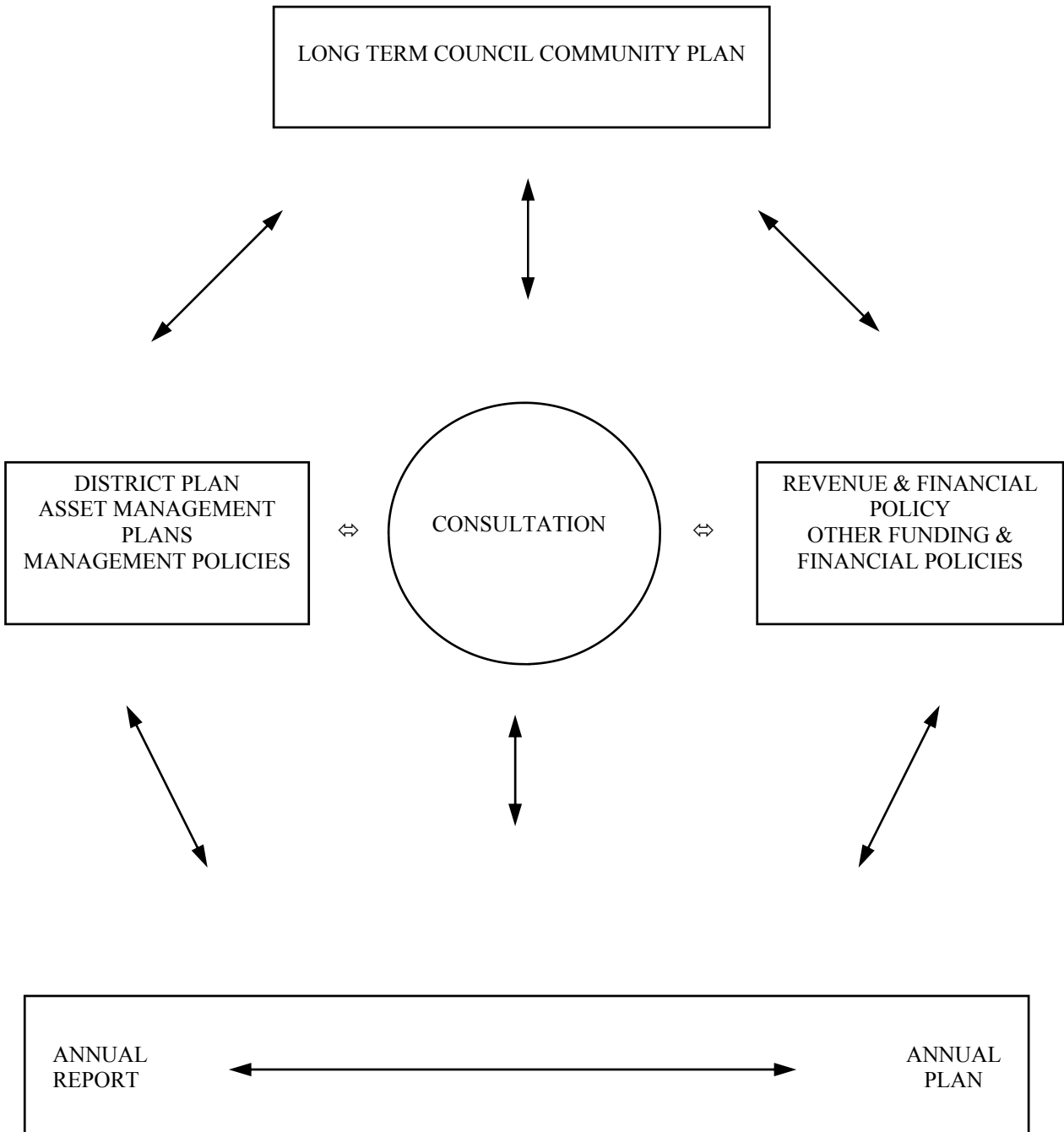
830m open drains piped

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

L Probert JP
MAYOR

P J Freeman
CHIEF EXECUTIVE OFFICER

RELATIONSHIP BETWEEN COUNCIL'S POLICIES AND PLANS



The following is a summary of Capital expenditure and Work in Progress undertaken in 2009-2010.

| Cost centre | Total Expenditure | Budget | Variance |
|-----------------------------|--------------------------|------------------|--------------------------------------|
| Camping Grounds | 5,694 | 9,500 | Completed under budget |
| Computer Services | 38,423 | 59,000 | Completed under budget |
| Emergency Management | 18,012 | 15,000 | Cost overrun |
| Enterprise Buildings | 1,481 | 7,000 | Completed under budget |
| Pensioner Housing | 40,608 | 33,000 | Additional work approved |
| Staff Housing | 931 | 9,500 | Completed under budget |
| Library | 49,082 | 45,000 | Cost overrun |
| Parking | 800 | 5,000 | Completed under budget |
| Property Corporate | 13,950 | 7,000 | Completed under budget |
| Parks and reserves | 76,577 | 10,000 | Additional work approved |
| Roading Non Subsidised | 64,140 | 346,000 | Work Deferred |
| Roading Subsidised | 3,845,288 | 3,567,189 | Additional work approved |
| Stormwater Drainage | 65,998 | 357,700 | Work Deferred |
| Sewerage | 1,065,146 | 280,000 | Consultancy Mahia / Opoutama Schemes |
| Visitors Information Centre | 4,305 | - | |
| Waste Management | 251,820 | 600,000 | Work deferred |
| Water Reticulation System | 32,674 | 185,000 | Work Deferred |
| Water Treatment Plant | 231,633 | 214,100 | Additional work approved |
| | 5,806,564 | 5,749,989 | |

PROJECTS/INITIATIVES 2009-2010

Major Items of Expenditure within Categories are as follows

Roading Non Subsidised

| | |
|-----------------------|--------|
| Tuai fence upgrade | 6,222 |
| Tuai footpath upgrade | 36,300 |
| Ruawharo Cemetery | 20,860 |

Roading Subsidised

| | |
|----------------------|-----------|
| Basecourse | 466,525 |
| Bridges | 206,256 |
| Culverts | 171,201 |
| Footpaths | 72,237 |
| Formation | 594,347 |
| Retaining Structures | 677,902 |
| Sealing | 1,490,211 |
| Signs | 58,744 |

Sewerage

| | |
|-----------------------------|---------|
| Desludge oxidation ponds | 208,355 |
| Consultancy Mahia Scheme | 464,931 |
| Consultancy Opoutama Scheme | 285,722 |

Waste Management

| | |
|----------------------|---------|
| Landfill road reseal | 248,548 |
|----------------------|---------|

Water Treatment Plant

| | |
|-----------------|--------|
| Intake | 62,919 |
| Other | 1,390 |
| Pipeline | 36,069 |
| Pump Stations | 28,312 |
| Treatment Plant | 89,696 |

WAIROA DISTRICT COUNCIL 30 JUNE 2010

Mayor

Les Probert J.P.

Councillors

Benita Cairns

Denys Caves J.P

Denise Eaglesome

Dave Evans

Jim Heron J.P.

Brian McKinnon

COMMITTEES

INTERIM MAORI COMMITTEE

Chairperson: Graeme Symes

Members: Sonya Smith
Tara Quineville
Gary Cooper
Pera Nikora
Monica Watson

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

| ENGINEERING |
|---------------------------------|
| NEIL COOK |
| MANAGER: ENGINEERING |
| Roads, Streets & Bridges |
| Cemeteries |
| Sports Grounds |
| Reserves |
| Airport Control |
| Water Supply |
| Sewage Management |
| Stormwater Drainage |
| Waste Management |
| Street Lighting |
| Traffic Management |
| Asset Management |

| FINANCE |
|-----------------------------|
| BILL SINDEN |
| MANAGER: FINANCE |
| Accounting Services |
| Elections |
| Information Services |
| Financial Management |
| Revenue Collection |
| Rating |
| Risk Management |
| Property Management |

| ADMINISTRATION AND CIVIC |
|-------------------------------------|
| JAMES BATY |
| MANAGER: ADMINISTRATION |
| Secretarial Services |
| Social Services |
| Library |
| Public Halls |
| Pensioner Housing |
| Recreation |
| Official Information |
| Information Centre |
| Maori Liaison |
| Records and Archives |
| Human Resources |
| Tourism |
| Elections |

| COMMUNITY/REGULATORY SERVICES |
|--|
| PETER FREEMAN |
| MANAGER: REGULATORY |
| Subdivision |
| Resource Planning |
| Building Control |
| Environmental Health |
| Liquor Licensing |
| Animal Control |
| Bylaws |
| Economic Development |
| Emergency Management |

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 2010 fairly reflect the financial position and operations of Wairoa District Council.



Mayor

L. Probert

(14th December, 2010)



Chief Executive

P J Freeman

(14th December, 2010)

COMMUNITY OUTCOMES

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

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

Council Activities

Council Activities are divided into two strategic goal areas being:

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

These are in turn supported by:

- Management Services
- Investments

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

Key Activity Areas

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

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

Survey results relating to Outcomes:

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

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|-------------------|-------------|-------------|-------------|-------------|-------------|
| Yes | 39% | 36% | 33% | 38% | 31% |
| The same | 41% | 49% | 53% | 51% | 54% |
| Worse | 10% | 9% | 8% | 6% | 12% |
| Unable to comment | 10% | 6% | 6% | 5% | 4% |

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

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------------------|-------------|-------------|-------------|-------------|-------------|
| Yes, definitely | 31% | 27% | 41% | 36% | 33% |
| Yes, mostly | 59% | 67% | 50% | 54% | 58% |
| Not really | 6% | 4% | 7% | 8% | 6% |
| No, definitely not | 3% | 2% | 1% | | 1% |
| Unsure | 1% | | 1% | 2% | 2% |

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

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Very satisfied | 6% | 6% | 7% | 10% | 11% |
| Satisfied | 47% | 42% | 52% | 44% | 53% |
| Neither satisfied or dissatisfied | 26% | 25% | 24% | 26% | 21% |
| Dissatisfied | 14% | 18% | 14% | 9% | 9% |
| Very dissatisfied | 4% | 4% | 2% | 4% | 3% |
| Don't know | 3% | 5% | 1% | 7% | 4% |

Quality of Life (All Outcomes)

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|------------|-------------|-------------|-------------|-------------|-------------|
| Very good | 37% | 30% | 38% | 35% | 38% |
| Good | 44% | 56% | 45% | 50% | 44% |
| Fair | 16% | 11% | 14% | 13% | 13% |
| Poor | 2% | 3% | 3% | 2% | 4% |
| Don't know | 1% | | | | 1% |

Community Spirit (Supportive, caring and valued communities)

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| Very good | 34% | 26% | 33% | 36% | 32% |
| Good | 45% | 51% | 42% | 46% | 45% |
| Neither good nor bad | 11% | 17% | 20% | 15% | 17% |
| Not very good | 5% | 4% | 2% | 3% | 5% |
| Poor | 4% | 2% | 1% | | 1% |
| Don't know | 1% | | 2% | | |

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

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Very satisfied | 20% | 15% | 25% | 23% | 23% |
| Satisfied | 47% | 53% | 46% | 53% | 54% |
| Neither satisfied nor dissatisfied | 13% | 20% | 13% | 9% | 11% |
| Dissatisfied | 13% | 8% | 13% | 8% | 9% |
| Very dissatisfied | 4% | 4% | 3% | 4% | 1% |
| Don't know | 3% | | | 3% | 2% |

Health Services (A lifetime of good health and wellbeing)

| | 2006 | 2007 | 2008 | 2009 | 2010* |
|------------------------------------|-------------|-------------|-------------|-------------|--------------|
| Very satisfied | 20% | 17% | 23% | 26% | |
| Satisfied | 42% | 42% | 44% | 37% | |
| Neither satisfied nor dissatisfied | 13% | 16% | 12% | 13% | |
| Dissatisfied | 13% | 19% | 14% | 16% | |
| Very dissatisfied | 12% | 5% | 6% | 4% | |
| Don't know | | 1% | 1% | 4% | |

Education Services (A Strong, thriving and prosperous economy)

| | 2006 | 2007 | 2008 | 2009 | 2010* |
|------------------------------------|-------------|-------------|-------------|-------------|--------------|
| Very satisfied | 15% | 11% | 12% | 10% | |
| Satisfied | 36% | 38% | 46% | 46% | |
| Neither satisfied nor dissatisfied | 12% | 20% | 9% | 12% | |
| Dissatisfied | 20% | 19% | 13% | 14% | |
| Very dissatisfied | 3% | 3% | 4% | 5% | |
| Don't know | 14% | 9% | 16% | 13% | |

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

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| More than enough | 23% | 24% | 25% | 27% | 32% |
| Enough | 46% | 42% | 38% | 40% | 42% |
| Not enough | 13% | 14% | 14% | 16% | 9% |
| Nowhere near enough | 6% | 8% | 6% | 8% | 3% |
| Don't know | 12% | 12% | 17% | 9% | 14% |

* Satisfaction levels not monitored in 2010

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

PARTICIPATION IN DECISION MAKING

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

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

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

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

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

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

Activity Group One

WATER SERVICES

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

Water Reticulation & Production

Activity Goal and Principal Objectives

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A strong, prosperous and thriving economy

A lifetime of good health and wellbeing

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

| Service Levels and Targets | Performance Achieved |
|---|---|
| Water treatment, storage and reticulation systems are operational and there are no interruptions of more than eight hours | Achieved. No significant systems shutdowns this year |
| Water quality meets Health Act requirements. Public Health Risk Management Plan for Wairoa supply audited and approved by District Health Board assessors | Achieved. Plans prepared and audited/approved for Wairoa/Tuai/Mahanga. |
| Council has current consents, where required, and there is full compliance with all consent conditions throughout the year. | Achieved—operations performed under current/existing consents and no new consents required (Achieved in 2008/09) |
| An annually reducing trend in the volume of water lost in the system | Trend not monitored annually due to associated costs—Leakage survey due 2010/11 (Not monitored 2008/09) |
| An annually reducing trend in the volume of domestic water use per connection | Trend per connection not monitored, but 16% overall reduction in water usage - 2009/10 figures - Wairoa 415m ³ /property/year, Frasertown 298m ³ /property/year (Achieved in 2008/09 with 2% reduction) |

| Service Levels and Targets | Performance Achieved |
|---|--|
| No safety incidents reported through the CSR system | Achieved. No safety incidents reported |
| Fire hydrants maintained to meet the Fire Service code of practice | Not achieved. Programme not developed in 2009/10 as planned (Not monitored in 2008/09) |
| Budgeted net cost of water production (including any Council approved additional expenditure) not exceeded | Not Achieved—Net cost of \$437,687 greater than budget of \$134,400. (2008/09 Achieved, Net cost of \$108,131 less than budget of \$134,400) |
| Budgeted net cost of water reticulation (including any Council approved additional expenditure) not exceeded | Achieved—Net cost of \$753,780 is less than budget of \$841,351. (2008/09 Achieved, Net cost of \$722,266 less than budget of \$841,351). |
| Not less than 80% of the respondents rate the service as “fairly good or better” in the annual public satisfaction survey | Achieved. 84% satisfaction level (91% in 2008/09) |
| A reducing number of complaints received through the Customer Service Request system | Not achieved. 13% increase in CSRs |

| COMMUNITY SURVEY—PERFORMANCE RATING | | | | | | | | | |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Water Supply (Users) | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Very satisfied/fairly satisfied | 94% | 86% | 90% | 97% | 89% | 90% | 90% | 91% | 84% |
| Not very satisfied | 6% | 14% | 10% | 2% | 11% | 8% | 7% | 6% | 15% |
| Don't know/NA | - | - | - | 1% | - | 2% | 3% | 3% | 2% |

Stormwater & Drainage

Activity Goal and Principal Objectives

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A safe and secure community

A lifetime of good health and wellbeing

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

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

| Service Levels and Targets | Performance Achieved |
|---|--|
| Stormwater systems functioning to the satisfaction of customers. Target for 2009/10 of 55% customer satisfaction | Achieved. 63% satisfaction level |
| The number of known incidences of flooding due to inadequacies in the system reducing over time | Achieved. 23 valid complaints (2008/09 Not achieved, 50 valid complaints) |
| The number of known incidences of flooding due to lack of maintenance reducing over time | Achieved. 23 valid complaints (2008/09 Not achieved, 50 valid complaints) |
| Council has current consents for all required purposes and there has been full compliance with all the conditions of them throughout the year | Not achieved—a few minor breaches incurred during year (Not achieved in 2008/09) |
| There are no reported safety incidents through the Customer Service Report system | Not achieved. One sump grate stolen (Achieved in 2008/09) |
| Budgeted expenditure (including any Council approved additional expenditure) not exceeded | Not achieved—Net cost of \$293,155 is greater than budget of \$269,120 (Not achieved in 2008/09, Net cost of \$328,308 higher than budget of \$263,400). |
| Not less than 80% of the respondents rate the service as "fairly good or better" in the annual public survey | Not achieved—63% of respondents rate the service fairly good or better (2008/09 Not achieved with 57% result) |

| COMMUNITY SURVEY—PERFORMANCE RATING | | | | | |
|-------------------------------------|---------|---------|---------|---------|---------|
| Stormwater (those connected) | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Very satisfied/fairly satisfied | 46% | 56% | 42% | 57% | 63% |
| Not very satisfied | 33% | 29% | 42% | 35% | 37% |
| Don't know/NA | 21% | 15% | 16% | 8% | |

Sewerage

Activity Goal and Principal Objectives

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A strong, prosperous and thriving economy

A lifetime of good health and wellbeing

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

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

| Service Levels and Targets | Performance Achieved |
|---|--|
| Sewerage systems operational at Wairoa, Tuai and Mahia. All blockages to be rectified within 8 hours | Not achieved. A number of blockages unable to rectified within the 8hr timeframe |
| No significant overflows due to inadequate maintenance, measured through compliance with regional council consents | Achieved. Non-compliance not attributable to maintenance |
| Council has current consents for all required purposes and there has been full compliance with all the conditions of them throughout the year | Not achieved. Infiltration issues are significant, but exact numbers have not been monitored (Achieved in 2008/09) |
| There are no reported safety incidents through the Customer Service Request system | Not achieved (Not achieved in 2008/09) |
| Budgeted net cost (including any Council approved additional expenditure) not exceeded | Not achieved—net cost of \$973,754 is greater than budget of \$901,410. (Achieved in 2008/09, Net cost of \$887,834 less than \$1,149,803) |
| Not less than 80% of the respondents rate the service as "fairly good or better" in the annual public satisfaction survey | Achieved. 83% satisfaction level (93% in 2008/09) |
| A reducing number of complaints received through the CSR system | Not achieved. 12.5% increase in CSRs |

| COMMUNITY SURVEY—PERFORMANCE RATING | | | | | | | | | |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Sewerage (Users) | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Very satisfied/fairly satisfied | 92% | 96% | 94% | 96% | 82% | 92% | 87% | 93% | 83% |
| Not very satisfied | 6% | 3% | 5% | 4% | 11% | 7% | 7% | 4% | 12% |
| Don't know/NA | 2% | 1% | 1% | | 7% | 1% | 6% | 3% | 5% |

WATER SERVICESStatement of Cost of Service for the year
ended 30 June 2010

| | COSTS | REVENUE | NET COST | BUDGET | ACTUAL |
|--------------------------|------------------|------------------|------------------|------------------|------------------|
| | 2009/10 | 2009/10 | 2009/10 | 2009/10 | 2008/09 |
| Water Reticulation | 924,108 | 170,328 | 753,780 | 841,351 | 722,266 |
| Water Production | 1,066,882 | 629,195 | 437,687 | 134,400 | 108,131 |
| Stormwater and Drainage | 296,140 | 2,985 | 293,155 | 269,120 | 328,308 |
| Sewerage | 1,014,844 | 41,090 | 973,754 | 901,410 | 887,834 |
| | <u>3,301,974</u> | <u>843,598</u> | <u>2,458,376</u> | <u>2,146,281</u> | <u>2,046,539</u> |
| Less internal allocation | <u>227,639</u> | <u>227,639</u> | | | |
| | 3,074,336 | 615,960 | 2,458,376 | | |
| Interest Received | | <u>492,933</u> | <u>492,933</u> | | |
| | <u>3,074,336</u> | <u>1,108,893</u> | <u>1,965,443</u> | | |

Projects

| | | | | | |
|--------------------------------------|------------------|--|------------------|------------------|----------------|
| Water Reticulation | 32,674 | | 32,674 | 185,000 | 3,482 |
| Water Production | 231,633 | | 231,633 | 214,100 | 58,251 |
| Stormwater and Drainage | 65,998 | | 65,998 | 352,900 | 685,942 |
| Stormwater & Drainage - Loan Payment | | | 0 | 4,800 | 0 |
| Water Reticulation - Loan Payment | | | 0 | | 0 |
| Sewerage | 1,065,146 | | 1,065,146 | 280,000 | 123,256 |
| Sewerage - Loan Payment | | | 0 | | 0 |
| | <u>1,395,451</u> | | <u>1,395,451</u> | <u>1,036,800</u> | <u>870,931</u> |

Activity Group Two WASTE MANAGEMENT

1. Waste Management

Activity Goal and Principal Objectives

1. To ensure that relevant legislation, regulations and bylaws are monitored and enforced such that Council meets its requirements
2. Zero waste to landfill by 2010
3. To ensure that waste is handled in appropriate and environmentally sound ways consistent with all consent requirements
4. To ensure that individuals within the community understand the options and choices they can make for the disposal of waste
5. Council and community work together to minimise waste and create a clean environment
6. Waste is recognised as a valuable resource

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A safe and secure community

A lifetime of good health and wellbeing

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

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

| Service Levels and Targets | Performance Achieved |
|---|--|
| All approved bags collected weekly, provided they are at the roadside by 7.30am on the day of collection. Target—no valid complaints received | Not achieved. several valid complaints of non-collection (Not achieved in 2008/09) |
| Changes to collection days are notified in the Wairoa Star in the week prior to the changed day | Achieved |
| All approved recyclable material deposited kerbside in approved bins is collected weekly on the designated day. Target—no valid complaints received | Achieved (Achieved in 2008/09) |
| Reduction in the total volume of waste. Target—not more than 3000 Tonnes going into the landfill in 2009/10 | Achieved. 2200 tonnes recorded (Achieved in 2008/09 with 2215 recorded) |
| Council has current consents for all required purposes and there has been full compliance with all conditions of them during the year | Achieved—operations performed under existing/current consents with one new consent granted during the period (Achieved in 2008/09) |
| Every rural school will have the opportunity to be involved in waste reduction, reuse, recycling and recovery | Achieved—educational programme available to all rural schools (Achieved in 2008/09) |
| A bi-annual newsletter for waste education to be published | Not achieved—relevant articles incorporated into Wairoa District Council news publications in Wairoa Star (Achieved in 2008/09) |
| Litter control bylaw in place | Achieved (Achieved in 2008/09) |

| Service Levels and Targets | Performance Achieved |
|--|--|
| Fencing and screen planting along Fraser St will be maintained | Achieved—fencing and screed planting maintained (Achieved in 2008/09) |
| Vegetation clearance within the landfill will be undertaken twice annually | Achieved—vegetation clearance undertaken twice during the period (Achieved in 2008/09) |
| At least the current number of bins to be maintained and emptied frequently. Target—no complaints received | Not achieved. Mahia issues with residents using litter bins for household refuse (Achieved in 2008/09) |
| No safety issues reported | Achieved. No safety issues reported (Achieved in 2008/09) |
| Budgeted net cost (including any Council approved additional expenditure) not exceeded | Achieved—net cost of \$671,940 is less than budget of \$686,700 (Achieved in 2008/09, with Net cost of \$682,218 less than budget of \$686,700). |
| Council will arrange for the removal of spilt refuse and will take action as provided for under litter control bylaws | Achieved—frequency not monitored (Achieved in 2008/09) |
| Improve the satisfaction rating each year from 2007 score of 50% up to 80% by 2012 and maintain at 80% or above thereafter | Not achieved—satisfaction level declined from 66% in 2008/09 to 64% in 2009/10 |

| COMMUNITY SURVEY—PERFORMANCE RATING | | | | | | | | | |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Waste Management | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Very satisfied/fairly satisfied | 45% | 49% | 58% | 56% | 47% | 47% | 49% | 66% | 64% |
| Not very satisfied | 46% | 42% | 34% | 36% | 43% | 49% | 48% | 31% | 30% |
| Don't know/NA | 9% | 9% | 8% | 8% | 10% | 4% | 3% | 3% | 7% |

WASTE MANAGEMENT

Statement of Cost of Service for the year ended 30 June 2010

| | COSTS | REVENUE | NET COST | BUDGET | ACTUAL |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2009/10 | 2009/10 | 2009/10 | 2009/10 | 2008/09 |
| Waste Management | <u>872,693</u> | <u>303,499</u> | <u>569,194</u> | <u>686,700</u> | <u>682,218</u> |
| | <u>872,693</u> | <u>303,499</u> | <u>569,194</u> | <u>686,700</u> | <u>682,218</u> |
| Projects | | | | | |
| Waste Management - New Cell | <u>251,820</u> | | <u>251,820</u> | <u>600,000</u> | <u>0</u> |
| | <u>251,820</u> | | <u>251,820</u> | <u>600,000</u> | <u>0</u> |

Activity Group Three TRANSPORT

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

Roads (District funded & NZ Transport Agency Subsidised)

Activity Goal and Principal Objectives

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A strong prosperous and thriving economy

A safe and integrated transport system

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

| Service Levels and Targets | Performance Achieved |
|--|--|
| All renewal and new capital work planned for the year completed to the predetermined standard during the year | Not achieved. Footpaths deferred until 2010/2011 (Achieved in 2008/09) |
| No more than 20 complaints received regarding sub-standard maintenance of footpaths or sub-standard cleaning of CBD area | Achieved. 16 complaints received |
| Walking and Cycling Strategy in place and programme for implementation included in long term planning | Achieved –Strategy in place, but progress currently on hold due to withdrawal of NZTA funding. |
| All necessary resource consents obtained and all conditions complied with | Achieved—One consent is in progress as at 30 June 2010 due to third party consent being withheld upon conditions being met. Total consents not monitored (Achieved in 2008/09) |

| Service Levels and Targets | Performance Achieved |
|---|--|
| The network will be accessible at all times other than when closed by slips or other natural events except when closed in accordance with approved notice | Achieved. No road closures other than for natural events |
| Road closures for events will be notified through Public Notices and residents of affected roads will be directly consulted | Achieved. No events this year |
| Average NAASRA counts across sealed road network to be less than 100 (i.e. a “fair” ride quality) | Achieved. Average NAASRA = 94 (Fair = 80-110) (Not achieved in 2008/09) |
| No more than 10% of the sealed road network to be assessed as “very poor” | Achieved. 5.6% of network above NAASRA 150 (Not achieved in 2008/09 with 11% assessed as very poor) |
| A reducing number of accidents in each consequence category (fatal, injury, minor) | Not achieved, but accidents not attributable to road conditions . Trend in accidents not monitored (Not achieved in 2008/09) |
| No accidents attributable to “engineering” aspects of the road network (e.g. loose chip from reseals) | Achieved |
| Budgeted net cost (including any Council approved additional expenditure) not exceeded | Achieved-NZTA and District funded roading net cost of \$2,534,080 and \$348,165 were less than respective budgets of \$4,395,028 and \$430,050 |
| Long term target is to have no less than 75% of the respondents consider the land transport service to be “fairly good, very good or better” as measured by the annual public satisfaction survey. 70% target for 2009/10 | Not achieved. 69% (81% in 2008/09) |

| COMMUNITY SURVEY—PERFORMANCE RATING | | | | | | | | | |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Roads | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Very satisfied/fairly satisfied | 66% | 67% | 66% | 67% | 58% | 73% | 68% | 81% | 69% |
| Not very satisfied | 34% | 32% | 32% | 32% | 41% | 27% | 32% | 17% | 30% |
| Don't know/NA | - | 1% | 2% | 1% | 1% | | | 2% | 1% |

Parking

Activity Goal and Principal Objectives

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A strong prosperous and thriving economy

A safe and integrated transport system

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

| Service Levels and Targets | Performance Achieved |
|---|--|
| All renewal and new capital work planned for the year completed to the predetermined standard during the year | Not achieved but all required renewal work completed—re-marking of car park not required (Achieved in 2008/09) |
| No more than 10 complaints received regarding sub-standard maintenance of car parks | Achieved—0 complaints |
| Budgeted net cost (including any Council approved additional expenditure) not exceeded | Achieved—net cost of \$40,814.48 is less than budget of \$49,060.00 (Achieved in 2008/09) |
| Long term target is to have no less than 75% of the respondents consider the land transport service to be “fairly good, very good or better” as measured by the annual public satisfaction survey. 70% target for 2009/10 | Not achieved—69% (82% in 2008/09) |

| COMMUNITY SURVEY—PERFORMANCE RATING | | | | | | | | | |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Parking | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Very satisfied/fairly satisfied | 72% | 75% | 83% | 85% | 80% | 78% | 86% | 82% | 86% |
| Not very satisfied | 25% | 23% | 16% | 14% | 20% | 22% | 13% | 17% | 14% |
| Don’t know/NA | 3% | 2% | 1% | 1% | | | 1% | 1% | |

Airport

Activity Goal and Principal Objectives

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A strong, prosperous and thriving economy.

A safe and integrated transport system

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

| Service Levels and Targets | Performance Achieved |
|---|--|
| The airport is maintained and available for use with no more than 10 closures per year | Achieved |
| No health or safety incidents recorded at airport | Not achieved (Not achieved in 2008/09) |
| All necessary resource consents obtained and all conditions complied with | Achieved none required (Achieved in 2008/09) |
| Airport remains in Council ownership to provide a "lifeline" in time of need | Achieved |
| Budgeted expenditure (including any Council approved additional expenditure) not exceeded | Achieved (Not achieved in 2008/09) |
| Not more than the number of complaints and requests for service received than the previous year | Achieved—no complaints in 2009 or 2010 (Achieved in 2008/09) |

TRANSPORTStatement of Cost of Service for the year ended 30
June 2010

| | COSTS 2009/10 | REVENUE 2009/10 | NET COST 2009/10 | BUDGET 2009/10 | ACTUAL 2008/09 |
|------------------------------|--------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|
| Airport | 49,941 | 22,396 | 27,545 | 23,700 | 52,701 |
| Roading - Transfund assisted | 11,581,607 | 9,047,527 | 2,534,080 | 4,395,028 | 5,650,163 |
| Roading - District funded | 353,890 | 5,725 | 348,165 | 430,050 | 368,581 |
| Parking | 40,814 | 0 | 40,814 | 49,060 | 40,664 |
| | <u>12,026,252</u> | <u>9,075,648</u> | <u>2,950,604</u> | <u>4,897,838</u> | <u>6,112,109</u> |
| Projects | | | | | |
| Airport | 0 | | 0 | 0 | 0 |
| Roading | 3,845,288 | | 3,845,288 | 3,428,337 | 3,006,503 |
| Roading - District funded | 64,140 | | 64,140 | 346,000 | 219,074 |
| Parking | <u>800</u> | | <u>800</u> | <u>5,000</u> | <u>0</u> |
| | <u>3,910,228</u> | | <u>3,910,228</u> | <u>3,779,337</u> | <u>3,225,577</u> |

Activity Group Four COMMUNITY FACILITIES

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

Cemeteries

Activity Goal and Principal Objectives

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A safe and secure community

A lifetime of good health and wellbeing

A community that values and promotes its culture and heritage

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

| Service Levels and Targets | Performance Achieved |
|---|--------------------------------|
| Plots available at Nuhaka, Wairoa and Ruakituri | Achieved |
| Budgeted expenditure (including any Council approved additional expenditure) not exceeded | Achieved (Achieved in 2008/09) |
| Not less than 80% of the respondents rate the service as "fairly good or better" in the annual public satisfaction survey | Achieved 80% (80% in 2008/09) |

| COMMUNITY SURVEY—PERFORMANCE RATING | | | | | | | | | |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Cemetery | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Very satisfied/fairly satisfied | 76% | 76% | 84% | 80% | 65% | 72% | 69% | 80% | 80% |
| Not very satisfied | 5% | 4% | 2% | 3% | 6% | 7% | 6% | 4% | 2% |
| Don't know/NA | 19% | 20% | 14% | 17% | 29% | 21% | 25% | 16% | 18% |

Parks & Reserves

Activity Goal and Principal Objectives

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

Safe and accessible recreational facilities

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

| Service Levels and Targets | Performance Achieved |
|---|--|
| No sales of reserves or sports grounds | Achieved—no sales during the period |
| Public toilets continue to be available in the same locations as they are now | Achieved—no closures during the period |
| No parks closures | Achieved —no closures during the period |
| Not less than 80% of the respondents rate the service to be “fairly good, very good or better” in the annual public satisfaction survey | Not achieved. 79% (Achieved in 2008/09) |
| Playground safety standards fully met for all playgrounds | Achieved— no valid complaints received—existing unmodified playgrounds not subject to changes in safety standards (not achieved in 2008/09). |
| No complaints of inadequate lighting | Achieved—no complaints during the period |
| Budgeted net cost(including any Council approved additional expenditure) not exceeded | Achieved—net cost of \$609,856 less than budget of \$699,270 (Achieved in 2008/09, Net cost of \$689,032 less than budget of \$714,470) |

| COMMUNITY SURVEY—PERFORMANCE RATING | | | | | | | | | |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Parks & Reserves (Users) | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Very satisfied/fairly satisfied | 77% | 77% | 76% | 80% | 87% | 83% | 80% | 83% | 79% |
| Not very satisfied | 17% | 15% | 21% | 17% | 11% | 13% | 15% | 12% | 12% |
| Don't know/NA | 6% | 8% | 3% | 3% | 2% | 4% | 5% | 5% | 9% |

Library

Activity Goal and Principal Objectives

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A community that values and promotes its culture and heritage

Safe and accessible recreational facilities

Supportive, caring and valued communities

A lifetime of good health and wellbeing

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

| Service Levels and Targets | Performance Achieved |
|--|--|
| A maintained or increased number of library members | Achieved (Not achieved in 2008/09) |
| A maintained or increased number of library visits | Not achieved (Achieved in 2008/09) |
| A maintained or increased number of items issued | Not achieved (Not achieved in 2008/09) |
| The library is accessible to users during displayed opening hours | The library was open during the hours displayed except for notified closures on public holidays (Achieved in 2008/09) |
| Opportunities are provided to participate in the annual Eastern & Central Region Summer Reading Programme | Winter Warmers registrants = 92 Dive Into Books Registrants = 148 Read Plus (Summer Reading Programme) registrants = 20 Achieved (Achieved in 2008/09) |
| All preventative maintenance, renewals and other programmed works are completed on time and within budget | Achieved (Achieved in 2008/09) |
| Level of customer satisfaction through survey indicates a "fairly good, very good or better" minimum 80% approval rating | Achieved 95% (Achieved 96% in 2008/09) |

| COMMUNITY SURVEY—PERFORMANCE RATING | | | | | | | | | |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Library (Users) | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Very satisfied/fairly satisfied | 93% | 96% | 94% | 96% | 94% | 91% | 96% | 96% | 95% |
| Not very satisfied | 1% | - | 2% | 2% | 3% | 6% | 2% | 2% | 2% |
| Don't know/NA | 6% | 4% | 4% | 2% | 3% | 3% | 2% | 2% | 3% |

Community Support

Activity Goal and Principal Objectives

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

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A community that values and promotes its culture and heritage

Safe and accessible recreational facilities

Supportive, caring and valued communities

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

| Service Levels and Targets | Performance Achieved |
|--|--|
| The number of customers visiting the Visitor Information Centre and level of customer satisfaction are the same or better than that of the previous year | Achieved |
| Overall user satisfaction of community halls and facilities through survey indicates a "fairly good, very good or better" approval rating of not less than 80% | Achieved 97% (Achieved 93% in 2008/09) |
| Council grants to funded organisations are paid in accordance with funding contracts/agreements | Achieved—all grants paid in accordance with contracts/agreements (Achieved in 2008/09) |
| Funding contracts/agreements are reviewed annually/triennially in accordance with existing funding contract specifications | Achieved. All agreements reviewed (Achieved in 2008/09) |
| Residents are satisfied with value for money through rates on supporting community facilities and organisations with an approval rating of not less than 80% | Not achieved 51% (Not achieved in 2008/09 with 50%) |

| COMMUNITY SURVEY—PERFORMANCE RATING | | | |
|-------------------------------------|---------|---------|---------|
| Community Facilities Support | 2007/08 | 2008/09 | 2009/10 |
| Very satisfied/fairly satisfied | 44% | 50% | 51% |
| Neither satisfied/dissatisfied | 30% | 25% | 24% |
| Dissatisfied/very dissatisfied | 20% | 16% | 20% |
| Don't know | 6% | 9% | 6% |

| COMMUNITY SURVEY—PERFORMANCE RATING | | |
|-------------------------------------|---------|---------|
| Community Facilities Satisfaction | 2008/09 | 2009/10 |
| Very satisfied/fairly satisfied | 93% | 97% |
| Neither satisfied/dissatisfied | | |
| Dissatisfied/very dissatisfied | 2% | 2% |
| Don't know | 5% | 1% |

Pensioner Housing

Activity Goal and Principal Objectives

The pensioner Housing activity goal is to:

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

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

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A safe and secure community

Supportive, caring and valued communities

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

| Service Levels and Targets | Performance Achieved |
|---|--|
| Level of occupancy of the existing units. Target—not less than 75%. Occupancy annually | Achieved, 97% occupancy (97% in 2008/09) |
| All renewal and new capital work planned for the year completed to the predetermined standards required within the year | Achieved (Achieved in 2008/09) |
| Annual inspections are conducted to identify any internal or external maintenance issues | Achieved, all units inspected to identify any internal or external maintenance issues |
| 100% compliance with relevant legislation and Council policy | Achieved, relevant legislation adhered to (Achieved in 2008/09) |
| The number of reported health or safety incidents is the same or less than the previous year | Achieved, number of reported health or safety incidents is less than the previous year |
| The cost related to this activity did not exceed the approved budget | Achieved (Not achieved in 2008/09) |
| 95% of all requests for service and complaints dealt with within the specified timeframes | Achieved (Achieved in 2008/09) |
| Less than 10 complaints from tenants per annum | Achieved (Achieved in 2008/09) |
| No Tenancy Tribunal related disputes with any of the tenants | Achieved (Achieved in 2008/09) |

COMMUNITY FACILITIESStatement of Cost of Service for the year ended 30
June 2010

| | COSTS | REVENUE | NET COST | BUDGET | ACTUAL |
|----------------------------|------------------|----------------|------------------|------------------|------------------|
| | 2009/10 | 2009/10 | 2009/10 | 2009/10 | 2008/09 |
| Parks and Reserves | 661,309 | 51,453 | 609,856 | 699,270 | 689,032 |
| Library | 315,280 | 11,444 | 303,836 | 304,340 | 317,239 |
| Visitor Information Centre | 275,953 | 144,599 | 131,354 | 74,100 | 102,652 |
| Museum | 88,653 | 0 | 88,653 | 87,000 | 86,507 |
| Community Support | 150,473 | 84,423 | 66,049 | 55,200 | 66,687 |
| Community Centre | 243,637 | 0 | 243,637 | 234,000 | 238,776 |
| Community Halls | 20,614 | 0 | 20,614 | 17,800 | 26,457 |
| Pensioner Housing | 106,096 | 83,785 | 22,311 | 7,400 | 54,399 |
| Cemeteries | 107,712 | 23,772 | 83,940 | 81,675 | 93,718 |
| | <u>1,969,727</u> | <u>399,476</u> | <u>1,570,251</u> | <u>1,560,785</u> | <u>1,675,467</u> |
| Projects | | | | | |
| Parks & Reserves | 76,577 | | 76,577 | 15,000 | 13,915 |
| Library | 49,082 | | 49,082 | 15,000 | 58,945 |
| Cemetery | 0 | | 0 | 0 | 1,522 |
| Pensioner Housing | <u>40,608</u> | | <u>40,608</u> | <u>33,000</u> | <u>9,608</u> |
| | <u>166,267</u> | | <u>166,267</u> | <u>63,000</u> | <u>83,990</u> |

Activity Group Five PLANNING & REGULATORY

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

Resource Planning

Activity Goals and Principal Objectives

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

Community Outcomes

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

A safe and secure community

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

| Service Levels and Targets | Performance Achieved |
|---|--------------------------------|
| No Council resource consent or land use consent decisions subsequently overturned by the Environment Court | Achieved (Achieved in 2008/09) |
| No instances where legal proceedings have been taken against, or have been threatened to be taken against, the Council, alleging that it has acted unlawfully or has been negligent in the exercise of its responsibilities | Achieved (Achieved in 2008/09) |
| No actual or potential claims that have had to be notified to Council's insurers | Achieved (Achieved in 2008/09) |

| Service Levels and Targets | Performance Achieved |
|---|--|
| No health or safety incidents | Achieved (Achieved in 2008/09) |
| The cost related to this activity did not exceed the approved budget | Achieved |
| 100% of applications for consent dealt with within specified timeframes | Not achieved. 33 out of 34 consents processed to decision within timeframe. 97% compliance (Not achieved in 2008/09) |

Environmental Health

Activity Goal and Principal Objectives

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

Community Outcomes

A safe and secure community

A lifetime of good health and wellbeing

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

| Service Levels and Targets | Performance Achieved |
|--|---|
| 100% of all registered premises inspected during the year | Achieved—66 premises inspected (Achieved in 2008/09) |
| No sickness outbreaks that are known to have been caused or suspected to have been caused by persons purchasing contaminated food, or by the inadequate management (or of some other failing) of the public services | Not achieved—no incident identified, but measure not actively monitored (Achieved in 2008/09) |
| 100% of all complaints about unreasonable noise are responded to in accordance with legislation, regulations and Council policy | Achieved—170 complaints resolved |
| No health or safety incidents | Achieved - no health and safety incidents within the Environmental Health department reported (Achieved in 2008/09) |
| The net cost related to this activity did not exceed the approved budget | Achieved— net cost of \$100,079 is less than budget of \$114,240 (Achieved in 2008/09) |
| Not less than 95% of all complaints dealt with within the specified timeframes | Achieved— 233 complaints in total (including noise) (Not monitored in 2008/09) |

Bylaw Compliance—Dog Control

Activity Goal and Principal Objectives

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

Community Outcomes

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

A safe and secure community

A lifetime of good health and wellbeing

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

| Service Levels and Targets | Performance Achieved |
|---|---|
| All known dogs registered by 30th June each year | Achieved. 3346 dogs registered (Achieved in 2008/09 with 3484 dogs registered) |
| Annual Report about the administration of the Council's policy and dog control practices adopted by 30th August each year | Achieved (Not achieved in 2008/09) |
| Council responds in accordance with legislation to 100% of complaints in relation to: Dogs attacking persons or animals Dogs rushing at persons, animals or vehicles Dogs causing serious injury Dogs at large and an immediate disturbance or threat to wildlife | Achieved 100% response to 7 complaints (Achieved 100% to 41 complaints 2008/09) |
| No health or safety incidents | No health or safety incidents recorded (Achieved in 2008/09) |
| The cost relates to this activity did not exceed the approved budget | Not achieved (Not achieved in 2008/09) |
| Not less than 95% of all complaints dealt with within the specified timeframe | Achieved. All complaints dealt with within specified timeframe (Not monitored in 2008/09) |
| Not less than 70% of the respondents rate the service as "fairly good, or better" in the annual public satisfaction survey | Not achieved. 56% (not achieved in 2008/09 with 62% satisfaction result) |

| COMMUNITY SURVEY—PERFORMANCE RATING | | | | | | | | | |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Dog Control | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Very satisfied/fairly satisfied | 59% | 61% | 62% | 60% | 58% | 51% | 56% | 62% | 56% |
| Not very satisfied | 38% | 35% | 30% | 34% | 38% | 44% | 36% | 33% | 42% |
| Don't know/NA | 3% | 4% | 8% | 6% | 4% | 5% | 8% | 5% | 3% |

Bylaw Compliance—Livestock Control

Activity Goal and Principal Objectives

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

Community Outcomes

A safe and secure community

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

| Service Levels and Targets | |
|---|--|
| At least 10% less complaints received about wandering stock than in the previous year | Target achieved. 60%. 82 complaints received 2009/10 (135 in 2008/09) |
| At least 10% less stock impounded than in the previous year | Target achieved. 5 impounded 2009/10 (Not achieved in 2008/09 with 17 stock impounded) |
| No complaints received about the manner in which the Council has carried out its "Livestock Control" responsibilities | No complaints received (Achieved in 2008/09) |
| The number of reported health or safety incidents are the same or less than the previous year | No health or safety issues recorded (Achieved in 2008/09) |
| The cost related to this activity did not exceed the approved budget | Achieved (Achieved in 2008/09) |
| Not more than the number of complaints received in the previous year | Achieved. 82 complaints received 2009/10 (Achieved in 2008/09 with 135 complaints) |
| Not less than 95% of all complaints dealt with within the specified timeframe | All complaints dealt with within specified timeframes |
| Not less than 70% of the respondents rate the service as "fairly good, or better" in the annual public satisfaction survey. | Achieved. 78% (79% in 2008/09) |

| COMMUNITY SURVEY—PERFORMANCE RATING | | | | |
|-------------------------------------|---------|---------|---------|---------|
| Livestock Control | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Very satisfied/fairly satisfied | 75% | 69% | 79% | 78% |
| Not very satisfied | 15% | 20% | 13% | 12% |
| Don't know/NA | 10% | 11% | 8% | 10% |

Bylaw Compliance—General

Activity Goal and Principal Objectives

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

Community Outcomes

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

A safe and secure community

A lifetime of good health and wellbeing

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

| Service Levels and Targets | |
|--|-------------------------------------|
| No occasions when Council has had to formally enforce compliance with any of its bylaws, or institute legal action under them during the year | Achieved (Achieved in 2008/09) |
| No Court decisions against the Council on the basis that any Council bylaw is, or the Council's enforcement of it has been unreasonable or ultra vires | Achieved (Achieved in 2008/09) |
| The cost related to this activity did not exceed the approved budget | Achieved (Achieved in 2008/09) |
| Not less than 95% of all complaints dealt with within the specified timeframe | Achieved (Not monitored in 2008/09) |

Building Inspection

Activity Goal and Principal Objectives

The Building Control Activity Goal is:

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

Council's objectives are to:

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A strong, prosperous and thriving economy

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

A safe and secure community

A lifetime of good health and wellbeing

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

| Service Levels and Targets | Performance Achieved |
|---|--|
| Accreditation as a Building Consent Authority obtained and no compliance issues raised by the Building Consents Authority subsequently | Achieved—Reassessed by IANZ March 2010—determined continued compliance with Regs 5-16 and Reg 17 (new) (Achieved in 2008/09) |
| No claims against the Council notified to Council's insurers during the year | Achieved—no claims notified to Wairoa District Council during the year (Achieved in 2008/09) |
| Number of consents still needing Code of Compliance Certificate. Target—10% reduction annually | Not achieved— 512 as at 30 June 2010, compared to 467 as at 30 June 2009 |
| No unfenced or non-complying swimming pools identified during the year | Not achieved - compliance enforced on non-complying pools identified (Achieved in 2008/09) |
| Council responds to 100% of all known illegal or unauthorised buildings or instances of illegal or unauthorised building work identified during the year | Achieved—those incidents are not separately recorded and have therefore not been quantified. |
| No instances where legal proceeding have been taken against, or have threatened to be taken against, the Council, alleging that it has acted unlawfully or has been negligent in the exercise of its responsibilities | Achieved-no legal proceedings (Achieved in 2008/09) |
| The agreed level of service achieved with the total cost being met from fees and charges and no rate input, except for Council's statutory administrative duties (and then for a sum that does not exceed the amount in the approved annual budget) | Not achieved—Net cost of service of \$120,381 greater than budget of \$79,760 (Not achieved in 2008/09) |
| 100% of consents processed within the prescribed times | Achieved. 205 consents. 100% processed within 20 days (Achieved in 2008/09) |

Liquor Control

Activity Goal and Principal Objectives

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

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

A safe and secure community

A lifetime of good health and wellbeing

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

| Service Levels and Targets | |
|---|--|
| 100% of all "On, Off and Club" licensed premises inspected during the year | Not achieved— operating policy is only to inspect upon renewal (Not achieved in 2008/09) |
| Council responds in accordance with legislation to 100% of all known unlicensed liquor premises or other activities in contravention of the requirements of the Sale of Liquor Act 1989 | Achieved—no known unlicensed premises (Achieved in 2008/09) |
| Council responds in accordance with legislation to 100% of all situations where licenses have had to be suspended or revoked during the year | Achieved—no known unlicensed premises (Achieved in 2008/09) |
| The net cost related to this activity did not exceed the approved budget | Achieved— net cost of \$12,137 is less than budget of \$13,140 (Not achieved in 2008/09) |
| Not less than 95% of all complaints dealt with within the specified timeframe | Achieved—no complaints (Not monitored during 2008/09) |

Emergency Management

Activity Goal and Principal Objectives

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

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

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

Community Outcomes

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

A safe and secure community

A lifetime of good health and wellbeing

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

| Service Levels and Targets | Performance Achieved |
|---|---|
| Warden groups are established in all civil defence sectors | Achieved—ten sectors in total (Not achieved in 2008/09) |
| Rural Fire Plan maintained and meets statutory and local requirements | Achieved—plan updated September 2009 (Achieved in 2008/09) |
| Response plans and SOP's are current and reflect perceived threats | Not achieved—plans scheduled to be revised (Achieved in 2008/09) |
| Non-declared and declared events are responded to and recovered from efficiently and effectively in accordance with Hawkes Bay Civil Defence Emergency Management plans | Achieved—one declared event on 28 February 2010 (Achieved in 2008/09) |
| All preventative maintenance, renewals and other programmed works are completed on time and within budget | Achieved— net cost of \$269,392 is less than budget of \$319,510 (Achieved in 2008/09) |
| 90% of rural fire costs recovered | Achieved—\$49,748 recovered from total recognised costs of \$54,395, representing 91% (Achieved in 2008/09) |
| 100% of claims on the National Rural Fire-Fighting Fund are successful | Achieved—all claims successful, but not all costs are reimbursed by the National Rural Fire fighting fund (refer above) (Achieved in 2008/09) |
| A Duty Officer is on call 24/7 for 365 days of the year | Achieved (Achieved in 2008/09) |

PLANNING & REGULATORYStatement of Cost of Service for the year ended 30
June 2010

| | COSTS 2009/10 | REVENUE 2009/10 | NET COST 2009/10 | BUDGET 2009/10 | ACTUAL 2008/09 |
|-------------------------------|--------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|
| Resource Planning | 113,685 | 36,694 | 76,991 | 298,190 | 30,123 |
| Environmental Health | 113,614 | 13,535 | 100,079 | 114,240 | 99,983 |
| Dog and Livestock Control | 274,945 | 161,305 | 113,640 | 108,430 | 25,792 |
| Livestock Control | 0 | 0 | 0 | 0 | 82,768 |
| Building Inspection | 303,916 | 183,535 | 120,381 | 79,760 | 136,203 |
| Liquor Licensing | 28,202 | 16,065 | 12,137 | 13,140 | 15,352 |
| Bylaw Enforcement | 0 | 0 | 0 | 0 | 482 |
| Safer Communities | 184,573 | 153,375 | 31,198 | 0 | 54,313 |
| Emergency Management | 323,771 | 54,379 | 269,392 | 319,510 | 235,039 |
| | <u>1,342,706</u> | <u>618,888</u> | <u>723,818</u> | <u>933,270</u> | <u>680,055</u> |
| Projects | | | | | |
| Emergency Management | 18,012 | | 18,012 | 15,000 | 0 |
| Regulatory - Vehicle Purchase | <u>0</u> | | <u>0</u> | <u>25,000</u> | <u>86,149</u> |
| | <u>18,012</u> | | <u>18,012</u> | <u>40,000</u> | <u>86,149</u> |

Activity Group Six LEADERSHIP & GOVERNANCE

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

Community Representation

Activity Goal and Principal Objectives

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A strong, prosperous and thriving economy

A safe and integrated transport system

A community that values and promotes its culture and heritage

Safe and accessible recreational facilities

Supportive, caring and valued communities

Strong district leadership and a sense of belonging

A safe and secure community

A lifetime of good health and wellbeing

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

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

| Service Levels and Targets | Performance Achieved |
|--|--|
| Business conducted in confidence is kept to a minimum, and where decisions are deemed to not be of a sensitive nature, confidential items are released as public information | Confidential items kept to a minimum |
| Council's Code of Conduct, Policies and other such documentation are available to the public on request and/or from Council's website | All policies provided/available on request (Achieved in 2008/09) |
| Council's activities meet legislative requirements | All activities performed in accordance with legislative requirements (Achieved in 2008/09) |
| The roles of Councillors, the Chief Executive Officer and all other officers of Council are clearly defined | All roles clearly defined (Achieved in 2008/09) |
| Lines of accountability and delegation are defined | Lines of accountability and delegation are clearly defined |
| No complaints are upheld against Council for not publicly consulting via the special consultative procedure when it was legally required to do so | No complaints upheld (Achieved in 2008/09) |

| Service Levels and Targets | Performance Achieved |
|---|---|
| Opportunities are provided for community groups, ratepayers, tangata whenua and stakeholders to fully participate in consultation and the development and fostering of community outcomes | Opportunities provided for all stakeholders to engage in consultation (Achieved in 2008/09) |
| The net costs related to this activity did not exceed the approved budget | Achieved— net costs of \$1,035,290 is less than budget of \$1,171,000 (Achieved in 2008/09) |
| Mayor and Councillors “not very good or poor” rating in annual survey is less than 10% | Achieved, “not very good” 5%, “poor” 4% |
| Council staff “not very good or poor” rating in annual survey is less than 10% | Achieved, “not very good” 4%, “poor” 2% |
| | |

| COMMUNITY SURVEY—PERFORMANCE RATING | | | | | | | | | |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Mayor & Councillors | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Very good/fairly good | 61% | 59% | 69% | 67% | 46% | 57% | 54% | 59% | 61% |
| Just acceptable | 22% | 29% | 21% | 18% | 34% | 30% | 31% | 30% | 28% |
| Not very good/poor | 9% | 8% | 6% | 11% | 15% | 10% | 9% | 8% | 9% |
| Don't know | 8% | 4% | 4% | 4% | 5% | 3% | 6% | 3% | 2% |

Maori Liaison

Activity Goal and Principal Objectives

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

The principle objectives of Maori Liaison are to ensure:

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A community that values and promotes its culture and heritage

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

| Service Levels and Targets | Performance Achieved |
|--|--|
| The required number of nominated representatives are received within established timeframes and appointments made to Council's Maori Committee | Achieved (Not achieved in 2008/09) |
| No less than bi-monthly meetings of the Maori Committee are scheduled, advertised and conducted on the advertised day | Achieved, meetings held monthly (Not achieved in 2008/09) |
| Maori Committee meetings, public meetings and special consultative meetings provide opportunities for Maori to contribute to the decision making process | Achieved. Opportunities provided for Maori to contribute to decision making process as required by the Local Government Act 2002 (Achieved in 2008/09) |
| Consultation meetings and hui relating to Iwi, Hapu Marae and the wider community are scheduled as required | Achieved (Achieved in 2008/09) |
| Agreed levels of service are achieved within budget | Achieved (Achieved in 2008/09) |
| Council offices are open during the hours displayed | Achieved, Council offices were open during the hours displayed (Achieved in 2008/09) |
| All complaints are responded to within established timelines | All complaints responded to within established timeframes (Achieved in 2008/09) |

Economic Development

Activity Goal and Principal Objectives

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

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

A strong, prosperous and thriving economy

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

| Service Levels and Targets | Performance Achieved |
|---|---|
| The number of new businesses that have been established in the District during the year | Four |
| The increased number of visitors to the Visitor Information Centre. Target—not less than 5% more p.a. | Achieved (Achieved in 2008/09) |
| An annual reduction in, or at least no increase in, the number of unemployed compared with the end of the previous year | Not achieved (Achieved in 2008/09) |
| The cost related to this activity did not exceed the proposed budget | Achieved (Achieved in 2008/09) |
| The Council is satisfied that it (or the relevant community group) has received during the year all of the financial assistance to which it (or they) were entitled, in order to assist the economic development of the district and the region | Council believes that all financial assistance entitlements were received (Achieved in 2008/09) |
| All complaints dealt with within the prescribed timeframes | No complaints received (Achieved in 2008/09) |

LEADERSHIP & GOVERNANCEStatement of Cost of Service for the year ended 30
June 2010

30 June 201

| | COSTS 2009/10 | REVENUE 2009/10 | NET COST 2009/10 | BUDGET 2009/10 | ACTUAL 2008/09 |
|--------------------------|--------------------------------|----------------------------------|-----------------------------------|---------------------------------|---------------------------------|
| Community Representation | 1,037,168 | 1,878 | 1,035,290 | 1,171,000 | 1,031,788 |
| Maori Liaison | 106,664 | 1,778 | 104,886 | 120,300 | 80,141 |
| Economic Development | 51,300 | 2,000 | 49,300 | 87,450 | 117,562 |
| | <u>1,195,132</u> | <u>5,656</u> | <u>1,189,476</u> | <u>1,378,750</u> | <u>1,229,491</u> |

Activity Group Seven CORPORATE FUNCTIONS

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

Corporate Functions

Activity Goal and Principal Objectives

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

All Outcomes

SUPPORT SERVICESStatement of Cost of Service for the year
ended 30 June 2010

| | COSTS 2009/10 | REVENUE 2009/10 | NET COST 2009/10 | BUDGET 2009/10 | ACTUAL 2008/09 |
|--------------------------|--------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|
| Management | 225,396 | 2,000 | 223,396 | 207,860 | 195,093 |
| Administration | 703,993 | 22,630 | 681,363 | 747,600 | 676,679 |
| Finance | 843,754 | 86,293 | 757,461 | 880,200 | 745,053 |
| Information Services | 490,744 | 529 | 490,215 | 517,352 | 451,198 |
| Engineering Services | 632,783 | 9,460 | 623,323 | 594,800 | 529,197 |
| Regulatory Management | 0 | 0 | 0 | 0 | 5,500 |
| Less Overhead Allocation | | | -2,720,026 | | -2,597,220 |
| | <u>2,896,670</u> | <u>120,912</u> | <u>55,732</u> | <u>2,947,812</u> | <u>5,500</u> |
| Projects | | | | | |
| Information Services | 38,423 | | 38,423 | 59,000 | 87,129 |
| Vehicles | 0 | | 0 | 55,000 | 25,374 |
| Asset Replacements | 0 | | 0 | 0 | 41,875 |
| | <u>38,423</u> | | <u>38,423</u> | <u>114,000</u> | <u>154,378</u> |

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

Property Management

Activity Goal and Principal Objectives

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

1. All outcomes

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

| Service Levels and Targets | Performance Achieved |
|--|------------------------------------|
| Report to Council on any new sales or purchases | Achieved (Achieved in 2008/09) |
| All maintenance and renewal work completed within budget and to agreed standard | Achieved (Not achieved in 2008/09) |
| Compliance with all health and safety standards | Achieved |
| The level of service was achieved for not more than the approved budget for the year | Achieved (Not achieved in 2008/09) |
| Not more than the number of requests for service than in the previous year | Achieved |

Corporate and Funds Management

Activity Goal and Principal Objectives

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

Community Outcomes

The community outcomes to which this activity primarily contributes are:

1. All outcomes

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

| Service Levels and Targets | Performance Achieved |
|--|--|
| Quarterly reports on investments provided to Council | Not achieved—one quarterly report missed (Achieved in 2008/09) |
| Regular reporting to Council on key investment targets | Not achieved—one quarterly report missed (Achieved in 2008/09) |
| Interest income meets or exceeds budgeted level | Achieved (Not achieved in 2008/09) |
| The level of service was achieved for not more than the approved budget for the year | Achieved (Not achieved in 2008/09) |

INVESTMENTS & CORPORATEStatement of Cost of Service for the year
ended 30 June 2010

| | COSTS | REVENUE | NET COST | BUDGET | ACTUAL |
|--|----------------|------------------|-------------------|-------------------|-------------------|
| | 2009/10 | 2009/10 | 2009/10 | 2009/10 | 2008/09 |
| Commercial Properties | 9,161 | 25,291 | -16,130 | 37,370 | -9,594 |
| Sundry Property | 166,976 | 129,208 | 37,768 | | 62,104 |
| Funds Management | 19,852 | 1,607,934 | -1,588,082 | -992,335 | -1,278,891 |
| Dividends | 0 | 141,747 | -141,747 | -125,000 | -83,196 |
| Corporate | <u>34,024</u> | <u>67,651</u> | <u>-33,627</u> | <u>-70,800</u> | <u>131,702</u> |
| | 230,013 | 1,971,831 | -1,741,818 | -1,150,765 | -1,177,875 |
| Less Internal Reallocation | 113,868 | 113,868 | | | |
| Less Interest Received allocated to Water Ser- | | <u>492,933</u> | <u>492,933</u> | | |
| | <u>116,145</u> | <u>1,365,030</u> | <u>-1,248,885</u> | <u>-1,150,765</u> | <u>-1,177,875</u> |
| | | | | | |
| Projects | | | | | |
| Corporate Property | 0 | | 0 | 0 | 0 |
| Sundry Property | 22,056 | | <u>22,056</u> | <u>26,000</u> | <u>0</u> |
| | | | <u>22,056</u> | <u>26,000</u> | <u>0</u> |

Activity Group Eight TRADING ACTIVITIES

1. Council Controlled Organisations

Council Controlled Organisations

Principal Objectives

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

| Service Levels and Targets | |
|--|--|
| To achieve target net profit, as per Statement of Intent | Achieved (Not achieved in 2008/09) |
| To provide a dividend of 50% of tax paid profit | Not Achieved (Not achieved in 2008/09) |
| Maintain a return on equity as per Statement of Intent | Achieved (Not achieved in 2008/09) |
| Maintain a current ratio > 1 (current assets/current liabilities) | Achieved (Achieved in 2008/09) |
| Cost of debt servicing to be less than 20% of revenue (interest/total sales) | Achieved (Achieved in 2008/09) |
| Maintain a 45% equity ratio (equity/total assets) | Achieved (Achieved in 2008/09) |

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

| | | COUNCIL 2010 | COUNCIL 2010 | COUNCIL 2009 | GROUP 2010 | GROUP 2009 |
|--|-------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Notes | ACTUAL | ANNUAL | ACTUAL | ACTUAL | ACTUAL |
| REVENUES | | | | | | |
| Rates | 1 | 8,744,342 | 8,698,938 | 8,571,312 | 8,744,342 | 8,571,312 |
| Subsidies | 32 | 9,285,325 | 6,508,214 | 7,373,468 | 9,285,325 | 7,373,468 |
| Petrol Tax | | 67,206 | 70,000 | 66,762 | 67,206 | 66,762 |
| Construction Revenue | | 0 | 0 | 0 | 5,638,089 | 7,299,414 |
| Fees and Charges | | 1,733,801 | 1,760,795 | 1,810,843 | 1,592,875 | 1,708,824 |
| Investment Income | 3 | 1,790,313 | 1,153,835 | 1,697,224 | 1,662,043 | 1,619,210 |
| Miscellaneous Income | | 444 | | 728 | 1,937 | 728 |
| | | <u>21,621,431</u> | <u>18,191,782</u> | <u>19,520,337</u> | <u>26,991,817</u> | <u>26,639,718</u> |
| | | <u>21,621,431</u> | <u>18,191,782</u> | <u>19,520,337</u> | <u>26,991,817</u> | <u>26,639,718</u> |
| EXPENDITURE | | | | | | |
| Water Services | | 3,074,336 | 2,821,111 | 2,772,253 | 3,074,336 | 2,772,253 |
| Waste Management | | 872,693 | 1,005,700 | 971,658 | 872,693 | 971,658 |
| Transport | | 12,026,252 | 8,811,250 | 10,359,209 | 12,026,252 | 10,359,209 |
| Community Facilities | | 1,969,727 | 1,851,710 | 1,973,906 | 1,969,727 | 1,973,906 |
| Planning & Regulatory | | 1,342,706 | 1,377,610 | 1,271,649 | 1,342,706 | 1,271,649 |
| Leadership & Governance | | 1,195,132 | 1,378,750 | 1,255,012 | 1,195,132 | 1,255,012 |
| Investments | | 82,121 | 73,070 | 387,647 | 82,121 | 387,647 |
| Corporate | | 89,760 | 53,500 | 204,692 | 89,759 | 204,692 |
| Expenditure - QRS | | 0 | 0 | 0 | 4,812,680 | 7,040,425 |
| | | <u>20,652,727</u> | <u>17,372,701</u> | <u>19,196,026</u> | <u>25,465,406</u> | <u>26,236,451</u> |
| Surplus(Deficit) before Capital gain | | 968,704 | 819,081 | 324,311 | 1,526,411 | 403,267 |
| Capital gain/(loss) on sale of Assets | | 0 | 0 | 14,391 | 20,264 | 14,391 |
| Plus increase/(decrease) in biological | | -53,001 | 0 | -4,396 | -53,001 | -4,396 |
| Operating Surplus(Deficit) before taxation | | <u>915,703</u> | <u>819,081</u> | <u>334,306</u> | <u>1,493,674</u> | <u>413,262</u> |
| Taxation | 9 | 0 | 0 | 0 | -272,605 | -86,768 |
| Net Surplus/(Deficit) after taxation | | <u>915,703</u> | <u>819,081</u> | <u>334,306</u> | <u>1,221,069</u> | <u>326,494</u> |
| OTHER COMPREHENSIVE INCOME | | 0 | 0 | 0 | 0 | 362,208 |
| TOTAL COMPREHENSIVE INCOME | | <u>915,703</u> | <u>819,081</u> | <u>334,306</u> | <u>1,221,069</u> | <u>688,702</u> |

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June
2010

| | Notes | COUNCIL 2010 ACTUAL | COUNCIL 2010 ANNUAL PLAN | COUNCIL 2009 ACTUAL | GROUP 2010 ACTUAL | GROUP 2009 ACTUAL |
|----------------------------------|-------|---------------------------|-----------------------------------|---------------------------|-------------------------|-------------------------|
| Equity at 1 July 2009 | | 187,824,010 | 184,764,316 | 187,489,704 | 191,237,707 | 190,549,005 |
| Net Surplus/(Deficit) for period | | 915,703 | 819,081 | 334,306 | 1,221,069 | 326,494 |
| Other Comprehensive Income | | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>362,208</u> |
| Total Comprehensive Income | | <u>915,703</u> | <u>819,081</u> | <u>334,306</u> | <u>1,221,069</u> | <u>688,702</u> |
| Equity at 30 June 2010 | 18 | <u>188,739,713</u> | <u>185,583,397</u> | <u>187,824,010</u> | <u>192,458,776</u> | <u>191,237,707</u> |

STATEMENT OF FINANCIAL POSITION

For the year ended 30
June 2010

| | Notes | COUNCIL 2010 ACTUAL | COUNCIL 2010 ANNUAL PLAN | COUNCIL 2009 ACTUAL | GROUP 2010 ACTUAL | GROUP 2009 ACTUAL |
|-------------------------------------|-------|---------------------------|-----------------------------------|---------------------------|-------------------------|-------------------------|
| CURRENT ASSETS | | | | | | |
| Cash and Cash Equivalents | 7 | 5,511,121 | 2,729,081 | 6,470,220 | 6,517,275 | 7,763,452 |
| Inventories | 5 | 44,590 | 38,000 | 56,055 | 994,680 | 976,711 |
| Trade & other receivables | 4 | 4,314,912 | 3,300,000 | 2,847,214 | 5,353,515 | 4,286,831 |
| Financial assets at fair value | 6 | <u>14,113,538</u> | <u>12,065,766</u> | <u>12,720,367</u> | <u>14,113,538</u> | <u>12,720,367</u> |
| Total Current Assets | | <u>23,984,161</u> | <u>18,132,847</u> | <u>22,093,856</u> | <u>26,979,008</u> | <u>25,747,361</u> |
| LESS CURRENT LIABILITIES | | | | | | |
| Trade & other payables | 8 | 5,217,735 | 4,293,539 | 3,217,800 | 4,987,174 | 4,080,694 |
| Borrowings - Current Portion | 10 | 0 | 0 | 0 | 531,367 | 555,456 |
| Taxation | | <u>0</u> | <u>0</u> | <u>0</u> | <u>174,824</u> | <u>106,009</u> |
| Total Current Liabilities | | <u>5,217,735</u> | <u>4,293,539</u> | <u>3,217,800</u> | <u>5,693,365</u> | <u>4,742,159</u> |
| Working Capital | | 18,766,426 | 13,839,308 | 18,876,056 | 21,285,643 | 21,005,202 |
| NON CURRENT ASSETS | | | | | | |
| Property, Plant & Equipment | 12 | 169,180,878 | 172,726,153 | 168,170,131 | 172,820,858 | 171,999,002 |
| Loans & other receivables | 13 | 8,267 | 25,040 | 16,864 | 8,267 | 16,864 |
| Investments in Subsidiary | 14 | 1,250,000 | 1,250,000 | 1,250,000 | 0 | 0 |
| Investment Property | 15 | 277,000 | 0 | 277,000 | 277,000 | 277,000 |
| Biological asset - Forestry | 17 | 64,946 | 130,000 | 117,947 | 64,946 | 117,947 |
| Available for sale financial assets | 16 | 22,992 | 52,000 | 22,992 | 22,992 | 22,992 |
| Intangible Assets | 11 | 26,592 | 22,992 | 39,610 | 263,029 | 223,028 |
| Deferred Taxation | 9 | <u>0</u> | <u>0</u> | <u>0</u> | <u>305,548</u> | <u>256,688</u> |
| | | 170,830,675 | 174,206,185 | 169,894,544 | 173,762,640 | 172,913,521 |
| NON CURRENT LIABILITIES | | | | | | |
| Employee Entitlements | 20 | 258,368 | 334,196 | 244,824 | 362,010 | 350,659 |
| Landfill Aftercare | 28 | 599,020 | 700,000 | 701,766 | 599,020 | 701,766 |
| Quarry Aftercare | 29 | 0 | 0 | 0 | 118,939 | 113,016 |
| Borrowings | 10 | <u>0</u> | <u>1,427,900</u> | <u>0</u> | <u>1,509,538</u> | <u>1,515,575</u> |
| | | 857,388 | 2,462,096 | 946,590 | 2,589,507 | 2,681,016 |
| Net Assets | | <u>188,739,713</u> | <u>185,583,397</u> | <u>187,824,010</u> | <u>192,458,776</u> | <u>191,237,707</u> |
| Represented by | | | | | | |
| Equity | 18 | <u>188,739,713</u> | <u>185,583,397</u> | <u>187,824,010</u> | <u>192,458,776</u> | <u>191,237,707</u> |

STATEMENT OF CASH FLOWS

For the year ended 30 June 2010

| | Notes | COUNCIL 2010 ACTUAL | COUNCIL 2010 ANNUAL | COUNCIL 2009 ACTUAL | GROUP 2010 ACTUAL | GROUP 2009 ACTUAL |
|--|-------|---------------------------|---------------------------|---------------------------|-------------------------|-------------------------|
| OPERATING ACTIVITIES | | | | | | |
| Cash was provided from | | | | | | |
| Rates received | | 8,788,070 | 8,698,938 | 8,723,000 | 8,788,070 | 8,723,000 |
| Revenue from services provided and subsidies | | 9,289,871 | 8,375,509 | 9,647,726 | 15,045,683 | 18,272,287 |
| Dividends received | | 141,747 | 125,000 | 83,196 | 1,747 | 3,196 |
| Interest received | | 1,414,673 | 992,335 | 1,752,735 | 1,426,403 | 1,754,721 |
| | | <u>19,634,361</u> | <u>18,191,782</u> | <u>20,206,657</u> | <u>25,261,903</u> | <u>28,753,204</u> |
| Cash was applied to | | | | | | |
| Payments to Suppliers & Employees | | 13,641,129 | 13,666,841 | 14,210,247 | 18,595,892 | 20,321,897 |
| Taxation | | 0 | 0 | 0 | 203,790 | 52,637 |
| Interest Paid | | 0 | 92,814 | 3,259 | 123,512 | 211,875 |
| | | <u>13,641,129</u> | <u>13,759,654</u> | <u>14,213,506</u> | <u>18,923,194</u> | <u>20,586,409</u> |
| Net Cash Flow from Operations | 19 | <u>5,993,232</u> | <u>4,432,128</u> | <u>5,993,151</u> | <u>6,338,709</u> | <u>8,166,795</u> |
| INVESTING ACTIVITIES | | | | | | |
| Cash was provided from | | | | | | |
| Decrease in Loans & Other Receiv- | | 0 | 130,463 | 75,819 | 0 | 75,819 |
| Sale of Property, Plant & Equipment | | 35,102 | 35,000 | 41,004 | 78,657 | 130,238 |
| Sale of Financial Assets | | 3,756,193 | 481,048 | 4,662,482 | 3,756,193 | 4,662,482 |
| | | <u>3,791,295</u> | <u>646,511</u> | <u>4,779,305</u> | <u>3,834,850</u> | <u>4,868,539</u> |
| Cash was applied to | | | | | | |
| Increase in loans & advances | | 0 | 0 | 0 | 0 | 0 |
| Purchase of Intangibles | | 12,531 | 0 | 13,643 | 69,876 | 193,627 |
| Purchase of Financial Assets | | 4,927,000 | 150,000 | 5,712,909 | 4,927,000 | 5,712,909 |
| Purchase of Property, Plant & Equip- | | 5,804,095 | 5,655,837 | 4,411,446 | 6,392,734 | 4,886,439 |
| | | <u>10,743,626</u> | <u>5,805,837</u> | <u>10,137,998</u> | <u>11,389,610</u> | <u>10,792,975</u> |
| Net Cash Flows from Investing Activi- | | <u>-6,952,331</u> | <u>-5,159,326</u> | <u>-5,358,693</u> | <u>-7,554,760</u> | <u>-5,924,436</u> |
| FINANCING ACTIVITIES | | | | | | |
| Cash was provided from | | | | | | |
| Loans Raised | | 0 | 902,900 | 0 | 528,750 | 37,575 |
| | | <u>0</u> | <u>902,900</u> | <u>0</u> | <u>528,750</u> | <u>37,575</u> |
| Cash was applied to | | | | | | |
| Borrowings Repaid | | 0 | 0 | 230,000 | 558,876 | 525,380 |
| | | <u>0</u> | <u>0</u> | <u>230,000</u> | <u>558,876</u> | <u>525,380</u> |
| Net Cash Flows from Financing Ac- | | <u>0</u> | <u>902,900</u> | <u>-230,000</u> | <u>-30,126</u> | <u>-487,805</u> |

STATEMENT OF CASH FLOWS

For the year ended 30 June 2010

| | Notes | COUNCIL 2010 ACTUAL | COUNCIL 2010 ANNUAL PLAN | COUNCIL 2009 ACTUAL | GROUP 2010 ACTUAL | GROUP 2009 ACTUAL |
|--|-------|---------------------------|--------------------------------|---------------------------|-------------------------|-------------------------|
| Net Increase/(Decrease) | | <u>-959,099</u> | <u>175,702</u> | <u>404,458</u> | <u>-1,246,176</u> | <u>1,754,554</u> |
| Plus opening cash & cash equivalents | | 6,470,220 | 2,553,380 | 6,065,762 | 7,763,452 | 6,008,898 |
| Cash & cash equivalents at end of year | | <u>5,511,121</u> | <u>2,729,082</u> | <u>6,470,220</u> | <u>6,517,276</u> | <u>7,763,452</u> |
| Made up of: | | | | | | |
| Cash | | 412,962 | 20,000 | 22,925 | 1,419,116 | 1,316,157 |
| Short Term Deposits | | 5,098,159 | 2,709,082 | 6,447,295 | 5,098,159 | 6,447,295 |
| | | <u>5,511,121</u> | <u>2,729,082</u> | <u>6,470,220</u> | <u>6,517,275</u> | <u>7,763,452</u> |

The accompanying notes form part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

Note 1 STATEMENT OF RATES

| | 2010 | 2009 |
|---|-------------------------|-------------------------|
| (a) Rate Debtors | | |
| Balance of Rate Debtors at start of year | 1,916,522 | 1,666,096 |
| Add rates levied (current rates) | 10,207,760 | 9,818,633 |
| Penalties charged | 156,954 | 136,501 |
| Legal Costs | <u>49,868</u> | <u>16,985</u> |
| Total for collection | 12,331,104 | 11,638,215 |
| Less rates collected | 9,849,026 | 9,552,963 |
| Adjustments/write offs/discounts | 267,314 | 188,710 |
| Plus increase/(decrease) in rates paid in advance | <u>-82,602</u> | <u>19,980</u> |
| | <u>2,132,162</u> | <u>1,916,522</u> |
| (b) Rates revenue | | |
| Rates levied (incl GST) | | |
| General Rates | 2,382,278 | 2,208,491 |
| Water | 719,801 | 649,976 |
| Sewerage | 743,128 | 1,020,637 |
| Waste Management | 752,484 | 791,614 |
| Stormwater/Drainage | 275,824 | 221,712 |
| Services | 518,599 | 470,933 |
| Roading | 3,988,223 | 3,684,207 |
| Recreation | 827,423 | 771,064 |
| Penalties charged | <u>156,955</u> | <u>136,501</u> |
| | 10,364,715 | 9,955,135 |
| Less adjustments/write offs/discounts | <u>235,156</u> | <u>188,710</u> |
| | 10,129,559 | 9,766,425 |
| Less GST | <u>1,125,849</u> | <u>1,069,992</u> |
| | 9,003,710 | 8,696,433 |
| Less increases (decreases) in doubtful debts | -259,368 | -125,121 |
| Less Internal charges | <u>0</u> | <u>0</u> |
| Rating revenue per Income Statement | <u>8,744,342</u> | <u>8,571,312</u> |

| | | 2010 | 2009 | 2010 | 2009 |
|---------------|--|-----------------------|---------------------|-----------------------|---------------------|
| Note 2 | Other Income | Council | Council | Group | Group |
| | Gain / (loss) on change in fair value of forestry assets | -53,001 | -4,396 | -53,001 | -4,396 |
| | Net gain/ (loss) on disposal of property, plant and equipment | 0 | 14,391 | 20,264 | 14,391 |
| | Net gain/ (loss) on changes in fair value of investment property | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| | | <u>-53,001</u> | <u>9,995</u> | <u>-32,737</u> | <u>9,995</u> |

| | | 2010 | 2009 | 2010 | 2009 |
|---------------|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Note 3 | Investment Income | Council | Council | Group | Group |
| | Interest on Financial assets at fair value through Profit & Loss | 1,414,673 | 1,580,006 | 1,426,403 | 1,583,202 |
| | Gain in market value of Bond portfolio | 167,752 | 0 | 167,752 | 0 |
| | Dividends | 141,747 | 83,196 | 1,747 | 1,986 |
| | Rental income from investment properties | 25,291 | 11,275 | 25,291 | 11,275 |
| | Rental Income on other investments | 15,340 | 22,747 | 15,340 | 22,747 |
| | Other Income | <u>25,510</u> | <u>0</u> | <u>25,510</u> | <u></u> |
| | | <u>1,790,313</u> | <u>1,697,224</u> | <u>1,662,043</u> | <u>1,619,210</u> |

Note 4 Trade and other Receivables

| | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| Rates debtors | 2,132,162 | 1,916,522 | 2,132,162 | 1,916,522 |
| Trade receivables | 3,245,457 | 1,630,130 | 4,282,984 | 2,730,631 |
| GST receivable | 248,096 | 285,034 | 248,096 | 285,034 |
| Other debtors | 0 | 17,993 | 44,821 | 397,089 |
| Less provision for impairment of receivables | <u>-1,310,802</u> | <u>-1,002,465</u> | <u>-1,354,547</u> | <u>-1,042,445</u> |
| | <u>4,314,912</u> | <u>2,847,214</u> | <u>5,353,515</u> | <u>4,286,831</u> |

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

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

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

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

| | 2010 | 2009 | 2010 | 2009 |
|---------------------|------------------|------------------|------------------|------------------|
| | Council | Council | Group | Group |
| Not past due | 680,914 | 635,190 | 680,914 | 635,190 |
| 1 to 2 years | 762,562 | 681,189 | 762,562 | 681,189 |
| 2 to 5 years | 590,530 | 488,750 | 590,530 | 488,750 |
| over 5 years | <u>98,156</u> | <u>111,393</u> | <u>98,156</u> | <u>111,393</u> |
| Total Rates Debtors | <u>2,132,162</u> | <u>1,916,522</u> | <u>2,132,162</u> | <u>1,916,522</u> |

| | 2010 Council and Group | | |
|--------------|-------------------------------|-------------------|----------------|
| | Gross | Impairment | Net |
| Not past due | 680,914 | 97,343 | 583,571 |
| 1 to 2 years | 762,562 | 492,134 | 270,428 |
| 2 to 5 years | 590,530 | 557,129 | 33,401 |
| over 5 years | <u>98,156</u> | <u>98,156</u> | <u>0</u> |
| | <u>2,132,162</u> | <u>1,244,762</u> | <u>887,400</u> |

NOTES TO THE FINANCIAL STATEMENTS

| | 2009 Council | | |
|--------------|---------------------|-------------------|----------------|
| | Gross | Impairment | Net |
| Not past due | 635,190 | 162,060 | 473,130 |
| 1 to 2 years | 681,189 | 364,627 | 316,562 |
| 2 to 5 years | 488,750 | 359,817 | 128,933 |
| over 5 years | 111,393 | 98,890 | 12,503 |
| | <u>1,916,522</u> | <u>985,394</u> | <u>931,128</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 judgment, then WDC can apply to the Registrar of the High Court to have judgement enforced by sale or lease of the rating unit for land that is not Maori freehold land.

NOTES TO THE FINANCIAL STATEMENTS

WDC provides for impairment on trade receivables and other debtors. The impairment provision has been calculated

based upon expected losses for WDC's pool of debtors. Expected losses have been determined based upon an analysis of WDC's losses in previous periods, and review of specific debtors as detailed below:

-

| | 2010 Council | | |
|----------------------|---------------------|-------------------|------------------|
| | Gross | Impairment | Net |
| Not past due | 3,131,693 | 0 | 3,131,693 |
| Past due 30 -60 days | 34,272 | 0 | 34,272 |
| Past due 60-90 days | 3,409 | 0 | 3,409 |
| Past due > 90 days | 76,084 | 66,040 | 10,044 |
| | <u>3,245,458</u> | <u>66,040</u> | <u>3,179,418</u> |

| | 2010 Group | | |
|----------------------|-------------------|-------------------|------------------|
| | Gross | Impairment | Net |
| Not past due | 4,214,041 | 0 | 4,214,041 |
| Past due 30 -60 days | 34,272 | 0 | 34,272 |
| Past due 60-90 days | 3,409 | 0 | 3,409 |
| Past due > 90 days | 76,084 | 109,785 | -33,701 |
| | <u>4,327,806</u> | <u>109,785</u> | <u>4,218,021</u> |

| | 2010 Sum- | | |
|---------|------------------|-------------------|------------|
| | Gross | Impairment | Net |
| Council | 5,625,716 | 1,310,802 | 4,314,913 |
| Group | 6,708,062 | 1,354,547 | 5,353,515 |

NOTES TO THE FINANCIAL STATEMENTS

| | 2009 Council | | |
|----------------------|---------------------|-------------------|------------------|
| | Gross | Impairment | Net |
| Not past due | 1,785,374 | 0 | 1,785,374 |
| Past due 30 -60 days | 35,432 | 0 | 35,432 |
| Past due 60-90 days | 41,025 | 120 | 40,905 |
| Past due > 90 days | 71,326 | 16,951 | 54,375 |
| | <u>1,933,157</u> | <u>17,071</u> | <u>1,916,086</u> |

| | 2009 Group | | |
|----------------------|-------------------|-------------------|------------------|
| | Gross | Impairment | Net |
| Not past due | 2,804,594 | 0 | 2,804,594 |
| Past due 30 -60 days | 316,139 | 0 | 316,139 |
| Past due 60-90 days | 43,236 | 120 | 43,116 |
| Past due > 90 days | 248,785 | 56,931 | 191,854 |
| | <u>3,412,754</u> | <u>57,051</u> | <u>3,355,703</u> |

| | 2009 Summary | | |
|---------|---------------------|-------------------|------------|
| | Gross | Impairment | Net |
| Council | 3,849,679 | 1,002,465 | 2,847,214 |
| Group | 5,329,276 | 1,042,445 | 4,286,831 |

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:-

| | 2010 | 2009 | 2010 | 2009 |
|--|------------------|------------------|------------------|------------------|
| | Council | Council | Group | Group |
| At 1 July | 1,002,465 | 872,434 | 1,042,445 | 909,823 |
| Additional provisions made during the year | 308,337 | 228,769 | 312,102 | 231,360 |
| Receivables written off during period | 0 | -98,738 | 0 | -98,738 |
| At 30 June | <u>1,310,802</u> | <u>1,002,465</u> | <u>1,354,547</u> | <u>1,042,445</u> |

| Note 5 | 2010 | 2009 | 2010 | 2009 |
|--------------------------------|----------------|----------------|----------------|----------------|
| | Council | Council | Group | Group |
| Inventories | | | | |
| Metal stocks | 0 | 0 | 663,151 | 613,002 |
| Water reticulation spare parts | 3,920 | 3,920 | 3,920 | 3,920 |
| Water treatment chemicals | 28,784 | 41,841 | 28,784 | 41,841 |
| Other supplies | 11,886 | 10,294 | 160,324 | 132,256 |
| Work in progress | 0 | 0 | 138,501 | 185,692 |
| | <u>44,590</u> | <u>56,055</u> | <u>994,680</u> | <u>976,711</u> |

The carrying amount of inventories held for distribution that are measured at lower of cost or net realisable value as at 30 June 2010 amounted to \$44,590 (2009 \$56,055). The write-down of inventories held for distribution amounted to \$nil (2009 \$nil), while reversal of writedowns amounted to \$nil. (2009 \$ nil). The carrying amount of inventories pledged as security for liabilities is \$nil (2009 \$nil).

NOTES TO THE FINANCIAL STATEMENTS

| Note 6 | Financial Assets at Fair Value | 2010 | 2009 | 2010 | 2009 |
|--------|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | | Council | Council | Group | Group |
| | Stock & Debentures - Current Asset | 14,113,538 | 12,720,367 | 14,113,538 | 12,720,367 |
| | | <u>14,113,538</u> | <u>12,720,367</u> | <u>14,113,538</u> | <u>12,720,367</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 at fair value through profit and loss are detailed in the following table:-

| | 2010 | 2009 | 2010 | 2009 |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Council | Council | Group | Group |
| Maturity | | | | |
| One year or less | 2,457,621 | 469,623 | 2,457,621 | 469,623 |
| Weighted average interest rate | 6.93% | 7.47% | 6.93% | 7.47% |
| Between one and five years | 10,949,859 | 5,991,516 | 10,949,859 | 5,991,516 |
| Weighted average interest rate | 7.52% | 7.52% | 7.52% | 8.42% |
| Over five years | 706,068 | 6,259,228 | 706,068 | 6,259,228 |
| Weighted average interest rate | 7.00% | 7.88% | 7.00% | 7.88% |
| | <u>14,113,548</u> | <u>12,720,367</u> | <u>14,113,548</u> | <u>12,720,367</u> |

The stocks and debentures are local authority stocks, and commercial bonds that are actively traded. The coupon rates vary from 4.12% to 10.04% with yields from 4.12% to 6.47%. Purchases and sales are accounted for at settlement date.

rate risk.

Note 7 Cash and Cash Equivalents

| | 2010 | 2009 | 2010 | 2009 |
|---------------------------------|------------------|------------------|------------------|------------------|
| | Council | Council | Group | Group |
| Cash at bank and in hand | 412,962 | 22,925 | 1,419,116 | 1,316,157 |
| Short term deposits | <u>5,098,159</u> | <u>6,447,295</u> | <u>5,098,159</u> | <u>6,447,295</u> |
| Total Cash and cash equivalents | <u>5,511,121</u> | <u>6,470,220</u> | <u>6,517,275</u> | <u>7,763,452</u> |

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

Note 8 Trade and other Payables

| | 2010 | 2009 | 2010 | 2009 |
|---|------------------|------------------|------------------|------------------|
| | Council | Council | Group | Group |
| Trade Payables | 4,350,522 | 2,570,910 | 3,485,390 | 2,793,312 |
| Employee entitlements | 526,708 | 435,823 | 1,107,119 | 984,757 |
| GST payable | 0 | 0 | 157,801 | 197,393 |
| Prepayments - Rates | 179,706 | 262,307 | 179,706 | 262,307 |
| Prepayments - Other debtors | <u>344,665</u> | <u>138,927</u> | <u>344,665</u> | <u>138,927</u> |
| | 5,401,601 | 3,407,967 | 5,274,680 | 4,376,696 |
| Less non-current portion of employee entitlements | <u>258,368</u> | <u>244,824</u> | <u>362,010</u> | <u>350,659</u> |
| | <u>5,143,232</u> | <u>3,163,143</u> | <u>4,912,671</u> | <u>4,026,037</u> |
| Trust funds and deposits | | | | |
| Deposits | 70,856 | 47,863 | 70,856 | 47,863 |
| Trust funds | <u>3,647</u> | <u>6,794</u> | <u>3,647</u> | <u>6,794</u> |
| | <u>74,503</u> | <u>54,657</u> | <u>74,503</u> | <u>54,657</u> |
| Total Trade & Other Payables | <u>5,217,735</u> | <u>3,217,800</u> | <u>4,987,174</u> | <u>4,080,694</u> |

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

| | | | | |
|-----------------------------|--------------|--------------|--------------|--------------|
| Community Development trust | 0 | 3,147 | 0 | 3,147 |
| Safer Community Committee | <u>3,647</u> | <u>3,647</u> | <u>3,647</u> | <u>3,647</u> |
| | <u>3,647</u> | <u>6,794</u> | <u>3,647</u> | <u>6,794</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

| Note 9 | Taxation | 2010 Group | 2009 Group |
|--------|--|------------------|------------------|
| | Current tax expense | 321,464 | 176,511 |
| | Adjustments to current tax in prior years | 0 | 0 |
| | Reduction in tax rate | 21,826 | 0 |
| | Deferred tax expense | -70,685 | -89,743 |
| | Income Tax expense | <u>272,605</u> | <u>86,768</u> |
| | Surplus (deficit) before tax | <u>841,552</u> | <u>413,262</u> |
| | Tax @ 30% (2009 30%) | 252,465 | 126,978 |
| | Plus taxation effect of permanent differences | 20,140 | -35,840 |
| | Imputation credit adjustment | | -1,370 |
| | Reduction in tax rate | 0 | 0 |
| | Non deductible expenses | 0 | 0 |
| | Less prior period taxation | <u>0</u> | <u>0</u> |
| | Income tax expense at effective rate of 30% (2008 : 33%) | <u>272,605</u> | <u>89,768</u> |
| | The major components of taxation expense are:- | | |
| | Current taxation | 321,465 | 176,511 |
| | Deferred taxation | -48,860 | -89,743 |
| | Reduction in tax rate | <u>0</u> | <u>0</u> |
| | | <u>272,605</u> | <u>86,768</u> |
| | Imputation Credit Account | | |
| | Balance as at 1 July | 1,906,801 | 1,893,203 |
| | Imputation Credits attaching to dividends paid in the year | -65,756 | -39,402 |
| | Income tax payments during the year | 253,009 | 53,000 |
| | Resident withholding tax on interest received | <u>3,851</u> | <u>0</u> |
| | Balance as at 30 June | <u>2,097,905</u> | <u>1,906,801</u> |
| | Deferred Tax Asset | | |
| | Opening balance | 256,688 | 166,945 |
| | Current year charge | <u>48,860</u> | <u>89,743</u> |
| | Closing balance | <u>305,548</u> | <u>256,688</u> |

Deferred Income Tax as at 30 June 2010 relates to the following

| | Balance Sheet | | Income Statement –Group | |
|------------------------------------|----------------|----------------|-------------------------|----------------|
| | 2010 | Group 2009 | 2010 | 2009 |
| Deferred tax liabilities | | | | |
| Contract retentions | 50,556 | 97,605 | 47,049 | 132,299 |
| Future amortisation | <u>273</u> | <u>229</u> | <u>-44</u> | <u>31</u> |
| Gross deferred tax liabilities | 50,829 | 97,834 | 47,005 | 132,330 |
| Deferred tax assets | | | | |
| Doubtful Debts | 12,249 | 11,994 | 255 | 777 |
| <u>Provisions</u> | | | 0 | |
| Annual Leave | 78,960 | 87,521 | -8,561 | 2,159 |
| Staff gratuities | 20,172 | 20,195 | -23 | -4,378 |
| Sick leave | 2,049 | 976 | 1,073 | -4,382 |
| Time in lieu | 19,633 | 18,750 | 883 | -5,883 |
| Long Service Leave | 12,478 | 15,444 | -2,966 | -1,694 |
| Staff bonus | 5,600 | 0 | 5,600 | -3,300 |
| Aftercare | 33,303 | 33,905 | -602 | 2,076 |
| ACC premiums | 7,415 | 9,960 | -2,545 | -407 |
| Maintenance accruals | 32,228 | 7,050 | 25,178 | 600 |
| Construction accruals | 29,372 | 37,438 | -8,066 | -36,172 |
| Future depreciation | <u>102,918</u> | <u>111,289</u> | <u>-8,371</u> | <u>8,017</u> |
| Deferred tax assets | <u>356,377</u> | <u>354,522</u> | <u>1,855</u> | <u>-42,587</u> |
| Net deferred tax assets | | | | |
| Deferred tax income / (expense) | | | 48,860 | 89,743 |

| Note 10 Borrowings | Council 2010 | Council 2009 | Group 2010 | Group 2009 |
|----------------------------|-------------------------|-------------------------|-----------------------|-----------------------|
| Current Portion | | | | |
| Secured Loans | 0 | 0 | 447,408 | 420,674 |
| Debentures | <u>0</u> | <u>0</u> | <u>83,959</u> | <u>134,782</u> |
| Total Current Portion | <u>0</u> | <u>0</u> | <u>531,367</u> | <u>555,456</u> |
| Non-current Portion | | | | |
| Secured Loans | 0 | 0 | 1,509,538 | 1,515,575 |
| Total Borrowings | <u>0</u> | <u>0</u> | <u>2,040,905</u> | <u>2,071,031</u> |

NOTES TO THE FINANCIAL STATEMENTS

Note 10 Maturity Analysis and effective interest rates

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

| | Overdraft Council | Secured Loans Council | Overdraft Council | Secured Loans Council |
|---|----------------------|--------------------------|----------------------|--------------------------|
| | 2010 | 2010 | 2009 | 2009 |
| Less than one year | 0 | 0 | 0 | 0 |
| <i>weighted average effective interest rate</i> | 0.00% | 0.00% | 0.00% | 0.00% |
| Later than one year but less than two years | 0 | 0 | 0 | 0 |
| <i>weighted average effective interest rate</i> | 0.00% | 0.00% | 0.00% | 0.00% |
| Later than two years but less than five years | 0 | 0 | 0 | 0 |
| <i>weighted average effective interest rate</i> | 0.00% | 0.00% | 0.00% | 0.00% |
| Later than five years | 0 | 0 | 0 | 0 |
| <i>weighted average effective interest rate</i> | 0.00% | 0.00% | 0.00% | 0.00% |
| | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

Fair Value of non-current borrowings - Council

| | Carrying amounts | | Fair Values | |
|---------------|------------------|----------|-------------|----------|
| | 2010 | 2010 | 2009 | 2009 |
| Secured Loans | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

| | Overdraft Group | Secured Loans Council & Group | Overdraft Group | Secured Loans Council & Group |
|---|--------------------|-------------------------------------|--------------------|-------------------------------------|
| | 2010 | 2010 | 2009 | 2009 |
| Less than one year | 0 | 531,367 | 0 | 555,456 |
| <i>weighted average effective interest rate</i> | 0.00% | 6.84% | 0.00% | 9.20% |
| Later than one year but less than two years | 0 | 430,406 | 0 | 453,221 |
| <i>weighted average effective interest rate</i> | 0.00% | 6.70% | 0.00% | 7.85% |
| Later than two years but less than five years | 0 | 714,737 | 0 | 596,137 |
| <i>weighted average effective interest rate</i> | 0.00% | 6.70% | 0.00% | 9.65% |
| Later than five years | 0 | 364,395 | 0 | 466,217 |
| <i>weighted average effective interest rate</i> | 0.00% | 6.70% | 0.00% | 9.30% |
| | <u>0</u> | <u>2,040,905</u> | <u>0</u> | <u>2,071,031</u> |

Fair Value of non-current borrowings - Group

| | Carrying amounts | | Fair Values | |
|---------------|------------------|------------------|------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Secured Loans | <u>1,509,538</u> | <u>1,515,575</u> | <u>1,515,575</u> | <u>1,393,248</u> |
| | <u>1,509,538</u> | <u>1,515,575</u> | <u>1,515,575</u> | <u>1,393,248</u> |

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 6.70% (2009 8.78%

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 loans secured over various plant items financed through the loan facility.

WDC manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy.

These policies have been adopted as part of the WDC's Long-Term Council Community Plan.

Note 11 Intangible Assets

| | Council Computer Software 2010 | Council Computer Software 2009 | Group Computer Software 2010 | Group Computer Software 2009 |
|---|---|---|---|---|
| Opening balance | | | | |
| Cost | 289,043 | 275,400 | 582,275 | 388,647 |
| Accumulated amortisation and impairment | <u>-249,433</u> | <u>-223,176</u> | <u>-359,247</u> | <u>-329,219</u> |
| Opening carrying value | <u>39,610</u> | <u>52,224</u> | <u>223,028</u> | <u>59,428</u> |
| Year Ended 30 June 2010 | | | | |
| Additions | 12,531 | 13,643 | 69,876 | 193,628 |
| Amortisation charge | <u>-25,549</u> | <u>-26,257</u> | <u>-29,875</u> | <u>-30,028</u> |
| Closing carrying amount | <u>26,592</u> | <u>39,610</u> | <u>263,029</u> | <u>223,028</u> |

Property, Plant & Equipment as at 30 June 2010 - Council

| DESCRIPTION | COST/ | ACCUMULATED | CARRYING | REVALUA- | CURRENT | CURRENT | CURRENT | DEPRECIATION & | CARRYING | COST/ | ACCUMULATED | CARRYING AMOUNT AT 30.06.10 | |
|--------------------------|-------------|---------------------------|-------------|----------|-----------|-----------|-----------|----------------|-------------|-------------|---------------------------|-----------------------------|---------------------------|
| | | | | | | | | | | | | REVALUATION | DEPRECIATION & IMPAIRMENT |
| | REVALUATION | DEPRECIATION & IMPAIRMENT | AMOUNT | TION | YEAR | YEAR | YEAR | CHARGES | AMOUNT | REVALUATION | DEPRECIATION & IMPAIRMENT | 30.6.2010 | CHARGES |
| LAND | 3,395,174 | 0 | 3,395,174 | 0 | 0 | 0 | 0 | 0 | 3,395,174 | 3,395,174 | 0 | 0 | 0 |
| BUILDINGS | 4,447,421 | 651,522 | 3,795,899 | 0 | 40,279 | 13,376 | 111,112 | 3,657,884 | 4,420,518 | 762,634 | 762,634 | 762,634 | 762,634 |
| | 7,842,595 | 651,522 | 7,191,073 | 0 | 40,279 | 13,376 | 111,112 | 7,053,058 | 7,815,692 | 762,634 | 762,634 | 762,634 | 762,634 |
| OTHER IMPROVEMENTS | 1,958,430 | 517,356 | 1,441,075 | 0 | 249,479 | 86,778 | 1,603,775 | 2,207,909 | 604,134 | 604,134 | 604,134 | 604,134 | 604,134 |
| VEHICLES | 850,280 | 613,586 | 236,694 | 0 | 10,213 | 10,212 | 94,070 | 142,623 | 850,279 | 707,656 | 707,656 | 707,656 | 707,656 |
| FURNITURE & OFFICE EQUIP | 989,994 | 784,948 | 205,046 | 0 | 54,285 | 83,013 | 176,318 | 1,044,279 | 867,961 | 867,961 | 867,961 | 867,961 | 867,961 |
| FIXTURES & FITTINGS | 23,350 | 22,563 | 787 | 0 | 1,481 | 804 | 1,465 | 24,831 | 23,367 | 23,367 | 23,367 | 23,367 | 23,367 |
| LIBRARY COLLECTIONS | 889,734 | 730,292 | 159,442 | 0 | 44,988 | 28,055 | 176,376 | 934,723 | 758,347 | 758,347 | 758,347 | 758,347 | 758,347 |
| | 4,711,789 | 2,668,745 | 2,043,044 | 0 | 10,213 | 360,446 | 292,719 | 2,100,557 | 5,062,021 | 2,961,465 | 2,961,465 | 2,961,465 | 2,961,465 |
| ROADING | 105,902,877 | 1,600,293 | 104,302,584 | 0 | 879,994 | 3,633,684 | 1,556,079 | 105,500,195 | 108,656,567 | 3,156,372 | 3,156,372 | 3,156,372 | 3,156,372 |
| LAND UNDER ROADS | 5,344,000 | 0 | 5,344,000 | 0 | 0 | 0 | 0 | 5,344,000 | 5,344,000 | 0 | 0 | 0 | 0 |
| BRIDGES | 18,062,757 | 595,717 | 17,467,040 | 0 | 120,883 | 206,256 | 549,135 | 17,003,278 | 18,148,130 | 1,144,852 | 1,144,852 | 1,144,852 | 1,144,852 |
| WATER SUPPLY | 5,873,058 | 287,238 | 5,585,820 | 0 | 126,175 | 217,656 | 292,485 | 5,384,816 | 5,964,539 | 579,723 | 579,723 | 579,723 | 579,723 |
| WATER RETICULATION | 9,703,781 | 272,739 | 9,431,042 | 0 | 0 | 32,674 | 272,828 | 9,190,888 | 9,736,455 | 545,567 | 545,567 | 545,567 | 545,567 |
| SEWERAGE | 11,244,862 | 321,204 | 10,923,658 | 0 | 29,337 | 35,359 | 323,844 | 10,605,837 | 11,250,884 | 645,048 | 645,048 | 645,048 | 645,048 |
| STORMWATER | 5,375,023 | 164,655 | 5,210,368 | 0 | 453 | 50,912 | 166,735 | 5,094,093 | 5,425,483 | 331,390 | 331,390 | 331,390 | 331,390 |
| PARKING | 692,579 | 21,076 | 671,503 | 0 | 0 | 0 | 21,076 | 650,427 | 692,579 | 42,152 | 42,152 | 42,152 | 42,152 |
| | 162,198,937 | 3,262,922 | 158,936,015 | 0 | 1,156,843 | 4,176,542 | 3,182,181 | 158,773,533 | 165,218,636 | 6,445,103 | 6,445,103 | 6,445,103 | 6,445,103 |
| Capital Work in Progress | 0 | 0 | 0 | 0 | 0 | 1,253,732 | 0 | 1,253,732 | 1,253,732 | 0 | 0 | 0 | 0 |
| TOTAL | 174,753,321 | 6,583,189 | 168,170,131 | 0 | 1,207,335 | 5,804,095 | 3,586,013 | 169,180,880 | 179,350,081 | 10,169,202 | 10,169,202 | 10,169,202 | 10,169,202 |

NOTES TO THE FINANCIAL STATEMENTS

Note 12 Property, Plant & Equipment as at 30 June 2009 - Council

| DESCRIPTION | COST/ REVALUATION | ACCUMU- LATED DEPRECIATION & IMPAIRMENT CHARGES | CARRY- ING AMOUNT 1/07/2008 | REVALUA- TION | CURRENT YEAR DISPOSALS | CURRENT YEAR ADDITIONS | CURRENT YEAR | DEPRECIATION & IMPAIRMENT CHARGES | CARRY- ING AMOUNT 30.6.2009 | COST/ REVALUATION | CARRY- ING AMOUNT 30.06.09 REPRESENTED BY | ACCUMU- LATED DEPRECIA- TION & IMPAIRMENT CHARGES |
|--|----------------------|--|--------------------------------------|------------------|------------------------------|------------------------------|-----------------|--|--------------------------------------|----------------------|--|--|
| | | | | | | | | | | | | |
| LAND | | 3403174 | 0 | 3403174 | 0 | 8000 | 0 | 0 | 3395174 | | 3395174 | |
| BUILDINGS | | 4447422 | 540336 | 3907086 | 0 | 0 | 0 | 111186 | 3795900 | | 4447422 | 651522 |
| | | 7850596 | 540336 | 7310260 | 0 | 8000 | 0 | 111186 | 7191074 | | 7842596 | 651522 |
| OTHER IM- VEHICLES | | 1877086 | 439137 | 1437949 | 0 | | 81345 | 78219 | 1441075 | | 1958431 | 517356 |
| | | 760295 | 515402 | 244893 | 0 | 18636 | 108621 | 98186 | 236692 | | 850280 | 613588 |
| FURNITURE & FIXTURES & | | 911701 | 685638 | 226063 | 0 | 1910 | 80202 | 99309 | 205046 | | 989993 | 784947 |
| | | 23350 | 21711 | 1639 | 0 | 0 | 0 | 851 | 788 | | 23350 | 22562 |
| LIBRARY COL- | | 844965 | 704885 | 140080 | 0 | 0 | 44769 | 25407 | 159442 | | 889734 | 730292 |
| | | 4417397 | 2366773 | 2050623 | 0 | 20546 | 314937 | 301972 | 2043042 | | 4711787 | 2668745 |
| ROADING | | 103344113 | 0 | 10334411 | 0 | 620247 | 3179011 | 1600293 | 10430258 | | 105902877 | 1600293 |
| LAND UNDER BRIDGES WATER SUP- PLY | | 5344000 | 0 | 5344000 | 0 | 0 | 0 | 0 | 5344000 | | 5344000 | 0 |
| | | 18061493 | 0 | 18061493 | 0 | 45302 | 46566 | 595717 | 17467040 | | 18062757 | 595717 |
| | | 5857205 | 0 | 5857205 | 0 | 42397 | 58250 | 287238 | 5585820 | | 5873058 | 287238 |
| WATER RE- SEWERAGE STORMWATER PARKING | | 9702472 | 0 | 9702472 | 0 | 2173 | 3482 | 272739 | 9431042 | | 9703781 | 272739 |
| | | 11188069 | 0 | 11188069 | 0 | 66463 | 123256 | 321204 | 10923658 | | 11244862 | 321204 |
| | | 4701562 | 0 | 4701562 | 0 | 12481 | 685942 | 164655 | 5210368 | | 5375023 | 164655 |
| | | 692579 | 0 | 692579 | 0 | 0 | 0 | 21076 | 671503 | | 692579 | 21076 |
| | | 158891493 | 0 | 15889149 | 0 | 789063 | 4096507 | 3262922 | 15893601 | | 162198937 | 3262922 |
| TOTAL | | 171159486 | 2907109 | 16825237 | 0 | 817609 | 4411444 | 3676080 | 16817013 | | 174753320 | 6583189 |

NOTES TO THE FINANCIAL STATEMENTS

Note 12 Property, Plant & Equipment as at 30 June 2010 - Group

| DESCRIPTION | COST/ REVALUATION | ACCUMULATED DEPRECIATION & IMPAIRMENT | CARRYING AMOUNT | Adjustment | CURRENT YEAR DISPOSALS | CURRENT YEAR ADDITIONS | DEPRECIATION & IMPAIRMENT CHARGES | CARRYING AMOUNT 30.6.2010 | COST/ REVALUATION | ACCUMULATED DEPRECIATION & IMPAIRMENT CHARGES |
|---|----------------------|---|--------------------|------------|------------------------------|---------------------------|---|---------------------------------|----------------------|---|
| | | | | | | | | | | |
| LAND | 3,407,141 | 6,049 | 3,401,092 | 0 | 0 | 0 | 403 | 3,400,689 | 3,407,141 | 6,452 |
| BUILDINGS | 4,966,552 | 846,678 | 4,119,874 | 0 | 13,376 | 13,376 | 126,635 | 3,966,336 | 4,939,649 | 973,313 |
| | 8,373,693 | 852,727 | 7,520,966 | 0 | 40,279 | 13,376 | 127,038 | 7,367,025 | 8,346,790 | 979,765 |
| OTHER IMPROVE- MENTS | 1,988,120 | 517,356 | 1,470,764 | 0 | 249,479 | 249,479 | 86,778 | 1,633,464 | 2,237,599 | 604,134 |
| VEHICLES FURNITURE & OFFICE EQUIP FIXTURES & FIT- TINGS | 10,677,646 | 6,902,826 | 3,774,820 | 0 | 10,213 | 575,016 | 705,507 | 3,634,116 | 11,242,449 | 7,608,333 |
| LIBRARY COL- LECTIONS | 1,215,685 | 983,272 | 232,413 | 0 | 0 | 71,858 | 101,023 | 203,248 | 1,287,543 | 1,084,295 |
| | 150,219 | 106,260 | 43,959 | 0 | 7,743 | 7,743 | 9,378 | 42,325 | 157,962 | 115,638 |
| | 889,734 | 730,293 | 159,441 | 0 | 44,988 | 44,988 | 28,055 | 176,375 | 934,723 | 758,348 |
| | 14,921,405 | 9,240,007 | 5,681,397 | 0 | 10,213 | 949,085 | 930,740 | 5,689,528 | 15,860,276 | 10,170,748 |
| ROADING LAND UNDER ROADS | 105,763,501 | 1,600,293 | 104,163,208 | 0 | 879,994 | 3,510,102 | 1,556,079 | 105,237,237 | 108,393,609 | 3,156,372 |
| BRIDGES | 5,344,000 | 0 | 5,344,000 | 0 | 0 | 0 | 0 | 5,344,000 | 5,344,000 | 0 |
| WATER SUPPLY WATER RETICU- LATION | 18,062,757 | 595,717 | 17,467,040 | 0 | 120,883 | 206,256 | 549,135 | 17,003,278 | 18,148,130 | 1,144,852 |
| SEWERAGE | 5,873,058 | 287,238 | 5,585,820 | 0 | 126,175 | 217,656 | 292,485 | 5,384,816 | 5,964,539 | 579,723 |
| STORMWATER PARKING | 9,703,781 | 272,739 | 9,431,042 | 0 | 32,674 | 32,674 | 272,828 | 9,190,888 | 9,736,455 | 545,567 |
| | 11,244,862 | 321,204 | 10,923,658 | 0 | 29,337 | 35,359 | 323,844 | 10,605,837 | 11,250,884 | 645,048 |
| | 5,375,023 | 164,655 | 5,210,368 | 0 | 453 | 50,912 | 166,735 | 5,094,093 | 5,425,483 | 331,390 |
| | 692,579 | 21,076 | 671,503 | 0 | 0 | 0 | 21,076 | 650,427 | 692,579 | 42,152 |
| | 162,059,561 | 3,262,922 | 158,796,639 | 0 | 1,156,843 | 4,052,960 | 3,182,181 | 158,510,575 | 164,955,678 | 6,445,103 |
| Capital Work in Progress | 0 | 0 | 0 | 0 | 1,253,730 | 1,253,730 | 0 | 1,253,730 | 1,253,730 | 0 |
| TOTAL | 185,354,659 | 13,355,656 | 171,999,002 | 0 | 1,207,335 | 6,269,150 | 4,239,960 | 172,820,858 | 190,416,475 | 17,595,616 |

Note 12 Property, Plant & Equipment as at 30 June 2009 - Group

| <u>DESCRIPTION</u> | <u>CARRYING AMOUNT AT 30.06.09 REPRESENTED BY</u> | | | | | | | | | |
|--------------------------|---|--|--|-----------------|-------------------------------|------------------|---|--|--------------------------|--|
| | <u>COST/ REVALUATION</u> | <u>ACCUMULATED DEPRECIATION & IMPAIRMENT CHARGES</u> <u>1/07/2008</u> | <u>CARRYING AMOUNT</u> <u>1/07/2008</u> | <u>REVALUA-</u> | <u>CURRENT YEAR DISPOSALS</u> | <u>ADDITIONS</u> | <u>DEPRECIATION IMPAIRMENT CHARGES</u> <u>30/06/2009</u> | <u>CARRYING AMOUNT</u> <u>30.6.2009</u> | <u>COST/ REVALUATION</u> | <u>ACCUMULATED DEPRECIATION & IMPAIRMENT CHARGES</u> |
| LAND & QUARRIES | 3,415,141 | 5,646 | 3,409,495 | 0 | 8,000 | 0 | 403 | 3,401,092 | 3,407,141 | 6,049 |
| BUILDINGS | 4,966,552 | 719,969 | 4,246,583 | 0 | 0 | 0 | 126,709 | 4,119,874 | 4,966,552 | 846,678 |
| | <u>8,381,693</u> | <u>725,615</u> | <u>7,656,078</u> | <u>0</u> | <u>8,000</u> | <u>0</u> | <u>127,112</u> | <u>7,520,966</u> | <u>8,373,693</u> | <u>852,727</u> |
| OTHER IMPROVEMENTS | 1,906,775 | 439,137 | 1,467,638 | 0 | 0 | 81,345 | 78,219 | 1,470,764 | 1,988,120 | 517,356 |
| VEHICLES | 10,454,596 | 5,934,145 | 4,520,451 | 0 | 90,482 | 313,533 | 968,681 | 3,774,821 | 10,677,646 | 6,902,826 |
| FURNITURE & OFFICE EQUIP | 1,117,924 | 863,687 | 254,237 | 0 | 1,910 | 99,671 | 119,585 | 232,413 | 1,215,685 | 983,272 |
| FIXTURES & FITTINGS | 122,439 | 97,348 | 25,091 | 0 | 0 | 27,780 | 8,912 | 43,959 | 150,219 | 106,260 |
| LIBRARY COLLECTIONS | 844,965 | 704,886 | 140,079 | 0 | 0 | 44,769 | 25,407 | 159,441 | 889,734 | 730,293 |
| | <u>14,446,699</u> | <u>8,039,203</u> | <u>6,407,495</u> | <u>0</u> | <u>92,392</u> | <u>567,098</u> | <u>1,200,804</u> | <u>5,681,397</u> | <u>14,921,404</u> | <u>9,240,007</u> |
| ROADING | 102,981,904 | 0 | 102,981,904 | 0 | 620,248 | 3,401,845 | 1,600,293 | 104,163,208 | 105,763,501 | 1,600,293 |
| LAND UNDER ROADS | 5,344,000 | 0 | 5,344,000 | 0 | 0 | 0 | 0 | 5,344,000 | 5,344,000 | 0 |
| BRIDGES | 18,061,493 | 0 | 18,061,493 | 0 | 45,302 | 46,566 | 595,717 | 17,467,040 | 18,062,757 | 595,717 |
| WATER SUPPLY | 5,857,205 | 0 | 5,857,205 | 0 | 42,397 | 58,250 | 287,238 | 5,585,820 | 5,873,058 | 287,238 |
| WATER RETICULATION | 9,702,472 | 0 | 9,702,472 | 0 | 2,173 | 3,482 | 272,739 | 9,431,042 | 9,703,781 | 272,739 |
| SEWERAGE | 11,188,070 | 0 | 11,188,070 | 0 | 66,463 | 123,256 | 321,204 | 10,923,658 | 11,244,862 | 321,204 |
| STORMWATER | 4,701,562 | 0 | 4,701,562 | 0 | 12,481 | 685,942 | 164,655 | 5,210,368 | 5,375,023 | 164,655 |
| PARKING | 692,579 | 0 | 692,579 | 0 | 0 | 0 | 21,076 | 671,503 | 692,579 | 21,076 |
| | <u>158,529,285</u> | <u>0</u> | <u>158,529,285</u> | <u>0</u> | <u>789,064</u> | <u>4,319,341</u> | <u>3,262,922</u> | <u>158,796,639</u> | <u>162,059,561</u> | <u>3,262,922</u> |
| TOTAL | <u>181,357,677</u> | <u>8,764,818</u> | <u>172,592,858</u> | <u>0</u> | <u>889,456</u> | <u>4,886,439</u> | <u>4,590,838</u> | <u>171,999,002</u> | <u>185,354,658</u> | <u>13,355,656</u> |

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

Note: Restricted Assets valued at \$1,652,400 are included in the total for Land and Quarries. This land is gazetted as "Reserve Land"

NOTES TO THE FINANCIAL STATEMENTS

| Note 13 | Loans and Other Receivables | Council | Council | Group | Group |
|----------------|--|----------------|----------------|--------------|---------------|
| | | 2010 | 2009 | 2010 | 2009 |
| | Sinking Fund Investments @ start of year | 0 | 67,787 | 0 | 67,787 |
| | Plus interest & instalments | 0 | 1,186 | 0 | 1,186 |
| | Less withdrawals | 0 | 68,973 | 0 | 68,973 |
| | Sinking Fund Investments @ end of year | 0 | 0 | 0 | 0 |
| | Housing & Community Advances | 8,267 | 16,864 | 8,267 | 16,864 |
| | | 8,267 | 16,864 | 8,267 | 16,864 |

There were no impairment provisions for Loans and Other Receivables.

The fair value of community loans is \$8267 (2009 \$16,864).

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:-

| | Council | Council | Group | Group |
|---|----------------|----------------|--------------|---------------|
| | 2010 | 2009 | 2010 | 2009 |
| Less than one year | 3,058 | 7,906 | 3,058 | 7,906 |
| <i>weighted average effective interest rate</i> | 8.05% | 10.75% | 8.05% | 10.75% |
| Later than one year but less than two years | 3,313 | 2,496 | 3,313 | 2,496 |
| <i>weighted average effective interest rate</i> | 8.05% | 10.70% | 8.05% | 10.70% |
| Later than two years but less than five years | 1,896 | 6,462 | 1,896 | 6,462 |
| <i>weighted average effective interest rate</i> | 8.05% | 10.35% | 8.05% | 10.35% |
| Later than five years | 0 | 0 | 0 | 0 |
| <i>weighted average effective interest rate</i> | 0.00% | 0.00% | 0.00% | 0.00% |
| | 8,267 | 16,864 | 8,267 | 16,864 |

| Note 14 | Investment in Subsidiary | Council | Council | Group | Group |
|----------------|--|----------------|----------------|--------------|--------------|
| | | 2010 | 2009 | 2010 | 2009 |
| | Quality Roding & Services (Wairoa) Ltd | 1,250,000 | 1,250,000 | 0 | 0 |

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

| | Council 2010 | Council 2009 | Group 2010 | Group 2009 |
|--|-------------------------|-------------------------|-----------------------|-----------------------|
| Information Centre | | | | |
| Balance at 1 July | 277,000 | 277,000 | 277,000 | 277,000 |
| Additions from acquisitions | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| Fair value gains/(losses) on valuation | 0 | 0 | 0 | 0 |
| Balance at 30 June | <u>277,000</u> | <u>277,000</u> | <u>277,000</u> | <u>277,000</u> |

WDC's investment properties were valued at fair value at the 30 June 2009. All investment properties were valued based on open market evidence. The valuation was performed by Registered Valuer M. I. Penrose of Telfer Young Hawkes Bay Ltd. Telfer Young Hawkes Bay

The rental income from Investment Property is \$9,750 (2009 \$14,816), direct operating expenses are \$7,143 (2009 \$5,222), with a net return of \$2,607 (2009 \$9,594), Repairs and Maintenance of \$4,736 (2009 \$1,164) is included in the direct operating costs.

Note 16 Available for sale financial asset

| | Council 2010 | Council 2009 | Group 2010 | Group 2009 |
|--|-------------------------|-------------------------|-----------------------|-----------------------|
| NZ Local Government Insurance Corp Ltd | 22,992 | 22,992 | 22,992 | 22,992 |

Note 17 Biological Asset -Forestry

| | Council 2010 | Council 2009 | Group 2010 | Group 2009 |
|---|-------------------------|-------------------------|-----------------------|-----------------------|
| Balance at 1 July | 117,947 | 130,632 | 117,947 | 130,632 |
| Increases due to purchase | 0 | 0 | 0 | 0 |
| Gains/losses arising from changes in fair value less estimated point of sale costs | -53,001 | -4,396 | -53,001 | -4,396 |
| Decreases due to sales | 0 | 8,289 | 0 | 8,289 |
| Decreases due to harvest | 0 | 0 | 0 | 0 |
| Balance at 30 June | <u>64,946</u> | <u>117,947</u> | <u>64,946</u> | <u>117,947</u> |

WDC owns 37.1 hectares (2009 37.1 hectares) of forest, mostly pinus radiata, which are at varying stages of maturity ranging from 5 to 33. No forest was harvested during the year. Independent valuers P.F.Olsen have valued forestry assets as at 30 June 2010. A pre-tax discount rate of 7.0 % (2009 8.50%) has been used in discounting the present value of expected cash flows.

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

Note 18 Reserves (Council only)

| | Balance | | | Balance |
|--|-------------------|--------------------|------------------|-------------------|
| | 2009 | Transfer to | Transfer | 2010 |
| a) Special Funds | | | | |
| District Development Fund | 1,078,553 | 107,083 | 403,900 | 781,736 |
| Wairoa Urban Fund | 184,809 | 9,695 | | 194,504 |
| Retirement & Restructuring Reserve | 345,964 | 18,149 | | 364,113 |
| Asset & Vehicle Depreciation Reserve | 856,824 | 134,928 | 10,212 | 981,540 |
| Tuai Village Reserve | 157,718 | 80,320 | | 238,038 |
| Information Systems Renewal Reserve | 167,055 | 26,230 | | 193,285 |
| Disaster Recovery Reserve | 500,000 | 10,049 | | 510,049 |
| Water Production Reserve | 284,720 | 14,936 | | 299,656 |
| Water Production Depreciation Reserve | 1,446,378 | -66,271 | 217,656 | 1,162,451 |
| Water Reticulation Depreciation Reserve Wairoa | 2,993,614 | 2,077 | | 2,995,691 |
| Water Reticulation Reserve - Wairoa | 39,584 | 269,479 | 32,674 | 276,389 |
| Water Reticulation Depn Reserve - Peri Urban | 64,898 | 11,384 | | 76,282 |
| Water Reticulation Reserve Wairoa Peri Urban | 217,010 | 21,255 | | 238,265 |
| Water Reticulation Depreciation Reserve Tuai | 177,803 | 21,707 | | 199,510 |
| Water Reticulation Depn Reserve - Frasertown | 45,369 | 1,542 | | 46,911 |
| Water Reticulation Reserve Frasertown | 29,402 | 15,741 | | 45,143 |
| Water Reticulation Depn Reserve - Mahanga | 9,976 | 0 | | 9,976 |
| Water Reticulation Reserve Mahanga | 1 | 3,549 | | 3,550 |
| Sewerage System Depreciation Reserve Wairoa | 3,138,714 | 73,122 | 32,674 | 3,179,162 |
| Sewerage System Depreciation Reserve Tuai | 313,501 | 42,288 | | 355,789 |
| Stormwater Reticulation Depreciation Reserve - Wairoa | 863,494 | 157,344 | 50,912 | 969,926 |
| Stormwater Reticulation Depreciation Reserve - Mahia | 6,593 | 5,107 | | 11,700 |
| Library Book Stocks Depreciation Reserve | 82,431 | 32,547 | | 114,978 |
| Airport Runway Depreciation Reserve | 51,122 | 618,887 | 206,256 | 463,753 |
| Landfill/RTS Depreciation Reserve | 257,434 | 53,464 | | 310,898 |
| Roading Depreciation Reserve | 327,692 | 7,605 | | 335,297 |
| Bridges Depreciation Reserve | 1,329,642 | 3,260,970 | 3,588,662 | 1,001,950 |
| Footpaths Depreciation Reserve | 215,255 | 117,168 | | 332,423 |
| Parking Area Depreciation Reserve | 218,655 | 34,728 | 44,988 | 208,394 |
| Pensioner Housing Depreciation Reserve | 47,300 | 20,597 | | 67,897 |
| Property Sales Reserve | 0 | 0 | | 0 |
| Parks and Reserves Depreciation Reserve | 65,289 | 68,366 | | 133,655 |
| | <u>15,516,800</u> | <u>5,174,047</u> | <u>4,587,935</u> | <u>16,102,913</u> |
| b) Sinking Funds | 0 | 0 | 0 | 0 |
| Total special funds reserves | | | | |
| Sinking Funds are held for the purpose of repaying debt. | | | | |
| | <u>15,516,800</u> | <u>5,174,047</u> | <u>4,587,935</u> | <u>16,102,913</u> |

c) Revaluation Reserves

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

| | 2010 | 2009 | 2010 | 2009 |
|---|-------------------|-------------------|-------------------|-------------------|
| | Council | Council | Group | Group |
| Revaluation Reserve Infrastructural | | | | |
| As at 1 July | 50,756,530 | 51,159,753 | 51,747,064 | 51,788,079 |
| Transfers to | | | | |
| Revaluations | 0 | 0 | | 362,208 |
| Transfer from: | | | | |
| Net Transfer from asset revaluation reserve on disposal | -228,285 | -403,223 | -228,285 | -403,223 |
| | <u>50,528,245</u> | <u>50,756,530</u> | <u>51,518,779</u> | <u>51,747,064</u> |

| | 2010 | 2009 | 2010 | 2009 |
|---|--------------------|--------------------|--------------------|--------------------|
| | Council | Council | Group | Group |
| Retained Earnings | | | | |
| As at 1 July | 121,550,680 | 121,664,010 | 123,973,843 | 124,094,985 |
| Transfers to | | | | |
| Restricted Reserves | -5,174,047 | -3,728,556 | -5,174,047 | -3,728,556 |
| Transfer from: | | | | |
| Restricted Reserves | 4,587,935 | 2,877,697 | 4,587,935 | 2,877,697 |
| Net Transfer from asset revaluation reserve on disposal | 228,285 | 403,223 | 228,285 | 403,223 |
| Surplus (Deficit) for year | 915,703 | 334,306 | 1,221,069 | 326,494 |
| | <u>122,108,556</u> | <u>121,550,680</u> | <u>124,837,085</u> | <u>123,973,843</u> |

| Equity is made up of: | 2010 | 2009 | 2010 | 2009 |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Council | Council | Group | Group |
| Special fund reserves | 16,102,913 | 15,516,800 | 16,102,913 | 15,516,800 |
| Sinking fund reserves | 0 | 0 | 0 | 0 |
| Revaluation reserves | 50,528,245 | 50,756,530 | 51,518,779 | 51,747,064 |
| Accumulated funds | <u>122,108,556</u> | <u>121,550,680</u> | <u>124,837,085</u> | <u>123,973,843</u> |
| | 188,739,713 | 187,824,010 | 192,458,777 | 191,237,707 |

| Note 19 | Reconciliation of Operating Surplus with Net Cash Flow from Operating Activities | 2010 | 2009 | 2010 | 2009 |
|----------------|---|------------------|------------------|------------------|------------------|
| | | Council | Council | Group | Group |
| | Net surplus/(deficit) for the year | 915,703 | 334,306 | 1,221,069 | 326,494 |
| | Add non-cash items: | | | | |
| | Depreciation | 3,586,013 | 3,676,082 | 4,239,960 | 4,590,838 |
| | Loss on disposal of assets | 1,207,335 | 820,758 | 1,217,886 | 889,456 |
| | Amortisation | 25,549 | 26,257 | 29,875 | 30,028 |
| | Decrease/(Increase) in deferred taxation | 0 | 0 | -48,860 | -89,743 |
| | Increase/(Decrease) in employee benefit provision | 90,885 | -59,713 | 122,361 | -231,662 |
| | Increase in Bad Debts provision | 308,337 | 98,738 | 312,102 | 132,622 |
| | Revaluation of investment property and forestry | 53,001 | 4,396 | 53,001 | 4,396 |
| | Unrealised loss / (gain) on investments | -167,751 | 282,945 | -167,751 | 282,945 |
| | Decrease in Landfill aftercare provision | -102,746 | 20,907 | -102,746 | 20,907 |
| | Quarry Aftercare Provision | | | 5,923 | |
| | | <u>5,916,326</u> | <u>5,204,676</u> | <u>6,882,820</u> | <u>5,956,281</u> |
| | Add/(Less) movement in other working capital items | | | | |
| | (Increase)/decrease in rates receivables | -215,640 | -250,426 | -215,640 | -250,426 |
| | (Increase)/decrease in trade & other receivables | -1,615,327 | 398,979 | -1,200,085 | 2,361,673 |
| | Increase/(Decrease) in trade & other payables | 1,859,470 | 658,142 | 783,829 | -239,007 |
| | Increase/(Decrease) in Quarry Aftercare | 0 | 0 | 0 | 6,919 |
| | Increase/(Decrease) in loans and other receivables | 0 | 0 | 0 | 0 |
| | Decrease in GST Receivable/ Increase in GST Payable | 36,938 | | 36,938 | 197,393 |
| | Increase/(Decrease) in taxation payable | 0 | 0 | 68,815 | 106,009 |
| | (Increase)/decrease in inventories | 11,465 | -18,220 | -17,968 | 27,953 |
| | | <u>5,993,232</u> | <u>5,993,151</u> | <u>6,338,709</u> | <u>8,166,795</u> |
| | Net cash inflow from operating activities | <u>5,993,232</u> | <u>5,993,151</u> | <u>6,338,709</u> | <u>8,166,795</u> |

NOTES TO THE FINANCIAL STATEMENTS

Note 20 Chief Executive Officer's Remuneration

The Chief Executive Officer of the Wairoa District Council is appointed under section 42of the Local Government Act 2002 The annual salary is as follows:

| | |
|---------------|-----------------|
| Annual Salary | Paid 197,964 |
| | <u>197,964</u> |

| Elected Representatives Remuneration | | 2010 | 2009 |
|---|--------------|----------------|----------------|
| Mayor | L. Probert | 63,148 | 61,240 |
| Deputy Mayor | D. Eaglesome | 34,480 | 33,083 |
| Councillor | D. Caves | 22,985 | 22,146 |
| Councillor | D Evans | 22,985 | 6,562 |
| Councillor | A. McKinnon | 22,985 | 22,214 |
| Councillor | B. Cairns | 23,314 | 22,112 |
| Councillor | J. Heron | 23,992 | 22,790 |
| Councillor | J. Petersen | | 10,838 |
| | | <u>213,889</u> | <u>200,985</u> |

| Key management personnel compensation | | 2010 | 2009 | | |
|---|--|------------------|------------------|------------------|------------------|
| Salaries and other short term benefits | | 753,845 | 761,733 | | |
| Post employment benefits | | 0 | 0 | | |
| Other long term benefits | | 0 | 0 | | |
| Termination benefits | | 0 | 0 | | |
| | | 2010 | 2009 | 2010 | 2009 |
| | | Council | Council | Group | Group |
| Employee benefit expenses | | | | | |
| Salaries and wages | | 3,014,249 | 2,840,618 | 7,126,148 | 6,897,256 |
| Employer contributions to Superannuation | | 78,416 | 75,521 | 119,751 | 110,975 |
| Increase/(decrease) in employee benefit liabilities | | <u>90,885</u> | <u>0</u> | <u>122,361</u> | <u>0</u> |
| Total employee benefit expenses | | <u>3,183,550</u> | <u>2,916,139</u> | <u>7,368,260</u> | <u>7,008,231</u> |
| | | 2010 | 2009 | 2010 | 2009 |
| | | Council | Council | Group | Group |
| Employee benefit liabilities | | | | | |
| Accrued pay | | | | 145,271 | 47,463 |
| Annual leave | | 256,490 | 187,112 | 567,703 | 566,530 |
| Long service leave | | 11,851 | 13,945 | 56,414 | 65,426 |
| Retirement gratuities | | 253,186 | 230,879 | 325,230 | 298,198 |
| Sick leave | | <u>5,182</u> | <u>3,887</u> | <u>12,500</u> | <u>7,140</u> |
| Total employee benefit liabilities | | <u>526,709</u> | <u>435,823</u> | <u>1,107,118</u> | <u>984,757</u> |
| Comprising: | | | | | |
| Current | | 268,341 | 190,999 | 745,109 | 634,098 |
| Non-current | | <u>258,368</u> | <u>244,824</u> | <u>362,010</u> | <u>350,659</u> |
| Total employee benefit liabilities | | <u>526,708</u> | <u>435,823</u> | <u>1,107,118</u> | <u>984,757</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

| Note 21 | Items included in net surplus | COUNCIL | | COUNCIL | |
|----------------|---|----------------|----------------|----------------|--------------|
| | | 2010 | 2009 | 2010 | 2009 |
| | a) Insurance premiums | 133,302 | 137,400 | | |
| | b) Ex-gratia payments | 0 | 0 | | |
| | c) Public ceremonies | 9,180 | 6,749 | | |
| | d) Insignia and robes of office | 0 | 0 | | |
| | e) Entertainment | 0 | 0 | | |
| | f) Subscriptions, levies, grants & contributions | 516,209 | 23,382 | | |
| | g) Unauthorised expenditure | 0 | 0 | | |
| | | 2010 | 2009 | 2010 | 2009 |
| | | Council | Council | Group | Group |
| | Other disclosures | | | | |
| | Depreciation - Infrastructural assets | 3,182,181 | 3,262,922 | 3,182,181 | 3,262,922 |
| | Depreciation - Operational assets | 403,831 | 413,159 | 1,057,778 | 1,327,916 |
| | Amortisation charge - Intangible assets | 25,549 | 26,257 | 29,875 | 30,028 |
| | Audit fees for financial statements audit | 84,255 | 96,850 | 145,396 | 150,050 |
| | Audit Fees for LTCCP | 0 | 99,298 | 0 | 99,298 |
| | Interest paid - bank borrowings | 0 | 3,259 | 123,512 | 211,875 |
| | Interest paid - discount rate | 0 | 20,907 | 0 | 20,907 |
| | Mayor and Councillors' fees | 213,889 | 200,985 | 213,889 | 200,985 |
| | Impairment of receivables (bad debts written off) | 105,418 | 98,738 | 105,418 | 98,738 |
| | Impairment of receivables (provision for doubtful debts) (Note 4) | 308,337 | 130,031 | 312,102 | 132,622 |
| | Lease expenses | 55,196 | 72,363 | 254,122 | 72,363 |
| | Loss on disposal of Property, Plant, and Equipment | 1,207,335 | 799,996 | 1,207,335 | 773,607 |
| | Unrealised (gain) loss on investments | -167,751 | 282,945 | -167,751 | 282,945 |
| | Gain on sale of assets | 0 | 14,391 | 20,264 | 33,319 |
| | Directors Fees | 0 | 0 | 65,632 | 74,748 |
| | Donations | 10,070 | 0 | 10,070 | 0 |

Note 22 Transactions with related parties

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

Purchase of services \$9,036,872(2009: \$6,900,983)

Sales: \$158542 (2009:\$114,839) Dividend \$140,000 (2009: \$80,000)

Amount owed by Quality Roding and Services (Wairoa) Ltd to Council at year end: \$1,318 (2009: \$1,644) which is receivable on normal trading terms

Amount owed by Council to Quality Roding and Services (Wairoa) Ltd at year end: \$2,311,693 (2009: \$834,270) which is payable on normal trading terms except for \$53,108 (2009: \$42,646) 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 & CEO:

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

| | 2010 | 2010 | 2009 | 2009 |
|--------------------------|-------------------|----------------|-------------------|----------------|
| | Business | Balance | Business | Balance |
| | Transacted | Owing | Transacted | Owing |
| D L Munro (Director) | 0 | 0 | 7,010 | 0 |
| L A Aitken (CEO) | 44,782 | 2,365 | 53,285 | 2,365 |
| K M Burger (FC) | 16,844 | 341 | 8,839 | 341 |
| A J O'Sullivan (Manager) | 8,855 | 0 | 7,048 | 0 |
| P Murphy (Manager) | 7,313 | 452 | 7,737 | 452 |

C J Torrie, a Director, is part owner of MBE Ltd which has provided services to QRS on normal trading terms to the value of \$13117 (2009:

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. Gain on revaluation of investments as at 30/06/10 was \$167,751 (2009: \$282,945 loss).

NOTES TO THE FINANCIAL STATEMENTS

Note 24 FINANCIAL INSTRUMENTS RISKS

| The Financial Instruments categories | 2010 Council | 2009 Council | 2010 Group | 2009 Group |
|--|-------------------|-------------------|-------------------|-------------------|
| FINANCIAL ASSETS | | | | |
| Financial assets at fair value through profit and loss - upon initial recognition | | | | |
| Shares and Debentures | 14,113,538 | 12,720,367 | 14,113,538 | 12,720,367 |
| Loans and Receivables | | | | |
| Cash and Cash Equivalents | 5,511,121 | 6,470,220 | 6,517,275 | 7,763,452 |
| Trade and Other receivables | 4,066,817 | 2,562,180 | 5,105,420 | 4,001,797 |
| Other Financial Assets | | | | |
| Sinking Fund investments | 0 | 0 | 0 | 0 |
| Housing and Community Advances | 8,267 | 16,864 | 8,267 | 16,864 |
| | <u>9,586,204</u> | <u>9,049,264</u> | <u>11,630,962</u> | <u>11,782,113</u> |
| Available for Sale Financial Assets | | | | |
| NZ Local Government Insurance Corporation Limited | <u>22,992</u> | <u>22,992</u> | <u>22,992</u> | <u>22,992</u> |
| | <u>22,992</u> | <u>22,992</u> | <u>22,992</u> | <u>22,992</u> |
| Total Financial Assets | <u>23,722,734</u> | <u>23,185,794</u> | <u>25,767,492</u> | <u>24,525,472</u> |
| FINANCIAL LIABILITIES | | | | |
| Financial Liabilities at Amortised Cost | | | | |
| Trade and Other Payables | 5,217,735 | 3,026,801 | 4,353,076 | 3,446,596 |
| Borrowings | | | | |
| Bank Overdraft | 0 | 0 | 0 | 0 |
| Secured Loans | <u>0</u> | <u>0</u> | <u>2,040,905</u> | <u>2,071,031</u> |
| Total financial liabilities at amortised cost | <u>5,217,735</u> | <u>3,026,801</u> | <u>6,393,981</u> | <u>5,517,627</u> |

Financial instrument risks

WDC has a series of policies to manage the risks associated with financial instruments. WDC is risk averse and seeks to minimise exposure from its treasury activities. WDC has approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. WDC is exposed to securities price risk on its investments, which are classified as financial assets held at fair value through profit or loss. The price risk arises due to market movements in listed securities. The price risk is managed by diversification of WDC's investment portfolio in accordance with the limits set out in WDC's Investment policy.

Currency Risk

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

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

Note

24 FINANCIAL INSTRUMENTS RISKS

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

| | 2010 Council | 2009 Council | 2010 Group | 2009 Group |
|---|-------------------|-------------------|-------------------|-------------------|
| Cash at bank, short term deposits and sinking funds | 5,511,121 | 6,470,220 | 6,517,275 | 7,763,452 |
| Trade and Other receivables | 4,066,817 | 2,562,180 | 5,105,420 | 4,001,797 |
| Housing and Community Advances | 8,267 | 16,864 | 8,267 | 16,864 |
| Shares and Debentures | 14,136,530 | 12,743,359 | 14,136,530 | 12,720,367 |
| Land and Buildings | 0 | 0 | 0 | 0 |
| Total Credit Risk | <u>23,722,734</u> | <u>21,792,623</u> | <u>25,767,492</u> | <u>24,502,480</u> |

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poors credit ratings (if available)

or to historical information about counterparty default rates:-

COUNTERPARTIES WITH CREDIT RATINGS

| | | | | |
|--|------------|------------|------------|------------|
| Cash at Bank and Short Term Deposits | | | | |
| AA | 5,511,121 | 6,470,220 | 6,517,275 | 7,763,452 |
| Shares and Debentures | | | | |
| A-1 or better | 14,136,530 | 12,743,359 | 14,136,530 | 12,743,359 |
| Housing and Community Advances | | | | |
| Existing counterparty with no defaults in the past | 8,267 | 16,864 | 8,267 | 16,864 |
| Existing counterparty with defaults in the past | 0 | 0 | 0 | 0 |

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.

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

| Council 2010 | Carrying Amount | Contractual Cash Flow | Less Than 1 year | 1 - 2 years | 2 - 5 years | more than 5 years |
|--------------------------|------------------|-----------------------|------------------|----------------|----------------|-------------------|
| Trade and Other Payables | 5,217,735 | 5,217,735 | 5,217,735 | 0 | 0 | 0 |
| Borrowings | | | | | | |
| Bank Overdraft | 0 | 0 | 0 | 0 | 0 | 0 |
| Secured Loans | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 5,217,735 | 5,217,735 | 5,217,735 | 0 | 0 | 0 |
| Group 2010 | | | | | | |
| Trade and Other Payables | 4,353,076 | 4,353,076 | 4,353,076 | 0 | 0 | 0 |
| Borrowings | | | | | | |
| Bank Overdraft | 0 | 0 | 0 | 0 | 0 | 0 |
| Secured Loans | 2,040,905 | 2,040,905 | 531,367 | 430,406 | 714,737 | 364,395 |
| Total | 6,393,981 | 6,393,981 | 4,884,443 | 430,406 | 714,737 | 364,395 |

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.

| | Carrying Amount | Contractual Cash Flow | Less Than 1 year | 1 - 2 years | 2 -5 years | more than 5 years |
|----------------------------------|----------------------------|----------------------------------|-----------------------------|--------------------|-------------------|------------------------------|
| Council 2010 | | | | | | |
| Cash and Cash Equivalents | 5,511,121 | 5,511,121 | 5,511,121 | 0 | 0 | 0 |
| Trade and Other receivables | 4,066,817 | 4,066,817 | 4,066,817 | 0 | 0 | 0 |
| Other financial assets | | | | | | |
| - Housing and Community Advances | 8,267 | 8,267 | 8,267 | | | 0 |
| -Shares and Debentures | 14,136,530 | 14,136,530 | 2,457,584 | 1,283,731 | 9,666,126 | 729,089 |
| Sinking Funds | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 23,722,734 | 23,722,735 | 12,043,789 | 1,283,731 | 9,666,126 | 729,089 |
| Group 2010 | | | | | | |
| Cash and Cash Equivalents | 6,517,275 | 6,517,275 | 6,517,275 | 0 | 0 | 0 |
| Trade and Other receivables | 5,105,420 | 5,105,420 | 5,105,420 | 0 | 0 | 0 |
| Other financial assets | | | | | | |
| - Housing and Community Advances | 8,267 | 8,267 | 3,058 | 3,313 | 1,896 | 0 |
| -Shares and Debentures | 14,136,530 | 14,136,530 | 2,457,584 | 1,283,731 | 9,666,126 | 729,089 |
| Sinking Funds | 0 | 0 | | | | |
| Total | 25,767,491 | 25,767,492 | 14,083,337 | 1,287,044 | 9,668,022 | 729,089 |
| Council 2009 | | | | | | |
| Cash and Cash Equivalents | 6,470,220 | 6,470,220 | 6,470,220 | 0 | 0 | 0 |
| Trade and Other receivables | 2,562,180 | 2,562,180 | 2,562,180 | 0 | 0 | 0 |
| Other financial assets | | | | | | |
| - Housing and Community Advances | 16,864 | 19,321 | 8,987 | 3,069 | 7,265 | 0 |
| -Shares and Debentures | 12,743,359 | 13,769,296 | 504,704 | 490,138 | 6,005,265 | 6,769,189 |
| Sinking Funds | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 21,792,623 | 22,821,017 | 9,546,091 | 493,207 | 6,012,530 | 6,769,189 |
| Group 2009 | | | | | | |
| Cash and Cash Equivalents | 7,763,452 | 7,763,452 | 7,763,452 | 0 | 0 | 0 |
| Trade and Other receivables | 4,001,797 | 4,001,797 | 4,001,797 | 0 | 0 | 0 |
| Other financial assets | | | | | | |
| - Housing and Community Advances | 16,864 | 19,321 | 8,987 | 3,069 | 7,265 | 0 |
| -Shares and Debentures | 12,743,359 | 13,769,296 | 504,704 | 490,138 | 6,005,265 | 6,769,189 |
| Sinking Funds | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 24,525,472 | 25,553,866 | 12,278,940 | 493,207 | 6,012,530 | 6,769,189 |

Note 24 FINANCIAL INSTRUMENTS RISKS

Sensitivity Analysis

The tables below illustrate the potential profit and loss and equity (excluding retained earnings) impact for with all other variables held constant, based on WDC's financial instrument exposures at the balance date.

| COUNCIL | 2010 | 2010 | 2010 | 2010 |
|--|-----------------|-----------------|-----------------|-----------------|
| | -100 bps | -100 bps | +100 bps | +100 bps |
| INTEREST RATE RISK | Profit | Other | Profit | Other |
| Financial Assets | | Equity | | Equity |
| Cash and Cash Equivalents | -13,227 | 0 | 11,301 | 0 |
| Other financial assets | | | | |
| -Shares and Debentures | -333,087 | 0 | 333,087 | 0 |
| Financial Liabilities | | | | |
| Borrowings | | | | |
| Bank Overdraft | 0 | 0 | 0 | 0 |
| Secured Loans | 0 | 0 | 0 | 0 |
| Debentures | 0 | 0 | 0 | 0 |
| Total sensitivity to interest rate risk | -346,314 | 0 | 344,388 | 0 |

| COUNCIL | 2009 | 2009 | 2009 | 2009 |
|--|-----------------|-----------------|-----------------|-----------------|
| | -100 bps | -100 bps | +100 bps | +100 bps |
| INTEREST RATE RISK | Profit | Other | Profit | Other |
| Financial Assets | | Equity | | Equity |
| Cash and Cash Equivalents | -64,702 | 0 | -64,702 | 0 |
| Other financial assets | | | | |
| -Shares and Debentures | -334,400 | 0 | -334,400 | 0 |
| Financial Liabilities | | | | |
| Borrowings | | | | |
| Bank Overdraft | 0 | 0 | 0 | 0 |
| Secured Loans | 0 | 0 | 0 | 0 |
| Total sensitivity to interest rate risk | -399,102 | 0 | -399,102 | 0 |

| GROUP | 2010 | 2010 | 2010 | 2010 |
|--|-----------------|-----------------|-----------------|-----------------|
| | -100 bps | -100 bps | +100 bps | +100 bps |
| INTEREST RATE RISK | Profit | Other | Profit | Other |
| Financial Assets | | Equity | | Equity |
| Cash and Cash Equivalents | -13,227 | 0 | 13,227 | 0 |
| Other financial assets | | | | |
| -Shares and Debentures | -333,087 | 0 | 333,087 | 0 |
| Financial Liabilities | | | | |
| Borrowings | | | | |
| Bank Overdraft | 0 | 0 | 0 | 0 |
| Secured Loans | 13,674 | 0 | -13,674 | 0 |
| Total sensitivity to interest rate risk | -332,640 | 0 | 332,640 | 0 |

| GROUP | 2009 | 2009 | 2009 | 2009 |
|--|-----------------|-----------------|-----------------|-----------------|
| | -100 bps | -100 bps | +100 bps | +100 bps |
| INTEREST RATE RISK | Profit | Other | Profit | Other |
| Financial Assets | | Equity | | Equity |
| Cash and Cash Equivalents | -65,172 | 0 | 53,880 | 0 |
| Other financial assets | | | | |
| -Shares and Debentures | -334,400 | 0 | 334,400 | 0 |
| Financial Liabilities | | | | |
| Borrowings | | | | |
| Bank Overdraft | 0 | 0 | -570 | 0 |
| Secured Loans | 15,061 | 0 | -15,061 | 0 |
| Total sensitivity to interest rate risk | -384,511 | 0 | 372,649 | 0 |

NOTES TO THE FINANCIAL STATEMENTS

Note 25 Events subsequent to balance date

Council has filed a claim for flood damage of \$2,014,000 with Land Transport New Zealand due to adverse weather conditions. There have been no other events subsequent to balance date that would have a material effect on the 30 June 2010 Annual Report.

| | 2010 | 2009 | 2010 | 2009 |
|---|---------|---------|---------|---------|
| | Council | Council | Group | Group |
| Note 26 Contingencies: | | | | |
| Contingent Liabilities | 0 | 0 | 0 | 0 |
| Performance bonds with ANZ Banking Group (NZ) Ltd | 0 | 0 | 248,000 | 248,000 |

Guarantees

\$248,000 (2009 : Nil)

Note 27 Long Term Council Community Plan 2009-2019

The Long Term Council Community Plan for 2009-19 was adopted by Council on 23rd July 2009. The first year of this Plan is reported in these Financial Statement as Annual Plan 2010

Note 28 Landfill aftercare provision

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

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

| | 2010 | 2009 | 2010 | 2009 |
|--|----------------|----------------|----------------|----------------|
| | Council | Council | Group | Group |
| Balance at 1 July | 701,766 | 696,908 | 701,766 | 696,908 |
| Provided (released) during the year - Wairoa | -87,253 | 23,281 | -87,253 | 23,281 |
| Provided (released) during the year - Mahia | 0 | -7,199 | 0 | -7,199 |
| Expenditure during the period | -351,06 | -32,131 | -35,106 | -32,131 |
| Amortisation | 19,613 | 20,907 | 19,613 | 20,907 |
| Balance at 30 June | <u>599,020</u> | <u>701,766</u> | <u>599,020</u> | <u>701,766</u> |

Note 29 Quarry aftercare provision

Quality Roding and Services (Wairoa) Ltd have provided for the reinstatement of Quarries where such a liability exists. The costs have been estimated using existing technology at current

| | 2010 | 2009 | 2010 | 2009 |
|-------------------------------|----------|----------|----------------|----------------|
| | Council | Council | Group | Group |
| Balance at 1 July | 0 | 0 | 113,016 | 106,097 |
| Provided during the year | 0 | 0 | 5,923 | 6,919 |
| Expenditure during the period | 0 | 0 | 0 | 0 |
| Balance at 30 June | <u>0</u> | <u>0</u> | <u>118,939</u> | <u>113,016</u> |

NOTES TO THE FINANCIAL STATEMENTS

Note 30 STATEMENT OF COMMITMENTS AS AT 30 JUNE 2010

| | 2010 | 2009 | 2010 | 2009 |
|---|----------------|----------------|--------------|--------------|
| | Council | Council | Group | Group |
| Capital commitments approved and contracted | 179,175 | | 179,175 | 95,000 |

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 :-

| | 2010 | 2009 | 2010 | 2009 |
|---|----------------|----------------|--------------|--------------|
| | Council | Council | Group | Group |
| Non cancellable operating lease commitments | | | | |
| Office equipment | | | | |
| Up to one year | 55,196 | 70,702 | 160,892 | 187,486 |
| one to five years | 220,786 | 154,720 | 435,730 | 307,464 |
| over five years | 0 | 0 | 0 | 0 |

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 lessee.

Note 31 STATEMENT OF FINANCIAL INVOLVEMENT IN CCTOs

AND OTHER COMPANIES OR ORGANISATIONS

Wairoa District Council has control over the following entities:

Quality Roading 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 | Divi- |
|------------------|--------------|
| 2010 | 2009 |
| 140,000 | 80,000 |

Note 32 Government Grants & Subsidies

WDC receives government grants from Land Transport New Zealand, which subsidises part of the costs in maintaining the local roading infrastructure. The subsidies are recognized as revenue upon entitlement as conditions relating to eligible expenditure are fulfilled. WDC has received \$9,285,325 in government subsidies for the year ended 30 June 2010, (2009 \$7373468). \$9,036,998 was received from Land Transport New Zealand in transport subsidies, (2009 \$7,214,366), \$2,625 in Veteran Affairs, (2009 \$2,625), \$15,550 from Creative New Zealand (2009 \$10217), \$8677 from SPARC'S rural travel fund, (2009 \$9174), \$44,808 funding YROA YNOT funding, \$152,392 from Ministry of Internal Affairs (2009 \$127,138) and \$3,217 from Civil Defence, (2009 \$7,078).

WDC has fulfilled all conditions attaching to the government assistance.

Revenue received from Government grants and subsidies (and hence operating surplus) includes \$3,839,940 (2009 \$3,006,503) relating to grants received where the associated expenditure has been capitalized. Expenditure relating to these projects will be recognized (primarily as depreciation) over the life of the capitalized assets.

Cashflow from Government grants and subsidies (and hence operating cash inflows) includes \$3,839,040 (2009 \$3,006,503) with respect to these capital grants where the associated cash outflows are recognized as investing activities.

NOTES TO THE FINANCIAL STATEMENTS

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

| | 2010 LTP and Annual Plan | 2009 Annual Plan |
|--|---|-----------------------------|
| Income Statement | | |
| 2010 plan net surplus | 819,081 | 5,782,928 |
| Higher (lower) subsidy revenue (regional projects, emergency works) | 2,777,111 | -3,774,911 |
| Higher (lower) income from investments | 636,478 | -280,001 |
| Higher (lower) income from fees & charges (water production, waste management) | -26,994 | 39,402 |
| Higher income from rates | 45,404 | -120,641 |
| Increase in costs due to additional roading work, operating deficits from production of water and sewerage | -3,382,772 | -1,321,655 |
| Capital gain on asset sales | | 14,391 |
| Loss on revaluation of woodlots | -53,001 | |
| Gain on revaluation of Wairoa Landfill Aftercare provision | 102,746 | |
| Other | -2,350 | -5,207 |
| 2010 actual net surplus | <u>915,703</u> | <u>334,306</u> |
| Capital expenditure | | |
| 2010 plan | 5,655,837 | 14,617,782 |
| Projects deferred or cancelled | | -11,018,650 |
| Additional projects approved | 148,029 | 48,203 |
| Projects under/over spent | | 764,109 |
| Actual expenditure 2009 | <u>5,803,866</u> | <u>4,411,444</u> |

Note 35 Capital management

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

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses , assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) 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 LTCCP.

WDC has the following Council created reserves:

- reserves for different areas of benefit
- self-insurance reserves

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit to the separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can only be approved by Council.

Note 36 Adoption of Annual Report

Council adopted the Annual Report on the 14 December 2010.

The statutory deadline to adopt the Annual Report for the year ended 30 June 2010 was 31st October 2010.

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 2010. The financial statements were authorised for issue by Council on 14 December 2010.

Basis of Preparation

The financial statements of the Wairoa District Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with the New Zealand generally accepted accounting practice (NZ GAAP).

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

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

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

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

Basis of consolidation

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

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

Revenue

Revenue is measured at the fair value of consideration received.

Rates revenue

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

Interest revenue

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

Dividend revenue

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

Other Revenue

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

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

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

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

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in WDC are recognised as revenue when control over the asset is obtained.

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

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

Income Tax

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

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

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

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

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

LEASES

Operating Lease

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

Cash or cash equivalents

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

Trade and Other Receivables

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

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

Inventories

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

Financial Assets

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

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

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

Purchases and sales of financial assets are recognised on trade-date, the date on which WDC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and WDC has transferred substantially the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on the quoted market prices at the balance sheet date. The quoted price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. WDC uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

A. Financial assets at fair value through profit and loss

This category has two sub categories: financial assets held for trading, and those designated at fair value through profit and loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Included in this category are short-term investments, which are valued at fair value.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the statement of financial performance

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

B. Loans and receivables

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

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

C. Available-for-sale financial assets

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

Impairment of Financial Assets

At each balance date WDC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the income statement.

Loans and Other Receivables

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

Quoted and unquoted equity investments

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

Interest-bearing borrowings

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

Non-current assets held for sale

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

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

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

Property, Plant & Equipment

Property, Plant & Equipment consists of:

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

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

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

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

Additions

Additions of an item of property, plant and equipment are recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the statement of financial performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to WDC and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment for WDC other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Our subsidiary company QRS Ltd. uses the diminishing value basis for depreciating plant, equipment and motor vehicles, office equipment and furniture, and computer hardware.

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

Property, Plant & Equipment

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

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

| WATER SUPPLY | Life years | ROADS | Life years |
|---------------------|-------------------|---------------------------|-------------------|
| Structures | 50 | Top Surface (seal) | 13 |
| Pumps | 15-20 | Basecourse (sealed roads) | 60 |
| Reticulation Piping | 60-100 | Formation | Not depreciated |
| Meters | 20 | Unsealed Roads | Not depreciated |
| Hydrants | 40 | Bridges | 20-80 |
| Resource Consents | 20-25 | Footpaths | 15-40 |
| Reservoirs | 80 | Kerbs | 50 |
| | | Streetlights (Poles) | 50 |

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

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

Revaluation

Those assets classes that are revalued are valued on a five 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 recognised 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% |
|-------------------|---------|-----|

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

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

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

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

Forestry Assets

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

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

Investment Property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Investment property is measured initially at its cost including transaction costs.

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

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

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

Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

Trade and Other Payables

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

Borrowings

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

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

Employee Benefits

Short-term benefits

Employee benefits which WDC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months and sick leave.

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

Long – Term Employee Entitlements

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

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

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

Superannuation

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

Provisions

WDC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Borrowing Costs

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

Equity

Equity is the community's interest in WDC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of the reserves are:

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

Restricted & Council Created Reserves

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

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

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

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

Goods and Services Tax (GST)

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

The net amount of GST recoverable from, or payable to, Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council at the beginning of the year in the Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by WDC for the preparation of the financial statements.

Overhead Cost allocation

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

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific activity.

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

Critical Accounting Estimates and Assumptions

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

Landfill Aftercare

Note 29 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 2031, based upon the resource consent issued by the Hawke's Bay Regional Council. 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 25 years. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 3%.

Infrastructure Assets

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

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset then WDC could be over or under estimating the annual depreciation charge

recognised as an expense in the statement of financial performance. To minimise this risk WDC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of WDC's asset management planning activities, which give WDC further assurance over its useful life estimates.

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

Critical Judgements in applying WDC's Accounting Policies

Management has exercised the following critical judgements in applying the WDC's accounting policies for the period ended 30 June 2010:

Changes in Accounting Policies:

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

Application of New Standards

Standards, amendments and interpretations issued and effective, and which are relevant to WDC include:

- NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives the WDC the option of presenting items of income and expenditure and components of other comprehensive income either in a single statement of comprehensive income with sub-totals, or in two separate statements. WDC adopted the standard for year ended 30 June 2010.
- NZ IAS 23 Borrowing Costs (revised 2007) replaces NZ IAS 23 Borrowing Costs (revised 2004) and is effective for reporting periods on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction, or production of a qualifying asset. The revised standard will also require borrowing costs to be considered when revaluing property, plant and equipment to fair value based on depreciated replacement cost. Any necessary adjustments to depreciated replacement cost carrying values will have flow on effects to depreciation expense. The WDC intends to adopt this standard for the year ended 30 June 2010.
- NZ IFRS 3 Business Combinations (revised 2008) and the amended NZ IAS 27 Consolidated and Separate Financial Statements are effective for reporting periods beginning on or after 1 July 2009 and must be applied prospectively from that date. The main changes are:
 - Partial acquisitions – Non-controlling interests are measured either as their proportionate interest in net identifiable assets (which is the original NZ IFRS 3 requirement) or at fair value
 - Step acquisitions – The requirement to measure at fair value every asset and liability at every step to calculate goodwill has been removed. Instead goodwill is measured at the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired.
 - Contingent consideration - Contingent consideration must be recognised and measured at fair value at the acquisition date. Subsequent changes in fair value are recognised in accordance with other NZ IFRSs, usually in profit or loss (rather than adjusting the cost of acquisition)

WDC adopted the revised NZ IFRS 3 and NZ IAS 27 for the year ended 30 June 2010.

- **NZ IFRS 7 – Financial Instrument disclosures (amended December 2008)**

The amended IFRS 7 is effective for reporting periods beginning on or after 1 July 2009 and must be applied prospectively from that date. The main changes the amended NZ IFRS 7 will make to existing requirements or practice are:

Quoted prices in active markets for identical assets or liabilities (Level 1).

Inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

- **NZ IFRS 8 – Operating Segments**

Public benefit entities are not required to comply with the requirements of NZ IFRS 8.

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

- **NZ IFRS 9– Financial Instruments**

This was issued November 2009 and is effective for reporting periods beginning on or after 1 January 2013. This standard requires all assets within the scope of NZ IAS 39 to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Council has not yet quantified the potential impact of the new standard

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

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

Depreciation:

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

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

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

The effects of this decision are that:

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

Depreciation not funded:

| | BUDGET \$ | ACTUAL \$ |
|--------------------------|--------------------|--------------------|
| 1. Community Halls | 5,000 | 5,216 |
| 2. Housing | 5,100 | 4,660 |
| 4. Rural fire appliances | 52,000 | 32,336 |
| 5. Camping Ground | 7,700 | 8,080 |
| 6. Water Production | 134,400 | 128,471 |
| 7. Roothing | 1,412,432 | 1,830,529 |
| Total | <u>\$1,616,632</u> | <u>\$2,009,292</u> |

OFFICIAL INFORMATION

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

DOCUMENTS HELD BY COUNCIL

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

Administration Manager, Wairoa District Council, Wairoa

POLICY MANUALS/DOCUMENTS

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

District Plans

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

Local Government Act 2002 and Amendments

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

Local Government Official Information and Meetings Act 1987

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

Long Term Council Community Plan 2009-2019

Annual Plan 2009/10

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 2010

EXECUTIVE STAFF

| | |
|-------------------------|--------------|
| Chief Executive Officer | P.J. Freeman |
| Manager Administration | J. Baty |
| Manager Engineering | N.Cook |
| Manager Finance | W. Sinden |

POSTAL ADDRESS

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AUDITORS

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

BANKERS

Westpac Banking Corporation
Marine Parade, Wairoa

SOLICITORS

I. R. McDonald
Barristers & Solicitors
Locke Street, Wairoa

INSURANCE BROKERS

Jardine Risk Consultants Ltd
P.O. Box 11145, Wellington

AUDIT REPORT

TO THE READERS OF WAIROA DISTRICT COUNCIL AND GROUP'S FINANCIAL STATEMENTS AND SERVICE PROVISION INFORMATION FOR THE YEAR ENDED 30 JUNE 2010

The Auditor-General is the auditor of Wairoa District Council (the District Council) and group. The Auditor-General has appointed me, Grant Taylor, using the staff and resources of Ernst & Young, to carry out the audit on her behalf. The audit covers the financial statements, the service provision information and the District Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are included in the annual report of the District Council and group for the year ended 30 June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the District Council and group on pages 55 to 102:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2010; and
 - the results of its operations and cash flows for the year ended on that date.
- The service provision information of the District Council on pages 15 to 54:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council's levels of service provision for the year ended 30 June 2010, including:
 - the levels of service provision as measured against the intended levels of service provision adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service provision and the expected service provision.
- The District Council and group has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report, and that are included in the District Council and group's financial statements and service provision information.

The audit was completed on 14 December 2010, and 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 the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, the service provision information and the other requirements did not have material misstatements, whether caused by fraud or error.

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

The audit involved performing procedures to test the information presented in the financial statements, the service provision information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether the significant management and system controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported financial and service provision data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied;
- determining the appropriateness of the reported service provision information within the Council's framework for reporting performance; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, the service provision information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, the service provision information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements and service provision information in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council and group as at 30 June 2010. They must also fairly reflect the results of its operations and cash flows for the year ended on that date. The service provision information must fairly reflect the District Council's levels of service provision for the year ended 30 June 2010.

The Council is also responsible for meeting the other requirements of Schedule 10 of the Local Government Act 2002 and including that information in the annual report. The Council's responsibilities arise from section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, the service provision information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

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

In addition to the audit we have carried out another assurance assignment in form of the audit of the long-term council community plan, which is compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the District Council or any of its subsidiaries.

A handwritten signature in blue ink, appearing to read 'Grant Taylor'.

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