


Wairoa District Council

SUMMARY ANNUAL REPORT

2007-2008



 *Te Wairoa Hōpūpū Hōnengenenge
Matangirau*

Adopted 30 October 2008



Wairoa District Council 2008 ©

JOINT STATEMENT FROM THE MAYOR AND THE CHIEF EXECUTIVE OFFICER

Performance Management

The LTCCP showed many more performance measures than previously and also included measures that in many cases were beyond the ability of Council staff to influence (e.g. reducing number of criminal offences). There are also a number of targets that do not have appropriate metrics to support them.

In reviewing the 2008 performance measures it should be noted that while some targets were not met, others were not yet measurable and many had a very high or optimistic level of expectation. Refinement of the measures and implementation of measurement systems will improve accountability in the future.

- **Building Accreditation**

The BCA staff are currently completing the final Corrective Actions Requests and this should lead to Accreditation by the end of 2008.

- **Quality Roding and Services (Wairoa) Limited**

The annual accounts of QRS show a disappointing result compared to recent years. A dividend of \$80,000 was declared by the Directors compared with a budget expectation of \$400,000. This shows a return on equity of 5.1%.

- **Roding**

2019m new Footpath
32Km of reseal completed
34Km unsealed road build-up

- **Stormwater**

600m open drains piped

- **Planning**

Mediation on Plan Change 1B is complete with Consent Orders being drafted for the Environment Court. Dependent on Court sitting dates, the Plan Change should be operative by the end of 2008.

- **Mahia Wastewater Scheme**

Council is still of the view that a Community Wastewater Scheme is the most appropriate solution to the Mahia Beach sewerage problem. Resource Consents and a Notice of Requirement were lodged during the year with further work still to be undertaken on a possible treatment plant site.

The results of the year's activities have been somewhat obscured by the imprecise nature of some of the measures used but the overall performance remains satisfactory.

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

HIGHLIGHTS

This is a brief summary of progress on some of the significant projects and initiatives that were highlighted in the Annual Plan for 2007-2008.

Waste Management:

Waste Management was again one of our more challenging activities during 2007/08. Dissatisfaction with the service remains high and while most people are making responsible choices now they see the real cost of waste disposal, a minority create significant impact with illegal dumping, which creates an eyesore and harms the environment. The highlight for 2007/08 was completing the District-wide Waste Management Survey "What a load of rubbish", which met with a great response and resulted in a community group meeting at Council to discuss some of the issues in more detail. The results of the survey and the subsequent discussions will form the basis for the options on the shape of the Waste Management service that will appear in next year's LTCCP.

Mahia Community Wastewater Scheme:

2007/08 saw us finally lodge consent applications for this significant infrastructure project. The consent is now on hold and will not proceed until Council gathers further information on a number of technical matters, in particular the potential impact on groundwater.

Council have reaffirmed their commitment to a Community Scheme for Mahia Beach. However, following submissions to the 2008/09 Annual Plan Council met with representatives of Te Rakato Marae and have agreed to halt work on the current proposal while an alternative site is investigated for feasibility.

Mahia Stormwater:

Stage 1 of this 3-year project was completed. This included large scale drain cleaning, vegetation removal and some culvert work. Significant rain events soon after completion confirmed the effectiveness of the work undertaken by local contractors Pryde Contractors. Designs for Stage 2 works have been prepared and a contract has been tendered. Resource Consent requirements and affected landowner approvals are currently being worked through to allow Stage 2 to proceed early in 2008/09, with anticipated completion prior to Christmas 2008.

Roading:

Our Engineers had some successes and some 'learning experiences' this year with trials on various types of maintenance treatments for our rural roads. Good results were achieved with some traditionally high-maintenance sections of unsealed road where we cement-stabilised the pavement to create a firm, longer-lasting surface. These trial sites are monitored over time to see whether long term cost savings can be made and to see how the sites perform. If they work out well the technique can be applied to other similar sites.

Council has spent the past 2 years accelerating our reseal program to 'catch-up' with a minor back-log that was created when long sections of Putere Road and Willowflat Road were sealed. 2007/08 saw 32km of reseals compared to recent years where around 18km have been achieved. Our reseal programme is undertaken as a joint venture with State Highway managers Transit New Zealand which achieves considerable cost and time savings when compared to tendering and managing our own reseal contract.

The special "Regional Development" funds are coming to an end soon however in 2007/08 Council undertook 12km of unsealed road build-up at a cost of \$275,000, which was funded 100% by Central Government for the purpose of economic development associated with forestry. Unkind weather meant some \$480,000 of work had to be deferred into the 2008/09 year.

Our own metal build-up programme saw 22 km of road treated at an overall cost of \$350,000.

New Capital Work in Wairoa:

The footpath network in Wairoa continued to expand with some key links completed in 2007/08. These included the final section of Kitchener St from Kauri Pl to McLean St, Grey St to link existing footpaths to the new walkway and also a linking section at Lockwood Pt.

Nearly 600m of open drains were piped at a cost of \$150,000. The drainage programme is progressively improving the look and usability of road side berm areas around the town. The 2007/08 programme included Sydney St, Hunterbrown St and Spooners Point.

Locally-based contractors QRS and Downer EDI Works completed the footpath and drainage programme.

Gisborne-based national contractor Fulton Hogan won the contract to construct stage 2 of the Wairoa Walkway and with the help of some local sub-contractors undertook the work in often challenging conditions to produce a wonderful new asset for our District.

COMMUNITY OUTCOMES

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) | | | | Is Wairoa District generally a safe place to live? (A safe and secure community) | | | |
|--|------|------|------|--|------|------|------|
| | 2006 | 2007 | 2008 | | 2006 | 2007 | 2008 |
| Yes | 39% | 36% | 33% | Yes, definitely | 31% | 27% | 41% |
| The Same | 41% | 49% | 53% | Yes, mostly | 59% | 67% | 50% |
| Worse | 10% | 9% | 8% | Not really | 6% | 4% | 7% |
| Unable to comment | 10% | 6% | 6% | No, definitely not | 3% | 2% | 1% |
| | | | | Unsure | 1% | | 1% |

| Satisfaction with the way in which Council involves the public in the decisions it makes. (Strong leadership and a sense of belonging; Supportive, caring and valued communities) | | | | Quality of Life (All Outcomes) | | | |
|---|------|------|------|--------------------------------|------|------|------|
| | 2006 | 2007 | 2008 | | 2006 | 2007 | 2008 |
| Very satisfied | 6% | 6% | 7% | Very Good | 37% | 30% | 38% |
| Satisfied | 47% | 42% | 52% | Good | 44% | 56% | 45% |
| Neither satisfied nor dissatisfied | 26% | 25% | 24% | Fair | 16% | 11% | 14% |
| Dissatisfied | 14% | 18% | 14% | Poor | 2% | 3% | 3% |
| Very dissatisfied | 4% | 4% | 2% | Don't know | 1% | | |
| Don't know | 3% | 5% | 1% | | | | |

Summary Financial Report for the year ended 30 June 2008

The information contained in this report has been extracted from the audited Annual Report of the Wairoa District Council for the year ended 30 June 2008. An unqualified audit report was signed on 30th October 2008. Ernst and Young, on behalf of the Auditor General, have reviewed this summary report and have confirmed that it fairly and consistently represents the full Annual Report for the year.

A Summary Report cannot be expected to provide as complete an understanding of the financial and non-financial performance of the Council as the full Annual Report. A copy of the full report is available from Wairoa District Council, Coronation Square, Wairoa (P O Box 54, Wairoa) or by visiting the Wairoa District Council website at www.wairoadc.govt.nz.

The financial statements comprise the Wairoa District Council and its Council Controlled Trading Organisation, Quality Roding and Services (Wairoa) Ltd.

Changes in Accounting Policies: All accounting policies have been applied on a consistent basis throughout the year.

Overview

The summary financial statements comply with FRS 43: Summary Financial Statements.

The financial statements are prepared in New Zealand dollars. The financial statements are rounded to the nearest whole dollar, with amounts under 50 cents rounded down and amounts of 50 cents or more rounded up.

The summary financial statements were authorised for issue on 30 October 2008, by the Mayor, Les Probert, and the Chief Executive Officer, Peter Freeman.

The full financial statements were authorised for issue on 30 October 2008. The Wairoa District Council is a public benefit entity. The full financial statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Summary of Council Revenue

| | \$ | % |
|----------------------|-------------------|----------------|
| Rates | 7,920,147 | 43.76% |
| Subsidies | 6,686,703 | 36.94% |
| Petrol Tax | 66,881 | 0.37% |
| Fees and Charges | 1,704,377 | 9.42% |
| Investment Income | 1,718,814 | 9.50% |
| Miscellaneous Income | 1,960 | 0.01% |
| | <u>18,098,882</u> | <u>100.00%</u> |

Subsidies and Rates make up over 80% of the revenue of Council. The bulk of subsidies are received from Land Transport New Zealand to subsidise the cost in maintaining the local roading infrastructure. Council receives petrol tax as its share of the regional income based on the relative rating income of local authorities in the East Coast region. Fees and charges are the costs charged directly to consumers of Council services including the Landfill. Investment Income includes income from interest in investments and dividends from Quality Roadway and Services (Wairoa) Limited. Rates are charged to all residents owning land within the Wairoa District, and include uniform charges for running Council, and for services such as water and sewerage. Targeted rates are charged for roading, stormwater, parks and reserves and services.

Summary of Council Expenditure

| | \$ | % |
|-------------------------|-------------------|----------------|
| Water Services | 2,694,910 | 15.29% |
| Solid Waste | 916,122 | 5.20% |
| Transport | 9,473,616 | 53.75% |
| Community Facilities | 1,803,921 | 10.24% |
| Planning & Regulatory | 1,273,783 | 7.23% |
| Leadership & Governance | 1,172,498 | 6.65% |
| Investments | 171,824 | 0.97% |
| Corporate | 117,640 | 0.67% |
| | <u>17,624,314</u> | <u>100.00%</u> |

Water Services includes the cost of supplying and reticulating water to residents, and collecting stormwater and sewerage. Waste Management includes the collection of rubbish and recyclables, the management of the Landfill and control of litter. Transport includes the cost of maintaining local roads, and parking facilities plus the safe operation of the airport. Community facilities includes maintaining cemeteries, parks and reserves, pensioner housing plus funding of the library, museum, community centre and community halls. Planning and Regulatory includes planning, health, building, livestock and dog control plus bylaw enforcement, liquor licensing, safer communities and emergency management. Leadership and governance includes community representation, maori liaison, and economic development. Investments includes commercial and sundry properties, funds management and dividends. Corporate includes management, administration, finance, asset information and information systems.

Summary of Assets

| | | |
|-------------------------------------|--------------------|----------------|
| Property, Equipment and Intangibles | 168,304,600 | 87.90% |
| Investment Properties | 277,000 | 0.14% |
| Investment in Subsidiaries | 1,250,000 | 0.65% |
| Cash and Cash Equivalents and other | | |
| Financial Assets | 18,126,034 | 9.47% |
| Trade and other Receivables | 3,344,931 | 1.75% |
| Other Assets | 168,467 | 0.09% |
| | <u>191,471,032</u> | <u>100.00%</u> |

Council property includes land and buildings, vehicles furniture and office equipment plus infrastructure assets such as roading, bridges, and water reticulation, and computer software. Investment properties is the enterprise building that houses the information centre. Investment in subsidiaries is the initial investment Council made in subsidiary Quality Roothing and Services (Wairoa) Limited. Cash and cash equivalents and financial assets includes cash, investments, and assets held for sale. Trade and other receivables includes all accounts outstanding as at year end. Other assets includes inventories, loans and other receivables, and forestry, a biological asset.

Summary of Liabilities

| | | |
|------------------------------|------------------|----------------|
| Trade and Other Payables | 2,558,884 | 64.27% |
| Landfill Aftercare | 696,908 | 17.50% |
| Employee Benefit Liabilities | 495,536 | 12.45% |
| Borrowings | 230,000 | 5.78% |
| | <u>3,981,328</u> | <u>100.00%</u> |

Trade and other payables includes all accounts owing to creditors at year end. Landfill Aftercare is the liability Council has for ongoing maintenance of the Landfill. Employee benefit liabilities represents the liability for annual leave, long service leave, gratuities, sick leave and accrued pay. Borrowings is the total amount of public debt owed by Council at year end.

Explanation of major variances against budget

Explanation for major variations from WDC's estimated figures in the 2006/2007 Long Term Council Community Plan and the 2007/2008 Annual Plan are as follows:-

| | 2008 LTCCP | 2008 Annual Plan |
|---|------------------|---------------------|
| Income Statement | | |
| 2008 plan net surplus | 545,365 | 1,356,903 |
| Higher subsidy revenue (regional projects, emergency works) | 1,862,916 | 217,003 |
| Higher (lower) income from investments | 328,251 | -84,954 |
| Lower income from fees & charges (water services, waste management) | -87,659 | -120,347 |
| Lower income from rates due to reserve funding & projects deferred | -619,434 | -128,871 |
| Increase in costs due to additional roading work and addition of Information Centre | -1,385,914 | -596,209 |
| Capital gain on asset sales | -197,000 | -197,000 |
| Other | 6,952 | 6,952 |
| 2008 actual net surplus | <u>453,477</u> | <u>453,477</u> |
| Capital expenditure | | |
| 2008 plan | 3,946,156 | 4,998,095 |
| Projects deferred | -1,018,301 | -1,282,427 |
| Additional projects approved | 909,000 | 0 |
| Projects under/over spent | -35,565 | 85,622 |
| Actual expenditure 2008 | <u>3,801,290</u> | <u>3,801,290</u> |

| 2007 Council | 2007 Group | | 2008 Budget | 2008 Council | 2008 Group |
|---|---------------|--|----------------|-----------------|---------------|
| Summary Statement of Financial Performance | | | | | |
| 7,773,908 | 7,773,908 | Rates Revenue | 8,049,018 | 7,920,147 | 7,920,147 |
| 13,764,490 | 21,788,776 | Other Revenue | 10,206,714 | 10,178,735 | 19,268,677 |
| 21,538,398 | 29,562,684 | Total Operating Revenue | 18,255,732 | 18,098,882 | 27,188,824 |
| 68,286 | 157,802 | Total Finance Expense | 47,636 | 43,838 | 225,928 |
| 16,545,903 | 24,540,207 | Total Operating Expense (excluding finance expense) | 17,018,993 | 17,580,476 | 26,257,244 |
| 0 | 0 | Revaluation | 5,800 | 14,509 | 14,509 |
| 64,280 | 69,080 | Capital Gain on Asset Sales | 162,000 | (35,600) | (35,600) |
| 4,988,489 | 4,933,755 | Operating Surplus/ (Deficit) before taxation | 1,356,903 | 453,477 | 684,561 |
| 0 | (279,156) | Taxation | 0 | 0 | (143,477) |
| 4,988,489 | 4,654,599 | Net Surplus / (Deficit) | 1,356,903 | 453,477 | 541,084 |
| Summary Statement of Changes in Equity | | | | | |
| 163,681,769 | 166,987,353 | Equity opening balance | 162,726,982 | 168,803,958 | 171,775,652 |
| 4,988,489 | 4,654,599 | Net Surplus /(Deficit) | 1,356,903 | 453,477 | 541,084 |
| 133,700 | 133,700 | Revaluations | 0 | 18,232,269 | 18,232,269 |
| 168,803,958 | 171,775,652 | Equity closing balance | 164,083,885 | 187,489,704 | 190,549,005 |
| Comprising:- | | | | | |
| 123,235,074 | 125,578,442 | Accumulated Funds and Retained Earnings | 115,578,558 | 121,664,010 | 124,094,985 |
| 32,927,484 | 33,555,810 | Revaluation Reserves | 32,589,153 | 51,159,753 | 51,788,079 |
| 12,322,697 | 12,322,697 | Special Fund Reserves | 15,845,176 | 14,598,154 | 14,598,154 |
| 318,703 | 318,703 | Sinking Fund Reserves | 70,998 | 67,787 | 67,787 |
| 168,803,958 | 171,775,652 | | 164,083,885 | 187,489,704 | 190,549,005 |
| Summary Statement of Financial Position | | | | | |
| 22,190,332 | 25,494,385 | Current Assets | 18,346,610 | 21,393,125 | 25,383,979 |
| 152,399,706 | 155,298,589 | Non-current Assets | 151,461,275 | 170,077,907 | 173,342,538 |
| 174,590,038 | 180,792,974 | Total Assets | 169,807,885 | 191,471,032 | 198,726,517 |
| 4,524,976 | 6,775,660 | Current Liabilities | 4,046,000 | 3,003,613 | 5,083,204 |
| 1,261,104 | 2,241,662 | Non-current Liabilities | 1,678,000 | 977,715 | 3,094,308 |
| 5,786,080 | 9,017,322 | Total Liabilities | 5,724,000 | 3,981,328 | 8,177,512 |
| 168,803,958 | 171,775,652 | Total Equity | 164,083,885 | 187,489,704 | 190,549,005 |
| Summary Cash Flow Statement | | | | | |
| 9,270,883 | 9,677,025 | Cash Flow from Operating Activities | 4,734,727 | 4,222,767 | 4,449,938 |
| (6,608,533) | (7,389,543) | Cash Flow from Investing Activities | (6,970,838) | (3,375,389) | (4,668,065) |
| (315,000) | (232,252) | Cash Flow from Financing Activities | 230,000 | (270,000) | 1,052,725 |
| 2,347,350 | 2,055,230 | Net Increase/(Decrease) in Cash and Cash Equivalents | (2,006,111) | 577,378 | 834,598 |
| 3,141,034 | 3,119,070 | Plus Opening Cash and Cash Equivalents | 3,216,795 | 5,488,384 | 5,174,300 |
| 5,488,384 | 5,174,300 | Closing Cash and Cash Equivalents | 1,210,684 | 6,065,762 | 6,008,898 |

In the opinion of Council and management of Wairoa District Council, the summary financial report for the year ended 30 June 2008 fairly reflects the financial position and operations of the Wairoa District Council.



Mayor
L Probert
30th October 2008



Chief Executive
P J Freeman
30th October 2008

AUDIT REPORT

TO THE READERS OF WAIROA DISTRICT COUNCIL AND GROUP'S
SUMMARY ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

We have audited the summary annual report.

Unqualified Opinion

In our opinion:

- ▶ the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- ▶ the information reported in the summary financial statements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 30 October 2008, on:

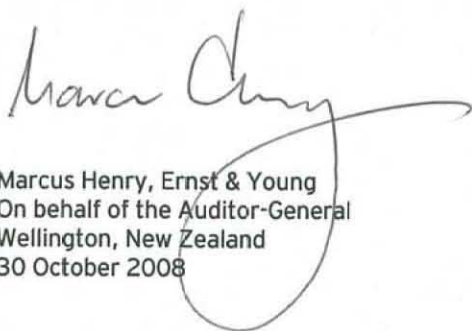
- ▶ the full financial statements; and
- ▶ the Council and group's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of Opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor and in conducting the audit of the Long Term Council Community Plan, we have no relationship with or interests in the Council or its subsidiary.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.



Marcus Henry, Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand
30 October 2008