

# ANNUAL REPORT SUMMARY

FOR THE YEAR ENDING  
30 JUNE 2018



**TE WAIROA**  
**WAIROA DISTRICT**

## **JOINT STATEMENT FROM THE MAYOR AND THE CHIEF EXECUTIVE OFFICER**

Kia ora tātou and welcome to the Wairoa District Council's 2017/2018 Summary Annual Report. The past year can be characterised by two main themes for the Wairoa District Council: the achievement of goals, and looking to the future. We are pleased to share with you the highlights of another busy and challenging year. Council has continued the process of examining opportunities for Wairoa to prosper as a district, as well as maintaining infrastructure and core levels of service in an affordable way. This report is a summary of the Council's activities, performance and financial situation.

The year's most significant milestone came in February, when we appointed Steven May as Chief Executive Officer of the Wairoa District Council. Mr May has a wealth of knowledge and experience, which we are sure, will serve our district well as we head into the future. We would also like to pay tribute to the service of outgoing CEO Fergus Power for the dedication and hard work he put into the district and community in the time that he was here. Mr Power leaves a legacy that our new Chief Executive and Council will continue to build on. We would also like to acknowledge Interim CEO John Freeman, for stepping in while we undertook a robust recruitment process for our new CEO.

Accelerating infrastructure developments and investment into the district's future were the key themes of the 2017/2018 Annual Plan released in June. The Annual Plan represented a need to look at options to invest in Wairoa's future. Options that allowed us to maintain our current infrastructure and levels of service as well as investing in opportunities for Wairoa's future in an affordable way.

Council also initiated a significant body of work to engage the community on the future of wastewater management now and into the future. The upgrade of Wairoa's wastewater network is a significant project and alongside this the wastewater consent is up for renewal. Rather than engage the community on a consent renewal process, Council undertook an extensive community engagement process which took just over eight months to investigate the best options for future wastewater management. This process was deemed best practice for community engagement and was a finalist in both the SOLGM and LGNZ awards. I am extremely proud of the work undertaken and wish to commend all those involved in this process. It will help us inform our practice now and into the future.

Council also sought to initiate a conversation with the community regarding its Revenue and Finance Policy earlier in the year. This process clearly demonstrated the complexity of our rating system and the need for us to seriously consider how we do this better to ensure a fairer and more equitable system for our community. These conversations are difficult, but they show us that it is important to really engage with our community. We know that we have a complex rating system and it is clear that we have a lot more work to do to make sure that we get this right.

One of our proudest moments, was the adoption of our te reo Māori policy. We are one of the first Councils in the country to have a policy like this and the Wairoa District Council is a proud partner of the Reo Rua Strategy which seeks to make Wairoa a bilingual community by 2040. I want to commend the work of the Māori Standing Committee for leading this and the support they received from our staff.

We reflect on 2017/2018 with a great sense of pride and achievement, but understand that there are challenges still ahead of us. This Annual Report provides insight into the activities of Council and is a review of the work undertaken on behalf of the people of the Wairoa District. On behalf of Council and the management team we wish to acknowledge the contribution of staff and contractors for the achievements outlined in this Annual Report. We are pleased to be associated with the Wairoa District Council as it continues to maintain infrastructure, deliver core services and plan for Wairoa's future in an affordable and meaningful way.



C Little  
MAYOR



S May  
CHIEF EXECUTIVE OFFICER

# Annual Report Highlights

## Wairoa District

	30 June 2018	30 June 2017	30 June 2016
The number of rating units within the district.	7,226	7,279	7,330
The total capital value of rating units within the district.	\$1,948,140,550	\$1,971,995,700	\$1,895,797,600
The total land value of rating units within the district.	\$1,136,757,900	\$1,159,145,900	\$1,070,101,650

## Wairoa District Council

Measure	2017/18	2016/17	Change	Commentary
Operating Surplus / (Deficit)	\$(3,351,341)	\$(1,288,567)	↓	Emergency response costs classified as expenses \$1.2m higher. Write down of \$0.75m of infrastructure at the time of replacement.
Rates Revenue Increase	\$505,253 (4.3%)	\$249,748 (2.2%)	↑	As consulted in the Annual Plan 2017-18
Fees and Charges	\$3,277,334	\$2,516,286	↑	Lump sum contributions for Mahia wastewater, including previous years now recognised as revenue. Increased landfill revenue
Investment Income	\$686,171	\$843,593	↓	Result of lower investment holdings due to increased capital expenditure
Investments Held (including cash)	\$13,767,465	\$17,924,904	↓	Increased expenditure on infrastructure renewals
Working Capital	\$86,103	\$9,023,375	↓	Term debt became part of this calculation as payable within one year, and reduced investments.
Cash flow from Operations	\$3,062,578	\$4,149,681	↓	Higher emergency response expenses.
Capital Expenditure	\$7,255,132	\$4,696,642	↑	Wastewater \$1 million (reticulation renewals, commencement of Wairoa treatment reconstituting) Transport \$1.3 million – bridge renewal works.

## Performance Management

	2017/18	2016/17	Change
Total Number of Measures	271*	230	↑
Achieved	185 (68%)	180 (79%)	↑ (↓)

\*A number of measures with multiple targets reported as single targets in 2016/17

**Quality Roving and Services (Wairoa) Limited**

Measure	2017/18	2016/17	Change	Commentary
Operating Surplus / (Deficit)	\$368,077	\$(210,254)	↑	2016/17 Includes a non-cash write down of stock of \$260,000.
After Tax Profit / (Loss)	\$262,956	\$(151,661)	↑	
Return on Equity After Tax	4.59%	(2.52)%	↑	
Total Equity	\$5.94 Million	\$5.73 Million	↑	
Cash Dividend Paid to Council	\$50,000 interim paid	\$140,000	↓	Dividend paid in 2016/17 includes declared and paid from 2015/16 Result \$60,000 final dividend for 2017/18 was declared and paid in September 2018

## Community Outcomes

Community outcomes are aspirational statements that describe what the community believes are important for its present and future economic, social, cultural and environmental well-being. The community outcomes were derived from a regional-wide approach by the five Hawke’s Bay Councils: Hastings District Council, Napier City Council, Central Hawke’s Bay District Council, Wairoa District Council and the Hawke’s Bay Regional Council, to work collectively with the community to identify community outcomes and determine a long-term vision for the future of our region. The community have reconfirmed the outcomes identified.

The community outcomes in this plan remain unchanged and in addition Council has grouped its activities into seven “Key Activity Areas”. The following tables shows how these grouped key activity areas relate to the work of Council, the strategic goal areas of Council, and shows where there is a direct linkage to the community outcomes identified in the LTP. These are:

Community Outcomes		
<p><b>ECONOMIC WELL-BEING</b></p> <p><b>1. A strong prosperous and thriving economy</b></p> <p><b>2. A safe and integrated transport system</b></p>	<p><b>SOCIAL AND CULTURAL WELL-BEING</b></p> <p><b>3. A community that values and promotes its culture and heritage</b></p> <p><b>4. Safe and accessible recreational facilities</b></p> <p><b>5. Supportive, caring and valued communities</b></p> <p><b>6. Strong district leadership and a sense of belonging</b></p>	<p><b>ENVIRONMENTAL WELL-BEING</b></p> <p><b>7. A safe and secure community</b></p> <p><b>8. A lifetime of good health and well-being</b></p> <p><b>9. An environment that is appreciated, protected and sustained for future generations</b></p>



Council’s Strategic Response		
<p><b>Community Representation</b></p> <p><b>Māori Relationships</b></p> <p><b>Economic Development</b></p> <p><b>Parks &amp; Reserves</b></p> <p><b>Airport</b></p> <p><b>Library</b></p> <p><b>Community Support</b></p> <p><b>Property</b></p> <p><b>Land Transport</b></p>	<p><b>Resource Planning</b></p> <p><b>Environmental Health</b></p> <p><b>Bylaw Compliance:</b></p> <ul style="list-style-type: none"> <li>• <b>Dog Control</b></li> <li>• <b>Livestock Control</b></li> <li>• <b>General Bylaw Enforcement</b></li> </ul> <p><b>Cemeteries</b></p> <p><b>Building Control</b></p> <p><b>Liquor Control</b></p>	<p><b>Waste Management</b></p> <p><b>Emergency Management</b></p> <p><b>Land Transport</b></p> <p><b>Water Supply</b></p> <p><b>Stormwater</b></p> <p><b>Wastewater</b></p>

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

More information on the outcomes and the way in which Council will work towards achieving them can be found in the LTP 2015-2025 on Council’s website or from Council’s office.

## Council Activities

Council activities are divided into two strategic goal areas being:

- **Community Development & Participation**

Council’s aim is to provide services and facilities to encourage community focus, ensuring access to information and leisure opportunities and to promote the expansion of the economy by encouraging tourism options and business development.

- **Safe Living Environment**

Council's aim is to provide services and facilities which contribute to community health and safety and ensure that the natural and physical resources of the district are preserved for future generations.

These are in turn supported by management services and investments.

## Survey results relating to outcomes:

Every year Council conducts a survey of residents to ensure we keep track of how well we are doing in meeting the community outcomes and having a positive impact on the quality of life in Wairoa. Detailed below are the results from this year along with those from recent years. The relevant community outcomes are also identified.

<b>Is Wairoa a better place to live than it was three years ago? (All outcomes)</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>
Yes	39%	35%	37%
The same	44%	52%	46%
Worse	11%	8%	11%
Unable to comment	6%	5%	6%

<b>Is Wairoa District generally a safe place to live? (A safe and secure community)</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>
Yes, definitely	49%	41%	44%
Yes, mostly	48%	56%	54%
Not really	3%	2%	2%
No, definitely not	-	1%	-

<b>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)</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>
Very Satisfied	10%	10%	10%
Satisfied	44%	44%	41%
Neither satisfied nor dissatisfied	27%	28%	25%
Dissatisfied	10%	7%	8%
Very dissatisfied	3%	2%	7%
Don't know	6%	9%	9%

<b>Quality of Life. (All outcomes)</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>
Very Good	47%	46%	45%
Good	39%	44%	39%
Fair	11%	5%	13%
Poor	3%	5%	2%
Don't know	-	-	1%

<b>Community Spirit. (Supportive, caring and valued communities)</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>
Very Good	39%	50%	42%
Good	42%	41%	45%
Neither good nor bad	13%	5%	11%
Not very good	4%	2%	1%
Poor	2%	1%	-
Don't know	-	1%	1%

<b>Natural Environment. (An environment that is appreciated, protected and sustained for future generations)</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>
Very Satisfied	17%	16%	14%
Satisfied	57%	52%	42%
Neither satisfied nor dissatisfied	14%	13%	18%
Dissatisfied	9%	9%	10%
Very dissatisfied	2%	2%	11%
Don't know	1%	8%	5%

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

## PARTICIPATION IN DECISION MAKING

### Legislative background

I raro i te mauri o te Tiriti o Waitangi me āta kōrero te Kaunihera o Te Wairoa ki ngā tangata whenua nōna nei te whenua, te ahikaa me te mana ki runga i ngā wahi i whakatapua e o rātou tūpuna. Mā reira e whakamana ngā wawata o ia rohe, o ia rohe i roto i te Kaunihera o Te Wairoa kia tūtuki ai te hā o te Tiriti o Waitangi.

Within the spirit of the Treaty of Waitangi, the Wairoa District Council must consult with Māori who are the descendants of the original inhabitants, who own the land, who currently reside in the area, and who exercise traditional authority over the areas made sacred by their ancestors.

The Local Government Act 2002 requires that Council *'must, in the course of its decision-making process in relation to a matter, give consideration to the views and preferences of the persons likely to be affected by, or to have an interest in, the matter'*.

Section 81 of the Act specifically requires Council to:

- (a) Establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of Council.
- (b) Consider ways in which it may foster the development of Māori capacity to contribute to the decision-making processes of Council.
- (c) Provide relevant information to Māori for the purposes of (a) and (b) above.

Through this consultation process the aspirations of each area within Wairoa will be realised in accordance with the Local Government Act 2002, and the principles of the Treaty of Waitangi 1840.

### Position statement

The Wairoa community is nearly 60% Māori compared to about 16% in New Zealand as a whole. This means that Māori are well represented at most levels within the community.

Council acknowledges that specific iwi, hapū and whānau 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 purpose 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, hapū and whānau have historical and spiritual ties to land within Council's boundaries.

The Council maintains processes that provide opportunities for Māori to contribute to decisions. The Wairoa District Council Māori Standing Committee, (the group that advise and support Council on things pertaining to Māori) advises on how best to manage the consultation process and to facilitate relationships between the Council and iwi exercising mana whenua. The Wairoa District Council Māori Policy, which was adopted in 2012, outlines the relationship between the Council and tangata whenua.

Within the Wairoa district there are several Māori organisations which involve themselves in a range of issues. These organisations are noted in appendix 1 of the Wairoa District Council Māori Policy.

Council will continue to consider, and where appropriate, implement ways to foster the development of Māori capacity to contribute to the decision-making process.

Council has adopted the following steps to further facilitate and enhance Māori involvement in decision making:

- At the triennial local government elections held during the scope of this annual report, a referendum was held asking the community to vote on the establishment of Māori voting wards for the Wairoa District. This was passed by the voters of Te Wairoa and wards will be established for the next Triennial local elections in 2019 and for the following two election cycles, after which the wards will be reviewed in accordance with the Local Government Act 2002.
- Council has an established position of Māori Relationships Manager. The roles of this position are:
  - To liaise with local hapū to ensure they understand the processes of Council, how they can become involved and to ensure that their views are considered by Council on matters of concern to them.



- To ensure Council and management have an understanding of tikanga and do not alienate Māori through their actions.
- Council's Māori Policy will be reviewed periodically to enable Council to re-evaluate the structure and composition of the Māori Standing Committee. It is intended that this Committee will continue to be funded and supported by Council. The Māori Standing Committee will be free to discuss any item on Council agendas and make recommendations to Council on those matters.
- In consulting with the public, Council has a history of meeting with Māori and the community on local marae where appropriate.
- Council has a commitment to work with Māori at a variety of levels to both raise awareness of issues and hear their voice before making decisions.
- During the year Council continued to emphasise the importance of its Māori Policy and its Te Reo Māori Policy, which includes bilingual signage and the participation of Council representatives in whakangahu ki e ao Māori.

#### **Monitoring our effectiveness**

Council's effectiveness in involving Māori in decision making will be measured in the following ways:

- The degree to which Māori participate in Council/community consultation.
- The attendance of elected representatives at meetings of the Māori Standing Committee.
- The number of culturally important issues referred to the Māori Standing Committee.

## Summary Financial Report for the year ended 30<sup>th</sup> June 2018

The information contained in this report has been extracted from the audited Annual Report of the Wairoa District Council for the year ended 30<sup>th</sup> June 2018. The Annual Report was adopted by Council on 31 October 2018. Ernst & Young, on behalf of the Auditor-General has audited this summary annual report and has confirmed that it fairly and consistently represents the full annual report for the year.

A summary annual 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 annual report is available from Wairoa District Council, Coronation Square, Wairoa (PO Box 54 Wairoa) or by visiting the Wairoa District Council website at [www.wairoadc.govt.nz](http://www.wairoadc.govt.nz)

The financial statements are presented for Council and for the Group, comprising Wairoa District Council and its Council Controlled Trading Organisation, Quality Roading and Services (Wairoa) Ltd.

### Changes in Accounting Policies:

The accounting policies are in accordance with Public Benefit Entity (PBE) Standards Reduced Disclosure Regime (Tier 2 PBE) accounting standards.

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

### Overview

The summary financial statements comply with PBE Financial Reporting Standard 43: *Summary Financial Statements*. This standard requires that the specific disclosures included in the summary financial statements be drawn from and be consistent with the full financial statements.

The summary financial statements are prepared in New Zealand dollars. The summary financial statements are rounded to the nearest \$1,000, except related party transactions which are rounded to the nearest dollar.

The summary financial statements were authorised for issue on 9<sup>th</sup> November 2018, by the Mayor Craig Little, and the Chief Executive Officer Steven May.

The full financial statements were authorised for issue on 31<sup>st</sup> October 2018 by the Mayor Craig Little, and the Chief Executive Officer Steven May. Wairoa District Council is a public benefit entity. The full financial statements comply with Public Benefit Entity Standards Reduced Disclosure Regime and other applicable financial reporting standards, as appropriate for public benefit entities.

### Events Subsequent to Balance Date

There have been no events subsequent to balance date that would have a material effect on the Summary Annual Report for the year ended 30 June 2018.

### Summary of Council Revenue for the year ended 30th June 2018

	\$ (000)	%
Rates	12,163	50%
Subsidies	8,325	34%
Petrol Tax	83	0%
Fees and Charges	3,277	13%
Investment Income	686	3%
Miscellaneous Income	7	0%
	24,541	100%

- Rates are charged to all rateable properties within the Wairoa district. The general rate funds Council's administrative functions and incorporates a rate calculated on land value and a Uniform Annual General Charge. Targeted rates are calculated on a uniform basis for water and waste services, by capital value for regulatory and recreational activities, and by land value for transportation.
- Subsidies and rates make up over 83% (2017: 84%) of the revenue of Council. The bulk of subsidies are received from New Zealand Transport Agency to subsidise the cost of maintaining the local roading infrastructure.
- Council receives a share of regional petrol tax revenue calculated on the relative rating revenue of local authorities in the East Coast region.
- Fees and charges are the costs charged directly to consumers of Council services, including landfill and various licenses and consents.
- Investment Income includes income from interest on investments and dividends from Quality Roding and Services (Wairoa) Limited.
- Miscellaneous Income is the surplus received over and above the book value of assets that were sold during the year, or depreciation recovered.

### Summary of Council Expenditure for the year ended 30th June 2018

	\$ (000)	%
Water Services	4,624	16%
Solid Waste	1,531	5%
Transport	14,315	51%
Community Facilities	2,160	8%
Planning and Regulatory	1,780	6%
Leadership and Governance	2,780	10%
Investments	193	1%
Property	739	3%
Corporate	2	0%
	28,124	100%

- Water services include the cost of treating and supplying drinking water to residents, managing storm water, capturing and treating 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 include 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 and environmental health.
- Leadership and governance includes community representation, Māori liaison, and economic development.
- Investments include commercial and sundry properties, funds management and dividends.
- Property relates to the maintenance and management of Council owned buildings and land.
- Corporate includes management, administration, finance, asset information and information systems, which is allocated across the core activities as an overhead.

#### Summary of Council Assets as at 30th June 2018

	\$ (000)	%
Property, Equipment, and Intangibles	260,474	93.49%
Investment in Subsidiaries	1,250	0.45%
Cash and Cash Equivalents and other Financial assets	13,767	4.94%
Trade and other Receivables	2,609	0.94%
Other Assets	494	0.18%
	278,594	100.00%

- Property, Equipment and Intangibles includes land and buildings, vehicles, furniture and office equipment plus infrastructure assets such as roading, bridges, and water reticulation, and computer software.
- Investment in subsidiaries is the initial investment Council made in its subsidiary Quality Roding and Services (Wairoa) Limited, represented as Share Capital on the company's balance sheet.
- Cash and cash equivalents and financial assets includes cash, deposits and investments.
- Trade and other receivables includes all accounts outstanding as at year end, less provisions for doubtful debts.
- Other assets include inventories, loans and other receivables, and forestry, a biological asset.

#### Summary of Council Liabilities as at 30th June 2018

	\$ (000)	%
Trade and Other Payables	4,060	40.85%
Landfill Aftercare	750	7.55%
Employee Benefit Liabilities	115	1.16%
Borrowings	5,012	50.44%
	9,937	100.00%

- Trade and other payables include all accounts owing to creditors at year end.
- Landfill aftercare is the estimated liability Council has for future maintenance of the landfill after it is capped.
- Employee benefit liabilities represents the liability for annual leave, long service leave, gratuities, sick leave and accrued pay.
- Borrowings represent the liability for repayment of loans.

## Explanation of major variances against budget

The schedule below explains the variance between the forecast surplus in the Annual Plan and the actual deficit reported:

	<b>2017/2018 Annual Plan \$ (000)</b>
<b>Income Statement</b>	
2018 plan net surplus	629
Higher (lower) subsidy revenue (regional projects, emergency works)	(855)
Higher (lower) income from investments	(170)
Higher (lower) income from fees & charges (water production, waste management)	130
Higher (lower) income from rates	(384)
Additional roading costs due to emergency response and assets written off	(2,956)
Capital gain on asset sales	7
Other	15
2018 actual net deficit	<u><u>(3,584)</u></u>
<b>Capital expenditure</b>	
2018 plan	15,246
Not spent for the year	<u>(8,051)</u>
Actual expenditure 2018	<u><u>7,195</u></u>

* Capital projects not completed are analysed as follows	(\$ 000)
Emergency response costs incurred as operating costs included in the capital budget	1,554
SH38 works subject to continuing negotiations with NZTA	812
Airport runway extension and other projects deferred subject to funding	1,880
Toilets, CBD upgrade and tourism infrastructure deferred subject to further consultation and funding	834
Archives building replacement and administrative offices upgrade deferred due to continuing review	573
Drinking water renewals and upgrades commenced and carried forward	447
Crarer - Carroll Street stormwater pipe and CCTV installation commenced and carried forward	329
Drainage and other roading and bridge renewals partially completed	1,291
Other	331
	<u><u>8,051</u></u>

Summary Financial Statements for the Year Ended 30th June 2018

	COUNCIL 2018 ACTUAL \$ (000)	COUNCIL 2018 ANNUAL PLAN \$ (000)	COUNCIL 2017 ACTUAL \$ (000)	GROUP 2018 ACTUAL \$ (000)	GROUP 2017 ACTUAL \$ (000)
<b>Summary Statement of Comprehensive Revenue and Expense</b>					
<b>For the year ended 30 June 2018</b>					
Rates Revenue	12,163	12,547	11,657	12,163	11,657
Other Revenue	12,378	13,251	11,141	17,222	16,297
Total Operating Revenue	24,541	25,798	22,798	29,385	27,954
Total Finance Expense	315	548	304	433	423
Total Operating Expense (excluding finance expense)	27,809	24,617	23,783	32,116	29,159
(Increase)/decrease in biological asset	-	-	(110)	-	(110)
Gain on revaluation of Infrastructural assets Vested Assets	-	-	(409)	-	(409)
Operating Surplus/(Deficit) before taxation	(3,583)	631	(721)	(3,164)	(1,060)
Taxation	-	-	-	106	(59)
Net Surplus/(Deficit) after taxation	(3,583)	631	(721)	(3,270)	(1,001)
Other Comprehensive Revenue and Expenses					
Gain on revaluation of Infrastructural assets	-	-	10,263	-	10,263
Total Other Comprehensive Revenue and Expenses	-	-	10,263	-	10,263
<b>Total Comprehensive Revenue and Expense</b>	<b>(3,583)</b>	<b>631</b>	<b>9,542</b>	<b>(3,270)</b>	<b>9,262</b>
<b>Summary Statement of Changes in Equity</b>					
<b>For the year ended 30 June 2018</b>					
Equity opening balance	272,241	308,651	262,699	275,863	266,601
Net Surplus/(Deficit)	(3,583)	630	(721)	(3,270)	(1,001)
Other Comprehensive Revenue and Expenses	-	-	10,263	-	10,263
Equity closing balance	<b>268,657</b>	<b>309,281</b>	<b>272,241</b>	<b>272,594</b>	<b>275,863</b>
Comprising:					
Accumulated Funds and Retained Earnings	132,248	137,295	133,239	135,195	135,869
Revaluation Reserves	113,534	157,164	114,523	114,525	115,514
Special Fund Reserves	22,875	14,822	24,479	22,875	24,480
	<b>268,657</b>	<b>309,281</b>	<b>272,241</b>	<b>272,594</b>	<b>275,863</b>
<b>Summary Statement of Financial Position</b>					
<b>As at 30 June 2018</b>					
Current Assets	9,158	8,065	13,502	12,812	16,265
Non-current Assets	269,436	312,040	269,045	272,985	272,526
Total assets	278,594	320,105	282,547	285,797	288,791
Current Liabilities	9,072	5,225	4,479	11,173	5,943
Non-current Liabilities	865	5,599	5,827	2,030	6,985
Total Liabilities	9,937	10,824	10,306	13,203	12,928
Total Equity	<b>268,657</b>	<b>309,281</b>	<b>272,241</b>	<b>272,594</b>	<b>275,863</b>

Summary Cash Flow Statement For the year ended 30 June 2018	COUNCIL 2018 ACTUAL \$ (000)	COUNCIL 2018 ANNUAL PLAN \$ (000)	COUNCIL 2017 ACTUAL \$ (000)	GROUP 2018 ACTUAL \$ (000)	GROUP 2017 ACTUAL \$ (000)
Net Cash Inflows from Operating Activities	3,062	5,291	4,024	5,217	4,495
Net Cash Outflows from Investing Activities	(2,649)	(5,129)	(5,504)	(3,662)	(6,954)
Net Cash Inflows/(Outflows) from Financing Activities	(12)	-	(10)	(51)	440
Net Increase/(Decrease) in Cash and Cash Equivalents	400	162	(1,490)	1,504	(2,019)
Plus Opening Cash and Cash Equivalents	3,032	105	4,522	3,644	5,663
Closing Cash and Cash Equivalents	<b>3,432</b>	<b>267</b>	<b>3,032</b>	<b>5,148</b>	<b>3,644</b>

In the opinion of Council and the management of Wairoa District Council, the summary financial report for the year ended 30 June 2018 fairly reflects the financial position and operations of Wairoa District Council.

Chief Executive  
Steven May  
31 October 2018

Mayor  
Craig Little  
31 October 2018

**Other Disclosures:****Contingent Assets**

A contingent asset is a future expected cashflow arising out of council operations that has an inherent factor of uncertainty. In 2014 Council implemented a targeted capital rating scheme for the connection of properties to the Mahia and Opoutama community wastewater schemes. The rating scheme will be in place for up to 30 years, but ratepayers are able to repay the outstanding capital balances in full through lump sum contributions in accordance with the Early Repayment of the Mahia and Opoutama Targeted Capital Rate policy. The amount owing, excluding future interest charges) as at 30 June 2018 is:

	2018	2017	2018	2017
	Council	Council	Group	Group
	\$ (000)	\$ (000)	\$ (000)	\$ (000)
Mahia and Opoutama Community Wastewater Rating Scheme	1,461	2,208	1,461	2,208

**Contingent Liabilities**

A contingent liability is a transaction or action where no amount is currently owed to any Entity, however there is a potential for the Wairoa District Council Group to be exposed to a payment in the future.

	2017	2016	2018	2017
	Council	Council	Group	Group
	\$ (000)	\$ (000)	\$ (000)	\$ (000)
Contingent Liabilities	Nil	Nil	Nil	Nil
Performance bonds with ANZ Banking Group (NZ) Ltd	-	-	869	456

**Related Party Transactions**

During the year the Wairoa District Council had the following related party transactions:

Council and Quality Roading and Services (Wairoa) Ltd

	2018	2017
	Council	Council
	\$ (000)	\$ (000)*
Purchase of services by Council	10,918	8,135
Sales	11	30
Dividend Received	50	140
Amount Owed to Council	0	1
Amount Owed to Quality Roading and Services (Wairoa) Ltd	1,213	1,538
Debts or Fees and Charges forgiven or written off during the year	Nil	Nil

All transactions were payable on normal trading terms.

\* In the Annual Report for the year ended 30 June 2017 the amounts for purchases and sales were stated GST inclusive. They are restated excluding GST above.

Councillors and Key Council Staff

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

QRS Directors and CEO

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

	2017/18	2017/18	2016/17	2016/17
	Business	Balance	Business	Balance
	Transacted (\$)	Owing (\$)	Transacted (\$)	Owing (\$)
QRS Directors and Executive Officers	12,821	-	12,458	1,157



## Commitments

### Future Contracted Commitments

	2017/18 Council (\$ 000)	2016/17 Council (\$ 000)	2017/18 Group (\$ 000)	2016/17 Group (\$ 000)
Commitments approved and contracted	16,922	13,353	17,521	13,353
<b>Contracted Payments Aging Analysis</b>				
Up to one year	8,388	10,821	8,939	10,821
one to five years	8,534	2,532	8,581	2,532
over five years	-	-	-	-
	<u>16,922</u>	<u>13,353</u>	<u>17,521</u>	<u>13,353</u>

### Non-cancellable operating lease commitments

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:

	2017/18 Council (\$ 000)	2016/17 Council (\$ 000)	2017/18 Group (\$ 000)	2016/17 Group (\$ 000)
Office equipment				
Up to one year	30	33	138	33
one to five years	-	30	47	30
over five years	-	-	-	-

## Summary of Performance Measures

Every three years Council is required to define within its Long-term Plan a range of service delivery measures against which its actual performance can be assessed. Each of these measures is linked to the Council community outcomes in order that the measure may act as one of the main indicators of community outcome performance. Council monitors actual performance through its activity management systems, its customer service request system (CSR's) and annual surveys.

The table below summarises Council performance across all of its performance measures and Activities.

### Summary of Performance Measures

Activity Group	Achieved	Partially Achieved	Not Achieved	Not Measured / Assessed
<b>Transport, Water and Waste</b>				
Water Reticulation and Production	26	-	5	-
Storm Water and Drainage	12	-	6	2
Sewerage	14	-	5	3
Waste Management	15	1	5	5
Roads	12	-	4	1
Airport	10	-	2	2
<b>Community Services</b>				
Cemeteries	10	-	2	2
Parks and Reserves	13	-	2	1
Library	12	-	3	-
Community Support	3	-	3	-
<b>Planning and Regulatory</b>				
Resource Planning	5	-	1	-
Building Inspection	4	-	3	-
Environmental Health	5	-	1	-
Liquor Control	4	-	1	-
Bylaw Control (including Dog & Livestock)	11	-	4	-
Civil Defence and Rural Fire	-	-	-	10
<b>Leadership and Governance</b>				
Community Representation	5	-	3	-
Māori Liaison	6	-	-	-
Economic Development	8	1	2	-
<b>Property</b>				
Property	10	-	3	3
	<b>185</b>	<b>2</b>	<b>55</b>	<b>29</b>

## Mandatory Performance Measures

The following are the mandatory performance measures set by Legislation:

MANDATORY MEASUREMENT AREA	PERFORMANCE MEASURE	TARGET	PERFORMANCE ACHIEVED
<b>WATER SUPPLY</b>			
Safety Of Drinking Water	Council shall meet the requirements of the Drinking Water Standards (NZDWS)	Bacterial compliance shall be monitored in accordance with part 4 of the Drinking Water Standards  Protozoal compliance shall be monitored in accordance with part 5 of the Drinking Water Standards	2017/18: Not Achieved: All Water Treatment Plants and supplies met the NZDWS except Mahanga which is currently being managed through a Water Safety Plan. Water is currently chlorinated. Mahanga is on a permanent boil water notice and the supply is only to top up the residents' water tank in emergency situations. As a result of the binding referendum Mahanga is going to have a reticulated drink water supply installed.  (2016/17: Not Achieved)
Maintenance of the Reticulation Network	% of water loss from the reticulation systems through leakage, shall reduce with time	% water loss* shall not exceed 20%  <i>*calculated as difference between quantity of water produced and that consumed based on per capita standard consumption</i>	2017/18: Not Achieved: This was assessed for the first time for Wairoa township by determining the minimum night flows. This shows that % water loss is approximately 50% of water supplied. The loss is high but not unusual for small communities. The investigations are underway to identify the strategy for reducing the losses.  (2016/17: Not Measured)
Demand Management	The average consumption of drinking water per day per resident shall reduce with time (due to system leakage, estimated 2014 consumption is 1,400m <sup>3</sup> /person/day)	The average consumption of drinking water per day per resident shall be less than 1,200m <sup>3</sup>  <i>Note: This figure should read in litres and will be amended in the LTP 2018</i>	2017/18: Achieved: Average Water Consumed per resident in Wairoa township per Day Is 535 litres or 0.535m <sup>3</sup> .  (2016/17: Achieved).
Fault Response Times	Council shall respond to faults / interruptions in the network reticulation	The median response time to attend a fault/interruption to the network reticulation from receiving notification to the time that service personnel reach the site shall not exceed 4 hours for URGENT call-outs.  The median response time to confirm resolution of the blockage or other fault from receiving notification shall not	2017/18: Achieved  2017/18: Achieved Urgent Median response time to resolution: 3.52 Hours (2016/17: Achieved)

MANDATORY MEASUREMENT AREA	PERFORMANCE MEASURE	TARGET	PERFORMANCE ACHIEVED
		<p>exceed 4 hours for NON-URGENT call-outs.</p> <p>The median response time to attend a fault/interruption to the network reticulation from receiving notification to the time that service personnel reach the site shall not exceed 4 hours for URGENT call-outs.</p> <p>The median response time to confirm resolution of the blockage or other fault from receiving notification shall not exceed 4 hours for NON-URGENT call-outs.</p>	<p>Note the arrival time on site has not been recorded in the CRS database.</p> <p>However the target for arrival is the same as resolution target. The resolution time frame has been achieved so the arrival on site target must also have been achieved.</p> <p>(2016/17: Achieved)</p> <p>2017/18: Achieved Non-urgent Median response time to resolution: 3 Hours. (2016/17: Achieved)</p>
Customer Satisfaction	<p>Complaints received annually shall not exceed:</p> <ul style="list-style-type: none"> <li>• 20 for drinking water clarity</li> <li>• 20 for drinking water taste</li> <li>• 20 for drinking water odour</li> <li>• 40 for drinking water pressure or flow</li> <li>• 40 for continuity of supply</li> <li>• 20 for response to issues expressed per 1000 connections.</li> </ul>	<p>Complaints received annually shall not exceed:</p> <ul style="list-style-type: none"> <li>• 20 for drinking water clarity</li> <li>• 20 for drinking water taste</li> <li>• 20 for drinking water odour</li> <li>• 40 for drinking water pressure or flow</li> <li>• 40 for continuity of supply</li> <li>• 20 for response to issues expressed per 1000 connections.</li> </ul>	<p>2017/18: Achieved: Complaints received through the CSR system:</p> <ul style="list-style-type: none"> <li>• 1 for drinking water clarity</li> <li>• 0 for drinking water taste</li> <li>• 0 for drinking water odour</li> <li>• 10 for water pressure</li> <li>• 16 for continuity of supply</li> <li>• 7 for responsiveness</li> </ul> <p>(2016/17: Achieved)</p>

STORMWATER			
System and Adequacy	<p>The stormwater system shall be managed to limit the number of flooding events where 'flooding event' means an overflow of stormwater from the stormwater system and the impact of those flooding events on properties</p>	<p>There shall be no more than 10 flooding events</p> <p>For each flooding event, the number of habitable floors affected shall not exceed 50 per 1000 properties connected to the system</p>	<p>2017/18: Not Achieved: There were 14 flooding events in the year.</p> <p>(2016/17: Achieved)</p> <p>2017/18: Achieved: In the 14 flood events total habitable floors recorded as flooded was 3.</p> <p>(2016/17: Not measured)</p>
Discharge Compliance	<p>Council shall comply with conditions of consent for any systems</p>	<p>There shall be no abatement notices, infringement notices, enforcement orders or convictions in relation to resource consents</p>	<p>2017/18: Not assessed. (2016/17: Not assessed)</p>

Response Times	Council shall respond to faults / interruptions in the network reticulation	The median response time to attend a flooding event from receiving notification to the time that service personnel reach the site shall not exceed 4 hours	2017/18: Not Achieved. (2016/17: Not Achieved)
Customer Satisfaction	The total number of complaints received shall not exceed 50 per 1000 connections	The total number of complaints received shall not exceed 50 per 1000 connections	2017/18: Achieved: Total number received is 40. (2016/17: Achieved - 44 CSRs received.)
<b>WASTEWATER</b>			
System and Adequacy	There shall be no dry weather sewerage overflows	There shall be no dry weather sewerage overflows for the Wairoa, Mahia, Oputama or Tuai systems	2017/18: Not Achieved: There is 1 report in the CSR system of sewerage on properties which was not associated with a rain event. (2016/17: Achieved)
Discharge Compliance	Council shall comply with conditions of consent for all systems	There shall be no abatement notices, infringement notices, enforcement orders or convictions in relation to resource consents for the Wairoa, Mahia, Oputama or Tuai systems  Council shall report 6-monthly to HBRC on progress in relation to the inflow and infiltration study and associated renewals/rehabilitation	2017/18: Not Achieved: There have been multiple breaches of the Wairoa Wastewater discharge consent due to infiltration and inflow during and immediately after heavy rain events. The measures to address these issues have been agreed with the HBRC and to-date no enforcement orders or convictions have been issued related to this consent.  (2016/17: Not Achieved)  2017/18: Achieved: by ongoing communication to HBRC.  (2016/17: Not Measured)
Fault Response Times	Council shall respond to sewerage overflows resulting from a blockage or other fault in the sewerage system	The median response time to attend an overflow from receiving notification to the time that service personnel reach the site shall not exceed 4 hours  The median response time to confirm resolution of the blockage or other fault from receiving notification shall not exceed 4 hours	2017/18: Not Assessed: The response time to site has not been recorded in the CSR system.  (2016/17: Not Achieved)  2017/18: Not Achieved: 20 hrs was the median CSR. Note: this result has been skewed by a number of CSR's related to Mahia alarms going off due to house holder operation which has not related to any sewage overflow. Additionally blockage jobs that

			were identified have been kept open until a permanent solution was achieved.  (2016/17: Not Measured)
Customer Satisfaction	The total number of complaints received shall reduce each year	Complaints received shall not exceed: <ul style="list-style-type: none"> <li>• 20 for sewerage odour</li> <li>• 20 for sewerage system faults</li> <li>• 20 for sewerage system blockages</li> <li>• 20 for response to issues with sewerage system</li> </ul> Per annum and expressed per 1000 connections.	2017/18: Not Achieved: <ul style="list-style-type: none"> <li>• 1 for sewerage odour</li> <li>• 20 for sewerage system faults</li> <li>• 31 for sewerage system blockages</li> <li>• 2 for response to issues with sewerage system</li> </ul> For 2,288 connections. (2016/17: Not Achieved)
<b>PROVISION OF ROADS AND FOOTPATHS</b>			
Road Safety	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number (new mandatory performance measure)	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	2017/18: Not Achieved: 1 fatal, 6 severe crashes (2016/17: Achieved: 2016/17: Nil fatal, 1 severe crash vs 2015/16: 6 total fatal and/or severe crashes.)
Road Condition	Council's target is to provide a "fair" ride quality i.e. average sealed road NAASRA <110 for 'fair' ride quality (new mandatory performance measure)	Average NAASRA of the sealed road network <110	2017/18: Achieved. Average NAASRA for 17/18 is 95 (2016/17: Achieved: 2016/17 NAASRA = 100) (2015/16: NAASRA = 102)
Road Maintenance	The percentage of the sealed local road network that is resurfaced, expressed as a number (new mandatory performance measure)	The percentage of the sealed local road network that is resurfaced, expressed as a number	2017/18: 8.609km/300.844 = 2.8%  (2016/17: 16.4km/300.844 = 5.45%)
Footpaths	The percentage of footpaths that fall within the level of service or standard of condition of footpaths set out in Council's relevant document, expressed as a number (new mandatory performance measure)	The percentage of footpaths that fall within the level of service or standard of condition of footpaths set out in Council's relevant document	2017/18: Not Measured.  (2016/17: Not Achieved: Condition data not obtained.)
Response to Service Requests	All requests for service and complaints are dealt with properly and promptly. Appropriate Council staff contact and discuss complaints received with complainants (subject to	90% of CSRs are dealt with within the prescribed timeframes	2017/18: Not achieved: : 79% (350 of 441) CSRs were completed within the prescribed timeframe (2016/17: Not achieved: 80% (381 of 474) CSRs were completed within the prescribed timeframe.)

	contact details being provided) in an effort to improve relationships and responsiveness to customers. 90% of all CSRs and complaints are dealt with within the prescribed timeframes (new mandatory performance measure)		
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Each year Council engages an Independent survey company to provide unbiased community feedback on each of its core Activity areas. The results of this public satisfaction survey are incorporated within the overall Council performance measures (summarised below) and as such help inform overall Council performance.

Council sets a minimum satisfaction level of 80% within its performance measures and will be working hard in those areas currently reporting below this level to improve the public satisfaction level.

The table below summarises the results of this annual community survey.

Community Survey Results	2018			2017		
	Very satisfied/Fairly satisfied	Not Very satisfied	Don't Know	Very satisfied/Fairly satisfied	Not Very satisfied	Don't Know
Water Services	81%	17%	2%	93%	7%	0%
Stormwater and Drainage	57%	36%	7%	71%	28%	1%
Sewerage	59%	37%	4%	76%	22%	2%
Waste Management	72%	16%	12%	68%	20%	13%
Roads	64%	35%	1%	76%	24%	0%
Parks and Reserves	78%	21%	1%	93%	6%	1%
Library	95%	1%	4%	93%	0%	7%
Dog Control	78%	17%	5%	71%	26%	3%
Mayor and Councillors *	76%	17%	7%	88%	6%	6%

\* Includes 53% Very good/fairly good plus 23% Just acceptable (2017: 69% Very good/fairly good plus 19% Just acceptable)



**INDEPENDENT AUDITOR'S REPORT**  
**TO THE READERS OF WAIROA DISTRICT COUNCIL AND GROUP'S SUMMARY OF THE ANNUAL**  
**REPORT FOR THE YEAR ENDED 30 JUNE 2018**

The summary of the annual report was derived from the annual report of the Wairoa District Council and Group (the District Council) for the year ended 30 June 2018.

The summary of the annual report comprises the following summary statements on pages 10 to 23:

- the summary statement of financial position as at 30 June 2018;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2018;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision.

**Opinion**

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

**Summary of the annual report**

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

**The full annual report and our audit report thereon**

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2018 in our auditor's report dated 31 October 2018.

**Council's responsibility for the summary of the annual report**

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*.

**Auditor's responsibility**

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.



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In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of debenture trust reporting and the Long Term Plan audit, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the District Council.

Stuart Mutch,  
Ernst & Young  
Chartered Accountants  
On behalf of the Auditor-General  
Wellington, New Zealand  
31 October 2018