

ANNUAL REPORT

YEAR ENDED 30 JUNE 2019



TE WAIROA
WAIROA DISTRICT

2018-2019 ANNUAL REPORT

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JOINT STATEMENT FROM THE MAYOR AND THE CHIEF EXECUTIVE OFFICER

Kia ora tātou and welcome to the Wairoa District Council's 2018/2019 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.

Significant infrastructure work includes the following;

- Submission of Wairoa's Wastewater Consent Application,
- Working collaboratively to ensure an effective response to central government's three waters review,
- Working to find efficiencies through the Inflow and Infiltration project (storm water),
- Bridge Strengthening funding approved through the Provincial Growth Fund

Submission of Wairoa's Wastewater Consent application has been a significant project. Many months of work which included public engagement and the collection of material for the actual application saw the Wairoa District Council make an application for Resource Consent to the Hawke's Bay Regional Council.

The Central Government's three waters review has meant changes to the legislative framework and Council continues to work with the other Councils of Hawke's Bay to ensure that we are able to deliver an efficient and effective service throughout the Wairoa district. There are challenges in terms of increased compliance costs and has meant that Council has paused a number of projects due to unforeseen cost increases, these include the Blue Bay drinking water supply project and the Mahanga drinking water supply project. Council will continue to engage with our community and work collaboratively with relevant partners to ensure that we are legislatively compliant. Council eagerly awaits the final outcomes of the three waters review.

The Inflow and Infiltration (I&I) project has seen Council take a more proactive approach to managing its infrastructure and develop a better understanding of the pressures being placed on them, in particular, stormwater and wastewater. This deeper understanding allows for better planning and future proofing of Council's storm and wastewater infrastructure.

Council was pleased when the government announced that it would be supported through funding from the Provincial Growth Fund for its bridge strengthening work. This would have been a significant cost to the local ratepayer and given that funding has been approved for this work to now occur, Council will begin phase one of the project as soon as the funding is released. Council will continue to work with the Government to look at opportunities through the Provincial Growth Fund and to support projects that would bring significant benefit to the Wairoa district.

An item of note which we draw particular pride from, was the release of data by Statistics New Zealand that confirmed that the population of the Wairoa District grew 6% since 2013. This Council has placed significant effort in looking at opportunities to halt population decline and to grow the population and we are particularly proud of this latest news which has shown that when the whole of the Wairoa district comes together for a common purpose, that we can achieve that goal. We are excited to see the population of the Wairoa District continue to grow.

We reflect on 2018/2019 with a sense of pride and achievement in terms of the goals that we set ourselves, 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 2019	30 June 2018	30 June 2017
The number of rating units within the district.	7,203	7,226	7,279
The total capital value of rating units within the district.	\$2,422,748,250	\$1,948,140,550	\$1,971,995,700
The total land value of rating units within the district.	\$1,552,345,000	\$1,136,757,900	\$1,159,145,900

WAIROA DISTRICT COUNCIL

Specific measures in the results are:

Measure	2018/19 ('000)	2017/18 ('000)	Change	Commentary
Operating Surplus / (Deficit)	\$1,848	\$(3,583)	↑	Increase in subsidies and grants income, while expense remained consistent with the prior period.
Rates Revenue Increase	\$354 (2.8%)	\$505 (4.3%)	↑	As consulted in the Long Term Plan 2018-28.
Fees and Charges	\$2,811	\$3,277	↓	Decrease in lump sum contributions for Māhia wastewater scheme.
Investment Income	\$609	\$686	↓	Result of lower investment holdings – increased capital expenditure.
Investments Held (including cash)	\$8,483	\$13,790	↓	Increased expenditure on infrastructure renewals.
Working Capital	\$1,472	\$86	↑	In 2018 term debt was included in this metric as it was a current liability. This was refinanced in 2019.
Cash flow from Operations	\$5,721	\$3,062	↑	Increase in subsidies and grants income.
Capital Expenditure	\$11,051	\$7,194	↑	Increased capital works including reticulation renewals, Wairoa wastewater treatment consenting and roading expenditure: including emergency works and bridge renewals.

PERFORMANCE MEASURES

	2018/19	2017/18	Change
Total Number of Measures	75	271	↓
Achieved	48 (64%)	185 (68%)	↓

In preparation of its Long-term Plan 2018-28 (LTP) Council compiled a more streamlined range of performance measures in order to give effect to more focused service delivery performance monitoring.

QUALITY ROADING AND SERVICES (WAIROA) LIMITED

Measure	2018/19 ('000)	2017/18 ('000)	Change	Commentary
Operating Surplus / (Deficit)	\$1,574	\$368	↑	Nearly \$9 million increase in revenue coupled with robust cost management. Improvements in project and risk management expertise have allowed the company to confidently bid and deliver on a wider variety of contracts.
After Tax Profit / (Loss)	\$1,130	\$263	↑	
Return on Equity After Tax	19.01%	4.59%	↑	A record profit in 2019 has resulted in this increase.
Total Equity	\$6,962	\$5,942	↑	
Cash Dividend Paid to Council	\$110 paid	\$50 paid	↑	Dividend paid in 2019 includes the \$60,000 final dividend for 2018 which was declared and paid in September 2018. Total dividends of \$350,000 were declared for the year ended 30 June 2019 (2018: \$110,000).

KEY EVENTS AND INITIATIVES

EXTERNAL FUNDING

PGF discussions are continuing at both a local, regional and national level. A regional announcement was made on the 10 June 2019.

A summary of Central Government funding that has been sought by Council under three different funding streams is presented below:

Direct Funding Secured (July 1 2018 – June 30 2019)		
PGF Capability Funding	July 2018	\$250,000
Tourism Infrastructure Fund (Round 2)	September 2018	\$60,000
Ministry of Culture and Heritage Commemorating Waitangi Day Fund	December 2018	\$3,000
Tourism Infrastructure Fund (Round 3)	June 2019	\$229,000
TOTAL		\$627,000 (Incl. \$85,000)

Indirect Funding Secured (July 1 2018 – June 30 2019)		
PGF Funding	May 2019 (for 3 year period)	\$2.2 Million
Applications in the system		
Responsible Freedom Camping Fund STHW 38	June 2019	\$200,000 \$15 Million

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 and non-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 2019 fairly reflect the financial position and operations of Wairoa District Council.



Mayor

C Little

26 November 2019



Chief Executive

S May

26 November 2019

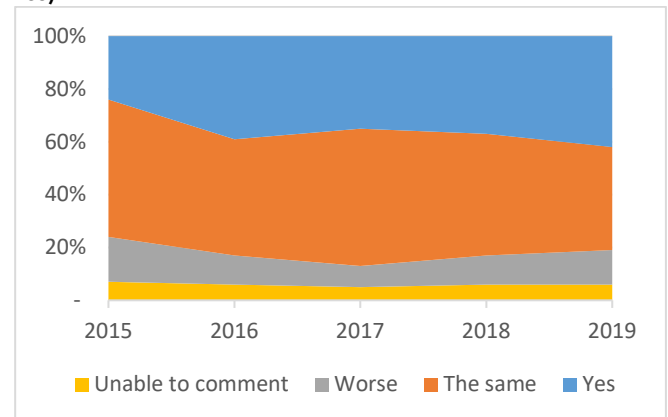
CUSTOMER SATISFACTION

As part of its commitment to public accountability, Council reports measures taken and progress made towards achieving the community outcomes stated in the LTP. Council undertakes an annual customer satisfaction survey to measure its progress in some of these areas.

Survey results relating to outcomes (rounded to whole numbers):

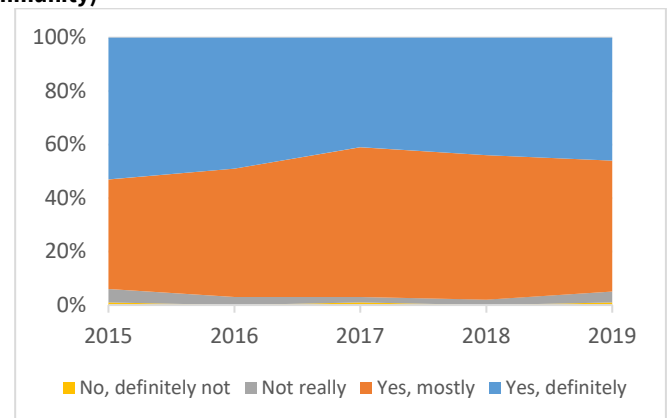
Is Wairoa a better place to live than it was three years ago? (All outcomes)

	2015	2016	2017	2018	2019
Yes	24%	39%	35%	37%	42%
The same	52%	44%	52%	46%	39%
Worse	17%	11%	8%	11%	13%
Unable to comment	7%	6%	5%	6%	6%



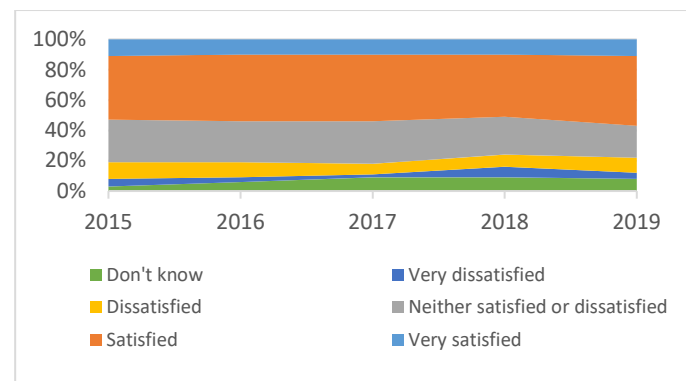
Is Wairoa District generally a safe place to live? (A safe and secure community)

	2015	2016	2017	2018	2019
Yes, definitely	53%	49%	41%	44%	46%
Yes, mostly	41%	48%	56%	54%	49%
Not really	5%	3%	2%	2%	4%
No, definitely not	1%	-	1%	-	1%
Unsure	-	-	-	-	-



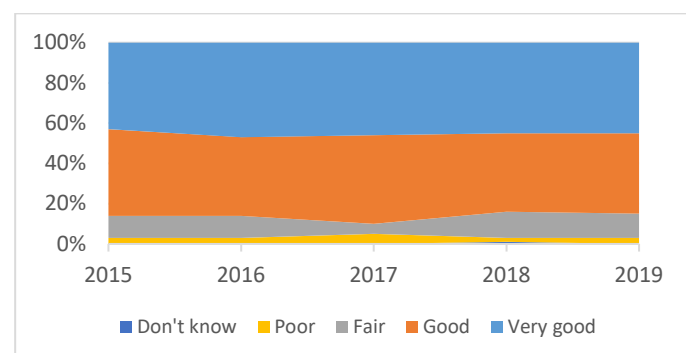
Satisfaction with the way Council involves the public in the decisions it makes (Strong district leadership and a sense of belonging; Supportive, caring and valued communities)

	2015	2016	2017	2018	2019
Very satisfied	11%	10%	10%	10%	11%
Satisfied	42%	44%	44%	41%	46%
Neither satisfied or dissatisfied	28%	27%	28%	25%	21%
Dissatisfied	11%	10%	7%	8%	10%
Very dissatisfied	5%	3%	2%	7%	4%
Don't know	3%	6%	9%	9%	8%



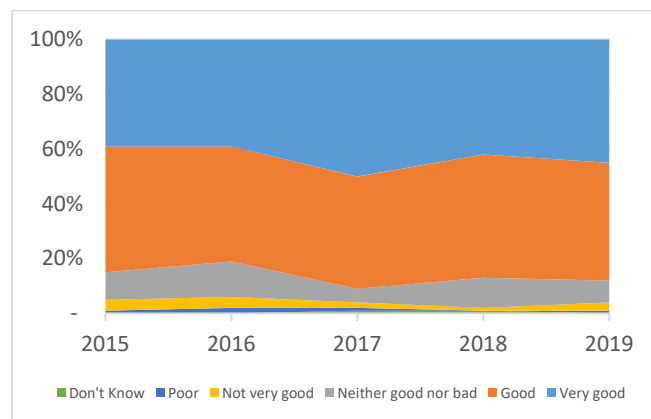
Quality of Life (All outcomes)

	2015	2016	2017	2018	2019
Very good	43%	47%	46%	45%	45%
Good	43%	39%	44%	39%	40%
Fair	11%	11%	5%	13%	12%
Poor	3%	3%	5%	2%	3%
Don't know	-	-	-	1%	-



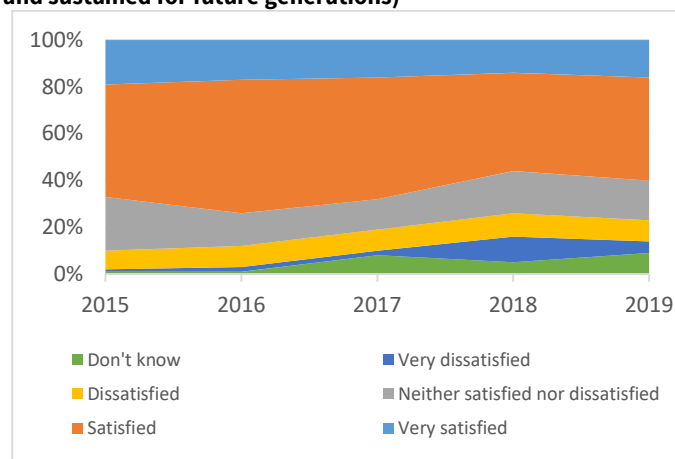
Community Spirit (Supportive, caring and valued communities)

	2015	2016	2017	2018	2019
Very good	39%	39%	50%	42%	45%
Good	46%	42%	41%	45%	43%
Neither good nor bad	10%	13%	5%	11%	8%
Not very good	4%	4%	2%	1%	3%
Poor	1%	2%	1%	-	1%
Don't Know	-	-	1%	1%	-



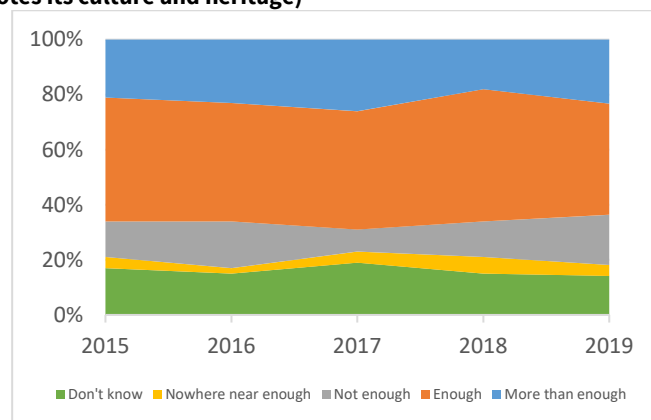
Natural Environment (An environment that is appreciated, protected and sustained for future generations)

	2015	2016	2017	2018	2019
Very satisfied	19%	17%	16%	14%	16%
Satisfied	48%	57%	52%	42%	44%
Neither satisfied nor dissatisfied	23%	14%	13%	18%	17%
Dissatisfied	8%	9%	9%	10%	9%
Very dissatisfied	1%	2%	2%	11%	5%
Don't know	1%	1%	8%	5%	9%



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

	2015	2016	2017	2018	2019
More than enough	21%	23%	26%	18%	23%
Enough	45%	43%	43%	48%	40%
Not enough	13%	17%	8%	13%	18%
Nowhere near enough	4%	2%	4%	6%	4%
Don't know	17%	15%	19%	15%	14%



How well has the community assessed our improvement in provision of our key service activity areas?

The annual survey's assessment of satisfaction in key service activity areas identified that improvements were made over the 2019 year. Of the 12 key activity areas, 10 slightly improved or remained similar to the 2018 year, whereas 2 have reduced (2018: 7 improved and 6 reduced). For example, 42% of residents think Wairoa District is better, as a place to live, than it was three years ago (37% in 2018). 13% say it is worse (11% in 2018).

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 Ngāi Māori nōna nei te whenua, te ahikaa me te mana ki runga i ngā wahi i whakatapua e o rātou tūpuna.

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 reviewed in 2017, outlines the relationship between the Council and Māori.

Within the Wairoa district there are several Māori organisations which involve themselves in a range of issues. Wairoa District Council continues to work collaboratively with Māori organisations within the district.

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:

- Alongside the triennial local government elections during 2016, 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, following a representation review in 2018 to confirm the preferred structure and electoral system, wards have been established for the 2019-2022 and 2022-2025 triennia, after which the structure 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 engage with local Māori, whanau, iwi and 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.
- In 2017, the Wairoa District Council adopted a Te Reo Māori Policy, which recognises and promotes te reo Māori as the indigenous language of Aotearoa and as a taonga of iwi and Māori and encouraging its use in communications, hui and day-to-day operations of the organisation.

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.

ACTIVITY GROUP ONE - WATER SUPPLY

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

ECONOMIC WELL-BEING			SOCIAL AND CULTURAL WELL-BEING			ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
✓				✓		✓	✓	✓

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	COMMUNITY OUTCOME	PERFORMANCE MEASURE	TARGET 2018 - 2019	ACTUAL 2018 - 2019
<i>Council will own, operate and maintain reliable drinking water systems serving Wairoa, Frasertown, Tuai and Māhanga, protecting public health.</i>	1, 2, 5, 7 & 8	All domestic households and non-domestic premises connected to the water supply systems will be provided with a service that delivers a reliable supply of drinking-water.	The method of measurement for this performance measure is the percentage of respondents who indicate they are 'very satisfied' or 'fairly satisfied' with the Water Supply expressed as a percentage excluding 'don't know' respondents. The annual target is for the sum of 'very satisfied' and 'fairly satisfied' to be no less than 80%.	Achieved - 81% (2017/18 – Achieved)
<i>Council will comply with current standards, legislation and Council bylaws.</i>	7, 8 & 9	Council shall meet the requirements of the New Zealand Drinking-water Standards Council and all legislative requirements.	The method of measurement for this performance measure is the extent to which the drinking water supply complies with: (a) Part 4 of the Drinking-water Standards (bacteria compliance criteria), and (b) Part 5 of the Drinking-water Standards (protozoal compliance criteria). The annual target for this measure is 100% compliant.	Not achieved – Wairoa/Frasertown and Tuai water supplies meet the NZ Drinking Water Standards. Māhanga is currently being managed through a Water Safety Plan and does not meet NZ Drink Water Standards. (2017/18 – Achieved for Wairoa, Tuai and Frasertown. Not achieved for Māhanga)
<i>Council will maintain water supplies to ensure long-term sustainability.</i>	7, 8 & 9	Percentage of water loss from the reticulation systems through leakage, shall reduce with time.	The method of measurement for this performance measure is the percentage of real water loss from the local authority's networked reticulation system (calculated using minimum night flow).	Achieved 35.33% This target for this measure has been reviewed. The annual target for this measure is 46%, 44% and 42% for each year. (2017/18 – not achieved)
		The average consumption of drinking water per day, per resident shall reduce with time.	The annual target for this measure is 550 litres per person per day.	Not achieved (2017/18 – Achieved)
	7	Complaints received annually shall not exceed stated limits:	This performance measure is measured via analysis of the CSR database to identify the number of complaints per category. The target is to receive no more than the following number of complaints per 1000 connections: <ul style="list-style-type: none"> 20 for drinking water clarity 20 for drinking water taste 20 for drinking water odour 40 for drinking water pressure or flow 40 for continuity of supply 20 for response to issues. 	Achieved 0 – clarity 1 – taste 0 – odour 8 – pressure 11 – no water 0 – response to issues (2017/18 – Achieved)

*Customers will receive a prompt and efficient service.
(continued)*

Council shall respond to faults/interruptions in the network reticulation.

The method of measurement for this performance measure is analysis of the CSR database to identify the number of call-outs in response to a fault or unplanned interruption to the networked reticulation system, the following median response times will be measured:

These measures are different to last year. Last year was exclusively response times. This measure has been amended to include response and resolution times.

(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site. The target for this performance measure is 1 hour for Wairoa/Frasertown and 2 hours for other areas.

(A) Not assessed – not recorded in Council system

(B) Not achieved – median response time is 24.75 hours.

(C) Achieved – attendance time not recorded in system. Resolution median time of 4.23 hours, so by default attendance is achieved

(D) Achieved - Resolution median time of 4.23 hours

(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption. The target for this performance measure is 4 hours from Wairoa/Frasertown and 5 hours for other areas.

(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site. The target for this performance measure is 2 days.

(2017/18 - Achieved)

(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption. The target for this performance measure is 3 working days.

Council will implement systems/processes to ensure continued service delivery in emergency events.

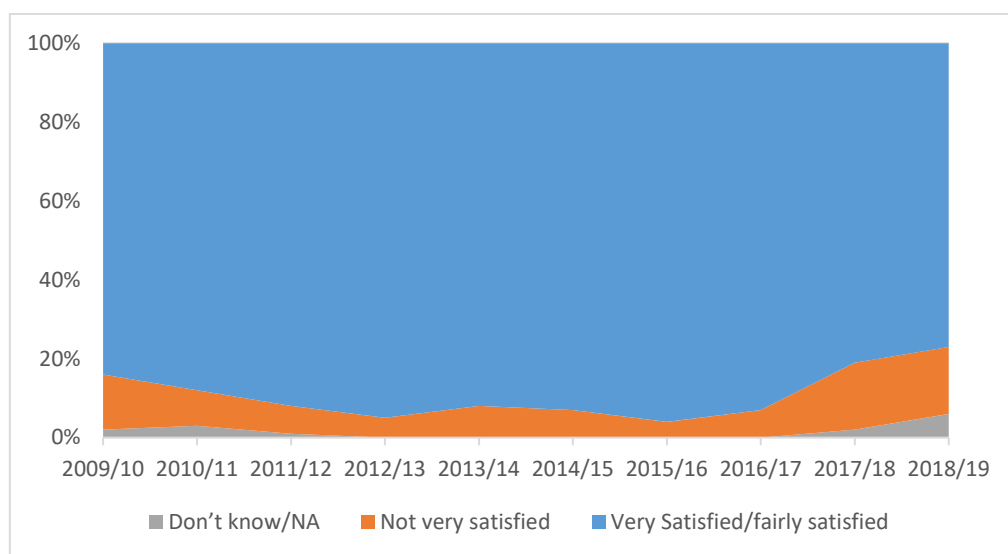
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Contingency plans shall be implemented for emergency events such as earthquake, tsunami and fire which result in the inability to provide the service.

The method of measurement for this performance measure is that the contingency plans have been reviewed and presented to a civil defence team meeting each year.

Achieved - completed and presented to Civil Defence.
(2017/18 – Achieved)

COMMUNITY SURVEY - PERFORMANCE RATING										
Water Supply (Users)	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Very Satisfied/fairly satisfied	84%	88%	92%	95%	92%	93%	96%	93%	81%	77%
Not very satisfied	14%	9%	7%	5%	8%	7%	4%	7%	17%	17%
Don't know/NA	2%	3%	1%						2%	6%



OUR PERFORMANCE STORY

3 WATERS REVIEW

During the year Council responded to increasing compliance requirements, stipulated by the Ministry of Health via the New Zealand Drinking Water Standards, by participating in a regional review of how the 3 waters are delivered. As the country moves towards standardisation it is expected that a single independent regulator will be established. Council recognises that while the provision of safe drinking water is paramount, the costs of necessary upgrades to infrastructure will be significant and present affordability challenges, particularly to districts with smaller populations. In collaboration with the other Hawke's Bay councils we have been working through options and expect to be consulting on this vital issue in 2020.

This situation also impacted on the reporting year. Upgrades to both the Blue Bay and Māhanga schemes could not be completed because the costs of meeting the new requirements meant that the expenditure on these projects would have been several times the amounts originally anticipated. Council maintained a dialogue with both communities throughout the year and continues to seek an effective affordable solution.

WATER LOSS

Council embarked on Water Loss Management Plan with an initial focus on meter reads, installation of smart meters and a Drone Thermal image programme. This has delivered immediate improvements, achieving a significant reduction in reported network water loss.

WAIROA WATER INTAKE – RIVERBANK STABILISATION

This project was prioritised due to slips following the weather events in September 2018 and was close to completion at 30 June 2019.



However, the 280m water main infeed to the water treatment plant will eventually fail and needs relocation, this project is being scoped and will be considered in the next Annual Plan. There is a risk of losing our water supply due to 85m of the raw water pipeline lying in the high to moderate-low risk zones. To help mitigate against this risk we have purchased enough pipe and fittings should an urgent repair be required. These materials, if not used before the recommended solution is put in place, will be able to be used in the new realigned pipeline.

FUNDING IMPACT STATEMENT - WATER SUPPLY*For the year ending 30 June 2019*

	LTP 2017/18 (\$ 000)	LTP 2018/19 (\$ 000)	ACTUAL 2018/19 (\$ 000)
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	159	159
Targeted rates (other than a targeted rate for water supply)	1,144	1,362	1,203
Subsidies and grants for operating purposes	-	-	-
Fees charges and targeted rates for water supply	1,122	801	317
Internal charges and overheads recovered	-	-	-
Interest and Dividends from Investments	127	65	-
Total Operating Funding	2,393	2,386	1,678
Applications of Operating Funding			
Payments to staff and suppliers	1,574	1,502	1,131
Finance costs	119	1	95
Internal Charges and overheads applied	317	349	373
Other operating funding applications	-	-	-
Total applications of operating funding	2,010	1,852	1,599
Surplus (Deficit) of operating funding	383	534	79
Sources of capital funding			
Subsidies and grants for capital expenditure	484	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	107	269	-
Gross proceeds from sale of assets	10	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	601	269	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	107	315	75
- to replace existing assets	1,714	885	821
Increase (Decrease) in reserves	(837)	(398)	(817)
Increase (Decrease) of investments	-	-	-
Total application of capital funding	984	803	79
Surplus (Deficit) of capital funding	(383)	(534)	(79)
Funding Balance	-	-	-

WATER SERVICES

Statement of Cost of Service for the year ended 30 June 2019

	COSTS	REVENUE	NET COST	BUDGETED	LTP	ACTUAL
	2018/19	2018/19	2018/19	NET COST	NET COST	NET COST
	(\$ 000)	(\$ 000)	(\$ 000)	2018/19	2018/19	2017/18
				(\$ 000)	(\$ 000)	(\$ 000)
Water Reticulation	1,705	70	1,635	1,205	1,205	1,498
Water Treatment	830	645	185	369	369	67
	<u>2,535</u>	<u>715</u>	<u>1,820</u>	<u>1,574</u>	<u>1,574</u>	<u>1,565</u>
Less internal allocation	-	-	-	-	-	-
	<u>2,535</u>	<u>715</u>	<u>1,820</u>	<u>1,574</u>	<u>1,574</u>	<u>1,565</u>
Interest Received		170	(170)	-	-	-
	<u>2,535</u>	<u>885</u>	<u>1,650</u>	<u>1,574</u>	<u>1,574</u>	<u>1,565</u>
	COSTS	REVENUE	NET COST	BUDGETED	LTP	ACTUAL
	2018/19	2018/19	2018/19	GROSS COST	GROSS COST	GROSS COST
	(\$ 000)	(\$ 000)	(\$ 000)	2018/19	2018/19	2017/18
				(\$ 000)	(\$ 000)	(\$ 000)
Projects						
Water Reticulation	182	-	182	380	380	416
Water Treatment	714	-	714	820	820	219
	<u>896</u>	<u>-</u>	<u>896</u>	<u>1,200</u>	<u>1,200</u>	<u>635</u>
Application of capital funding						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	75	-	75	315	315	102
- to replace existing assets	821	-	821	885	885	534
	<u>896</u>	<u>-</u>	<u>896</u>	<u>1,200</u>	<u>1,200</u>	<u>636</u>

ACTIVITY GROUP TWO – STORMWATER

The stormwater activity primarily contributes to the following community outcomes:

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
✓	✓		✓	✓		✓	✓	✓

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	COMMUNITY OUTCOME	PERFORMANCE MEASURE	TARGET 2018 – 2019	ACTUAL 2018 - 2019
<i>Council will comply with current legislation and Council bylaws.</i>	1, 2, 4, 7 & 9	Council shall comply with conditions of consent for any systems.	The method of measurement for this performance measure is compliance with the resource consents for discharge from the stormwater system, measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders (d) convictions received in relation to those discharges. The annual target for (a) to (d) is zero.	Not achieved – no consent, currently underway (2017/18: Not assessed)
<i>Council will maintain stormwater systems to ensure long-term sustainability.</i>	1, 2, 4, 5, 7, 8 & 9	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.	The method of measurement of this performance measure is: (a) The number of flooding events that occur in the district. (b) For each flooding event, the number of habitable floors affected (Expressed per 1000 properties connected to the district's stormwater system). The annual target is that (b) will not exceed 50 inhabitable floors per 1000 properties affected by a flooding event.	Achieved (2017/18 : Achieved*) *2017/18 also contained a measure for (a) being no more than 10 flooding events. This was not achieved.
<i>Customers will receive a prompt and efficient service.</i>	5	Level of customer satisfaction through annual survey indicates 'fairly good', 'very good' or better minimum 80% approval rating	The annual target for this measure is 80% of respondents indicate they are 'very satisfied' or 'fairly satisfied' with stormwater.	Not Achieved – 71% (2017/18: Not achieved 61%)

Council will implement systems/processes to ensure continued service delivery in emergency events.

1, 2, 4 & 7

Council shall respond to flooding events.

The method of measurement for this performance measure is the median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site. The annual target for emergency work is 1 hour and urgent work 2 hours. Emergency work and urgent work are as defined in the 3 Waters Contract.

Not assessed – not recorded in Council system. Median response time in CSRs from notification to resolution is 23.87hrs. (2017/18: Not assessed)

The total number of complaints received shall not exceed 50 per 1000 connections.

The method of measurement for this performance measure is the number of complaints received by Council about the performance of its stormwater system, expressed per 1000 properties connected to the stormwater system. The annual target is 50 or less.

Achieved (2017/18: Achieved)

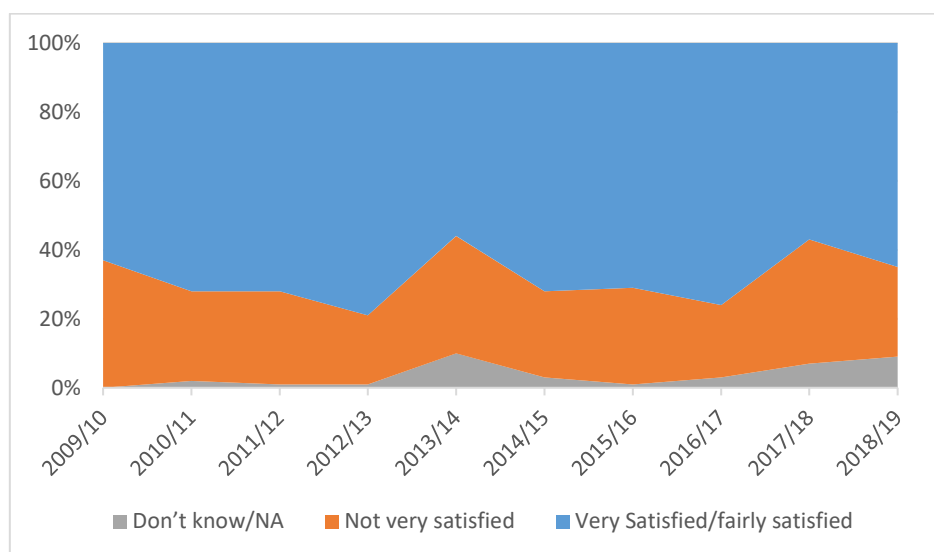
Contingency plans shall be implemented for emergency events such as flooding, earthquake, tsunami or fire which result in the inability to provide the service.

The method of measurement for this performance measure is the contingency plans have been reviewed and presented to a Civil Defence team meeting each year.

Not achieved (2017/18: Achieved)

COMMUNITY SURVEY - PERFORMANCE RATING

Stormwater (those connected)	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Very Satisfied/fairly satisfied	63%	72%	72%	79%	56%	72%	71%	76%	57%	65%
Not very satisfied	37%	26%	27%	20%	34%	25%	28%	21%	36%	26%
Don't know/NA		2%	1%	1%	10%	3%	1%	3%	7%	9%



FUNDING IMPACT STATEMENT - STORMWATER

For the year ending 30 June 2019

	LTP 2017/18 (\$ 000)	LTP 2018/19 (\$ 000)	ACTUAL 2018/19 (\$ 000)
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than a targeted rate for water supply)	418	394	394
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	23
Internal charges and overheads recovered	-	-	-
Interest and Dividends from Investments	65	34	-
Total Operating Funding	483	428	417
Applications of Operating Funding			
Payments to staff and suppliers	114	64	178
Finance costs	85	57	85
Internal Charges and overheads applied	124	135	146
Other operating funding applications	-	-	-
Total applications of operating funding	324	256	409
Surplus (Deficit) of operating funding	159	172	8
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	107	275	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	107	275	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	107	275	12
- to replace existing assets	406	110	8
Increase (Decrease) in reserves	(248)	62	(12)
Increase (Decrease) of investments	-	-	-
Total application of capital funding	265	447	8
Surplus (Deficit) of capital funding	(159)	(172)	(8)
Funding Balance	-	-	-

STORMWATER

Statement of Cost of Service for the year ended 30 June 2019

	COSTS	REVENUE	NET COST	BUDGETED	LTP	ACTUAL
	2018/19	2018/19	2018/19	NET COST	NET COST	NET COST
	(\$ 000)	(\$ 000)	(\$ 000)	2018/19	2018/19	2017/18
				(\$ 000)	(\$ 000)	(\$ 000)
Stormwater	600	23	577	403	403	491
	<u>600</u>	<u>23</u>	<u>577</u>	<u>403</u>	<u>403</u>	<u>491</u>
Projects	COSTS	REVENUE	NET COST	BUDGETED	LTP	ACTUAL
	2018/19	2018/19	2018/19	GROSS COST	GROSS COST	GROSS COST
	(\$ 000)	(\$ 000)	(\$ 000)	2018/19	2018/19	2017/18
				(\$ 000)	(\$ 000)	(\$ 000)
Stormwater	20	-	20	385	385	406
	<u>20</u>	<u>-</u>	<u>20</u>	<u>385</u>	<u>385</u>	<u>406</u>
Application of capital funding						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	12	-	12	275	275	368
- to replace existing assets	8	-	8	110	110	39
	<u>20</u>	<u>-</u>	<u>20</u>	<u>385</u>	<u>385</u>	<u>407</u>

OUR PERFORMANCE STORY

Design work was undertaken for the piping of the Kitchener Street drain. The piping of the first section of the Kitchener Street drain, from Achilles Street to the Hospital, is due to be completed in the 2019/2020 financial year with funding assistance from NZTA.

Council also undertook an infiltration and inflow program to remove stormwater from the wastewater network. Infiltration works included the relining of 2km of sewer pipe. Inflow works included removing downpipes from gully traps and wastewater pipework on 125 properties, 13 properties had sumps disconnected from the wastewater network, 12 properties had open sewer pipes capped and 194 properties had gully repairs and/or replacements. This has mitigated the risk of wastewater overflows due to stormwater inundation in the wastewater network.

ACTIVITY GROUP THREE – WASTEWATER

The wastewater activity primarily contributes to the following community outcomes:

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
✓		✓		✓		✓	✓	✓

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	COMMUNITY OUTCOMES	PERFORMANCE MEASURE	TARGET 2018 – 2019	ACTUAL 2018 - 2019
Council will comply with current legislation and Council bylaws.	7 & 9	Council shall comply with conditions of consent for all systems.	Compliance with the resource consents for discharge from the wastewater system is measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders (d) convictions received in relation to those discharges. The annual target for (a) to (d) is zero.	Not achieved. 2 abatement notices received however HBRC have agreed to amend one. (2017/18: Not achieved)
	1, 7, 8 & 9	There shall be no dry weather sewage overflows.	Measured by the number of dry weather sewage overflows from the sewage system, expressed per 1000 connections to the system. The annual target is that instances will not exceed 16 per 1000 connections.	Achieved (2017/18: Not achieved)
Customers will receive a prompt and efficient service.	7, 8 & 9	Council shall respond to sewage overflows resulting from a blockage or other fault in the sewerage system.	Measured via analysis of the CSR database to identify requests relating to sewage overflows resulting from a blockage or other faults: (a) attendance time: from the time that the Council receives notification to the time that service personnel reach the site. The target for this performance measure is (a) 1 hour for Wairoa and 2 hours for Tuai areas. (b) resolution time: from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault. The target for this performance measure is 4 hours for Wairoa and 5 hours for Tuai areas.	(A) Not assessed (2017/18: Not assessed) (B) Achieved with median response time of 3.87hrs (2017/18: Not achieved: 20 hours)

Customers will receive a prompt and efficient service
(continued)

Council will implement systems/processes to ensure continued service delivery in emergency events.

The total number of complaints received shall not exceed the stated limit.

Complaints received annually shall not exceed:
20 for sewage odour
20 for sewerage system faults
20 for sewerage system blockages
20 for responses to issues with sewerage system per annum and expressed per 1000 connections.

Achieved (2017/18: Not Achieved)

0 for odour (2018: 1)
16 for system faults (2018: 20)
13 for blockages (2018: 31)
0 for responses (2018: 2)

Achieved. Presented draft ERP to Civil Defence in May 2019. (2017/18: Achieved)

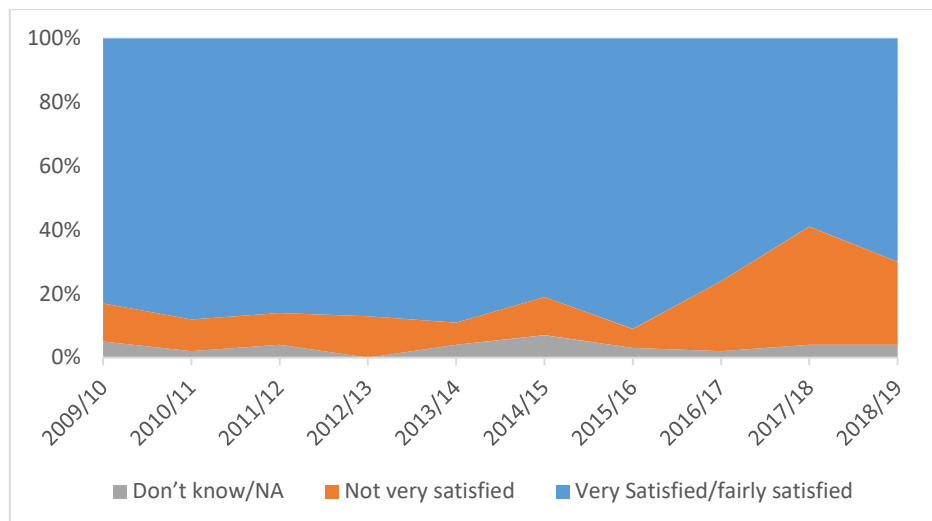
7 & 9

Contingency plans shall be implemented for emergency events such as flooding, earthquake, tsunami or fire which result in the inability to provide the service.

The method of measurement for this performance measure is the contingency plans have been reviewed and presented to a Civil Defence team meeting each year.

COMMUNITY SURVEY - PERFORMANCE RATING

Sewerage (Users)	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Very Satisfied/fairly satisfied	83%	88%	86%	87%	89%	81%	91%	76%	59%	70%
Not very satisfied	12%	10%	10%	13%	7%	12%	6%	22%	37%	26%
Don't know/NA	5%	2%	4%		4%	7%	3%	2%	4%	4%



OUR PERFORMANCE STORY

The Wairoa wastewater discharge consent application was lodged in November 2018. This is the most significant single programme in the LTP 2018-28. Council continues to update the community as it progresses.

Council has been working on a design solution to permanently fix the wastewater overflow at Kopu Road. Once the consent is approved the framework allows for the physical works to then occur. However, it is estimated the consent approval process could take at least 9-12 months. In the meantime, WDC has cleaned out (jetted) the out-fall pipe and consequently has now stopped all dry weather overflows. In a heavy rain event overflow will still occur.

FUNDING IMPACT STATEMENT - WASTEWATER*For the year ending 30 June 2019*

	LTP 2017/18 (\$ 000)	LTP 2018/19 (\$ 000)	ACTUAL 2018/19 (\$ 000)
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than a targeted rate for water supply)	1,462	898	1,153
Subsidies and grants for operating purposes	-	-	-
Fees and charges	8	100	92
Internal charges and overheads recovered	-	-	-
Interest and Dividends from Investments	105	80	-
Total Operating Funding	1,575	1,078	1,245
Applications of Operating Funding			
Payments to staff and suppliers	696	600	1,093
Finance costs	100	61	256
Internal Charges and overheads applied	239	266	282
Other operating funding applications	-	-	-
Total applications of operating funding	1,035	927	1,631
Surplus (Deficit) of operating funding	540	151	(386)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	255	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	171	200	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	100	91
Other dedicated capital funding	-	-	-
Total sources of capital funding	171	555	91
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	214	140	198
- to replace existing assets	914	1,705	1,209
Increase (Decrease) in reserves	(417)	(1,140)	(1,703)
Increase (Decrease) of investments	-	-	-
Total application of capital funding	711	706	(295)
Surplus (Deficit) of capital funding	(540)	(151)	386
Funding Balance	-	-	-
Group depreciation and amortisation	649	649	272

WASTEWATER*Statement of Cost of Service for the year ended 30 June 2019*

	COSTS	REVENUE	NET COST	BUDGETED	LTP	ACTUAL
	2018/19	2018/19	2018/19	NET COST	NET COST	NET COST
	(\$ 000)	(\$ 000)	(\$ 000)	2018/19	2018/19	2017/18
				(\$ 000)	(\$ 000)	(\$ 000)
Sewerage	1,903	92	1,811	1,117	1,117	1,836
	<u>1,903</u>	<u>92</u>	<u>1,811</u>	<u>1,117</u>	<u>1,117</u>	<u>1,836</u>
	COSTS	REVENUE	NET COST	BUDGETED	LTP	ACTUAL
	2018/19	2018/19	2018/19	GROSS COST	GROSS COST	GROSS COST
	(\$ 000)	(\$ 000)	(\$ 000)	2018/19	2018/19	2017/18
				(\$ 000)	(\$ 000)	(\$ 000)
Projects						
Sewerage	1,408	91	1,317	1,845	1,845	1,450
	<u>1,408</u>	<u>91</u>	<u>1,317</u>	<u>1,845</u>	<u>1,845</u>	<u>1,450</u>
Application of capital funding						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	198	-	198	140	140	17
- to replace existing assets	1,210	-	1,210	1,705	1,705	1,433
	<u>1,408</u>	<u>-</u>	<u>1,408</u>	<u>1,845</u>	<u>1,845</u>	<u>1,450</u>

ACTIVITY GROUP FOUR - WASTE MANAGEMENT

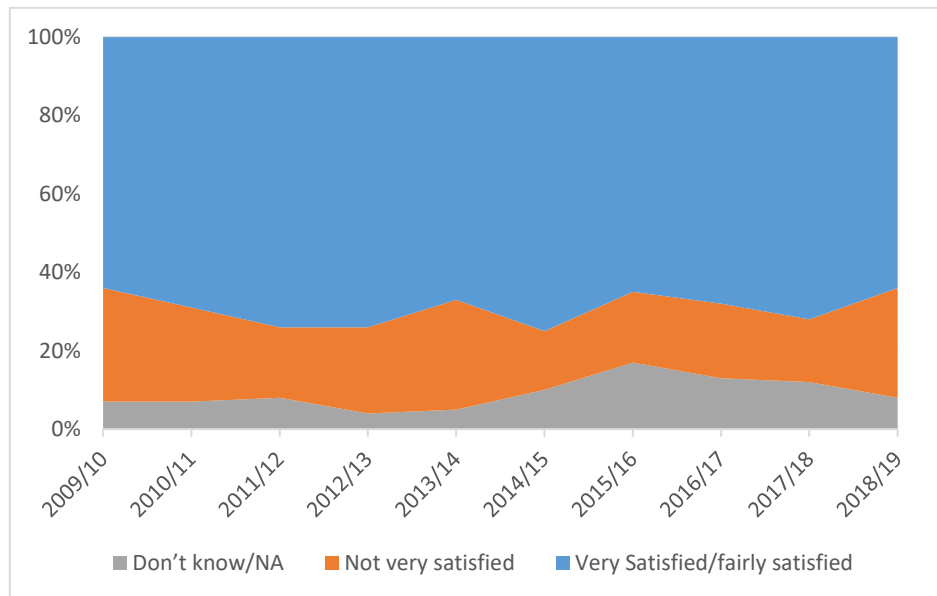
The waste management activity primarily contributes to the following community outcomes:

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
✓	✓	✓	✓	✓		✓		✓

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	TARGET 2018 – 2019	ACTUAL PERFORMANCE
<i>Council will continue to own and deliver the waste management activity to ensure protection of public health and the environment.</i>	Council will operate and maintain the Wairoa landfill for the disposal of domestic and commercial refuse, being open for the public at least: · 5 hours per day · 300 days per year.	Achieve measure.	2018-19: Not achieved – changes to hours following consultation from 1 st April 2019. Now open 6 hours per day, 4 days per week. [2017-18: Achieved]
	Council shall continue to provide for the community-run waste disposal and recycling service in Waikaremoana and Raupunga.	Achieve measure.	2018-19: Achieved [2017-18: Achieved]
<i>Customers will receive a prompt and efficient service. Provide safe and reliable refuse and recycling kerbside collection services and rural waste services.</i>	Missed household refuse service requests responded to by 12 pm the next day (on validation).	Achieve measure.	2018-19: Achieved [New measure]
	Minimum frequency of kerbside refuse and recycling service in Wairoa & Frasertown - fortnightly.	Achieve measure.	2018-19: Achieved [2017-18: Achieved]
	Minimum frequency of collection from specified dropoff points from Māhia, Nuhaka and Mohaka – twice a month. No health and safety breaches by waste services contractors.		
<i>Effects on the natural environment are minimised</i>	Zero significant non-compliance events with the resource consent conditions for the Wairoa Landfill	Achieve measure.	2018-19: Achieved [New measure]
	Zero significant non-compliance events with the resource consent conditions for the closed landfill sites		
<i>Council facilitates waste minimisation practices and promotes reduction of the amount of waste going to landfill</i>	The amount of material diverted from landfill by the Wairoa community increases from 75 tonnes (note target excludes green waste)	Achieve measure.	2018-19: Not achieved Due to changes in contract, diversion was not prioritised. New waste contract has re-prioritised this. [2017-18: Not Achieved]

COMMUNITY SURVEY - PERFORMANCE RATING										
Waste Management	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Very Satisfied/fairly satisfied	64%	69%	74%	74%	67%	75%	65%	68%	72%	64%
Not very satisfied	29%	24%	18%	22%	28%	15%	18%	19%	16%	28%
Don't know/NA	7%	7%	8%	4%	5%	10%	17%	13%	12%	8%



FUNDING IMPACT STATEMENT - WASTE MANAGEMENT

For the year ending 30 June 2019

	LTP 2017/18 (\$ 000)	LTP 2018/19 (\$ 000)	ACTUAL 2018/19 (\$ 000)
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than a targeted rate for water supply)	847	837	837
Subsidies and grants for operating purposes	-	-	-
Fees and charges	368	485	502
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	-	-	-
Total Operating Funding	1,215	1,322	1,339
Applications of Operating Funding			
Payments to staff and suppliers	909	1,029	1,495
Finance costs	47	51	50
Internal Charges and overheads applied	174	193	206
Other operating funding applications	-	-	-
Total applications of operating funding	1,130	1,273	1,751
Surplus (Deficit) of operating funding	85	49	(412)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	150	133
- to replace existing assets	63	-	-
Increase (Decrease) in reserves	22	(101)	(545)
Increase (Decrease) of investments	-	-	-
Total application of capital funding	85	49	(412)
Surplus (Deficit) of capital funding	(85)	(49)	412
Funding Balance	-	-	-

WASTE MANAGEMENT

Statement of Cost of Service for the year ended 30 June 2019

	COSTS	REVENUE	NET COST	BUDGETED	LTP	ACTUAL
	2018/19	2018/19	2018/19	NET COST	NET COST	NET COST
	(\$ 000)	(\$ 000)	(\$ 000)	2018/19	2018/19	2017/18
				(\$ 000)	(\$ 000)	(\$ 000)
Waste Management	1,838	502	1,336	891	891	1,123
	<u>1,838</u>	<u>502</u>	<u>1,336</u>	<u>891</u>	<u>891</u>	<u>1,123</u>

	COSTS	REVENUE	NET COST	BUDGETED	LTP	ACTUAL
	2018/19	2018/19	2018/19	GROSS COST	GROSS COST	GROSS COST
	(\$ 000)	(\$ 000)	(\$ 000)	2018/19	2018/19	2017/18
				(\$ 000)	(\$ 000)	(\$ 000)
Projects						
Waste Management	133	-	133	150	150	19
	<u>133</u>	<u>-</u>	<u>133</u>	<u>150</u>	<u>150</u>	<u>19</u>
Application of capital funding						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	133	-	133	150	150	19
- to replace existing assets	-	-	-	-	-	-
	<u>133</u>	<u>-</u>	<u>133</u>	<u>150</u>	<u>150</u>	<u>19</u>

OUR PERFORMANCE STORY

Council changed its level of service at the Wairoa landfill in the new LTP. There are some improvements being made to the operation for the purposes of safety.

Council has secured additional funding from the Tourism Infrastructure Fund for the construction and operation of the Māhia recycling service.

There are improvements planned the rural recycling collections, in particular the location for Māhia recycling.

Council secured funding from the Glass Packaging Forum for the construction of new glass bunkers in the recycling centre. This will increase the volume of glass that can be processed safely.

Remedial works on the landfill cell are ongoing.

A new solid waste contract was mobilised on 1 April. There have been some challenges with establishing the new contract, particularly around transition to new plant for the operators and opening hours for the public.

A roll out of recycling crates was undertaken throughout Wairoa and Frasertown prior to contract start and has made a significant improvement to the volumes of recycling collected. This is a positive step for Wairoa.

Plastics still remain a problem, particularly the onward accountability and disposal. Types 1 and 2 maintain a saleable value for the contractor. However, Types 3-7 are of limited value. Other councils have reduced their levels of service to include collection of Types 1 and 2 only. Council staff and contractor management are discussing this regularly, any further changes or recommendations will be assessed by Council.

ACTIVITY GROUP FIVE - TRANSPORT

1. LAND TRANSPORT
2. AIRPORT

LAND TRANSPORT

The land transport activity contributes to the following community outcomes:

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
✓	✓	✓	✓	✓	✓	✓	✓	✓

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	TARGET 2018 - 2019	ACTUAL 2018 - 2019
Council will manage the land transport system in a sustainable manner, sufficient to meet the current and projected demand	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.	2018/19: Not measured. In accordance with its activity management plan Council has determined that between 1 June 2018 and 31 July 2021 that 7.5% (22.7km of 301.2km) of the sealed local road network will be resurfaced. It is more cost effective to bundle this work, so in 2018/19 we concentrated on pavement rehabilitation. The resurfacing work will be undertaken in 2019/20 and 2020/21. [2017/18: 2.8%]
	All bridges on key industry transport routes meet HCV class 1 requirements. To ensure the network is accessible to the industries for the efficient movement of freight	Year on year improvement	2018/19: Achieved - number of bridges not meeting requirements reduced from 11 to 6 [2017/18: Not measured]
Customers will receive a prompt and efficient service	The public and other road users satisfied with the overall level of service provided. Target is to have no less than 75% of respondents consider the land transport service to be 'fairly good, very good, or better', as measured by the annual public satisfaction survey	75% satisfaction rating	2018/19: Not achieved - 75% Urban, 56% Rural [2017/18: Not achieved]
	The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan.	90% (target established in 2015-25 LTP)	2018/19: Not measured- the responsiveness provisions in the road maintenance contract were achieved. However this does not cover the entire range of service requests. [2017/18: Not achieved: - 79% (350 of 441)]

When using the network, all road users will experience a “fair” ride quality on a well-maintained and managed asset (qualified to the extent that it has to be appreciated that over 66% of the network is unsealed)

The land transport network is designed and maintained to be safe. Council works with NZ Police and NZTA to promote the safe use of the land transport network by motorists and others

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)

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 change from the previous financial year in the number of fatalities and serious injury crashes on the local network, expressed as a number.

Average NAASRA of the sealed road network <110

2018/19: Achieved – 88
[2017/18: Achieved – 95]

2018/19: Not measured. Standard to be set in Council’s Walking and Cycling Strategy – to be adopted.
[2017/18: Not Measured]

2018/19: Achieved - 1 fatal, 6 severe crashes
[2017/18: Not Achieved: 1 fatal, 6 severe crashes]

OUR PERFORMANCE STORY

BRIDGES

The following are included in the work plan for 2019-20 to complete the assessment: Ngapikira, Mangahopai, Crispin, Taits, Spence, Patangata.

The failed crib wall near Waitepatu Culvert on Māhia East Coast Road was been secured by installing a bailey bridge over the drop out until the permanent repair is constructed.

The unsealed roads maintenance contract is delivering above expectation with positive feedback from the rural community.

The four flood damage repair contracts are progressing as programmed.

The bridge strengthening programme is tracking well with the final bridge being completed on Wairoa’s side of Tiniroto Road. Once the strengthening of Te Kura Bridge has been completed, Council will be in a position to open Tiniroto Road as a HPMV route. This is consistent with our activity management planning and enabling the forestry industry to support the opening of the inland rail hub.

ROADS

The Council has met with Kiwi Rail to discuss its activity in the district. The Wairoa-Napier railway was reopened, and Council undertook a sequence of public road safety messaging. The railyard development will start to unfold over the coming months.

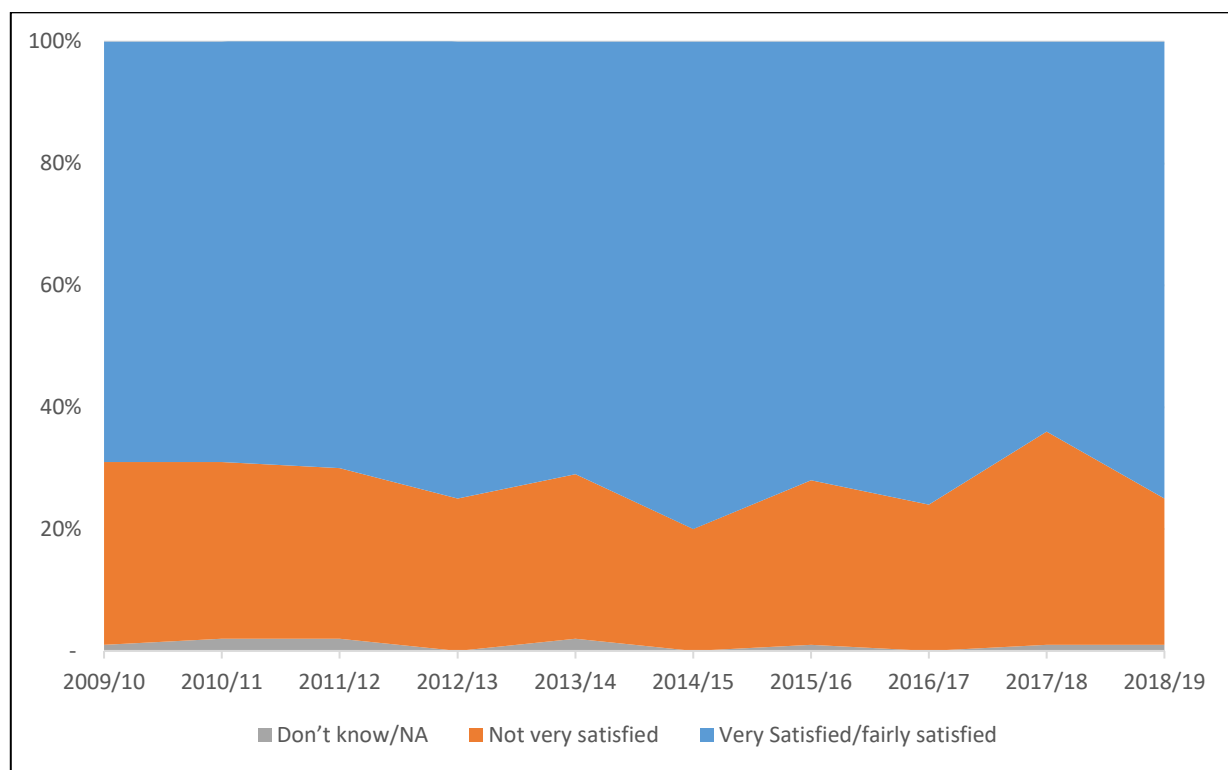
Kiwi Rail agreed securing the Nuhaka-Opoutama Road at the “blowhole” was a priority until the permanent solution was found. Kiwi Rail is working through this with Council to ensure that there is an immediate response plan in place should there be failure at this site.

A crib wall on Māhia East Coast Road, near the Waitapatu Culvert failed in March. Council, with approval from HBRC, undertook an emergency response to clear the debris from the coastal zone. This was completed promptly and, in accordance with Council’s consent conditions.

Putere Road was been closed to all traffic in April due to an under slip. The road was made safe by retaining the toe of the batter and as contractors were already established on site, remediation was able to commence immediately.

The LED streetlight upgrade programme is progressing. A full audit of streetlights is being undertaken. This will provide a better picture of the existing luminaires and areas of priority for installation.

COMMUNITY SURVEY - PERFORMANCE RATING										
Roads	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Very Satisfied/fairly satisfied	69%	69%	71%	75%	71%	80%	72%	76%	64%	75%
Not very satisfied	30%	29%	28%	25%	27%	20%	27%	24%	35%	24%
Don't know/NA	1%	2%	2%		2%		1%		1%	1%



AIRPORT

The airport activity primarily contributes to the following community outcomes:

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
✓	✓	✓	✓			✓	✓	✓

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	TARGET 2018 - 2019	ACTUAL PERFORMANCE
Council will maintain the airport and associated facilities to ensure long term sustainability	Maintenance, capital and renewal works are carried out in accordance with the plan	Works undertaken are in line with milestones outlined in airport plan	2018-19: Not achieved Runway resurfacing approved and scheduled for 2019/20. Building maintenance and upgrade completed. Power supply remediation approved to be completed in 2019/20. Fuel farm project reviewed – no demand. [2017-18: N/A]
Customers will receive a prompt and efficient service	Percentage of respondents 'very satisfied' or 'fairly satisfied' with airport service	80% achievement	2018-19 Achieved - 89% of users (45% of the respondents didn't comment or know) [2017/18: Not Measured]

OUR PERFORMANCE STORY

Skyline Aviation is supporting a number of projects at the aerodrome with project management time at no cost to Council. This includes the new instrument procedures to facilitate safer landings and departures, upgrade of the runway lighting, and the five-yearly aerodrome OLS survey. These projects are targeted to increase the safety and resilience of the aerodrome operations. There are two new regular agriculture users now operating from the Aerodrome.

Council identified an affordable low risk option to resurface the sealed areas at the Airport (including the runway).

FUNDING IMPACT STATEMENT - TRANSPORT

For the year ending 30 June 2019

	LTP 2017/18 (\$ 000)	LTP 2018/19 (\$ 000)	ACTUAL 2018/19 (\$ 000)
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	60	-	103
Targeted rates (other than a targeted rate for water supply)	3,624	3,185	3,082
Subsidies and grants for operating purposes	5,008	4,805	7,791
Fees and charges	876	40	341
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	-	-	-
Total Operating Funding	9,568	8,030	11,317
Applications of Operating Funding			
Payments to staff and suppliers	7,436	5,964	9,192
Finance costs	3	4	15
Internal Charges and overheads applied	1,261	1,426	1,503
Other operating funding applications	-	-	-
Total applications of operating funding	8,700	7,394	10,710
Surplus (Deficit) of operating funding	868	636	607
Sources of capital funding			
Subsidies and grants for capital expenditure	4,846	4,702	5,859
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	10	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	4,856	4,702	5,859
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	386	802	102
- to replace existing assets	6,070	6,239	7,714
Increase (Decrease) in reserves	(732)	(1,703)	(1,350)
Increase (Decrease) of investments	-	-	-
Total application of capital funding	5,724	5,337	6,466
Surplus (Deficit) of capital funding	(868)	(636)	(607)
Funding Balance	-	-	-

TRANSPORT

Statement of Cost of Service for the year ended 30 June 2019

	COSTS	REVENUE	NET COST	BUDGETED	LTP	ACTUAL
	2018/19	2018/19	2018/19	NET COST	NET COST	NET COST
	(\$ 000)	(\$ 000)	(\$ 000)	2018/19	2018/19	2017/18
				(\$ 000)	(\$ 000)	(\$ 000)
Roading (NZTA assisted)	13,112	8,081	5,031	139	139	5,921
Roading (District funded)	506	11	495	272	272	469
Infrastructural Works Unit	(226)	1	(227)	-	-	726
Business unit works	15	1	14	-	-	-
Parking	49	-	49	57	57	71
Airport	104	41	63	152	152	60
	13,560	8,135	5,425	620	620	7,247
	COSTS	REVENUE	NET COST	BUDGETED	LTP	ACTUAL
	2018/19	2018/19	2018/19	GROSS COST	GROSS COST	GROSS COST
	(\$ 000)	(\$ 000)	(\$ 000)	2018/19	2018/19	2017/18
				(\$ 000)	(\$ 000)	(\$ 000)
Projects						
Airport	82	-	82	180	180	93
Roading (NZTA assisted)	7,595	5,859	1,736	6,622	6,622	2,813
Roading (District funded)	62	-	62	148	148	407
Infrastructural Works Unit	77	-	77	66	66	30
Parking	-	-	-	25	25	-
	7,816	5,859	1,957	7,041	7,041	3,343
Application of capital funding						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	102	-	102	802	802	469
- to replace existing assets	7,714	-	7,714	6,239	6,239	2,874
	7,816	-	7,816	7,041	7,041	3,343

ACTIVITY GROUP SIX - COMMUNITY FACILITIES

1. CEMETERIES
2. PARKS & RESERVES
3. LIBRARY
4. COMMUNITY SUPPORT

CEMETERIES

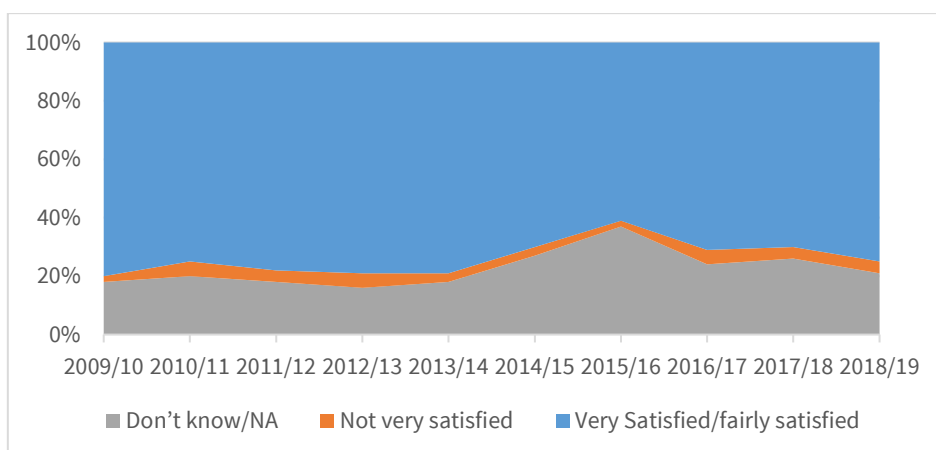
The cemeteries activity primarily contributes to the following community outcomes:

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
		✓	✓	✓				✓

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	TARGET 2018-2019	ACTUAL PERFORMANCE
Customers will receive a prompt and efficient service.	Level of customer satisfaction through annual survey indicates a 'fairly good', 'very good' or better minimum 80% approval rating. How the service is delivered to the community will be monitored through the CSR system.	80% satisfaction rating.	2018-19: Not Achieved 75% 2017/18: Not Achieved: 70%

COMMUNITY SURVEY - PERFORMANCE RATING										
Cemetery	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Very Satisfied/fairly satisfied	80%	75%	78%	79%	79%	70%	61%	71%	70%	75%
Not very satisfied	2%	5%	4%	5%	3%	3%	2%	5%	4%	4%
Don't know/NA	18%	20%	18%	16%	18%	27%	37%	24%	26%	21%



PARKS & RESERVES

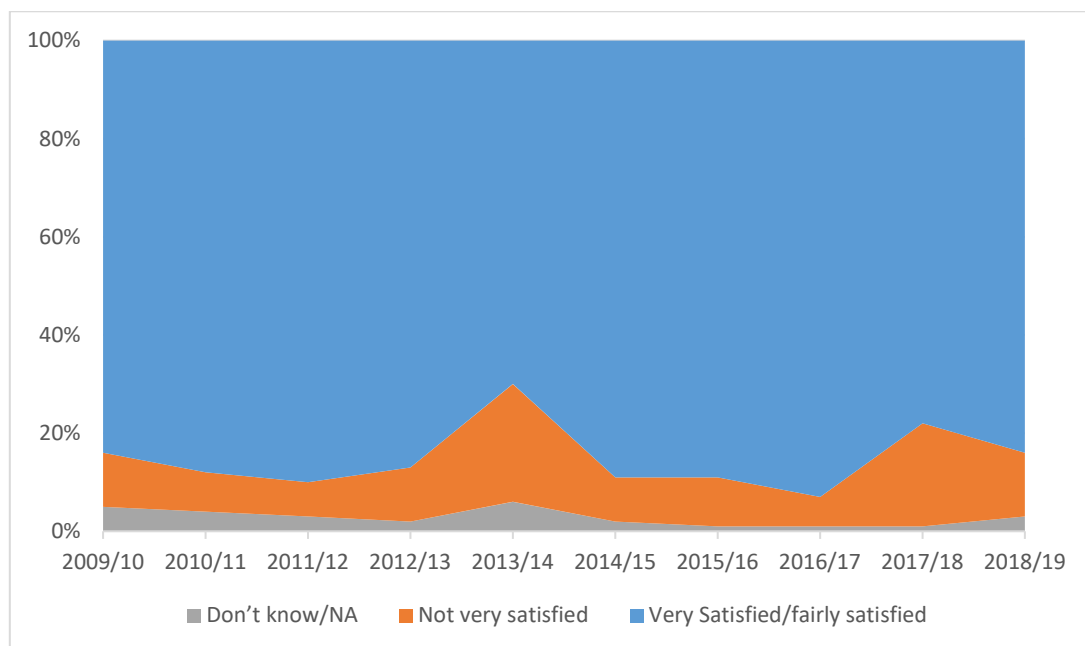
The parks and reserves activity primarily contributes to the following community outcomes:

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
	✓		✓		✓	✓	✓	✓

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	TARGET 2018-2019	ACTUAL PERFORMANCE
Customers will receive a prompt and efficient service.	Level of customer satisfaction through annual survey indicates a 'fairly good', 'very good' or better minimum 80% approval rating.	Achieve measure at 80% or higher. (excluding don't know responses)	2018-19: Achieved - 89% [2017-18: Achieved - 89%]
Provide playgrounds in line with standards and legislative requirements.	Record of inspection schedules as method of maintaining safety standards. Percentage of playground assets complying with safety standards.	Achieve measure at 85% or higher.	2018-19: Not measured. Playground are routinely inspected and maintained, recording is incomplete. [2017-18: Achieved equivalent measure]
Provide public toilets that are well maintained.	Percentage of public toilets inspected and cleaned twice daily in all areas, to ensure faults and maintenance issues are recorded and dealt with promptly.	Achieve measure not less than 95%.	2018-19: Achieved 100% [2017-18: N/A]
Parks and reserve assets that are well maintained.	Percentage of parks assets in satisfactory condition (condition grades 1, 2 or 3), to ensure faults and maintenance issues are recorded and dealt with promptly.	Achieve measure not less than 95%.	2018-19: Not measured, condition grading to be undertaken in 19/20 [2017-18: N/A]
	Percentage of playgrounds maintained in a safe and clean condition weekly (minimum) in all areas, to ensure faults and maintenance issues are recorded and dealt with promptly.	Achieve measure at 85% or higher.	2018-19: Achieved 100% all playgrounds attended weekly. [2017-18: N/A]
Provide prompt responses for service.	Single response performance measure covering cemetery interment requests, public toilet, playground and parks related urgent customer enquiries. Percentage of open space requests responded to within 24 hours.	Achieve measure at 85% or higher.	2018-19: Not measured. All urgent requests are responded to or dealt with within 24 hours, this is not necessarily recorded in the CSR system due to later reporting. This is to be addressed. [2017-18: N/A]

COMMUNITY SURVEY - PERFORMANCE RATING										
Parks and Reserves (Users)	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Very Satisfied/fairly satisfied	84%	88%	90%	87%	70%	89%	89%	93%	78%	84%
Not very satisfied	11%	8%	7%	11%	24%	9%	10%	6%	21%	13%
Don't know/NA	5%	4%	3%	2%	6%	2%	1%	1%	1%	3%



LIBRARY

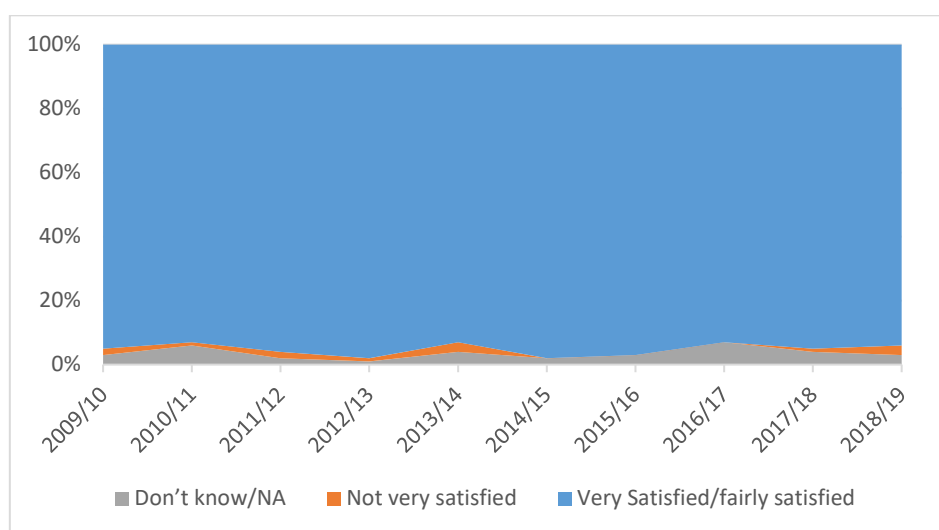
The library activity primarily contributes to the following community outcomes:

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
		✓	✓	✓			✓	

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	TARGET 2018-2019	ACTUAL PERFORMANCE
DEMAND & CAPACITY: Council will continue to provide library services for the district through the Wairoa Centennial Library.	One new initiative put in place in response to community needs for library services.	One new initiative annually.	2018-19: Achieved. [2017-18: N/A]
CUSTOMER SERVICE & SATISFACTION: Council will respond to all enquiries, requests, complaints, and identified issues in a timely manner.	Level of customer satisfaction through survey indicates a 'fairly good, very good or better' minimum 80% approval rating.	Achieve measure.	2018-19: Achieved – 94% [2018-19: Achieved – 95%]

COMMUNITY SURVEY - PERFORMANCE RATING										
Library (Users)	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Very Satisfied/fairly satisfied	95%	93%	96%	98%	93%	98%	97%	93%	95%	94%
Not very satisfied	2%	1%	2%	1%	3%	-	-	-	1%	3%
Don't know/NA	3%	6%	2%	1%	4%	2%	3%	7%	4%	3%



OUR PERFORMANCE STORY

DEMAND & CAPACITY

Staff undertook a large-scale evaluation of the Library's collection, which involved making improvements to the shelving and book structure. This has made it easier for patrons to browse through and locate specific books.

In addition to this, a project involving the relocation of shelving and furniture has resulted in more space for reading rooms, comfort zones, and areas for study. Positive feedback has been received from patrons.

- The seven-week 'Winter Warmers' programme, which started in June, received excellent support. All 100 spaces were filled, and an additional 48 children were accepted with the entire Mohaka School coming on board. Children had to complete five report-ins in order to attend the finale party.



- The Library is exploring the benefits of a new Library Management System. The existing system is heavily reliant on 'manual' processes and has technical issues, so a new system is being considered, one that is used by a number of smaller similar-sized libraries, and which would enable process efficiencies.
- Council is exploring options for providing the Library with EFTPOS facilities that will streamline payment processes.
- During the year, positive feedback has been received from patrons, including comments that this is 'the best library ever.' They have congratulated staff on the work being done to 'make our library a welcoming place'.
- The Adult Reading Programme entitled 'Exercise Your Mind, Read' received excellent support with a group of more than 40 adults enrolled.
- The Library Services Team Leader attended a 'Reading Together' meeting at Tiaho School aimed at promoting reading in homes. She spoke about how the Library's activities could support this programme and encouraged parents to bring their children to the Library to participate in the reading initiatives. Attendees were also invited to visit the Library and see how the resources can be used to support homework activities.
- Staff provided a showcase of the Library's activities to a group of local youth and social workers. They were given a guided tour and an introduction to the Library's services including the Salute Wairoa Touch Table. The feedback received demonstrated the positive impact this experience had on these young people.
- Library staff are actively following up on overdue items and embarking on a programme to 'clean up' patron files for overdue books. Their long-term goal is to instil a sense of accountability to patrons.

COMMUNITY SUPPORT

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

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
		✓	✓	✓				

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	TARGET 2018-2019	ACTUAL PERFORMANCE
DEMAND: Council will assist in the provision of healthy, accessible and enjoyable community facilities and encourage community participation.	Community facilities are user focused, reviewed, and improved/changed in direct response to feedback from the local community through: consultation needs analysis surveys	The numbers of customers visiting the Wairoa Community Centre and Wairoa Museum are the same or better than that of the previous year.	2018-19: Not measured [2017-18: N/A]
QUALITY: Community facilities will provide a valuable resource for the creation of local communities of interest as meeting places and for passive and physical leisure.	Overall 'user' satisfaction of community facilities through survey indicates a 'fairly good, very good or better' approval rating of not less than 80%.	Achieve measure. Councillors, managers and staff will have a broad level of awareness of local needs and ensure these are well represented in policy, plans, and provision of community facilities provided by the Council. Reports are received from the Wairoa Community Sports Centre, Wairoa Museum and Sport Hawke's Bay in accordance with funding contracts/agreements. Monthly reports are received from the Visitor Information Centre.	2018-19: Achieved Improved and updated reporting requirements are currently being developed for the Wairoa Community Centre and the Wairoa Museum in line with updated funding agreements and contracts. The Wairoa Visitor Information Centre provides a regular report to the Wairoa District Council Economic Development Committee. [2017-18: Achieved]
COSTS & FUNDING: Funds are provided for community facilities and initiatives in accordance with Council's community outcomes.	Council grants to funded organisations are paid in accordance with funding contracts/agreements.	Funding is made available for distribution to community facilities and organisations within allocated timeframes	2018-19: Achieved Council administers SPARC and Creative NZ grants to provide funding for schools, clubs, individuals and organisations for rural travel to sport competitions and art related projects. The grants are distributed within the financial year according to contracts/agreements. [2017/18: Achieved]

COSTS & FUNDING:
Funds are provided for community facilities and initiatives in accordance with Council's community outcomes (continued).

Residents are satisfied with value for money through rates on supporting community facilities and organisations.
Community organisations are assisted to build capabilities, resources and structures.
Funding contract/agreements are reviewed annually/triennially in accordance with existing funding contract specifications

Approval rating of not less than 80%

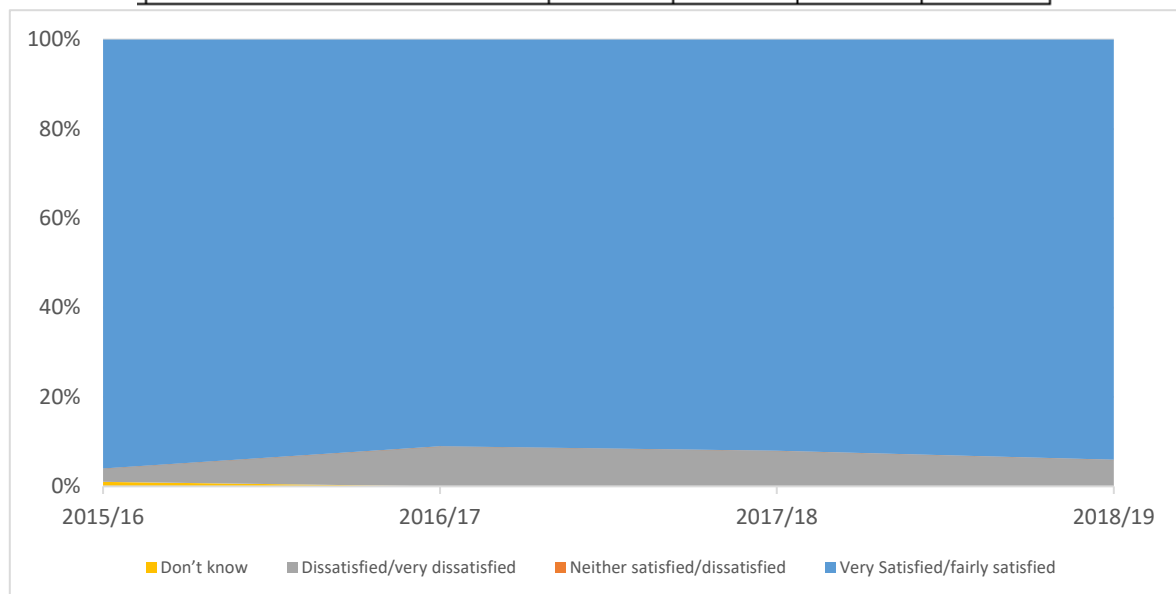
Funded organisations achieve/exceed agreed service provision targets as specified in funding contracts/agreements.

Council to review and approve the annual/triennial renewal of existing contracts/agreements.

2018-19 Not Achieved
78% of customers rated their visit to the Wairoa Museum as 'very or fairly satisfied', this is an increase on 2018 (77%). 81% of customers rated their visit to the Wairoa Community Centre as 'very or fairly satisfied', again an increase on 2018 (80%) [2017-18: Not Achieved]

2018-19: Achieved
[2017-18: Achieved]

COMMUNITY SURVEY - PERFORMANCE RATING				
Community Facilities Satisfaction	2015/16	2016/17	2017/18	2018/19
Very Satisfied/fairly satisfied	96%	91%	92%	94%
Neither satisfied/dissatisfied	-	-	-	-
Dissatisfied/very dissatisfied	3%	9%	8%	6%
Don't know	1%	-	-	-



FUNDING IMPACT STATEMENT - COMMUNITY FACILITIES

For the year ending 30 June 2019

	LTP 2017/18 (\$ 000)	LTP 2018/19 (\$ 000)	ACTUAL 2018/19 (\$ 000)
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	1,106	1,117	738
Targeted rates (other than a targeted rate for water supply)	743	935	1,391
Subsidies and grants for operating purposes	49	60	85
Fees and charges	59	65	70
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	-	-	-
Total Operating Funding	1,957	2,177	2,284
Applications of Operating Funding			
Payments to staff and suppliers	1,565	1,722	1,833
Finance costs	59	26	119
Internal Charges and overheads applied	236	253	275
Other operating funding applications	-	-	-
Total applications of operating funding	1,860	2,002	2,227
Surplus (Deficit) of operating funding	97	175	57
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	85	195	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	85	195	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	131	251	395
- to replace existing assets	-	225	66
Increase (Decrease) in reserves	51	(106)	(403)
Increase (Decrease) of investments	-	-	-
Total application of capital funding	183	370	57
Surplus (Deficit) of capital funding	(97)	(175)	(57)
Funding Balance	-	-	-

COMMUNITY FACILITIES
Statement of Cost of Service for the year ended 30 June 2019

	COSTS	REVENUE	NET COST	BUDGETED	LTP	ACTUAL
	2018/19	2018/19	2018/19	NET COST	NET COST	NET COST
	(\$ 000)	(\$ 000)	(\$ 000)	2018/19	2018/19	2017/18
				(\$ 000)	(\$ 000)	(\$ 000)
Cemeteries	115	27	88	117	117	69
Parks & Reserves	1,126	26	1,100	1,028	1,028	998
Library - Operating	491	11	480	440	440	401
Community Support	730	92	638	566	566	646
	2,462	156	2,306	2,151	2,151	2,114
	COSTS	REVENUE	NET COST	BUDGETED	LTP	ACTUAL
	2018/19	2018/19	2018/19	GROSS COST	GROSS COST	GROSS COST
	(\$ 000)	(\$ 000)	(\$ 000)	2018/19	2018/19	2017/18
				(\$ 000)	(\$ 000)	(\$ 000)
Projects						
Cemeteries	-	-	-	20	20	-
Parks & Reserves	389	-	389	421	421	594
Library - Operating	71	-	71	35	35	47
Community Support	-	-	-	-	-	14
	460	-	460	476	476	655
Application of capital funding						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	395	-	395	231	231	182
- to replace existing assets	65	-	65	245	245	473
	460	-	460	476	476	655

ACTIVITY GROUP SEVEN - PLANNING & REGULATORY

1. RESOURCE PLANNING
2. ENVIRONMENTAL HEALTH
3. BUILDING CONTROL
4. LIQUOR CONTROL
5. BYLAW COMPLIANCE:
DOG CONTROL
LIVESTOCK CONTROL
GENERAL BYLAW ENFORCEMENT
6. EMERGENCY MANAGEMENT

RESOURCE PLANNING

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

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
		✓					✓	✓

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	TARGET 2018-2019	ACTUAL PERFORMANCE
<p>Legislative Obligations:</p> <p>a) As required by the Resource Management Act 1991, the Council will maintain an Operative District Plan to guide the future development of the district.</p> <p>The present District Plan became operative in June 2005. A review of the District Plan began in 2015.</p> <p>Council will also formulate development policies and strategies.</p> <p>b) The Council will ensure that all subdivision and development in the district takes place in conformity with all of the requirements of the District Plan.</p>	<p>Council is committed to processing all applications within the statutory timeframes as set under the Resource Management Act.</p>	<p>Achieve measure.</p>	<p>2018/19: Achieved [2017/18: Achieved]</p>

OUR PERFORMANCE STORY

The planning team has worked to ensure all applications are processed statutory timeframes as set under the Resource Management Act. In order to streamline processes and facilitate processing the team has developed new workflow management procedures during the current year. Furthermore, the district plan review began on 5th August 2015 therefore the Council has met it's statutory obligation to commence a full review of the district plan within the 10 year statutory timeframe pursuant to section 79(1) of the Resource Management Act.

ENVIRONMENTAL HEALTH

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

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
				✓		✓	✓	

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	TARGET 2018-2019	ACTUAL PERFORMANCE
<p>Legislative Obligations:</p> <p>(a) The Council will ensure all premises that are required to be registered under the Health Act 1956, the Food Act 2014, and the Food Hygiene Regulations 1974, comply with the relevant legislation, e.g.:</p> <p>food premises;</p> <p>hairdressers;</p> <p>funeral directors; and</p> <p>camping grounds.</p> <p>And it will take steps to ensure that all food workers are aware of their obligations.</p> <p>(b) It will also:</p> <p>i) monitor the community's water, wastewater, stormwater and sanitary services to ensure that they are being satisfactorily managed, and are performing satisfactorily, from the health point of view; and</p> <p>ii) maintain a general overview of the public health of the district and respond to public health complaints.</p>	100% of premises registrations during the financial year have been completed.	Achieve measure.	2018/19: Achieved [2017/18: N/A]
	100% of all complaints about unreasonable noise are responded to in accordance with legislation, regulations and Council policy.	Achieve measure.	2018/19: Achieved [2017/18: Achieved]

BUILDING CONTROL

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

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
✓			✓	✓		✓		✓

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	TARGET 2018-19	ACTUAL PERFORMANCE
Legislative Obligations:	100% of building consents are processed within statutory time frames.	Achieve measure.	2018-19: Achieved (103) [2017/18: Not Achieved 96.96% of 93]
(a) Council will monitor and exercise control over all building work that is undertaken in the District in accordance with its role as a BCA.	100% of certificates of acceptance are processed within statutory time frames.	Achieve measure.	2018-19: Achieved 100% (6) [2017-18: Achieved 100% (2)]
(b) Council processing, inspection and certification of buildings meets the requirements of the Building Act 2004.			
(c) Ensure that all building work is monitored and addressed to an extent that offers assurance that people, places and property will not be significantly harmed.			
(d) Council will monitor and enforce the requirements of the Fencing of Swimming Pools Act 2016.			
(e) All applications for consent or other information will be processed within statutory time frames.			

OUR PERFORMANCE STORY

- Council as Building Control Authority (BCA) continues to process Building Consents within the statutory time frames (100% within 20 working days).
- Council as BCA continues to meet the requirements of agreed inspection times, one-hour time blocks are allocated to allow for other inspections running overtime.
- Wairoa District Council BCA building team now has two BCO's and has appointed a Senior BCO. While the new BCO is in training, the SBCO will work on developing guidance documents for all the BCO's to complete the required functions of the TA, including BWOF audits, Earthquake Prone Buildings (EPB) inspections, swimming pool inspections and compliance schedule audits.
- Building (Earthquake Prone Buildings) Amendment Act 2016 took effect as of 1st July 2017 and superseded the WDC Earthquake Prone Buildings Policy. WDC TA has until the 1st January 2020 to identify all the Priority Potential EPB's in the district. The TA continues to address and respond to enquiries in respect of Earthquake Prone Buildings; much of this work is non-cost recoverable and still requires a substantial amount of our time and physical resources to resolve.
- BCA is working with applicants to help address common issues and misunderstandings around the building code requirements, statutory timeframes, and consenting processes. This is being completed via the new monthly newsletter the BCA is sending out to local builders and architects.
- BCA has set projects in place to develop consenting packages tailored to specific consent types. These packages will include what information is required for each application to help streamline the process and minimise delays.

LIQUOR CONTROL

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

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
			✓			✓	✓	

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	TARGET 2018-19	ACTUAL PERFORMANCE
Legislative Obligations: <i>The District Licensing Committee will issue 'on, off and club' licences that allow the sale and supply of liquor. Inspections will be carried out as required.</i> <i>It will also process applications for renewal licences and for special licences (which are licences that allow the sale and supply of liquor at events such as sporting occasions, street parties and other functions).</i>	100% of management licences processed within 30 days in accordance with the legislation.	Achieve measure.	2018-19: Achieved [2017-18: N/A]
	100% of renewal and new licences processed within statutory time frames.	Achieve measure.	2018-19: Achieved [2017-18: N/A]

BYLAW COMPLIANCE: DOG CONTROL LIVESTOCK CONTROL GENERAL BYLAW ENFORCEMENT

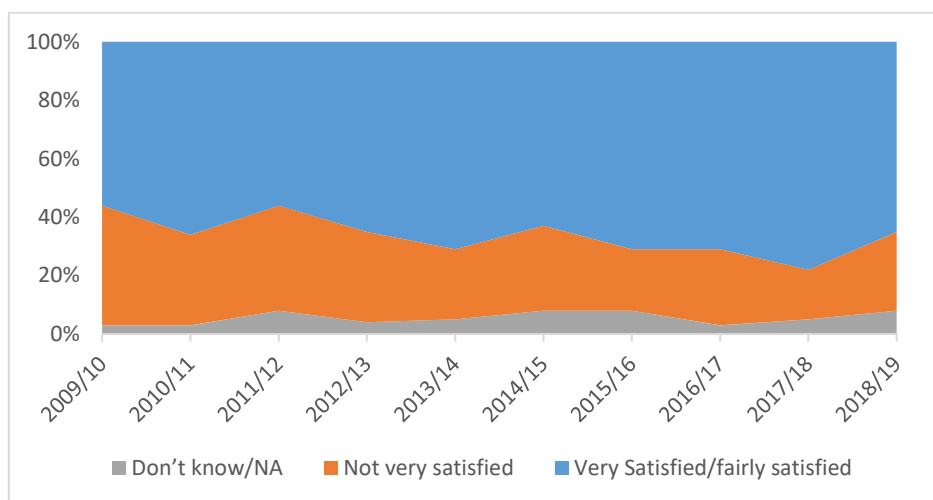
The bylaw compliance activity primarily contributes to the following community outcomes:

ACTIVITY	ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
	A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
Dog Control							✓	✓	
Livestock Control							✓		
General Bylaws Enforcement							✓	✓	✓

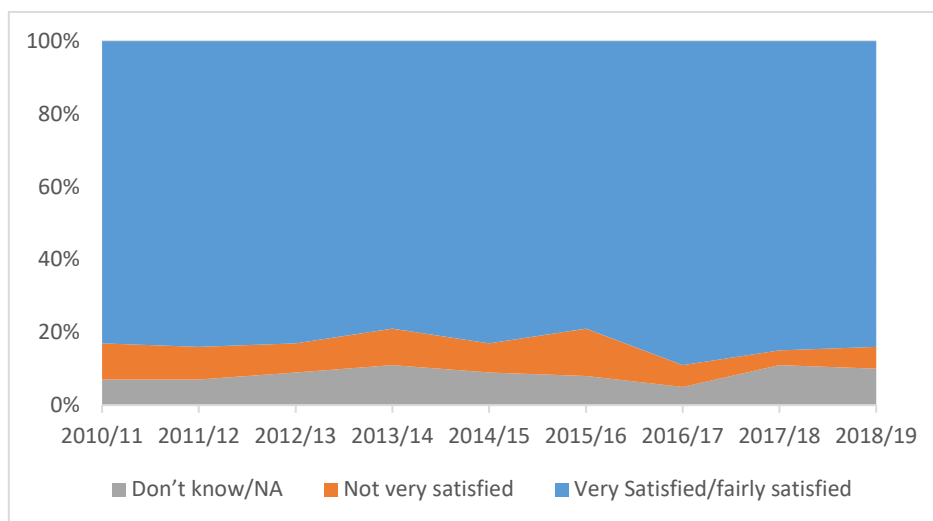
SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	TARGET 2018 - 2019	ACTUAL PERFORMANCE
Legislative Obligations – DOG CONTROL:			
<p>Council will exercise its responsibilities under the Dog Control Act 1996 and its amendments, including:</p> <ul style="list-style-type: none"> the maintenance and regular review of a Dog Control Policy and of a Dog Control Bylaw; the maintenance of a register of all known dogs in the district and the National Dog Database; the promotion of responsible dog ownership; impounding (and, if not claimed, destroying) stray dogs; and responding to complaints about dangerous stray/barking/nuisance dogs etc. <p>Council will issue a public report annually about the administration of its policy and dog control practices, including information relating to:</p> <ul style="list-style-type: none"> the number of registered dogs in the district; the number of probationary owners and disqualified owners within the district; the number of dogs classified as dangerous and menacing; the number of infringement notices issued; and the number of complaints received, and the number of prosecutions taken. 	75% of all known dogs registered by 30 June each year.	Achieve measure.	2018-19: Achieved [2017-18: Achieved]
	Annual Report about the administration of Council's policy and dog control practices adopted by 30 August each year.	Achieve measure.	2018-19: Not Achieved [2017-18: Achieved]

COMMUNITY SURVEY - PERFORMANCE RATING										
Dog Control	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Very Satisfied/fairly satisfied	56%	66%	56%	65%	71%	63%	71%	71%	78%	65%
Not very satisfied	41%	31%	36%	31%	24%	29%	21%	26%	17%	27%
Don't know/NA	3%	3%	8%	4%	5%	8%	8%	3%	5%	8%



COMMUNITY SURVEY - PERFORMANCE RATING										
Livestock Control		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Very Satisfied/fairly satisfied		83%	84%	83%	79%	83%	79%	89%	85%	84%
Not very satisfied		10%	9%	8%	10%	8%	13%	6%	4%	6%
Don't know/NA		7%	7%	9%	11%	9%	8%	5%	11%	10%



OUR PERFORMANCE STORY

Council redoubled its efforts to contact owners of dogs that required registration and microchipping, and those in urban areas requiring permits for owning more than two dogs.

We also worked with owners of horses in urban areas to ensure their fencing was suitable.

These efforts have resulted in an increase in the number of working dogs being microchipped and a reduction in the number of instances of roaming dogs and stock losses.

EMERGENCY MANAGEMENT:

CIVIL DEFENCE

RURAL FIRE

HAZARDOUS SUBSTANCES

CIVIL DEFENCE

The Council is a member of the Hawke's Bay Civil Defence Emergency Management Group, which administers civil defence emergency functions in Hawke's Bay. The group is administered and funded by the Hawke's Bay Regional Council. The Hawke's Bay Regional Council's Long-term Plan contains information on the cost and implementation of civil defence in the district.

- Māhia tsunami signage - The HBCDEM positioned tsunami evacuation signage at Māhia, Nukaha and Whakaki, and Iwitea.
- Community brochure - As part of the completion of the Iwitea Community Resilience plan, HBCDEM developed a community brochure, which was approved by the Iwitea community champions group and hand-delivered to each household in Iwitea. An electronic copy is also attached to the marae booking form.
- Wairoa Community Resilience Plan - HBCDEM has started planning for the Wairoa township Community Resilience Plan. An initial draft plan has been developed and the first community stakeholder/champions meeting held on 22 May. The initial role of the stakeholder group is to develop a strategy to share information with the community about how to prepare for emergencies. The initial plan explored the various Tsunami evacuation routes, which was practiced by a number of early childhood centres and also Wairoa Primary.

The plan looked at the greatest effect from natural hazards on the Wairoa District and in particular the Wairoa Township, which was the vulnerability of Wairoa been isolated, and how best to prepare the community to look after itself (potentially for up to 7 days).

Two public education evenings have been planned, the first will be a presentation in early August from GNS, GEONET and ECLAB (scientists working on the Hikurangi subduction Zone) and one in October looking at the local Hazards and promoting Household preparedness and Community connectivity (know your neighbour), which will be led by the community representatives that have been part of the planning, supported by WDC, HBCDEM, and Wairoa Emergency Services.

RURAL FIRE

Rural fire activities are managed by Fire and Emergency New Zealand.

HAZARDOUS SUBSTANCES

Council has a minor legislative responsibility requiring the management of hazardous substances. This responsibility is in relation to residential use of hazardous substances. Commercial and industrial uses of hazardous substances are managed by WorkSafe New Zealand and discharges are managed by the Hawke's Bay Regional Council. Please refer to the Hazardous Substances and New Organisms Act.

FUNDING IMPACT STATEMENT - PLANNING AND REGULATORY

For the year ending 30 June 2019

	LTP 2017/18 (\$ 000)	LTP 2018/19 (\$ 000)	ACTUAL 2018/19 (\$ 000)
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	448	114	26
Targeted rates (other than a targeted rate for water supply)	396	1,107	1,107
Subsidies and grants for operating purposes	-	-	-
Fees and charges	540	422	612
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	-	-	-
Total Operating Funding	1,384	1,643	1,745
Applications of Operating Funding			
Payments to staff and suppliers	1,786	1,677	1,004
Finance costs	8	22	23
Internal Charges and overheads applied	422	383	447
Other operating funding applications	-	-	-
Total applications of operating funding	2,216	2,082	1,474
Surplus (Deficit) of operating funding	(832)	(440)	271
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	6	-
Gross proceeds from sale of assets	20	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	20	6	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	141	21
- to replace existing assets	95	85	77
Increase (Decrease) in reserves	(907)	(660)	173
Increase (Decrease) of investments	-	-	-
Total application of capital funding	(812)	(434)	271
Surplus (Deficit) of capital funding	832	440	(271)
Funding Balance	-	-	-

PLANNING & REGULATORY
Statement of Cost of Service for the year ended 30 June 2019

	COSTS	REVENUE	NET COST	BUDGETED	LTP	ACTUAL
	2018/19	2018/19	2018/19	NET COST	NET COST	NET COST
	(\$ 000)	(\$ 000)	(\$ 000)	2018/19	2018/19	2017/18
				(\$ 000)	(\$ 000)	(\$ 000)
Resource Planning	392	62	330	844	844	185
Environmental Health	151	20	131	165	165	123
Building Control	425	226	199	366	366	181
Liquor Control	29	28	1	84	84	(2)
Bylaw Compliance	529	276	253	309	309	329
Safer Communities	-	-	-	-	-	2
Civil Defence	32	-	32	-	-	137
Rural Fire	-	-	-	-	-	261
	1,558	612	946	1,768	1,768	1,216

	COSTS	REVENUE	NET COST	BUDGETED	LTP	ACTUAL
	2018/19	2018/19	2018/19	GROSS COST	GROSS COST	GROSS COST
	(\$ 000)	(\$ 000)	(\$ 000)	2018/19	2018/19	2017/18
				(\$ 000)	(\$ 000)	(\$ 000)
Projects						
Building Control	9	-	9	96	96	7
Bylaw Compliance	90	-	90	100	100	32
Environmental Health	-	-	-	30	30	-
Civil Defence	-	-	-	-	-	35
Rural Fire	-	-	-	-	-	-
	99	-	99	226	226	74

Application of capital funding						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	22	-	22	186	186	1
- to replace existing assets	77	-	77	40	40	73
	99	-	99	226	226	74

ACTIVITY GROUP EIGHT - LEADERSHIP & GOVERNANCE

1. COMMUNITY REPRESENTATION
2. MĀORI RELATIONSHIPS
3. ECONOMIC DEVELOPMENT

COMMUNITY REPRESENTATION

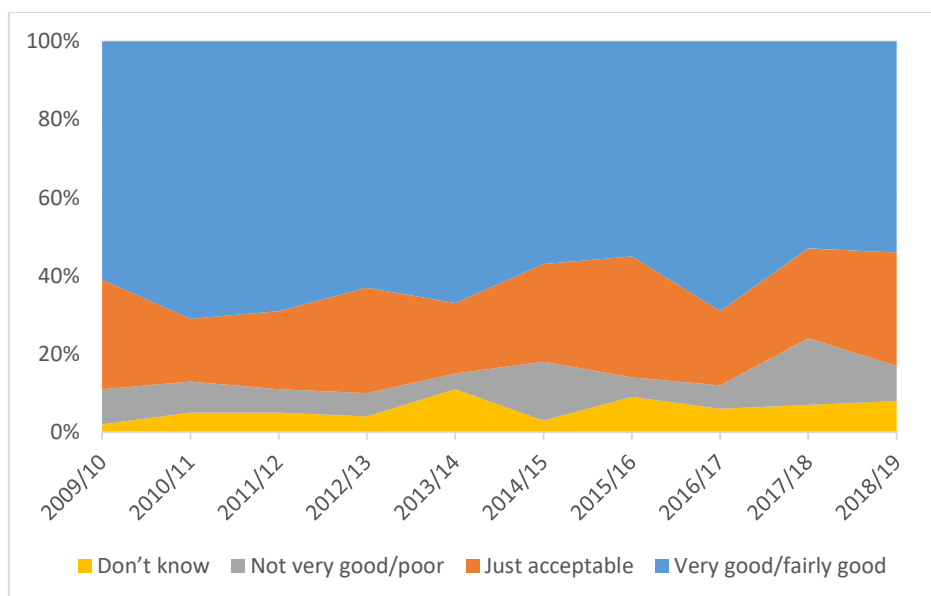
The community representation activity primarily contributes to the following community outcomes:

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
✓	✓	✓	✓	✓	✓	✓	✓	✓

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	TARGET 2018 - 2019	ACTUAL PERFORMANCE
ACCESSIBILITY <i>The community has access to and knows how to access their elected representatives.</i>	More than 85% of respondents would know how to make contact with elected members and would do so	85% of the Communitrak survey respondents know how to make contact with elected members and would do so.	2018-19: Not Achieved. Of those residents who have not had a discussion with elected members in the last 12 months, 79% say they know how to make contact with elected members. 16% of residents have had a discussion with elected members in the last 12 months. [2017-18: N/A]
CUSTOMER SERVICE & SATISFACTION <i>Council will respond to all enquiries, requests, complaints, and customers are happy with the Mayor and Councillors.</i>	Mayor and Councillors 'not very good or poor' rating in annual survey is less than 10%.	Achieve measure	2018-19: Achieved. Of those residents who have made contact with elected members, 7% are not very satisfied. [2017-18: Not Achieved 17%]

COMMUNITY SURVEY - PERFORMANCE RATING										
Mayor and Councillors	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Very good/fairly good	61%	71%	69%	63%	67%	57%	55%	69%	53%	54%
Just acceptable	28%	16%	20%	27%	18%	25%	31%	19%	23%	29%
Not very good/poor	9%	8%	6%	6%	4%	15%	5%	6%	17%	9%
Don't know	2%	5%	5%	4%	11%	3%	9%	6%	7%	8%



MĀORI RELATIONSHIPS

The Māori Relationships activity primarily contributes to the following community outcomes:

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
		✓						

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	TARGET 2018-2019	ACTUAL PERFORMANCE
DEMAND: <i>Council will ensure effective representation is maintained.</i>	The required number of nominations are received within established timeframes and appointments made to Council's Māori Standing Committee.	Achieve measure. Vacancies on the Māori Standing Committee are filled. Council to nominate two Councillors as representatives on the Māori Standing Committee.	2018-19: Achieved [2017-18: Achieved]
ACCESS: <i>Opportunities are provided for Māori to address Council on policy, report, submissions, and any other Council related business.</i>	No less than bi-monthly meetings of the Māori Standing Committee are scheduled, advertised, and conducted on the advertised day.	Achieve measure.	2018-19: Achieved. Meetings are currently held monthly, with alternating venues, namely Council Chambers and then at a local marae. [2017-18: Achieved]
CONSULTATION: <i>With respect to Council's Māori Policy, the Council will ensure that whenever an option relating to any proposed decision involves a significant decision in relation to land or a body of water, it will take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga.</i>	Māori Standing Committee meetings, public meetings and special consultation meetings provide opportunities for Māori to contribute to the decision-making process.	Achieve measure. Tangata whenua are actively involved in the design, implementation and evaluation of the consultation process. Advice and analysis is provided in a timely manner and can be supported by appropriate sources/references.	2018-19: Achieved. Any Council meeting will have Māori in attendance, however, there have been times when separate consultative hui will be conducted, thus enabling Māori to actively participate in the decision-making process. [2017-18: Achieved]
COSTS & FUNDING: <i>Council will manage Māori relationships activities in a financially viable manner.</i>	Agreed levels of service are achieved within budget.	Achieve measure. Budgets clearly defined and accounted for.	2018-19: Achieved [2017/18: Achieved]

ECONOMIC DEVELOPMENT

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

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
✓								

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	TARGET 2018 - 2019	ACTUAL PERFORMANCE
STRATEGY PLANNING AND POLICY	Number of actions completed in the Economic Development Plan and Action Plan.	40% of actions completed	2018-19: Achieved – 55% [2017/18: Partially Achieved]
<i>Funding of the net cost of the activity (after any financial assistance that may be available from the Government or other sources) by way of the general rate.</i>	The cost related to this activity did not exceed the approved budget.	Achieve measure	2018-19: Achieved [2017/18: Not Achieved]

OUR PERFORMANCE STORY

Council took over the operation of the Gaiety Theatre in November 2018.

The patronage at the theatre has continued at a healthy level, with over 6000 people buying tickets for movies and events between 1 January 2019 and 20 June 2019.

- More than 200 people (mostly school children) attended the live stage show 'Ada.Ada.Ada' delivered by British creative, Zoe Philpott. This event was shown in only four places in New Zealand, and Gaiety was fortunate to have been one of these.



The 'Friends of the Gaiety' volunteer programme was reinstated and has continued to receive good support. Twenty three members enjoyed their first get-together in May. We appreciate their commitment to ensuring the Gaiety is well supported.

- A number of exciting events were hosted. In May, Kahungunu Executive and HBDHB marked World Smoke-Free Day with their Mana Wahine event. In June, the 2019 Māori Film Festival hosted its Gala Award evening, which involved a showcase of short films by New Zealand directors.

FUNDING IMPACT STATEMENT - LEADERSHIP AND GOVERNANCE

For the year ending 30 June 2019

	LTP 2017/18 (\$ 000)	LTP 2018/19 (\$ 000)	ACTUAL 2018/19 (\$ 000)
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	2,114	2,017	2,176
Targeted rates (other than a targeted rate for water supply)	149	539	539
Subsidies and grants for operating purposes	-	-	379
Fees and charges	129	35	197
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	-	-	-
Total Operating Funding	2,392	2,591	3,290
Applications of Operating Funding			
Payments to staff and suppliers	1,110	1,308	1,789
Finance costs	11	6	38
Internal Charges and overheads applied	1,290	1,271	1,487
Other operating funding applications	-	-	-
Total applications of operating funding	2,411	2,585	3,314
Surplus (Deficit) of operating funding	(19)	6	(23)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	10	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	10	-	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	6
- to replace existing assets	25	-	5
Increase (Decrease) in reserves	(34)	6	(34)
Increase (Decrease) of investments	-	-	-
Total application of capital funding	(9)	6	(23)
Surplus (Deficit) of capital funding	19	(6)	23
Funding Balance	-	-	-

LEADERSHIP & GOVERNANCE

Statement of Cost of Service for the year ended 30 June 2019

	COSTS	REVENUE	NET COST	BUDGETED	LTP	ACTUAL
	2018/19	2018/19	2018/19	NET COST	NET COST	NET COST
	(\$ 000)	(\$ 000)	(\$ 000)	2018/19	2018/19	2017/18
				(\$ 000)	(\$ 000)	(\$ 000)
Community Representation	1,890	29	1,861	1,604	1,604	1,715
Maori Governance	184	-	184	185	185	167
Economic Development	1,018	450	568	670	670	728
Gaiety Theatre	96	101	(5)	-	-	1
Visitor Information Centre	184	(3)	187	118	118	165
Total	3,372	577	2,795	2,577	2,577	2,776

	COSTS	REVENUE	NET COST	BUDGETED	LTP	ACTUAL
	2018/19	2018/19	2018/19	GROSS COST	GROSS COST	GROSS COST
	(\$ 000)	(\$ 000)	(\$ 000)	2018/19	2018/19	2017/18
				(\$ 000)	(\$ 000)	(\$ 000)
Projects						
Community Representation	-	-	-	-	-	5
Maori Governance	5	-	5	-	-	-
Economic Development	6	-	6	-	-	151
Gaiety Theatre	-	-	-	-	-	-
Visitor Information Centre	-	-	-	-	-	-
	11	-	11	-	-	156
Application of capital funding						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	6	-	6	-	-	151
- to replace existing assets	5	-	5	-	-	5
	11	-	11	-	-	156

ACTIVITY GROUP NINE - CORPORATE FUNCTIONS

1. PROPERTY
2. CORPORATE & FUNDS MANAGEMENT
3. SUPPORT SERVICES

PROPERTY

The property activity primarily contributes to the following community outcomes:

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
A strong, prosperous and thriving economy.	A safe and integrated infrastructure	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, education and well-being.	An environment that is appreciated, protected and sustained for future generations.
✓	✓	✓		✓		✓	✓	✓

SERVICE LEVELS AND PERFORMANCE MEASURES

LEVEL OF SERVICE STATEMENT	PERFORMANCE MEASURE	TARGET 2018 – 2019	ACTUAL PERFORMANCE
<i>To provide Council buildings that are compliant with legislative requirements.</i>	Full compliance with legislative requirements through annual building warrant of fitness (BWOFF).	Achieve measure.	2018-19: Achieved [2017-18: Equivalent Achieved]
	Full compliance with legislative requirements when undertaking repairs, refurbishment or demolition of buildings including asbestos material.		2018-19: Achieved [2017-18: Equivalent Achieved]
	Safety defect requests attended and made safe at building within 4 hours.		2018-19: Achieved [2017-18: Equivalent Achieved]
	All pensioner housing units are inspected six monthly.		2018-19: Achieved [2017-18: Equivalent Achieved]
<i>To provide a well-resourced swimming pool facility.</i>	Compliance with ACC pool safe accreditation.	100% compliance with pool safe requirements.	2018-19: Achieved [2017-18: N/A]
<i>To provide Council buildings that are well maintained.</i>	Percentage of Council buildings in satisfactory condition (condition grades 1, 2 or 3).	80%.	2018-19: Not measured, condition grading to be undertaken in 19/20 [2017-18: N/A]
<i>To provide prompt responses for service.</i>	Percentage of requests responded to within 3 days (excluding safety defects).	80%.	2018-19: Not measured [2017-18: N/A]

OUR PERFORMANCE STORY

The disposal process is underway for the properties as resolved by council in November 2018. The necessary due diligence is being undertaken in the areas of acquisition, ownership and valuation. Council will receive a further report with the results of this in due course.

The upgrade and updating of the property asset management system is being progressed with the employment of a temporary member of staff dedicated to this project. This will ensure the full range of data is entered and verified, providing property staff with a robust system to manage the properties including maintenance, licences, leases and disposals.

The insurance process for the fire-damaged pensioner flats at Hillneath (one full damage, one partial) is underway, pricing has been received and work awarded.

CORPORATE & FUNDS MANAGEMENT

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

ECONOMIC WELL-BEING		SOCIAL AND CULTURAL WELL-BEING				ENVIRONMENTAL WELL-BEING		
<i>A strong, prosperous and thriving economy.</i>	<i>A safe and integrated infrastructure</i>	<i>A community that values and promotes its culture and heritage.</i>	<i>Safe and accessible recreational facilities.</i>	<i>Supportive, caring and valued communities</i>	<i>Strong district leadership and a sense of belonging.</i>	<i>A safe and secure community</i>	<i>A lifetime of good health, education and well-being.</i>	<i>An environment that is appreciated, protected and sustained for future generations.</i>
✓	✓	✓	✓	✓	✓	✓	✓	✓

Council joined the Local Government Funding Agency (LGFA) in September 2018. And was thus able to refinance its existing external borrowings of \$5 million at far more competitive interest rates.

SUPPORT SERVICES

Support Services are the costs of operating Council's administrative and support functions and other costs not directly attributable to any activity. These costs are allocated, except those that are attributed to a special reserves, via the overhead allocation process to the significant activities so that the net rated cost of support services is nil.

This group of activities includes finance, records and archives, administration and customer service, information services and GIS.

FINANCE

During the year Council introduced a new rates remission policy for Māori Freehold Land used as Papa Kainga.

FUNDING IMPACT STATEMENT - CORPORATE FUNCTIONS

For the year ending 30 June 2019

	LTP 2017/18 (\$ 000)	LTP 2018/19 (\$ 000)	ACTUAL 2018/19 (\$ 000)
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	242	188	208
Targeted rates (other than a targeted rate for water supply)	19	(429)	(599)
Subsidies and grants for operating purposes	-	-	-
Fees and charges	320	101	122
Internal charges and overheads recovered	4,064	4,585	4,811
Interest and Dividends from Investments	-	695	610
Local authorities fuel tax, fines, infringement fees, and other	808	85	283
Total Operating Funding	5,453	5,226	5,436
Applications of Operating Funding			
Payments to staff and suppliers	5,182	4,489	5,117
Finance costs	186	479	(334)
Internal Charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding	5,368	4,968	4,784
Surplus (Deficit) of operating funding	85	257	652
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	421	120	-
Gross proceeds from sale of assets	40	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	461	120	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	421	337	125
- to replace existing assets	118	413	82
Increase (Decrease) in reserves	6	(373)	445
Increase (Decrease) of investments	-	-	-
Total application of capital funding	545	377	652
Surplus (Deficit) of capital funding	(85)	(257)	(652)
Funding Balance	-	-	-

CORPORATE FUNCTIONS

Statement of Cost of Service for the year ended 30 June 2019

	COSTS 2018/19 (\$ 000)	REVENUE 2018/19 (\$ 000)	NET COST 2018/19 (\$ 000)	BUDGETED NET COST 2018/19 (\$ 000)	LTP NET COST 2018/19 (\$ 000)	ACTUAL NET COST 2017/18 (\$ 000)
Administration Services	1,045	1	1,044	1,016	1,016	884
Information Services	871	-	871	823	823	725
Management	786	1	785	570	570	958
Engineering Services	864	-	864	980	980	895
Corporate Financial	(371)	875	(1,246)	(316)	(316)	(1,132)
Regulatory Manager	155	-	155	173	173	164
Financial Services	935	-	935	852	852	1,010
Less: Overhead Allocation	-	4,663	(4,663)	(4,303)	(4,303)	(4,630)
Pensioner Housing	195	96	99	-	-	(22)
Administration Buildings	242	149	93	13	13	-
Commercial Property	48	12	36	13	13	71
Information Centre Complex	45	-	45	33	33	54
Staff Housing	21	29	(8)	(19)	(19)	(15)
Wairoa Community Centre	526	-	526	521	521	491
Riverside camping Ground	12	-	12	27	27	12
Vacant Land	1	-	1	-	-	-
Community Halls	49	-	49	33	33	32
Forestry	1	-	1	31	31	1
Internal Interest Charged	-	(170)	170	-	-	-
	<u>5,425</u>	<u>5,656</u>	<u>(231)</u>	<u>447</u>	<u>447</u>	<u>(502)</u>
	COSTS 2018/19 (\$ 000)	REVENUE 2018/19 (\$ 000)	NET COST 2018/19 (\$ 000)	BUDGETED GROSS COST 2018/19 (\$ 000)	LTP GROSS COST 2018/19 (\$ 000)	ACTUAL GROSS COST 2017/18 (\$ 000)
Projects						
Administration Services	12	-	12	10	10	41
Information Services	66	-	66	145	145	132
Management	33	-	33	-	-	1
Engineering Services	5	-	5	-	-	4
Financial Services	-	-	-	-	-	-
Pensioner Housing	8	-	8	95	95	4
Administration Buildings	52	-	52	212	212	42
Commercial Property	-	-	-	-	-	126
Information Centre Complex	2	-	2	-	-	1
Staff Housing	-	-	-	30	30	-
Wairoa Community Centre	29	-	29	253	253	70
Riverside camping Ground	-	-	-	5	5	-
Vacant Land	-	-	-	-	-	-
Community Halls	-	-	-	-	-	18
Forestry	-	-	-	-	-	-
	<u>207</u>	<u>-</u>	<u>207</u>	<u>750</u>	<u>750</u>	<u>439</u>
Application of capital funding						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	125	-	125	337	337	286
- to replace existing assets	82	-	82	413	413	152
	<u>207</u>	<u>-</u>	<u>207</u>	<u>750</u>	<u>750</u>	<u>438</u>

COUNCIL-CONTROLLED ORGANISATIONS

Quality Roothing and Services (Wairoa) Ltd. (QRS)

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

Further information on QRS is available from their website www.qrs.co.nz.

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

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

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

Council's objectives for QRS are:

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

The following performance targets, as set out in the company's Statement of Intent 2018-21, are the measures by which the company's performance will be judged.

	2019		2018	
	Actual	Plan	Actual	Plan
Net profit before tax as a percentage of opening shareholder funds	26.5%	6%	6.4%	6%
Total cost of public debt servicing not to exceed 20% of operating revenue	-0.5%	<20%	0.7%	<20%
Ratio of shareholder funds to total assets – not less than	54.5%	>45%	57%	>45%
Working Capital Ratio	1.5	>1	1.5	>1

The company achieved all of these targets.

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2019

	Notes	COUNCIL 2018/19 ACTUAL (\$ 000)	COUNCIL 2018/19 ANNUAL PLAN (\$ 000)	COUNCIL 2018/19 LTP (\$ 000)	COUNCIL 2017/18 ACTUAL (\$ 000)	GROUP 2018/19 ACTUAL (\$ 000)	GROUP 2017/18 ACTUAL (\$ 000)
REVENUES							
Rates	2	12,517	12,074	12,074	12,163	12,517	12,163
Subsidies and Grants	2	14,070	9,566	9,566	8,325	14,070	8,325
Petrol Tax		88	85	85	83	88	83
Construction Revenue		-	-	-	-	14,210	4,904
Fees and Charges		2,811	2,149	2,149	3,277	2,783	3,267
Investment Income	2	609	873	873	686	500	637
Miscellaneous Income	2	194	-	-	7	194	7
		<u>30,289</u>	<u>24,747</u>	<u>24,747</u>	<u>24,541</u>	<u>44,362</u>	<u>29,385</u>
		<u>30,289</u>	<u>24,747</u>	<u>24,747</u>	<u>24,541</u>	<u>44,362</u>	<u>29,385</u>
EXPENDITURE							
Water Services		5,038	4,273	4,273	4,624	5,038	4,624
Solid Waste		1,838	1,376	1,376	1,531	1,838	1,531
Transport		13,560	10,166	10,166	14,315	13,560	14,315
Community Facilities		2,462	2,276	2,276	2,160	2,462	2,160
Planning & Regulatory		1,558	2,189	2,189	1,780	1,558	1,780
Leadership & Governance		3,372	2,611	2,611	2,780	3,372	2,780
Corporate		614	1,327	1,327	934	614	934
Expenditure - QRS		-	-	-	-	12,509	4,425
		<u>28,442</u>	<u>24,218</u>	<u>24,218</u>	<u>28,124</u>	<u>40,951</u>	<u>32,549</u>
Net Surplus (Deficit) on Operations		1,847	529	529	(3,583)	3,411	(3,164)
Plus: increase (decrease) in biological asset	2	-	-	-	-	-	-
Fair Value Recognition of Loans and Asset	2	-	-	-	-	-	-
Property, Plant and Equipment - vested asset	2	-	-	-	-	-	-
Net Surplus (Deficit) before taxation		<u>1,847</u>	<u>529</u>	<u>529</u>	<u>(3,583)</u>	<u>3,411</u>	<u>(3,164)</u>
Taxation	9	-	-	-	-	(444)	(106)
Net Surplus (Deficit) after taxation		<u>1,847</u>	<u>529</u>	<u>529</u>	<u>(3,583)</u>	<u>2,967</u>	<u>(3,270)</u>
OTHER COMPREHENSIVE INCOME							
Increase (Decrease) in revaluation reserve	11	-	-	-	-	-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		<u>1,847</u>	<u>529</u>	<u>529</u>	<u>(3,583)</u>	<u>2,967</u>	<u>(3,270)</u>

The accompanying notes form part of the Financial Statements

STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Notes	COUNCIL 2018/19 ACTUAL (\$ 000)	COUNCIL 2018/19 ANNUAL PLAN (\$ 000)	COUNCIL 2018/19 LTP (\$ 000)	COUNCIL 2017/18 ACTUAL (\$ 000)	GROUP 2018/19 ACTUAL (\$ 000)	GROUP 2017/18 ACTUAL (\$ 000)
CURRENT ASSETS							
Cash and cash equivalents	5	2,473	2,287	2,287	3,432	4,372	5,149
Inventories	7	55	58	58	49	844	865
Trade & other receivables	6	5,908	3,138	3,138	2,609	8,801	3,730
Other current assets		-	-	-	-	73	-
Financial assets at fair value	8	509	-	-	3,068	509	3,068
Total Current Assets		8,945	5,483	5,483	9,158	14,599	12,812
LESS CURRENT LIABILITIES							
Trade & other payables	10	5,973	8,673	8,673	4,060	8,225	5,151
Term Liabilities - Current Portion	16	1,500	-	-	5,012	1,963	5,998
Taxation Payable	9	-	-	-	-	464	24
Total Current Liabilities		7,473	8,673	8,673	9,072	10,652	11,173
Working Capital		1,472	(3,190)	(3,190)	86	3,947	1,639
NON CURRENT ASSETS							
Property, Plant & Equipment	11	258,054	261,028	261,028	259,127	262,292	263,375
Work in Progress	11	8,169	12,073	12,073	1,347	8,169	1,347
Loans & other receivables	8	-	-	-	33	-	33
Investments in Subsidiary	14	1,250	1,250	1,250	1,250	-	-
Investment Property	15	405	-	-	-	405	-
Biological asset - forestry	13	260	260	260	260	260	260
Available for sale financial assets	8	37	23	23	23	37	23
Intangible Assets	12	69	188	188	129	194	329
Financial assets held to maturity	8	56	-	-	-	56	-
Financial assets at fair value	8	5,408	9,122	9,122	7,267	5,408	7,267
Deferred Taxation	9	-	-	-	-	506	351
		273,708	283,944	283,944	269,436	277,327	272,985
NON CURRENT LIABILITIES							
Employee Entitlements	4	121	112	112	115	156	160
Landfill Aftercare	17	1,055	730	730	750	1,055	750
Quarry Aftercare	17	-	-	-	-	163	156
Borrowings	16	3,500	6,536	6,536	-	4,339	964
		4,676	7,378	7,378	865	5,713	2,030
Net Assets		270,504	273,376	273,376	268,657	275,561	272,594
Represented by							
Equity	18	270,504	273,376	273,376	268,657	275,561	272,594

The accompanying notes form part of the Financial Statements

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2019

	COUNCIL 2018/19 ACTUAL (\$ 000)	COUNCIL 2018/19 ANNUAL PLAN (\$ 000)	COUNCIL 2018/19 LTP (\$ 000)	COUNCIL 2017/18 ACTUAL (\$ 000)	GROUP 2018/19 ACTUAL (\$ 000)	GROUP 2017/18 ACTUAL (\$ 000)
Equity at 01 July	268,657	272,847	272,847	272,240	272,594	275,864
Net Surplus/(Deficit) for period	1,847	529	529	(3,583)	2,967	(3,270)
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	1,847	529	529	(3,583)	2,967	(3,270)
Equity at 30 June	270,504	273,376	273,376	268,657	275,561	272,594
Components of Equity						
Ratepayers Equity at the beginning of the year	132,248	141,802	141,802	133,237	135,194	135,869
Net surplus/(deficit) for period	1,847	529	529	(3,583)	2,967	(3,269)
Transfers from restricted reserves	6,030	5,425	5,425	5,504	6,030	5,504
Transfers to restricted reserves	(5,231)	(3,673)	(3,673)	(3,899)	(5,231)	(3,899)
Transfer from revaluation reserve on disposal	262	-	-	989	262	989
Ratepayers Equity at 30 June	135,156	144,083	144,083	132,248	139,222	135,194
Special Funds at the beginning of the year	22,875	19,131	19,131	24,480	22,875	24,480
Transfer from ratepayers equity	5,231	3,673	3,673	3,899	5,231	3,899
Transfer to ratepayers equity	(6,030)	(5,425)	(5,425)	(5,504)	(6,030)	(5,504)
Special Funds at 30 June	22,076	17,379	17,379	22,875	22,076	22,875
Revaluation reserve infrastructural at the beginning of the year	113,534	111,914	111,914	114,523	114,525	115,514
Net transfer from revaluation reserve on disposal	(262)	-	-	(989)	(262)	(989)
Transfer to revaluation	-	-	-	-	-	-
Revaluation reserve infrastructural at 30 June	113,272	111,914	111,914	113,534	114,263	114,525
Total Equity at 30 June	270,504	273,376	273,376	268,657	275,561	272,594

The accompanying notes form part of the Financial Statements

STATEMENT OF CASH FLOWS
For the year ended 30 June 2019

	Note	COUNCIL 2018/19 ACTUAL (\$ 000)	COUNCIL 2018/19 ANNUAL PLAN (\$ 000)	COUNCIL 2018/19 LTP (\$ 000)	COUNCIL 2017/18 ACTUAL (\$ 000)	GROUP 2018/19 ACTUAL (\$ 000)	GROUP 2017/18 ACTUAL (\$ 000)
OPERATING ACTIVITIES							
Cash was provided from:							
Rates received		12,552	12,327	12,327	11,425	12,552	11,425
Other revenue		14,630	11,400	11,400	13,223	25,070	21,566
Dividends received		110	-	-	50	-	-
Finance income		500	695	695	413	501	414
		<u>27,792</u>	<u>24,422</u>	<u>24,422</u>	<u>25,111</u>	<u>38,123</u>	<u>33,405</u>
Cash was applied to:							
Payments to Suppliers & Employees		21,883	14,197	14,197	21,262	30,170	27,242
Taxation		-	-	-	-	159	40
Interest Paid		189	529	529	787	307	906
		<u>22,072</u>	<u>14,726</u>	<u>14,726</u>	<u>22,049</u>	<u>30,636</u>	<u>28,188</u>
Net Cash Flow from Operations	19	<u>5,720</u>	<u>9,696</u>	<u>9,696</u>	<u>3,062</u>	<u>7,487</u>	<u>5,217</u>
INVESTING ACTIVITIES							
Cash was provided from:							
Sale of Property, Plant & Equipment		285	-	-	-	801	64
Repayment of Advances		-	-	-	57	-	51
Sale of Financial Assets		4,438	-	-	4,519	4,438	4,519
		<u>4,723</u>	<u>-</u>	<u>-</u>	<u>4,576</u>	<u>5,239</u>	<u>4,634</u>
Cash was applied to:							
Purchase of Intangibles		-	-	-	68	-	68
Purchase of Financial Assets		-	1,975	1,975	-	-	-
Purchase of Property, Plant & Equipment		11,390	12,073	12,073	7,157	12,844	8,227
		<u>11,390</u>	<u>14,048</u>	<u>14,048</u>	<u>7,225</u>	<u>12,844</u>	<u>8,295</u>
Net Cash Flows from Investing Activities		<u>(6,667)</u>	<u>(14,048)</u>	<u>(14,048)</u>	<u>(2,649)</u>	<u>(7,605)</u>	<u>(3,661)</u>
FINANCING ACTIVITIES							
Cash was provided from:							
Loans Raised		6,500	1,535	1,535	-	7,014	673
		<u>6,500</u>	<u>1,535</u>	<u>1,535</u>	<u>-</u>	<u>7,014</u>	<u>673</u>
Cash was applied to:							
Borrowings Repaid		6,512	-	-	12	7,673	724
		<u>6,512</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>7,673</u>	<u>724</u>
Net Cash Flows from Financing Activities		<u>(12)</u>	<u>1,535</u>	<u>1,535</u>	<u>(12)</u>	<u>(659)</u>	<u>(51)</u>
Net Increase/(Decrease)		<u>(959)</u>	<u>(2,817)</u>	<u>(2,817)</u>	<u>400</u>	<u>(777)</u>	<u>1,505</u>
Plus opening cash & cash equivalents		3,432	5,104	5,104	3,032	5,149	3,644
Cash & cash equivalents at end of year		<u>2,473</u>	<u>2,287</u>	<u>2,287</u>	<u>3,432</u>	<u>4,372</u>	<u>5,149</u>
Made up of:							
Cash		22	2,287	2,287	48	1,921	1,765
Short Term Deposits		2,451	-	-	3,384	2,451	3,384
Bank Overdraft		-	-	-	-	-	-
		<u>2,473</u>	<u>2,287</u>	<u>2,287</u>	<u>3,432</u>	<u>4,372</u>	<u>5,149</u>

The accompanying notes form part of the Financial Statements

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

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1. REPORTING ENTITY STATEMENT AND PREPARATION OF THE FINANCIAL STATEMENTS

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) Limited (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 financial reporting purposes.

The financial statements of WDC are for the year ended 30 June 2019. The financial statements were authorised for issue by Council on 26 November 2019.

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 QRS Ltd).

BASIS OF PREPARATION

The financial statements of the WDC have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with the New Zealand generally accepted accounting practice ("NZ GAAP").

The financial statements of the Group comply with Public Benefit Entity Standards (PBE Standards). This is the first year that the Group has reported under tier 1 PBE Standards.

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

The financial statements have been presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

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 comprehensive revenue and expenditure.

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 comprise the financial statements of WDC (the Council) and its subsidiary QRS Ltd (the Group) as at 30 June 2019.

Controlled entities are those entities over which the Council (the controlling entity) has the power to govern the financial and operating policies so as to obtain benefits from their activities. 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 less any impairment charges in WDC's own "parent entity" financial statements.

GOODS AND SERVICES TAX (GST)

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

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

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed exclusive of GST.

BUDGET FIGURES

LONG-TERM PLAN 2018-2028

The Long-Term Plan for 2018-2028 was adopted by Council on 25 September 2018. The budget for the year ended 30 June 2019 is the first year of this plan, which therefore constitutes the Annual Plan for the year. The budget figures were prepared in accordance with NZ PBE FRS-42, using accounting policies consistent with those adopted by Council for the preparation of the financial statements.

OVERHEAD COST ALLOCATION

The Council has derived the cost of service for each significant activity, as reported within the Statements of Service Performance, in the following way:

Direct costs

Direct costs, which can be traced directly to a specific significant activity, are expensed directly to the relevant activity.

Indirect costs

Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. Indirect costs are allocated as overheads across all activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

CAPITAL MANAGEMENT

For the purpose of the Group's capital management, the Group's capital is its equity (or Ratepayer' Funds), including accumulated comprehensive revenue and expense and all equity reserves attributable to the Council. Equity is represented by net assets.

The Council manages its capital largely as a by-product of managing its revenue, expenses, assets, liabilities and general financial dealings. The Local Government Act 2002 requires the Council to manage its revenue, expenses, assets, liabilities and general financial dealings in a manner that promotes the current and future interests of the community. In addition, The Local Government (Financial Reporting and Prudence) Regulations 2014 set out a number of benchmarks for assessing whether the Council is managing its revenue, expenses, assets and liabilities prudently.

The primary objective of the Group's capital management is to achieve intergenerational equity, which is a principle promoted in the Local Government Act 2002 and applied by the Council. Intergenerational equity requires the Council to spread the funding of the cost of its assets over the current and future generations of ratepayers, such that:

- Current ratepayers are required to meet the cost of using the assets, but not the full cost of long-term assets that will benefit ratepayers in future generations and
- Ratepayers in future generations are not required to meet the costs of deferred asset renewals and maintenance

In order to achieve this overall objective, the Council has in place asset management plans for major classes of assets, detailing renewals and programmed maintenance to ensure that future generations of ratepayers are not required to meet the costs of deferred renewals and maintenance.

An additional objective of capital management is to ensure that the expenditure needs identified in the Council's Long-term Plan and Annual Plan are met in the manner set out in these plans. The Local Government Act 2002 requires the Council to make adequate and effective provision in its Long-term Plan and in its Annual Plan to meet the expenditure needs identified in those plans. The factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities are set out in the Local Government Act 2002. The sources and levels of funding are set out in the funding and financial policies in the Council's Long-term Plan. The Council monitors actual expenditure incurred against the Long-term Plan and Annual Plan.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2019 and 2018.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgements, estimates and assumptions concerning the future that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

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 as follows.

1. Classification of Property

The Council owns a number of properties held to provide housing to pensioners. The receipt of rental income from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than as investment property. Refer note 11 and 15.

2. Landfill Aftercare Provision

Note 17 discloses an analysis of the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

3. *Infrastructural assets*

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include:

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

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 activities, which give WDC further assurance over its useful life estimates. Accredited independent valuers perform Council's infrastructural asset revaluations, refer to Note 11.

4. *Classification of costs*

Judgement is used over the classification of costs between capital and maintenance. Items are reviewed regularly to ensure the cost allocation is reasonable.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies for the year under review.

2. REVENUE

Revenue comprises rates, revenue from operating activities, contracting services, investment revenue, subsidies, petrol tax and fees and charges and is measured at the fair value of consideration received or receivable.

Revenue may be derived from either exchange or non-exchange transactions. Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

EXCHANGE TRANSACTIONS

Exchange transactions are transactions where the Group receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange. Exchange revenue received by Group can be summarised into the following areas:

REVENUE FROM WATER BY METER

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.

PROVISION OF SERVICES

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 services to be provided.

SALE OF GOODS

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

CONSTRUCTION CONTRACTS

Revenue on construction contracts is recognised progressively over the period of each contract. The amount included in the statement of comprehensive revenue and expenditure, and the value of the contract assets or liabilities 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.

INTEREST REVENUE

Interest revenue is recognised on an accrual basis with movements in fair value profits and losses disclosed in the overall income statement as interest on investments. Fair value gain on revaluation of investments for the year ending 30 June 2019 was \$36,609 (2018: \$39,649 gain).

DIVIDEND REVENUE

Dividend revenue is recognised when the right to receive payment is established.

Income received from investments for the year:

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Interest on financial assets at fair value through profit and loss	422	560	423	560
Gain / (loss) in market value and sales of bond portfolio	37	40	37	40
Cash dividends received	110	50	-	-
Rental income on other investments	40	35	40	35
Other income	-	1	-	1
	<u>609</u>	<u>686</u>	<u>500</u>	<u>636</u>

NON-EXCHANGE TRANSACTIONS

Non-exchange transactions arise when the Group receives value from another entity without directly giving approximately equal value in exchange.

Revenue received from a non-exchange transaction cannot be deferred unless there is both a performance obligation and a return obligation attached to it. For example, where grant or subsidy funding is received without performance obligation then revenue is recognised when receivable. Where a performance obligation exists, revenue is recognised upon satisfactory completion of the performance. Revenue from non-exchange transactions received by Group can be summarised as:

VESTED ASSETS

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

PROVISION OF SERVICES

Non-exchange revenue from the rendering of services consists of services in activities where the Group subsidises the activity. Such revenue 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, only when there are conditions attached that require the funds to be returned if performance does not occur. Where no conditions are attached revenue is recognised when receivable.

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.

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)
Rates levied:		
General Rates	3,490	3,493
Water	1,414	1,181
Sewerage	1,148	1,410
Waste Management	886	851
Stormwater / Drainage	408	478
Services	1,797	823
Roading	3,108	3,584
Recreation	1,136	1,011
	<u>13,387</u>	<u>12,831</u>
Penalties charged	203	225
	<u>13,590</u>	<u>13,056</u>
Less Remissions	(445)	(348)
	<u>13,144</u>	<u>12,708</u>
Less internal charges	(628)	(544)
Rating revenue per Income Statement	<u><u>12,517</u></u>	<u><u>12,164</u></u>

OTHER INCOME DISCLOSURES:

Other comprehensive revenue received:

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Net gain / (loss) on disposal of property, plant and equipment	194	7	194	7
	<u>194</u>	<u>7</u>	<u>194</u>	<u>7</u>

GOVERNMENT GRANTS AND SUBSIDIES

Grants and subsidies received are recognised as revenue when the Council obtains control of the transferred asset (cash, goods, other assets or services) and the transfer is free from conditions that require the Council refund or return the asset if the conditions relating to the asset are not fulfilled. When grants and subsidies include a condition, a liability is recognised until the Council has satisfied the conditions when revenue is recognised.

The Council receives the majority of grants and subsidies revenue from New Zealand Transport Agency (NZTA), which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The right to receive the funding from NZTA arises once the work is performed therefore revenue is recognised when receivable as there are no further conditions attached to the funding.

Other grants received

During any year other grants may be received towards the costs of constructing assets for the benefit of the community or for passing to the community for supporting cultural and sporting activities, from government and other agencies. Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Subsidies and grants received and recognised as revenue for the year were:

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
New Zealand Transport Agency roading subsidies	13,650	8,199	13,650	8,199
Ministry of Business, Innovation and Employment	379	71	379	71
Other grants	41	55	41	55
	<u>14,070</u>	<u>8,325</u>	<u>14,070</u>	<u>8,325</u>

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised (2018: \$nil).

3. EXPENDITURE

LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. The substance of the arrangement depends on whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term. Rent received from an operating lease is recognised as income on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

Investment property and property used for social housing are leased under operating leases. Both investment property and social housing leases are periodic agreements, with the tenant having a right to cancel with between one to two month's notice. Therefore, there are no non-cancellable leases held.

No contingent rents have been collected during the year (2018: nil).

LEASES (CONT.)

Group as a lessee

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group. Assets held under a finance lease are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Group also recognises the associated lease liability at the inception of the lease, at the same amount as the capitalised leased asset.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in surplus or deficit. Contingent rents shall be charged as expenses in the period in which they are incurred.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group. Operating lease payments are recognised as an operating expense in surplus or deficit on a straight-line basis over the lease term.

INSURANCE OF ASSETS

Council insures its buildings, contents and critical plant and equipment primarily on a reinstatement basis, with a total value insured of \$69.5 million in 2019 (2018: \$68.8 million). These assets are insured under a group policy held in the name of the five Hawke's Bay Councils. Motor Vehicles and Mobile Plant are insured for market value.

In general, upon a major disaster the government will provide a 60% subsidy for infrastructure recovery costs. Council must demonstrate that it is able to meet the remaining 40% through insurance and other financial means. The Council is a member of the New Zealand Local Authority Protection Program Disaster Fund (LAPP Fund) established by the New Zealand Local Government Association Incorporated. The LAPP fund is a mutual pool created by local authorities to cater for the replacement of infrastructure following catastrophic damage by natural disaster. The LAPP Fund is intended to provide coverage for the balance of the replacement cost that is not expected to be covered by the provisions of the Ministry of Civil Defence and Emergency Management (i.e. 40%) of underground infrastructure assets. Council has an asset value of \$63.2 million in declared coverage under the LAPP Fund (2018: \$63.2 million).

Council does not operate a formal self-insurance scheme or maintain a specific fund for that purpose. Various assets are however not covered by insurance. The bulk of this relates to the road network.

Roads and associated assets are not covered by Council's insurance as in the event of a major disaster, support is anticipated to come from central government to reinstate the roading network. In 2019, New Zealand Transport Agency (NZTA) approved a \$10 million reinstatement programme following adverse weather events in 2018 that caused major slips and other compromises to the network. The programme attracts the emergency response financial assistance rate at 95% of expenditure.

Other assets including land, playgrounds and sports fields are also not covered by insurance or any risk sharing arrangements.

Funding of uninsured risks and amounts over and above any insurance recovery and government support would be provided from a combination of reserve funds, debt and the reprioritisation of Council's planned capital and operating expenditure.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. The Group have chosen not to capitalise borrowing costs directly attributable to the acquisition, construction or production of assets.

ITEMS INCLUDED IN THE CALCULATION OF NET SURPLUS

The following expenditure items are included in the calculation of the net surplus:

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Depreciation - Infrastructural assets	3,785	3,576	3,785	3,576
Depreciation - Operational assets	1,136	1,100	2,211	2,082
Amortisation charge - Intangible assets	60	82	103	137
Fees to auditors:				
EY fees for financial statements audit	110	123	171	184
EY fees for LTP audit	17	108	17	108
EY - other assurance	3	-	3	-
Fees to PWC for taxation advice	3	3	3	3
Interest paid - bank borrowings	189	315	307	433
Mayor and Councillor fees	238	216	238	216
Impairment of receivables (bad debts written off)	2	843	2	843
Impairment of receivables (provision for doubtful debts)	3,154	3,133	3,154	3,133
Operating lease expenses	32	40	192	218
Public ceremonies	7	13	7	13
Loss on disposal of Property, Plant, and Equipment	1,433	1,454	1,595	1,472
Unrealised (gain) / loss on investments	(37)	(40)	(37)	(40)
(Gain) / loss on sale of assets	(194)	(7)	(387)	(24)
Directors fees	-	-	119	122
Donations	-	-	28	64

4. STAFF AND ELECTED MEMBERS' REMUNERATION

CHIEF EXECUTIVE OFFICER'S REMUNERATION

The Chief Executive Officer of the WDC is appointed under section 42 of the Local Government Act 2002. The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive Officer was \$219,976 (2018: aggregate remuneration across 3 individuals was \$240,881).

ELECTED MEMBERS' REMUNERATION

Elected members remuneration is set by the Remuneration Authority and information is released as required to meet any determination issued by the Authority.

		2018/19 (\$)	2017/18 (\$)
Mayor	C.Little	77,825	69,490
Deputy Mayor	D.Eaglesome	33,264	30,783
Councillor	C.Lambert	25,702	21,988
Councillor	M.Johansen	24,924	24,082
Chairperson	H.Flood	26,022	24,082
Councillor	M.Bird	24,114	21,988
Chairperson	J Harker *	26,022	24,082
		<u>237,873</u>	<u>216,495</u>

* Councillor J Harker is also a senior manager of the Council subsidiary, Quality Rooding and Services (Wairoa) Ltd (QRS).

KEY MANAGEMENT PERSONNEL REMUNERATION

	2019 \$	2018 \$
Council members		
Remuneration	237,873	216,495
Chief Executive and Senior Leadership Team		
Remuneration	1,099,464	865,877
Total remuneration paid to key management personnel	<u>1,337,337</u>	<u>1,082,372</u>

As at 30 June 2019, key management personnel comprised 12 individuals: 7 elected members (2018: 7) and 5 executive leaders, comprising the Chief Executive and four senior management personnel (reduced from five following a reorganisation in November 2018) (2018: 6 executive leaders). For further disclosure of the remuneration payable to the Mayor, Councillors and the Chief Executive refer above.

SEVERANCE PAYMENTS

In accordance with Schedule 10, section 33 of the Local Government Act 2002, the Council is required to disclose the number of employees who received severance payments during the year and the amount of each severance payment made.

Severance payments include any consideration (monetary and non-monetary) provided to any employee in respect of the employee's agreement to the termination of their employment with the Council. Severance payments exclude any final payment of salary, holiday pay and superannuation contributions or other contractual entitlement.

Three severance payments of \$7,050, \$300 and \$5,000 were paid in the 2019 financial year. There was one severance payment of \$25,021 paid in the 2018 financial year.

EMPLOYEE STAFFING LEVELS AND REMUNERATION

The following table identifies the number of full time employees as at the of the reporting period and the full time equivalent number of all other part-time, fixed term and casual employees. The table further identifies the breakdown of remuneration levels of those employees into various bands.

Employee staffing levels and remuneration as at 30 June (Council)	2019	2018
Number of full time employees (based on a 40 hour week)	55	55
Full time equivalent number of all other employees	9.5	6.3
Employees receiving total remuneration < \$60,000*	42	36
Employees receiving total remuneration in the band \$60,000 - \$80,000	12	13
Employees receiving total remuneration in the band \$80,000 - \$100,000	10	9
Employees receiving total remuneration in the band \$100,000 - \$220,000	9	10

*Of the 42 employees in this band, 17 are part-time or casual

Total annual remuneration has been calculated to include any non-financial benefits and other payments in excess of normal remuneration such as the employer KiwiSaver contribution.

If the number of employees for any band was 5 or less then we are legally required to combine it with the next highest band. This means that some rows span different bands across the two years shown.

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Employment expenses				
Salaries and Wages	4,756	4,460	11,347	10,332
Employer contributions to Superannuation	135	127	317	254
Increase (decrease) in employee benefit liabilities	15	36	(23)	36
Total employee benefit expenses	4,906	4,623	11,641	10,622

	2018/19 Council	2017/18 Council	2018/19 Group	2017/18 Group
Employment liabilities				
Accrued pay	140	120	396	414
Annual leave	389	401	774	813
Long service leave	-	-	35	28
Retirement gratuities	110	110	156	152
Sick leave	11	5	39	16
Total employee benefit liabilities	650	636	1,400	1,423

Comprising:

Current	529	521	1,244	1,263
Non-current	121	115	156	160
Total employee benefit liabilities	650	636	1,400	1,423

5. CASH AND CASH EQUIVALENTS

Cash or cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits, and other short-term highly liquid investments, with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts as they are considered as integral part of the Group's cash management. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

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

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Cash at bank and in hand	22	48	1,921	1,765
Short term deposits	2,451	3,384	2,451	3,384
Total cash and cash equivalents	<u>2,473</u>	<u>3,432</u>	<u>4,372</u>	<u>5,149</u>

6. TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method less an allowance for any uncollectable amounts. An allowance for uncollectable receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

The summary of all receivables at year end is:

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Rates Debtors	3,777	3,792	3,777	3,792
Trade Receivables - Non exchange transactions	4,711	1,803	4,711	1,803
Trade Receivables - Exchange transactions	-	-	2,893	1,121
GST Receivable	574	147	574	147
Gross Trade and Other Receivables	9,062	5,742	11,955	6,863
Less provision for impairment of receivables	(3,154)	(3,133)	(3,154)	(3,133)
Net Trade and Other Receivables	<u>5,908</u>	<u>2,609</u>	<u>8,801</u>	<u>3,730</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.

The Group provides for impairment on trade receivables and other debtors. The impairment provision has been calculated based upon an analysis of the Group's losses in previous periods, and a review of specific debtors. The Group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The ageing profile of receivables at year-end is detailed below:

	2019 Council			2019 Group		
	Gross (\$ 000)	Impairment (\$ 000)	Net (\$ 000)	Gross (\$ 000)	Impairment (\$ 000)	Net (\$ 000)
Not past due	4,296	-	4,296	6,601	-	6,601
Past due 30 - 60 days	31	-	31	618	-	618
Past due 60 - 90 days	28	-	28	29	-	29
Past due > 90 days	356	245	111	356	245	111
	<u>4,711</u>	<u>245</u>	<u>4,466</u>	<u>7,604</u>	<u>245</u>	<u>7,359</u>

	2018 Council			2018 Group		
	Gross (\$ 000)	Impairment (\$ 000)	Net (\$ 000)	Gross (\$ 000)	Impairment (\$ 000)	Net (\$ 000)
Not past due	1,421	-	1,421	1,790	-	1,790
Past due 30 - 60 days	40	-	40	763	-	763
Past due 60 - 90 days	11	-	11	36	-	36
Past due > 90 days	331	87	244	335	90	245
	<u>1,803</u>	<u>87</u>	<u>1,716</u>	<u>2,924</u>	<u>90</u>	<u>2,834</u>

The Council 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 made when an impaired debt is subsequently determined to be recoverable.

The ageing profile of rates receivable at year-end is detailed below:

	2019 Council and Group			2018 Council and Group		
	Gross Rates Receivable	Impairment	Net	Gross Rates Receivable	Impairment	Net
	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
Not past due	363	87	276	349	84	265
Up to 2 years	1,299	760	540	1,274	850	424
2 to 5 years	965	919	46	971	915	56
Over 5 years	1,150	1,143	6	1,198	1,198	-
Total Rate Debtors	3,777	2,909	868	3,792	3,047	745

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

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

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
At 1 July	3,133	3,928	3,133	3,069
Addition to provision	3,101	3,055	3,101	3,119
Bad debts written off	(2)	(843)	(2)	(843)
Release of provision	(3,078)	(3,007)	(3,078)	(2,212)
At 30 June	3,154	3,133	3,154	3,133

7. INVENTORIES

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. The Group does not receive significant donated goods.

Costs of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing each product to its present location and condition. Costs of inventories are accounted for as follows:

Raw materials and consumables – at purchase cost (on a first in first out basis).

The cost of purchase comprises the purchase price including the transfer from reserves of gains and losses on qualifying cash flow hedges of purchases of raw materials, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), transport, handling and other costs directly attributable to the acquisition of raw materials. Volume discounts and rebates are included in determining the cost of purchase. The Group's raw materials and consumables inventory includes metal stock and maintenance items.

Finished goods and work-in-progress – cost of direct materials and labour and a proportion of variable and fixed manufacturing overheads based on normal operating capacity, but excluding borrowing costs. Costs are assigned on the basis of weighted average costs.

The Group's finished goods inventory includes items held for resale, such as Council rubbish bags and items sold at the Gaiety Theatre and iSite shop, as well as items held for distribution, such as recycle bins.

After initial recognition, inventories held for resale are valued at the lower of cost and net realisable value. However, inventory held for distribution or deployment at no charge or for a nominal charge is measured at cost, adjusted when applicable for any loss of service potential. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The carrying amount of inventories held for distribution as at 30 June is:

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Metal Stocks	-	-	675	536
Water reticulation spare parts	1	-	1	-
Water treatment chemicals	37	32	37	32
Other supplies	17	17	119	135
Work in progress	-	-	12	162
	<u>55</u>	<u>49</u>	<u>844</u>	<u>865</u>

The write-down of inventories held for distribution amounted to \$nil (2018: \$ nil), while reversal of write downs amounted to \$nil (2018: \$nil.) The carrying amount of inventories pledged as security is \$nil (2018: \$ nil) and for liabilities is \$nil (2018: \$ nil.)

8. FINANCIAL ASSETS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are classified, at initial recognition, into the four categories as detailed under A, B, C and D 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.

All 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 comprehensive revenue and expenditure.

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.

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Stock and Debentures	5,917	9,169	5,917	9,169
Term deposits over 3 months	-	1,167	-	1,167
	<u>5,917</u>	<u>10,336</u>	<u>5,917</u>	<u>10,336</u>

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the statement of comprehensive revenue and expenditure.

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.

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

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

	2018/19	2017/18	2018/19	2017/18
	Council	Council	Group	Group
Maturity	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
One year or less	509	3,068	509	3,068
Weighted average interest rate	4.73%	4.71%	4.73%	4.71%
Between one and five years	5,408	6,711	5,408	6,711
Weighted average interest rate	4.79%	3.22%	4.79%	3.22%
Over five years	-	557	-	557
Weighted average interest rate	0.00%	2.94%	0.00%	2.94%
	<u>5,917</u>	<u>10,336</u>	<u>5,917</u>	<u>10,336</u>

The stocks and debentures are local authority stocks, and commercial bonds that are actively traded. The coupon rates vary from 4.20% to 6.00% (2018: 3.78% to 6.25%) with yields from 1.50% to 2.55% (2018: 0.98% to 3.95%). Purchases and sales are accounted for at settlement date. These assets are exposed to cash flow interest rate risk.

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. Community loans are included at amortised cost.

Interest-bearing loans 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. The effective interest rate amortisation is included in finance income in the statement of comprehensive revenue and expenditure.

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Wairoa Young Achievers Trust	-	33	-	33
Housing and Community Advances*	-	-	-	-
	<u>-</u>	<u>33</u>	<u>-</u>	<u>33</u>

* Balance is less than \$1,000

The maturity dates and effective rates of interest for loans receivables are:

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Less than one year	0	33	0	33
<i>weighted average effective interest rate</i>	0.00%	0.00%	0.00%	0.00%
Later than one year but less than two years	-	-	-	-
<i>weighted average effective interest rate</i>	0.00%	0.00%	0.00%	0.00%
	<u>0</u>	<u>33</u>	<u>0</u>	<u>33</u>

Gains and losses when the asset is impaired, re-recognised or derecognised are recognised in the statement of comprehensive revenue and expenditure.

There were no impairment provisions for Loans and Other Receivables. For more information on receivables, refer to note 6.

The carrying value of community loans approximates their fair value and is \$247 (2018: \$33,247).

C. HELD TO MATURITY INVESTMENTS

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity.

After initial measurement, held to maturity investments are measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral to the effective interest rate.

The effective interest rate amortisation is included as finance income in the statement of comprehensive revenue and expenditure. Losses arising from impairment are recognised in the statement of comprehensive revenue and expenditure as finance costs.

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
LGFA borrower notes	56	-	56	-
	<u>56</u>	<u>-</u>	<u>56</u>	<u>-</u>

D. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale (AFS) financial assets are non-derivatives that are either designated as available for sale or not designated in any of the other categories. After initial measurement, AFS financial assets are re-measured at fair value with unrealised gains or losses recognised in other comprehensive revenue and expense and accumulated in the AFS reserve in equity until:

- The investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income or
- The investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of comprehensive revenue and expenditure in finance costs.

Interest earned whilst holding AFS financial assets is reported as interest income using the effective interest rate method.

Due to the immaterial size and nature of the Council's investment in Civic Financial Services Limited, the Council has estimated the fair value of this investment based on net asset backing as at 30 June 2019.

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Civic Financial Services Limited	37	23	37	23

DERECOGNITION

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. removed from the Group's statement of financial position) primarily when:

- The rights to receive cash flows from the asset have expired or
- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

IMPAIRMENT OF FINANCIAL ASSETS

At each balance date the Group 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 statement of comprehensive revenue and expenditure. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

LOANS AND OTHER RECEIVABLES

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level.

Impairment of a loan or receivable is established when there is objective evidence that the Group 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 any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred), 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 provision, and the amount of the loss is recognised in the statement of comprehensive revenue and expenditure. Individual trade receivable balances that are known to be uncollectible are written off when identified, along with associated doubtful debt allowances. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive revenue and expenditure.

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 the Group 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

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. A significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in surplus or deficit – is removed from net assets/equity and recognised in surplus or deficit. Impairment losses on equity instruments recognised in the statement of comprehensive revenue and expenditure are not reversed through the statement of comprehensive revenue and expenditure.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in surplus or deficit.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income.

If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in surplus or deficit, the impairment loss is reversed through surplus or deficit.

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
FINANCIAL ASSETS				
Financial assets at fair value through profit and loss - upon initial recognition				
Shares and debentures	5,917	10,335	5,917	10,335
Financial assets held to maturity				
LGFA borrower notes	56	-	56	-
Loans and Receivables				
Cash and Cash Equivalents	2,473	3,433	4,371	5,149
Trade and other receivables	5,335	2,462	8,228	3,583
Other Financial Assets	-	-	-	-
Wairoa Young Achievers Trust	-	33	-	33
Housing and Community Advances	-	-	-	-
	<u>7,808</u>	<u>5,928</u>	<u>12,599</u>	<u>8,765</u>
Available for Sale Financial Assets				
Civic Financial Services Limited	<u>37</u>	<u>23</u>	<u>37</u>	<u>23</u>
Total Financial Assets	<u><u>13,818</u></u>	<u><u>16,286</u></u>	<u><u>18,609</u></u>	<u><u>19,123</u></u>

9. INCOME TAX

CURRENT 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

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.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

At 30 June 2019, there was no recognised deferred tax liability (2018: \$nil) for taxes that would be payable on the unremitted earnings of the Group's controlled entity. The Group has determined that undistributed profits of its controlled entity will not be distributed in the foreseeable future. The parent does not foresee such a consent being given at the reporting date.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the deferred income tax asset to be utilised.

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

BREAKDOWN OF TAXES AND FURTHER INFORMATION

	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Current tax expense	507	105
Adjustments to current tax in prior years	-	-
Reduction in tax rate	-	-
Deferred tax expense	(63)	(24)
Utilisation of tax losses	-	25
Income tax expense	<u>444</u>	<u>106</u>
 Total Group Surplus / (deficit)	 3,411	 (3,164)
Less: non assessable surplus / (non qualifying deficit)	(1,837)	3,532
Assessable profits	<u>1,574</u>	<u>368</u>
Tax @ 28%	441	103
Plus taxation effect of permanent differences	-	-
Imputation credit adjustment	-	-
Non deductible expenses	<u>3</u>	<u>3</u>
Income tax expense at effective rate of 28%	<u>444</u>	<u>106</u>

	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
The major components of taxation expense are:		
Current taxation	507	105
Deferred taxation	(63)	(24)
Utilisation of tax losses	-	25
	<u>444</u>	<u>106</u>

Deferred Tax Asset

Opening Balance	351	352
Current year charge	155	(1)
Use of Prior Year Recognised Loss and Other Movement not Recognised	-	-
Closing Balance	<u>506</u>	<u>351</u>

Deferred Income Tax as at 30 June 2019 relates to the following

	Balance Sheet Group		Income Statement Group	
	2018/19 (\$ 000)	2017/18 (\$ 000)	2018/19 (\$ 000)	2017/18 (\$ 000)
Deferred tax liabilities				
Contract retentions	68	32	(36)	54
Future amortisation	23	23	-	(9)
Gross deferred tax liabilities	<u>91</u>	<u>55</u>	<u>(36)</u>	<u>45</u>
Deferred tax assets				
Doubtful Debts	-	-	-	(2)
Subcontractor retentions	91	-	92	-
<u>Provisions</u>				
Annual leave	92	98	(5)	-
Staff gratuities	13	12	1	1
Sick leave	8	3	5	(1)
Time in lieu	32	46	(14)	12
Long service leave	10	8	2	(1)
Aftercare	46	43	2	3
ACC Premiums	8	10	(2)	2
Recognised tax losses	-	-	-	(23)
Maintenance accruals	3	3	(1)	(65)
Construction accruals	-	4	(4)	(10)
Corporate accruals	10	-	10	-
Contract liabilities	65	-	65	-
Future depreciation	219	179	40	38
Deferred tax assets	<u>597</u>	<u>406</u>	<u>191</u>	<u>(46)</u>
Net deferred tax assets	<u>506</u>	<u>351</u>		
Deferred tax income (expense)			<u>155</u>	<u>(1)</u>

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

EMPLOYEE BENEFITS

Short-Term Employee Entitlements

Employee benefits which the Group 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, retirement and long service leave entitlements expected to be settled within 12 months and sick leave.

The Group 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 the Group 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 retirement leave, have been calculated on an actuarial basis. The calculations are based on:

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

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

Superannuation

Defined contribution pension plan obligations are recognised as an expense in the statement of comprehensive revenue and expenditure as incurred.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of comprehensive revenue and expenditure net of any reimbursement.

Refer to Note 17 for further information about the recorded landfill and quarry aftercare provision.

PREPAID INCOME

Any exchange or non-exchange trade receivable where an overpayment of the account has been recorded is reclassified as a trade payable. The carrying amount is the actual amount of overpayment and is considered to be the fair value.

Trade and other payables as at 30 June 2019 are:

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Trade Payables	4,989	2,635	5,892	2,398
Employee Entitlements	650	636	1,400	1,423
GST Payable	-	-	402	212
Prepayments - Rates	380	408	378	408
Prepayments - Other debtors	22	402	256	777
	<u>6,041</u>	<u>4,081</u>	<u>8,328</u>	<u>5,218</u>
Less non-current portion of employee entitlements	<u>(121)</u>	<u>(115)</u>	<u>(156)</u>	<u>(160)</u>
	<u>5,920</u>	<u>3,966</u>	<u>8,172</u>	<u>5,058</u>
Trust funds and deposits				
Deposits	49	89	49	89
Trust funds	4	4	4	4
	<u>53</u>	<u>93</u>	<u>53</u>	<u>93</u>
Trade and Other Payables	<u>5,973</u>	<u>4,059</u>	<u>8,225</u>	<u>5,151</u>

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

Safer Community Committee	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
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11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of:

- Operational assets – these include land, buildings, library books, furniture, office 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 roads, bridges and fixed utility systems owned by WDC. Each asset class includes all items that are required for the network to function; for example, sewer reticulation includes reticulation piping and sewer pump stations.
- Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

INITIAL RECOGNITION AND SUBSEQUENT EXPENDITURE

Property, plant and equipment is measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property plant and equipment is recognised only when it is probable that future economic benefit or service potential associated with the item will flow to the Group, and if the item's cost or fair value can be measured reliably.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Note 17 for further information about the recorded landfill and quarry aftercare provision.

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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 the Group and the cost of the item can be measured reliably.

Subsequent costs that meet the recognition criteria above are recognised in the carrying value of the item of property, plant and equipment. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in surplus or deficit as incurred.

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than as investment property.

MEASUREMENT SUBSEQUENT TO INITIAL RECOGNITION

Subsequent to initial recognition, property, plant and equipment are measured using either the cost model or the revaluation model. Roads and 3 waters assets are revalued every three years. 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 or fair value assessment is performed. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The valuation cycle for revalued asset classes is normally three years. Revaluation is performed on a class-by-class basis. If an item of property, plant and equipment is revalued, the entire class to which the asset belongs is revalued.

Increases in assets carrying amounts, due to revaluation, are recorded as a revaluation surplus in other comprehensive revenue and credited to the asset revaluation reserves in equity. Decreases in asset carrying amounts 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 statement of comprehensive revenue and expense. If a revaluation increase reverses a decrease previously recognised in the statement of comprehensive revenue and expenditure, the increase is recognised first in the statement of comprehensive revenue and expenditure to reverse any previous reduction.

Operational land and buildings were valued at fair value effective from 30 June 2005. 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 were valued at fair value effective from 30 June 2005. 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 assets (roads, water treatment and reticulation, sewerage treatment and reticulation and stormwater systems) are carried at fair value on a depreciated replacement cost (DRC) 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 was valued on the basis of fair value of adjacent land as at 30 June 2005. WDC has elected to use the fair value of land under roads as at 30 June 2005 as deemed cost.

Plant and equipment (including leased equipment under finance leases) are measured at cost, net of accumulated depreciation and impairment losses, if any.

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.

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:

CATEGORY	ESTIMATED LIFE (YEARS)
Quarries	30-40
Buildings	30-40
Other improvements	10-50
Plant, Equipment and Vehicles	4-10
Library Collection	2-10
Office Equipment, Furniture and Fittings	5-10
Computer Equipment	4-5
INFRASTRUCTURE ASSETS	
SEWERAGE	
Structures	50
Oxidation ponds	40
Pipes	80-120
Manholes	80
Pumps	10-35
Plant	10-35
Resource consents	25
WATER SUPPLY	
Structures	50
Pumps	15-35
Reticulation piping	60-120
Meters	20
Hydrants	40
Resource consents	20-25
Reservoirs	80-100

CATEGORY

ESTIMATED LIFE (YEARS)

STORMWATER

Reticulation piping	50-100
Culverts	50-120
Manholes/sumps	50-100
Open Drains	Not depreciated

ROADS

Top surface (seal)	14
Basecourse	Not depreciated
Formation	Not depreciated
Bridges	20-80
Footpaths	15-40
Kerbs	50
Streetlights (poles)	50

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

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end. For revalued assets, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets. An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

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 with regards to depreciation.

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

1. Community halls
2. Housing
3. Ruakituri and Tuai fire appliances (Assets transferred to Fire and Emergency New Zealand 1 July 2017)
4. Camping ground
5. Roothing (NZTA subsidised portion of roading)
6. Community Centre
7. Loan-funded assets including the Māhia and Opoutama wastewater systems.

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 insurance cover for fire, earthquake and natural catastrophe.

The effects of this decision are that:

1. The existing assets will be available for many years to come.
2. Once an asset or part thereof reaches the point where it is considered unsafe to use then that asset will be removed, and replaced if the Council's LTP provides for this.
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.

2018/19 Depreciation not funded:

	BUDGET \$	ACTUAL \$
1 Community halls	9,223	7,418
2 Housing	7,608	4,067
3 Ruakituri and Tuai fire appliances	0	0
4 Camping ground	8,440	7,286
5 Roothing (NZTA subsidised portion of roading)	2,034,501	1,877,550
6 Community Centre	383,400	382,424
Loan-funded assets including the Mahia wastewater system and		
7 the Opoutama sewerage system.	189,083	276,535
8 Other Assets	99,425	2,196
	<u>2,731,680</u>	<u>2,557,475</u>

IMPAIRMENT OF NON-FINANCIAL ASSETS

Impairment of cash generating assets

For non-financial cash-generating assets, except for those assets that are measured using the revaluation model, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. An asset's or CGU's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive revenue and expenditure.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in surplus or deficit.

The following assets have specific characteristics for impairment testing:

Intangible assets with indefinite useful life

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.

Impairment of non-cash-generating assets

For non-financial non-cash-generating assets, except for those assets that are valued using the revaluation model, the Group assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

In assessing value in use, the Group has adopted the depreciation replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

In determining fair value less costs to sell, the price of the asset in a binding agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset, is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the Group determines fair value less cost to sell based on the best available information.

Impairment losses are recognised immediately in surplus or deficit. For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable service amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in surplus or deficit.

DERECOGNITION

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in surplus or deficit.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to accumulated comprehensive revenue and expense.

Property, Plant and Equipment as at 30 June 2019 - Council

Description	Cost/Revaluation 30 June 2018	Accumulated Depreciation and Impairment Charges 30 June 2018	Carrying Amount 30 June 2018	Revaluation	Current Year Disposals	Current Year Accumulated Depreciation Disposals	Current Year Additions Assets Constructed	Current Year Additions Assets Transferred	Depreciation and Impairment Charges 30 June 2019	Carrying Amount at 30/06/2019 Represented By		
										Carrying Amount 30 June 2019	Cost/ Revaluation	Accumulated Depreciation and Impairment Charges
	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
Land	4,690	-	4,690	-	(97)	-	-	-	-	4,593	4,593	-
Buildings	13,125	2,956	10,169	-	(426)	(71)	374	-	389	9,799	13,073	3,274
	17,815	2,956	14,859	-	(523)	(71)	374	-	389	14,392	17,666	3,274
Other Improvements	3,929	2,240	1,689	-	(54)	(66)	633	-	177	2,157	4,508	2,351
Vehicles	808	478	329	-	(204)	(152)	249	-	134	393	853	460
Furniture and Office Equipment	3,515	2,428	1,087	-	(11)	-	151	-	380	847	3,655	2,808
Library Collections	551	478	73	-	-	-	35	-	55	51	586	535
	8,803	5,624	3,178	-	(269)	(218)	1,068	-	746	3,448	9,602	6,154
Roading	176,462	1,888	174,574	-	(215)	(9)	2,028	-	2,050	174,346	178,275	3,929
Land under Roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-
Bridges	18,998	695	18,303	-	(96)	(7)	887	-	720	18,381	19,789	1,408
Water Supply-Treatment Plant & Facilities	6,001	163	5,838	-	(2)	1	46	-	165	5,716	6,045	329
Water Supply-Other Assets	16,116	358	15,758	-	(6)	-	62	-	364	15,450	16,172	722
Sewerage - Treatment Plant & Facilities	7,245	123	7,122	-	(1)	-	10	-	125	7,006	7,254	248
Sewerage - Other Assets	8,392	142	8,250	-	(14)	2	170	-	145	8,259	8,548	289
Stormwater	5,745	182	5,563	-	(3)	-	30	-	191	5,399	5,772	373
Parking	363	25	338	-	-	-	-	-	25	313	363	50
	244,666	3,576	241,090	-	(337)	(13)	3,233	-	3,785	240,214	247,562	7,348
Capital Work in Progress	1,347	-	1,347	-	-	-	11,499	(4,677)	-	8,169	8,169	-
TOTAL	272,631	12,157	260,474	-	(1,129)	(302)	16,174	(4,677)	4,920	266,223	282,999	16,776

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

Property, Plant and Equipment as at 30 June 2019 - Group

Description	Carrying Amount at 30/06/2019 Represented By											
	Cost/Revaluation	Accumulated	Carrying	Revaluation	Current	Current	Current	Current	Depreciation	Carrying	Cost/	Accumulated
	30 June 2018	Depreciation	Amount		Year	Year	Year	Year	and Impairment	Amount	Revaluation	Depreciation
		and Impairment	30 June 2018		Disposals	Accumulated	Additions	Additions	Charges	30 June 2019		and Impairment
		Charges				Depreciation	Assets	Assets	30 June 2019			Charges
	30 June 2018					Disposals	Constructed	Transferred				
	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
Land	5,213	22	5,191	-	(197)	(6)	-	-	10	4,990	5,016	26
Buildings	13,746	3,302	10,444	-	(429)	(73)	473	-	434	10,127	13,790	3,663
	18,959	3,324	15,635	-	(626)	(79)	473	-	444	15,117	18,806	3,689
Other Improvements	3,929	2,240	1,689	-	(54)	(66)	634	-	177	2,158	4,509	2,351
Vehicles	14,996	10,826	4,170	-	(2,106)	(1,667)	1,550	-	1,063	4,218	14,440	10,222
Furniture and Office Equipment	4,665	3,192	1,473	-	(373)	(354)	207	-	473	1,188	4,499	3,311
Library Collections	551	479	72	-	-	-	35	-	55	52	586	534
	24,141	16,737	7,404	-	(2,533)	(2,087)	2,426	-	1,768	7,616	24,034	16,418
Roading	175,709	1,889	173,820	-	(215)	(7)	2,129	-	2,050	173,691	177,623	3,932
Land under Roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-
Bridges	18,998	695	18,303	-	(96)	(7)	887	-	720	18,381	19,789	1,408
Water Supply -Treatment Plant & Facilities	6,001	163	5,838	-	(2)	1	46	-	165	5,716	6,045	329
Water Supply-Other Assets	16,116	358	15,758	-	(6)	-	62	-	364	15,450	16,172	722
Sewerage - Treatment Plant & Facilities	7,245	123	7,122	-	(1)	-	10	-	125	7,006	7,254	248
Sewerage -Other Assets	8,392	142	8,250	-	(14)	2	170	-	145	8,259	8,548	289
Stormwater	5,745	182	5,563	-	(3)	-	30	-	191	5,399	5,772	373
Parking	363	25	338	-	-	-	-	-	25	313	363	50
	243,913	3,577	240,336	-	(337)	(11)	3,334	-	3,785	239,559	246,910	7,351
Capital Work in Progress	1,347	-	1,347	-	-	-	11,499	(4,677)	-	8,169	8,169	-
TOTAL	288,360	23,638	264,722	-	(3,496)	(2,177)	17,732	(4,677)	5,997	270,461	297,919	27,458

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

Property, Plant and Equipment as at 30 June 2018 - Council

Description	Carrying Amount at 30/06/2018 Represented By											
	Cost/Revaluation 30 June 2017	Accumulated Depreciation and Impairment Charges 30 June 2017	Carrying Amount 30 June 2017	Revaluation	Current Year Disposals	Current Year Accumulated Depreciation Disposals	Current Year Additions Assets Constructed	Current Year Additions Assets Transferred	Depreciation and Impairment Charges 30 June 2018	Carrying Amount 30 June 2018	Cost/ Revaluation	Accumulated Depreciation and Impairment Charges
	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
Land	4,549	(0)	4,549	-	(5)	-	146	-	-	4,690	4,690	(0)
Buildings	13,007	2,662	10,345	-	(291)	(97)	409	-	391	10,169	13,125	2,956
	17,556	2,662	14,893	-	(296)	(97)	555	-	391	14,859	17,815	2,956
					-	-						
Other Improvements	3,422	2,009	1,413	-	(11)	(4)	419	30	155	1,701	3,861	2,160
Vehicles	1,183	800	382	-	(482)	(446)	107	-	125	329	808	479
Furniture and Office Equipment	3,281	2,191	1,090	-	(127)	(119)	392	(30)	370	1,073	3,515	2,442
Fixtures and Fittings	68	60	8	-	-	-	-	-	6	2	68	66
Library Collections	522	427	95	-	-	-	29	-	52	71	551	479
	8,475	5,487	2,989	-	(620)	(570)	947	-	709	3,177	8,803	5,626
					-	-						
Roading	174,881	-	174,881	-	(642)	-	2,223	-	1,888	174,574	176,462	1,888
Land under Roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-
Bridges	18,284	-	18,284	-	(444)	-	1,159	-	695	18,303	18,998	695
Water Supply -Treatment Plant & Facilities	5,931	-	5,931	-	(4)	-	74	-	163	5,838	6,001	163
Water Supply-Other Assets	13,163	-	13,163	-	(44)	-	2,996	-	358	15,758	16,116	358
Sewerage - Treatment Plant & Facilities	7,048	-	7,048	-	(19)	-	216	-	127	7,118	7,245	127
Sewerage -Other Assets	7,913	-	7,913	-	(51)	-	531	-	138	8,254	8,392	138
Stormwater	5,358	-	5,358	-	(2)	-	390	-	182	5,564	5,746	182
Parking	363	-	363	-	-	-	-	-	25	338	363	25
	238,284	-	238,284	-	(1,205)	-	7,588	-	3,576	241,091	244,667	3,576
					-	-						
Capital Work in Progress	3,280	-	3,280	-	-	-	990	(2,923)	-	1,347	1,347	-
					-	-						
TOTAL	267,595	8,149	259,446	-	(2,120)	(666)	10,080	(2,923)	4,676	260,474	272,632	12,158

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

Property, Plant and Equipment as at 30 June 2018 - Group

Description	Carrying Amount at 30/06/2018 Represented By											
	Cost/Revaluation	Accumulated	Carrying	Revaluation	Current	Current	Current	Current	Depreciation	Carrying	Cost/	Accumulated
	30 June 2017	Depreciation	Amount		Year	Year	Year	Year	and Impairment	Amount	Revaluation	Depreciation
		and Impairment	30 June 2017		Disposals	Accumulated	Additions	Additions	Charges	30 June 2018		and Impairment
		Charges				Depreciation	Assets	Assets	30 June 2018			Charges
	30 June 2017					Disposals	Constructed	Transferred				
	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
Land	4,949	14	4,935	-	(5)	-	279	-	38	5,171	5,223	52
Buildings	13,532	2,982	10,550	-	(291)	(97)	504	-	417	10,443	13,745	3,303
	18,481	2,997	15,484	-	(296)	(97)	783	-	455	15,613	18,968	3,355
Other Improvements	3,422	2,009	1,413	-	(11)	(4)	419	30	155	1,701	3,860	2,160
Vehicles	14,960	10,571	4,389	-	(798)	(699)	826	-	924	4,192	14,988	10,796
Furniture and Office Equipment	4,307	2,835	1,472	-	(127)	(119)	514	(30)	490	1,458	4,664	3,206
Fixtures and Fittings	68	60	8	-	-	-	-	-	6	2	68	66
Library Collections	522	427	95	-	-	-	29	-	52	72	551	479
	23,279	15,902	7,377	-	(936)	(822)	1,788	-	1,627	7,424	24,131	16,707
Roading	174,024	-	174,024	-	(642)	-	2,325	-	1,888	173,819	175,707	1,888
Land under Roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-
Bridges	18,284	-	18,284	-	(444)	-	1,159	-	695	18,304	18,999	695
Water Supply -Treatment Plant & Facilities	5,931	-	5,931	-	(4)	-	74	-	163	5,838	6,001	163
Water Supply-Other Assets	13,163	-	13,163	-	(44)	-	2,996	-	358	15,757	16,115	358
Sewerage - Treatment Plant & Facilities	7,048	-	7,048	-	(19)	-	216	-	127	7,118	7,245	127
Sewerage -Other Assets	7,913	-	7,913	-	(51)	-	531	-	138	8,255	8,393	138
Stormwater	5,358	-	5,358	-	(2)	-	390	-	182	5,564	5,746	182
Parking	363	-	363	-	-	-	-	-	25	338	363	25
	237,428	-	237,428	-	(1,206)	-	7,691	-	3,576	240,337	243,913	3,576
Capital Work in Progress	3,280	-	3,280	-	-	-	990	(2,923)	-	1,347	1,347	-
TOTAL	282,468	18,899	263,569	-	(2,438)	(919)	11,252	(2,923)	5,658	264,722	288,360	23,638

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

VALUATION: ROADING, BRIDGES, AND PARKING INFRASTRUCTURAL ASSETS

Roading, bridges, and parking infrastructural assets are valued using the optimised depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the optimised depreciated replacement cost method.

These include:

- ▶ *Estimating any obsolescence or surplus capacity of the asset.*
- ▶ *Estimating the replacement cost of the asset.*

The replacement cost is derived by multiplying assets quantities by appropriate construction cost unit rates and including allowances for other costs.

- ▶ *Estimates of the remaining useful life over which the asset will be depreciated.*

These estimates can be affected by the local conditions (e.g., weather patterns and traffic growth). If useful lives do not reflect the actual consumption of the benefits of the asset, then Wairoa District Council could be over, or underestimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the International Infrastructure Management Manual and adjusted where local knowledge and experience suggests this is appropriate.

The most recent valuation for roading, bridges and parking was performed by Tui Craven and reviewed by Thayalan Sivachelvan, both of Opus International Consultants Ltd. The valuation had an effective date of 30 June 2017. Council considers that the factors applied in those valuations remain valid and that therefore the carrying values of the corresponding assets as adjusted by additions, disposals and condition assessments are appropriate.

VALUATION: WATER NETWORKS, WASTEWATER TREATMENT PLANTS, AND WASTEWATER PUMP STATIONS

Water Networks, Wastewater Treatment Plants, and Wastewater Pump Stations are valued using the optimised depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the optimised depreciated replacement cost method.

These include:

- ▶ *Estimating the replacement cost of the asset.*

The replacement cost is derived using the cost data from Council's maintenance contractor (where available) or from similar local authorities in the lower North island.

- ▶ *Estimates of the remaining useful life over which the asset will be depreciated.*

Useful lives were estimated by comparing the 2014 valuation useful lives with NZ Infrastructure Asset Valuation and Depreciation Guidelines 2006 and with useful lives from other similar local authorities in the lower North Island.

The most recent valuation for Water Networks, Wastewater Treatment Plants, and Wastewater Pump Stations was performed by Duncan Kerr and reviewed by John Vessey and Brian Jones, all of Opus International Consultants Ltd. The valuation had an effective date of 30 June 2017. Council considers that the factors applied in those valuations remain valid and that therefore the carrying values of the corresponding assets as adjusted by additions, disposals and condition assessments are appropriate.

The carrying value of assets are the assessed fair value of the assets as per the conclusions of the revaluation reports.

12. INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits or service potential embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in surplus or deficit when the asset is derecognised.

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. Staff training costs and costs associated with maintaining computer software are recognised as expenses in surplus or deficit 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.

TRADEMARKS

A trademark is an exclusive right to use a phrase or term that has been approved on application by the New Zealand Intellectual Property Office. WDC owns three phrases, "Space Coast Aotearoa", "Space Coast New Zealand" and "Earth Base One". Acquired trademarks are capitalised on the basis of the costs incurred to acquire the specific trademark, which is considered to reflect the fair market value of the assets.

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 comprehensive revenue and expenditure. A summary of the policies applied to the Group's major classes of intangible assets is, as follows:

	Software	Trademarks
Useful life	Finite: 3 years	Indefinite
Amortisation method	Straight line basis	Not amortised
Internally-generated or acquired	Some acquired and some internally-generated	Acquired

	2018/19 Council Software (\$ 000)	2017/18 Council Software (\$ 000)	2018/19 Group Software (\$ 000)	2017/18 Group Software (\$ 000)
Cost				
Balance as at 1 July	813	745	1,482	1,469
Additions	-	68	8	68
Disposals	-	-	(383)	-
Balance as at 30 June	813	813	1,107	1,537

Accumulated amortisation and Impairment				
Balance as at 1 July	696	614	1,164	1,081
Amortisation Charge	60	82	103	137
Disposals	-	-	(344)	-
Balance as at 30 June	756	696	923	1,164

	2018/19 Council Trademarks (\$ 000)	2017/18 Council Trademarks (\$ 000)	2018/19 Group Trademarks (\$ 000)	2017/18 Group Trademarks (\$ 000)
Cost				
Balance as at 1 July	12	12	12	12
Additions	-	-	-	-
Disposals	-	-	-	-
Balance as at 30 June	12	12	12	12

Accumulated amortisation and Impairment				
Balance as at 1 July	-	-	-	-
Amortisation Charge	-	-	-	-
Disposals	-	-	-	-
Balance as at 30 June	-	-	-	-

IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

Trademarks

The trademarks held by the group have been registered with New Zealand Intellectual Property Office with the option to renew at the end of the period at little cost to the Group, which has allowed the Group to determine that these assets have indefinite useful lives. As trademarks are a non-cash-generating intangible asset, they were not allocated to a cash generating unit for the purpose of impairment testing.

The Group performed its annual impairment test for these trademarks in June 2018 and 2019. As at 30 June 2019, no impairment loss has been recognised in relation to the trademarks (2018: nil).

13. BIOLOGICAL ASSETS – FORESTRY

The Group's biological assets consist of forestry. Forestry assets are independently valued triennially 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 sale costs and from a change in fair value less estimated point of sale costs are recognised in the statement of comprehensive revenue and expense. The costs to maintain forestry assets are included in the statement of comprehensive revenue and expense.

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Balance at 1 July	260	260	260	260
Increases due to purchase	-	-	-	-
Gains (losses) arising from changes in fair value	-	-	-	-
Balance at 30 June	260	260	260	260

WDC owns 29.3 hectares (2018: 29.3 hectares) of forest, mostly *Pinus radiata*, which are at varying stages of maturity ranging from 3 to 25 years. No trees have been harvested during the year (2018: nil).

There are no restrictions over the title of forestry assets. No forestry assets are pledged as security for liabilities.

Valuation assumptions

Independent Valuers Telfer Young Ltd (Hawke's Bay) valued the forestry assets as at 30th June 2017. This reflects the fair value as at 30th June 2017. Council considers that there have been no events that would give rise to a material change in this valuation during the year.

The valuation is based on a direct comparison approach, with analysis of the value of recent blocks which have sold.

The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- the valuations involve the tree crop only and not the land under the trees
- the valuation excludes any liabilities or credits associated with NZ units under the Emissions Trading Scheme

FINANCIAL RISK MANAGEMENT STRATEGIES

WDC is exposed to financial risks arising from changes in timber prices. WDC is a long-term forestry investor, and therefore despite reports of volatility in timber prices in 2019, it does not believe that this will materially affect the fair value of these assets. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

14. INVESTMENTS IN SUBSIDIARY

WDC has a 100% interest in QRS Ltd (2018: 100%), a company incorporated in New Zealand. The reporting date of the Council and its controlled entity is 30 June. There are no significant restrictions on the ability of the controlled entity to transfer funds to the Council in the form of cash distributions or to repay loans or advances.

The investment in subsidiary is carried at cost less any impairment charges in WDC's own "parent entity" financial statements.

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Quality Roding and Services (Wairoa) Ltd	1,250	1,250	-	-

In accordance with the company's Statement of Intent, an independent valuation was conducted by Price Waterhouse Coopers (PWC) in May 2019. The 'fair market value' was assessed as being between \$7.1 million and \$8.8 million. Council carries this investment at cost in its balance sheet.

15. 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. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day maintenance of an investment property.

After initial recognition, WDC measures all investment property at cost less accumulated depreciation. Depreciation is provided on a straight-line basis on all investment property 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. The fair value was not determined for the year ended 30 June 2019 as no market valuation was undertaken.

Category	Estimated life (years)
Buildings	30–40
Furniture and Fittings	5–20

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 comprehensive revenue and expense in the year of derecognition.

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Cost				
Balance at 1 July	-	-	-	-
Transferred from land and building assets	415	-	415	-
Balance at 30 June	415	-	415	-
Depreciation				
Balance as at 1 July	-	-	-	-
Depreciation Charge	(10)	-	(10)	-
Balance as at 30 June	(10)	-	(10)	-
Net carrying value 1 July	-	-	-	-
Net carrying value 30 June	405	-	405	-
			Council and Group	
			2018/19 (\$ 000)	2017/18 (\$ 000)
Rental revenue			41	-
Direct operating expenses from investment property generating revenue			16	-

16. 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 or QRS Ltd has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Current Portion				
Secured Loans	1,500	5,012	1,963	5,997
Debentures	-	-	-	-
Total Current Portion	1,500	5,012	1,963	5,997
Non Current Portion				
Secured Loans	3,500	-	4,339	965
Total Borrowings	5,000	5,012	6,302	6,962

MATURITY ANALYSIS AND EFFECTIVE INTEREST RATES

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

	2018/19	2017/18	2018/19	2017/18
	Secured Loans	Secured Loans	Secured Loans	Secured Loans
	Council	Council	Group	Group
	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
Less than one year	1,500	5,012	1,963	5,997
<i>weighted average effective interest rate</i>	2.10%	6.07%	3.31%	6.13%
Later than one year but less than two years	3,500	-	4,339	965
<i>weighted average effective interest rate</i>	2.88%	0.00%	3.52%	6.81%
Later than two years but less than five years	-	-	-	-
<i>weighted average effective interest rate</i>	0.00%	0.00%	0.00%	0.00%
Later than five years	-	-	-	-
<i>weighted average effective interest rate</i>	0.00%	0.00%	0.00%	0.00%
	<u>5,000</u>	<u>5,012</u>	<u>6,302</u>	<u>6,962</u>

Fair Value of borrowings	Carrying Amounts		Fair Values	
	2018/19	2017/18	2018/19	2017/18
	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
Secured Loans - Wairoa District Council	5,000	5,012	4,649	5,012
Secured Loans - Group	6,302	6,962	5,945	6,962

Council refinanced its external borrowings through the LGFA in October 2018 and January 2019.

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 2.88% Council (2018: 6.05%) and 3.46% Group (2018: 6.26%) 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.

QRS Ltd has term loans secured over the carrying value of the companies plant and machinery assets at period end which at 30 June 2019 was \$3,827,211 (2018: \$3,841,237).

INTERNAL BORROWING

WDC manages its borrowings in accordance with its funding and financial policies which includes an Investment and Liability Policy.

The Council holds internal borrowings for the following groups of activities:

Activity Group	Balance 2017/18 (\$ 000)	Borrowed in Year 2018/19 (\$ 000)	Repaid in Year 2018/19 (\$ 000)	Balance 2018/19 (\$ 000)
Water Supply	1,907	73	-	1,980
Stormwater and Drainage	1,701	12	-	1,713
Wastewater	1,416	320	-	1,736
Waste Management	722	112	-	834
Transport	308	-	-	308
Community Facilities	2,309	329	-	2,638
Leadership and Governance	238	-	-	238
Planning and Regulatory	166	80	41	205
Property	407	60	-	467
Support Services	166	-	56	110
	<u>9,340</u>	<u>986</u>	<u>97</u>	<u>10,229</u>

The Council uses an assumed internal interest rate of 5% (2018: 6%), consistent with its weighted average external borrowing rate, in relation to internal borrowing amounts. Interest charges for the year are:

Activity Group	Interest Charged 2018/19 (\$ 000)	Interest Charged 2017/18 (\$ 000)
Water Supply	95	114
Stormwater and Drainage	85	102
Wastewater	71	85
Waste Management	36	43
Transport	15	18
Community Facilities	115	139
Leadership and Governance	12	14
Planning and Regulatory	8	10
Property	20	23
Support Services	8	10
	<u>465</u>	<u>558</u>

17. LANDFILL AND QUARRY AFTERCARE PROVISION

Council has a resource consent issued by the Hawke's Bay Regional Council to operate the Wairoa landfill. Under this resource consent the Council has a legal obligation to provide ongoing maintenance and monitoring of the Wairoa landfill site until 2031. The Council has provided for aftercare of the Wairoa landfill where such a liability exists.

The management of the landfill will influence the timing of recognition of some liabilities. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The cash outflows for landfill post-closure are expected to occur within the next 26 years.

This note 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 2045, based upon the resource consent issued by the Hawke's Bay Regional Council which will need to be extended in 2031. There is capacity available for this extension. WDC has a responsibility under the resource consent to provide for ongoing maintenance and monitoring of the landfill site.

The following key assumptions have been used in calculating the landfill rehabilitation provision:

- ▶ Estimated year of closure: 2035
- ▶ Length of post-closure monitoring period: 10 years
- ▶ Total expected cash outflow – undiscounted: \$1,100,000
- ▶ Discount rate: 2.6% (2018: 3.84%)

There are closure and post-closure responsibilities such as the following:

Closure responsibilities:

- Final cover application and vegetation
- Incremental drainage control features
- Completing facilities for leachate collection and monitoring
- Completing facilities for monitoring and recovery of gas

Post-closure responsibilities:

- Treatment and monitoring of leachate
- Ground water and surface monitoring
- Gas monitoring and recovery
- Implementation of remedial measures such as needed for cover, and control systems
- Ongoing site maintenance for drainage systems, final cover and vegetation

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Balance at 1 July	751	708	751	708
Provided during the year - Wairoa	304	53	304	53
Released during the year - Wairoa	-	-	-	-
Released during the year - Mahia	-	(10)	-	(10)
Balance at 30 June	<u>1,055</u>	<u>751</u>	<u>1,055</u>	<u>751</u>

The Māhia landfill was closed and capped in 2004 and aftercare of the landfill finished in 2014. There is however ongoing monitoring of the bores with an estimated annual cost (at today's dollar values) of \$3,000 per annum.

QUARRY AFTERCARE PROVISION

QRS Ltd operates quarry sites for the extraction of roading metal. A provision is recognised for the present value of anticipated costs of future restoration of quarry sites based on past experience of the level of metal extraction. The calculation of this provisions requires assumptions such as the application of environmental legislation and life of metal extraction from each quarry site. Uncertainties inherent in these assumptions may result in future actual expenditure differing from the amounts currently provided. The provision for each site is periodically reviewed and updated based on the facts and circumstances available at the time. An inflationary factor equivalent to the annual CPI is included in this provision. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset (if applicable) and provision.

It is expected that most of these costs will not be incurred in the next financial year, but 15% will be incurred within 2 years of the balance sheet date.

	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Balance at 1 July	155	143
Provided during the year	7	20
Expenditure during the year	-	(8)
Balance at 30 June	162	155

18. 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 (COUNCIL ONLY)

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 as:

- Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.
- The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, liabilities, investments and general financial dealings.
- The object of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by Council. Intergenerational equity requires today's ratepayers to meet the current cost of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, 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 Council to make adequate and effective provision in its Long-term Plan (LTP) and in its Annual Plan to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in Council's LTP.

WDC has the following Council created reserves:

- A Disaster Recovery Reserve is held to fund Council's share of any costs relating to a natural disaster or an unforeseen event.
- Reserves held for future asset purchases include proceeds from the sale of Council-owned infrastructure and land and buildings which are held in the District Development Reserve and may be used towards the cost of purchasing or constructing new assets. A number of depreciation reserves are held to fund the renewal of infrastructure and other assets.
- Reserves held to meet future operational costs include administration reserves – funds carried over from one financial year to the next to match related expenditure, and retirement and restructuring reserves – to fund future retirement, redundancy, long service gratuities and costs associated with Council reorganisations.
- Reserves are held for the repayment of debt as it matures.

	2017/18 Balance (\$ 000)	Transfer to (\$ 000)	Transfer From (\$ 000)	2018/19 Balance (\$ 000)
Reserves held for Emergency Purposes				
Disaster Recovery Reserve	755	14	-	769
	<u>755</u>	<u>14</u>	<u>-</u>	<u>769</u>
Reserves held for future Asset Purchases				
District Development Fund	257	5	-	262
Asset and Vehicle Depreciation Reserve	1,095	309	242	1,162
Information Systems Renewal Reserve	398	181	77	502
Water Production Depreciation Reserve	1,568	166	650	1,084
Water Reticulation Depreciation Reserve - Wairoa	1,949	364	173	2,140
Water Reticulation Depreciation Reserve - Peri Urban	131	-	-	131
Water Reticulation Depreciation Reserve - Tuai	57	-	-	57
Water Reticulation Depreciation Reserve - Frasertown	49	-	-	49
Water Reticulation Depreciation Reserve - Mahanga	16	-	-	16
Sewerage System Depreciation Reserve - Wairoa	2,888	-	1,088	1,800
Sewerage System Depreciation Reserve - Tuai	318	-	-	318
Stormwater Reticulation Depreciation Reserve - Wairoa	2,109	191	8	2,292
Stormwater Reticulation Depreciation Reserve - Mahia	13	-	-	13
Parking Area Depreciation Reserve	561	35	-	596
Bridges Depreciation Reserve	2,986	776	1,625	2,137
Landfill/RTS Depreciation Reserve	448	94	21	521
Airport Runway Depreciation Reserve	(1)	5	5	(1)
Roading Depreciation Reserve	-	1,962	1,962	-
Footpaths Depreciation Reserve	860	106	-	966
Library Book Stocks Depreciation Reserve	240	60	35	265
Pensioner Housing Depreciation Reserve	135	19	3	151
Parks and Reserves Depreciation Reserve	-	135	43	92
	<u>16,077</u>	<u>4,408</u>	<u>5,932</u>	<u>14,553</u>
Reserves held for future Operational Costs				
General Purpose Fund	1,313	25	-	1,338
Wairoa Urban Fund	270	5	-	275
Retirement and Restructuring Reserve	100	2	-	102
Tuai Village Reserve	225	4	-	229
Water Production Reserve	430	8	-	438
Water Reticulation Reserve - Wairoa	56	1	-	57
Water Reticulation Reserve - Wairoa Peri Urban	332	6	-	338
Water Reticulation Reserve - Frasertown	43	1	-	44
	<u>2,769</u>	<u>52</u>	<u>-</u>	<u>2,821</u>
Reserves held for repayment of maturing debt				
Loan Repayment Reserve - External	1,995	369	-	2,364
Loan Repayment Reserve - Internal	1,279	388	98	1,569
	<u>3,274</u>	<u>757</u>	<u>98</u>	<u>3,933</u>
Total special funds reserves	<u>22,875</u>	<u>5,231</u>	<u>6,030</u>	<u>22,076</u>

REVALUATION RESERVES

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

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Revaluation Reserve Infrastructural				
As at 1 July	113,534	114,523	114,525	115,514
Transfers to:				
Revaluations	-	-	-	-
Transfer from:				
Net transfer from asset revaluation reserve on disposal	(262)	(989)	(262)	(989)
	<u>113,272</u>	<u>113,534</u>	<u>114,263</u>	<u>114,525</u>

RETAINED EARNINGS

Retained earnings are accumulated surpluses and deficits from operations not transferred to special or restricted reserves over the life of the council.

TOTAL EQUITY

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Retained Earnings				
As at 1 July	132,248	133,237	135,194	135,870
Transfers to:				
Restricted Reserves	(5,231)	(3,899)	(5,231)	(3,898)
Transfer From:				
Restricted Reserves	6,030	5,504	6,030	5,503
Net transfer from asset revaluation reserve on disposal	262	989	262	989
Surplus (Deficit) for year	1,847	(3,583)	2,967	(3,270)
	<u>135,156</u>	<u>132,248</u>	<u>139,222</u>	<u>135,194</u>

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Equity is made up of:				
Special Fund reserves	22,076	22,875	22,076	22,875
Revaluation Reserves	113,272	113,534	114,263	114,525
Accumulated Funds	135,156	132,248	139,222	135,194
	<u>270,504</u>	<u>268,657</u>	<u>275,561</u>	<u>272,594</u>

19. RECONCILIATION OF OPERATING SURPLUS WITH NET CASH FLOW FROM OPERATING ACTIVITIES

	2018/19 COUNCIL (\$ 000)	2017/18 COUNCIL (\$ 000)	2018/19 GROUP (\$ 000)	2017/18 GROUP (\$ 000)
Surplus / Deficit	1,848	(3,584)	2,967	(3,269)
Add non cash items:				
Depreciation	4,582	4,757	5,655	5,740
Loss on disposal of assets	375	1,454	382	1,454
Amortisation	-	-	44	56
Decrease (Increase) in deferred taxation	-	-	(155)	-
Increase (Decrease) in employment costs provision	15	8	5	6
Net Increase in Bad Debts provision	22	(691)	22	(806)
Unrealised loss (Gain) on investments	-	39	-	40
Increase in Landfill aftercare provision	305	42	305	42
Quarry Aftercare Provision	-	-	7	12
	<u>7,147</u>	<u>2,025</u>	<u>9,232</u>	<u>3,275</u>
Add (less) movements in other working capital items:				
(Increase) Decrease in rates receivable	11	(103)	11	(103)
(Increase) Decrease in trade & other receivables	(2,534)	1,470	(4,856)	1,818
Increase (Decrease) in trade & other payables	1,615	(334)	3,153	417
Increase (Decrease) in loans and other receivables	45	(30)	45	(30)
(Decrease) in GST Receivable / Increase in GST Payable	(558)	25	(558)	(14)
Increase (Decrease) in taxation payable	-	-	440	24
(Increase) / Decrease Inventories	(6)	9	20	(170)
	<u>(1,427)</u>	<u>1,037</u>	<u>(1,745)</u>	<u>1,942</u>
Net cash inflow / (outflow) from operating activities	<u>5,720</u>	<u>3,062</u>	<u>7,487</u>	<u>5,217</u>

20. TRANSACTIONS WITH RELATED PARTIES

Council's purchase of services and sales income from QRS Ltd were as follows:

- Purchase of services \$10,073,582 (2018: \$10,918,280)
- Sales: \$23,946 (2018: \$10,535)
- Dividend \$110,000 (2018: \$50,000)

Amounts owed by QRS Ltd to Council at year end: \$625 (2018: \$745) which was receivable on normal trading terms.

Amounts owed by Council to QRS Ltd at year end: \$1,593,375 (2018: \$1,212,680) which is payable on normal trading terms except for \$244,076 (2018: \$81,819) contract retentions payable at closure of defects liability period.

No related party transactions were forgiven or written off during the period (2018: nil).

During the year Councillors and key management personnel, 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:

	2018/19 Business Transacted (\$)	2018/19 Balance Owing (\$)	2017/18 Business Transacted (\$)	2017/18 Balance Owing (\$)
QRS Directors and Executive Officers	36,227	-	12,821	-

G E Gaddum, a Director of QRS and Director/Owner of Gaddum Costruction Limited, has purchased services from QRS on normal trading terms to the value of \$27,633 (2018: \$71,056).

21. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's and Council's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Group			
	Carrying amount		Fair value	
	2018/19 (\$ 000)	2017/18 (\$ 000)	2018/19 (\$ 000)	2017/18 (\$ 000)
Financial assets				
Other financial assets:				
Loans	-	33	-	33
AFS Financial investments	37	23	37	23
Financial liabilities				
Interest-bearing loans and borrowings:				
Floating rate borrowings	696	318	696	318
Fixed rate borrowings	5,605	6,694	5,605	6,694
	Council			
	Carrying amount		Fair value	
	2018/19 (\$ 000)	2017/18 (\$ 000)	2018/19 (\$ 000)	2017/18 (\$ 000)
Financial assets				
Other financial assets:				
Loans	-	33	-	33
AFS Financial investments	37	23	37	23
Financial liabilities				
Interest-bearing loans and borrowings:				
Floating rate borrowings	-	-	-	-
Fixed rate borrowings	5,000	5,012	5,000	5,012

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate borrowings are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the counterparty and the risk characteristics of the financed project.
- Fair value of the quoted shares and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- Fair value of the remaining AFS financial assets is derived from quoted market prices in active markets. Due to the immaterial size and nature of the Council's investment in Civic Financial Services Limited, the Council has estimated the fair value of this investment based on net asset backing as at 30 June 2019.
- Fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The carrying amounts of borrowings repayable within one year approximate their fair value.

FAIR VALUE HIERARCHY

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data

The following tables provides the fair value measurement hierarchy of the Group's financial assets and liabilities as at 30 June:

2019 Group (\$ 000)				
	Total	Level 1	Level 2	Level 3
Financial assets carried at fair value				
Quoted equity shares / debt securities	9,169	9,169	-	-
Unquoted notes:				
New Zealand Local Government Funding Authority (LGFA)	56	-	56	-
Financial liabilities measured at amortised cost				
Fixed rate borrowings	5,605	5,605		
Council (\$ 000)				
	Total	Level 1	Level 2	Level 3
Financial assets carried at fair value				
Quoted equity shares / debt securities	5,917	5,917	-	-
Unquoted notes:				
New Zealand Local Government Funding Authority (LGFA)	56	-	56	-
Financial liabilities measured at amortised cost				
Fixed rate borrowings	5,000	5,000	-	-

There have been no transfers between Level 1 and Level 2 during the year.

2018 Group (\$ 000)				
	Total	Level 1	Level 2	Level 3
Financial assets carried at fair value				
Quoted equity shares / debt securities	9,169	9,169	-	-
Unquoted notes:				
New Zealand Local Government Funding Authority (LGFA)	-	-	-	-
Financial liabilities measured at amortised cost				
Fixed rate borrowings	6,694	6,694	-	-
Council (\$ 000)				
	Total	Level 1	Level 2	Level 3
Financial assets carried at fair value				
Quoted equity shares / debt securities	9,169	9,169	-	-
Unquoted notes:				
New Zealand Local Government Funding Authority (LGFA)	-	-	-	-
Financial liabilities measured at amortised cost				
Fixed rate borrowings	5,012	5,012	-	-

22. FINANCIAL INSTRUMENT RISK

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance and provide guaranteed support for the Group's operations and commitments. The Group's principal financial assets include bonds, trade and other receivables, cash and short-term deposits that derive directly from its operations. The Group also holds an AFS investment. The Group is exposed to market risk, credit risk and liquidity risk. The Council's senior management oversees the management of these risks. The Council's senior management is supported by a Finance Audit and Risk (FAR) Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The FAR Committee provides assurance to the Council that financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. 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

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and AFS investments.

The sensitivity analyses in the following sections relate to the position as at 30 June 2019. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt are all constant at 30 June 2019.

The analyses exclude the impact of movements in market variables on provisions and the non-financial assets and liabilities. The following assumptions have been made in calculating the sensitivity analyses:

► The sensitivity of the relevant statement of comprehensive revenue and expenditure item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 30 June 2019

INTEREST RATE RISK

The interest rates on WDC's investments are disclosed in note 8 and on WDC's borrowings in note 16. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group can manage its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings, and a spread of maturities over several years. WDC's Investment and Liability Policy outlines the level of borrowing that is secured using fixed rate instruments. The Group's policy is to have no less than 50% of its borrowings at fixed rates of interest.

At 30 June 2019, 89% of the Group's borrowings are at a fixed rate of interest (2018: 95%). For the Council, 100% of all borrowings as at 30 June 2019 are at a fixed rate of interest (2018: 100%).

Interest rate sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%. The sensitivity has been calculated based on a shift in interest rates of +/-50bps (2018: +/-50bps).

	Group	
	Increase / (decrease) in basis points	Effect on surplus before tax (\$ 000)
2019	+50	(3)
	-50	3
2018	+50	(3)
	-50	3

At 30 June 2019 the Council had \$nil of floating rate debt (2018: \$nil). Therefore a movement in interest rates has no effect on Council's interest expense.

COMMODITY PRICE RISK

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of materials for the road maintenance and therefore requires a continuous supply of roading metal. This risk is mitigated by the fact that QRS mines its own metal. The risk is further mitigated by Government subsidies relating to roading which offset the costs to Council. If there is an increase in the volatility of the price of the raw materials, the Group will consider entering into various forward commodity purchase contracts in the future.

EQUITY PRICE RISK

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages equity price risk through diversification of the investment portfolio in accordance with the limits set out in WDC's Investment policy. Reports on the equity portfolio are reviewed on a regular basis.

At the reporting date, the exposure to listed equity securities at fair value was \$5,916,981. A decrease of 10% on the NZX market index could have an impact of approximately \$587,686 on the surplus or equity/net assets attributable to the Group, depending on whether the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact equity/net assets, but would not have an effect on surplus.

CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's maximum credit risk exposure for each class of financial instruments is as follows:

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Cash at bank, short term deposits and sinking funds	2,473	3,433	4,371	5,149
Trade and other receivables	5,335	2,462	8,228	3,583
Housing and Community Advances	0	33	0	33
Total Credit Risk	7,808	5,927	12,599	8,765

TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

Customer credit risk in relation to trade receivables from exchange transactions is managed by the Council and the Council-controlled organisation subject to the Group's established policy, procedures and control relating to customer credit risk management.

The Group evaluates the concentration of risk with respect to trade receivables as low, the majority of the Group's receivables from non-exchange transactions arise from the Council's statutory functions. 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. The Group does not hold collateral as security. The Group is not exposed to a material concentration of credit risk around rates and other receivables from non-exchange transactions as it has a large number of credit customers, mainly ratepayers, and has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively.

FINANCIAL INSTRUMENTS AND CASH DEPOSITS

Credit risk from balances with banks and financial institutions is managed in accordance with the Group policy. Investments of surplus funds are made in accordance with the Council's Investment and Liability Policy. The Council's FAR Committee reviews investments as required. The Group aims to minimise the concentration of risks and therefore mitigate financial loss resulting from potential counterparty's failure to make payments. The Group's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2019 is the carrying amounts as illustrated above.

LIQUIDITY RISK

Liquidity risk is the risk that the Group may encounter difficulties in meeting financial liabilities as they fall due. The Group monitors and manages this risk in accordance with the Council's Investment and Liability Policy. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and facilities, debentures, finance leases and hire purchase contracts. The Group's policy is that not more than 50% of borrowings should mature in the next 12-month period. Approximately 30% of the Group's debt will mature in less than one year at 30 June 2019 based on the carrying value of borrowings reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Group				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
30 June 2019	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
Interest-bearing borrowings	-	1,500	463	4,339	-
Trade and other payables	53	7,538	634	156	-
	Council				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
30 June 2019	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
Interest-bearing borrowings	-	1,500	-	3,500	-
Trade and other payables	53	5,518	402	121	-
	Group				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
30 June 2018	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
Interest-bearing borrowings	-	-	-	6,302	-
Trade and other payables	93	3,661	1,185	160	-
	Council				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
30 June 2018	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
Interest-bearing borrowings	-	-	-	-	-
Trade and other payables	93	3,156	810	115	-

23. CONTINGENCIES

CONTINGENT ASSETS

A contingent asset is a future expected cashflow arriving out of council operations that has an inherent factor of uncertainty.

WDC entered into a 30 year targeted capital rating repayment plan for the connections of private individual's properties to a centralised wastewater network owned by the Council in the Māhia and Opoutama catchment areas. In terms of repayment of that cost, ratepayers were eligible to select an upfront payment, or to nominate between 3 and 30 years to repay the cost, plus interest through rates. The ordinary recovery of capital under a capital rating scheme is an instalment charged as a targeted rate, set with each year's rating resolution. In addition, an early repayment policy was adopted in 2016/17 for ratepayers to clear the remaining cost, exclusive of any future interest charges.

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Balance at 1 July	1,462	2,207	1,462	2,207
Less Charged Through Rates This Financial Year	(135)	(276)	(135)	(276)
Add Back Interest Charged in Rates	84	114	84	114
Less Option One & Early Repayment Policy Payments	(166)	(583)	(166)	(583)
Balance at 30 June	<u>1,245</u>	<u>1,462</u>	<u>1,245</u>	<u>1,462</u>

The costs for the work commissioned by WDC on behalf of the ratepayers for these schemes were recognised as operating costs in the 2014/15 financial year. The calculated value represents the amount owed and repayable under the scheme is considered to be the fair value of future expected cashflow:

CONTINGENT LIABILITIES

A contingent liability is a debt that maybe incurred in the future, but for which there is no current actual liability owing or or an event giving rise to an obligation.

The Council has identified historical errors in the Fringe Benefit Tax calculations which result in a core liability owing to the Inland Revenue Department. This liability cannot be accurately measured at balance date, but is estimated at \$138,000 net of penalties and interest (if any).

24. COMMITMENTS

FUTURE CONTRACTED COMMITMENTS

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Commitments approved and contracted	36,864	16,922	37,682	17,520
Contracted Payments Aging Analysis				
Up to one year	16,044	8,388	16,862	8,939
one to five years	19,154	8,534	19,154	8,581
over five years	1,667	-	1,667	-
	<u>36,864</u>	<u>16,922</u>	<u>37,682</u>	<u>17,520</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:

	2018/19 Council (\$ 000)	2017/18 Council (\$ 000)	2018/19 Group (\$ 000)	2017/18 Group (\$ 000)
Office equipment				
Up to one year	30	33	181	33
one to five years	-	30	191	30
over five years	-	-	-	-
Total minimum lease payments	<u>30</u>	<u>63</u>	<u>372</u>	<u>63</u>

The lease(s) has(have) the following characteristics:

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

The lease does not transfer ownership to the Council or Group 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 the value of the equipment remain the risk of the lessor

25. STATEMENT OF INVOLVEMENT IN CCTO 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:

	2018/19 (\$ 000)	2017/18 (\$ 000)
Dividends	110	50
Sales	10,074	10,918
Purchases	23	10

26. VARIANCES FROM THE ANNUAL PLAN

Explanations for major variances from WDC's estimated figures in the 2018/19 Annual Plan are as follows:

Variances from the Annual Plan

	2018/19 Annual Plan (\$ 000)
Income Statement	
2019 plan net surplus	529
Higher (lower) subsidy revenue (regional projects, emergency works)	4,504
Higher (lower) income from investments	(264)
Higher (lower) income from fees and charges (water production, waste management)	662
Higher (lower) income from rates	443
Increase in costs due to additional roading work, operating deficits from production of water and sewerage (including transfer of Capital Costs ex Mahia and Opoutama Wastewater Schemes).	(4,224)
Other	197
2019 actual net surplus	1,847
 Capital expenditure	
2019 plan	12,063
Amounts not spent during year	(1,012)
Actual expenditure 2019	11,051

27. FUNDING IMPACT STATEMENT – COUNCIL ONLY

Funding Impact Statement - Council Only For the year ending 30 June 2019

	BUDGET 2017/18 (\$ 000)	ACTUAL 2017/18 (\$ 000)	BUDGET 2018/19 (\$ 000)	ACTUAL 2018/19 (\$ 000)
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	4,543	4,033	3,648	3,410
Targeted rates (other than a targeted rate for water supply)	8,004	8,130	9,107	9,107
Subsidies and grants for operating purposes	4,543	6,001	4,864	8,210
Fees charges and targeted rates for water supply	3,147	1,525	2,097	2,320
Interest and Dividends from Investments	856	1,210	825	610
Local authorities fuel tax, fines, infringement fees, and other	68	90	85	283
Total Operating Funding	21,161	20,989	20,626	23,940
Applications of Operating Funding				
Payments to staff and suppliers	19,940	21,741	19,102	22,739
Finance costs	548	1,050	707	347
Other operating funding applications	-	-	(148)	-
Total applications of operating funding	20,488	22,791	19,661	23,086
Surplus (Deficit) of operating funding	673	(1,802)	965	854
Sources of capital funding				
Subsidies and grants for capital expenditure	4,637	2,323	4,702	5,860
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	4,137	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	634	100	91
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	8,774	2,957	4,802	5,951
Application of capital funding				
Capital expenditure				
- to meet additional demand	10	-	-	-
- to improve the level of service	4,977	1,560	1,950	1,068
- to replace existing assets	10,260	5,634	10,113	9,983
Increase (Decrease) in reserves	(5,800)	(6,039)	(6,296)	(4,246)
Increase (Decrease) of investments	-	-	-	-
Total application of capital funding	9,447	1,155	5,767	6,805
Surplus (Deficit) of capital funding	(673)	1,802	(965)	(854)
Funding Balance	-	-	-	-
Reconciliation to Total Comprehensive Income				
	BUDGET 2017/18 (\$ 000)	ACTUAL 2017/18 (\$ 000)	BUDGET 2018/19 (\$ 000)	ACTUAL 2018/19 (\$ 000)
Surplus / (Deficit) of operating funding from funding impact statement	2,751	(1,168)	965	854
Add subsidies and grants for capital expenditure	2,738	2,323	4,702	5,860
Add development and financial contributions	-	-	-	-
Less depreciation and amortisation expense	(4,903)	(4,739)	(5,238)	(4,957)
Add capital funding through Income Statement	-	-	100	91
Net Surplus before taxation in Income Statement	586	(3,584)	529	1,848

28. EVENTS SUBSEQUENT TO BALANCE DATE

On 24 September 2019, QRS Ltd declared a dividend to WDC for the year ended 30 June 2019 of \$300,000. This was paid on 30 September 2019.

There have been no other events subsequent to balance date that would have a material effect on the 30 June 2019 Annual Report.

29. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

PBE Standards on interests in other entities

PBE IPSAS 34 *Separate Financial Statements*; PBE IPSAS 35 *Consolidated Financial Statements*; PBE IPSAS 36 *Investments in Associates and Joint Ventures*; PBE IPSAS 37 *Joint Arrangements* and PBE IPSAS 38 *Disclosure of Interests in Other Entities*

The NZASB issued these standards to incorporate the equivalent standards issued by the IPSASB into PBE Standards. These standards replace PBE IPSAS 6(PS), PBE IPSAS 6(NFP), PBE IPSAS 7 and PBE IPSAS 8. These standards are effective for annual periods beginning on or after 1 January 2019. Early application of these standards is permitted, as long as all the standards are applied at the same time.

The key changes introduced by the new standards and the expected impact on the Group are as follows:

(a) *Definition of control*: The new standards introduce an amended definition of control and extensive guidance on control (and continue to require all controlled entities to be consolidated in the controlling entity's financial statements, except as noted below).

The Group does not expect the new standards to result in the consolidation of additional entities.

(b) *Investment entities*: The standards introduce the concept of an "investment entity". The standards exempt investment entities from consolidating controlled entities, and require investment entities to recognise controlled entities at fair value through surplus or deficit instead. These requirements do not apply to the Group, as neither the Council nor any its controlled entity meet the definition of an investment entity.

(c) *Joint arrangements*: PBE IPSAS 37 introduces a new classification of joint arrangements, sets out the accounting requirements for each type of arrangement (joint operations and joint ventures), and removes the option of using the proportionate consolidation method.

These requirements do not apply to the Group, as neither the Council nor its controlled entity have joint operations or joint ventures.

(d) *Disclosures on interests in other entities*: The standards require PBEs to disclose information on their interests in other entities, including some additional disclosures that are not currently required under PBE IPSAS 6(PS), PBE IPSAS 6(NFP), PBE IPSAS 7 and PBE IPSAS 8.

This will result in additional disclosures for the Group regarding the Group's controlled entity QRS Ltd.

Impairment of Revalued Assets (Amendments to PBE IPSAS 21 *Impairment of Non-Cash-Generating Assets* and PBE IPSAS 26 *Impairment of Cash-Generating Assets*)

The amendments change the scope of PBE IPSAS 21 and PBE IPSAS 26 to include assets measured at revalued amounts under the revaluation model in PBE IPSAS 17 *Property, Plant and Equipment* and PBE IPSAS 31 *Intangible Assets* ("revalued assets"). As a result of the amendments, revalued assets are subject to the same impairment assessment requirements as assets that are measured using the cost model.

Consequential amendments were also made to PBE IPSAS 17 and PBE IPSAS 31. The amendments are effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments for an earlier period it shall disclose that fact.

Other than extending the scope of the Group's accounting policy on impairment to include revalued assets, these amendments are not expected to impact the Group's financial statements.

2018 Omnibus Amendments to PBE Standards

This amendment amended the following standards which will impact the Group:

PBE IPSAS 2 *Statement of Cash Flows*

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments are effective for annual periods beginning on or after 1 January 2021. Earlier application is permitted. There is no requirement to provide comparative information for preceding periods. Application of amendments will result in additional disclosures provided by the Group.

PBE IPSAS 4 *The Effects of Changes in Foreign Exchange Rates*

This amendment incorporates IFRIC 22 *Foreign Currency Transactions and Advance Considerations* into Appendix A of PBE IPSAS 4. This interpretation addresses how to determine the exchange rate to use on the initial recognition of an asset, revenue or expense when an entity had paid or received advance consideration in foreign currency prior to recognising the asset, revenue or expense. The interpretation clarifies that, for the purpose of determining the exchange rate to use on initial recognition of the asset, expense or income (or part of it), the date of the transaction is the date on which the entity initially recognised the related non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The amendment is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments for a period beginning before 1 January 2019 it shall disclose that fact. The amendment will not significantly impact the Group's financial statements on initial application.

PBE IPSAS 5 *Borrowing Costs*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments for a period beginning before 1 January 2019 it shall disclose that fact. The amendment will not significantly impact the Group's financial statements on initial application.

PBE IPSAS 16 Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendment clarifies that:

- ▶ A change in use of a property occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use
- ▶ A change in management's intentions for the use of a property does not, by itself, provide evidence of a change in use
- ▶ The list of examples of evidence of change in use provided in the standard is not exhaustive

An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments for a period beginning before 1 January 2019 it shall disclose that fact. The amendment will not significantly impact the Group's financial statements on initial application.

PBE IPSAS 37 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PBE IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity shall apply that amendment to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies that amendments earlier, it shall disclose that fact. The amendments will not impact the Group's financial statements on initial application.

PBE IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact. The amendments will not significantly impact the Group's financial statements on initial application.

PBE IAS 12 Income Taxes

Clarifies that the requirements to recognise the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in surplus or deficit, other comprehensive revenue and expense or net assets/equity according to where the entity originally recognised those past transactions or events. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact. When an entity first applies those amendments, it shall apply them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Application of amendments will result in additional disclosures provided by the Group.

The 2018 Omnibus Amendments to PBE Standards also made minor editorial amendments to PBE IFRS 5, PBE IAS 34, PBE FRS 46, PBE IPSAS 10 and PBE IPSAS 22.

PBE FRS 48 Service Performance Reporting

This Standard was issued in November 2017 and establishes requirements PBEs to select and present service performance information. PBEs within the scope of this Standard will need to provide users with:

- ▶ Sufficient contextual information to understand why the entity exists, what it intends to achieve in broad terms over the medium to long term, and how it goes about this and
- ▶ Information about what the entity has done during the reporting period in working towards its broader aims and objectives

This Standard applies to:

- (a) All not-for-profit public benefit entities and
- (b) Public sector public benefit entities required by legislation to provide information in respect of service performance in accordance with generally accepted accounting practice (GAAP). If an entity is required by legislation to report service performance information on only some of its activities, this Standard applies only to those activities.

The standard is effective for annual periods beginning on or after 1 January 2021. Early application of the standard is permitted. Application of amendments will result in additional disclosures provided by the Group.

PBE IPSAS 41 Financial Instruments

In March 2019, the NZASB issued PBE IPSAS 41 *Financial Instruments*. When applied, this standard supersedes parts of PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. Compared with PBE IPSAS 29, PBE IPSAS 41 introduces a number of changes to the recognition and measurement of financial instruments. PBE IPSAS 41 is effective for annual periods beginning on or after 1 January 2022, with early application permitted. Once the entity adopts PBE IPSAS 41, it will supersede PBE IPSAS 29 and PBE IFRS 9.

Except for hedge accounting, retrospective application is required in accordance with PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors*, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. The Group is currently undertaking a detailed impact assessment of the impact of PBE IPSAS 41. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2022 when the Group will adopt PBE IPSAS 41.

The initial consideration of the impacts the implementation of PBE IPSAS 41 is expected to have in the Group's financial statements is described below.

(a) Classification and measurement

The Group is currently assessing the impact on its statement of financial position and net assets/equity on applying the classification and measurement requirements of PBE IPSAS 41.

Currently, the Group classifies its investment in listed and non-listed equity shares and listed debt instruments as financial assets at fair value through profit and loss. The assessment of possible changes in the classification of these financial instruments is on-going. For the equity shares currently classified as AFS assets, the Group expects to continue measuring them at fair value, but has not yet determined whether to apply the option to present fair value gains/losses in other comprehensive revenue and expense rather than in surplus or deficit.

The Group is still assessing whether the debt securities will meet the requirements for being held at amortised cost or if they will be carried at fair value. Loans as well as receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group does not expect reclassification for these instruments to be required.

(b) Impairment

PBE IPSAS 41 requires the Group to record expected credit losses on all of its debt instruments classified at amortised cost or fair value through other comprehensive revenues and expense. For all of such assets except receivables, the Group expects to apply the general approach and record impairment losses initially on a 12-months basis, moving to a lifetime basis if there is a significant deterioration in credit risk. The Group expects to apply the simplified approach and record lifetime expected losses on all receivables. The Group has determined that, due to the unsecured nature of its receivables, the loss allowance will increase. The Group does not expect the application of PBE IPSAS 41 to result in a significant impairment of its debt securities (if measured at amortised cost or fair value through other comprehensive revenue and expense under PBE IPSAS 41).

(c) Hedge accounting

The Group determined that the hedging requirements of PBE IFRS 41 will not have a significant impact on the Group's financial statements.

(d) Other adjustments

In addition to the adjustments described above, on adoption of PBE IFRS 41, other items of the primary financial statements such as deferred taxes and investments in the associate and joint venture, will be adjusted as necessary. The impact assessment of the aforementioned other items is currently still ongoing.

30. ADOPTION OF ANNUAL REPORT AND LONG TERM PLAN

Council adopted the Annual Report on the 26th November 2019.

The statutory deadline to adopt the Annual Report for the year ended 30 June 2019 was 31st October 2019.

Council adopted the Long Term Plan on 25 September 2018.

The statutory deadline to adopt the Long Term Plan was 30th June 2018.

FINANCIAL PRUDENCE BENCHMARKS

ANNUAL REPORT DISCLOSURE STATEMENT FOR YEAR ENDING 30 JUNE 2019

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

RATES AFFORDABILITY BENCHMARK

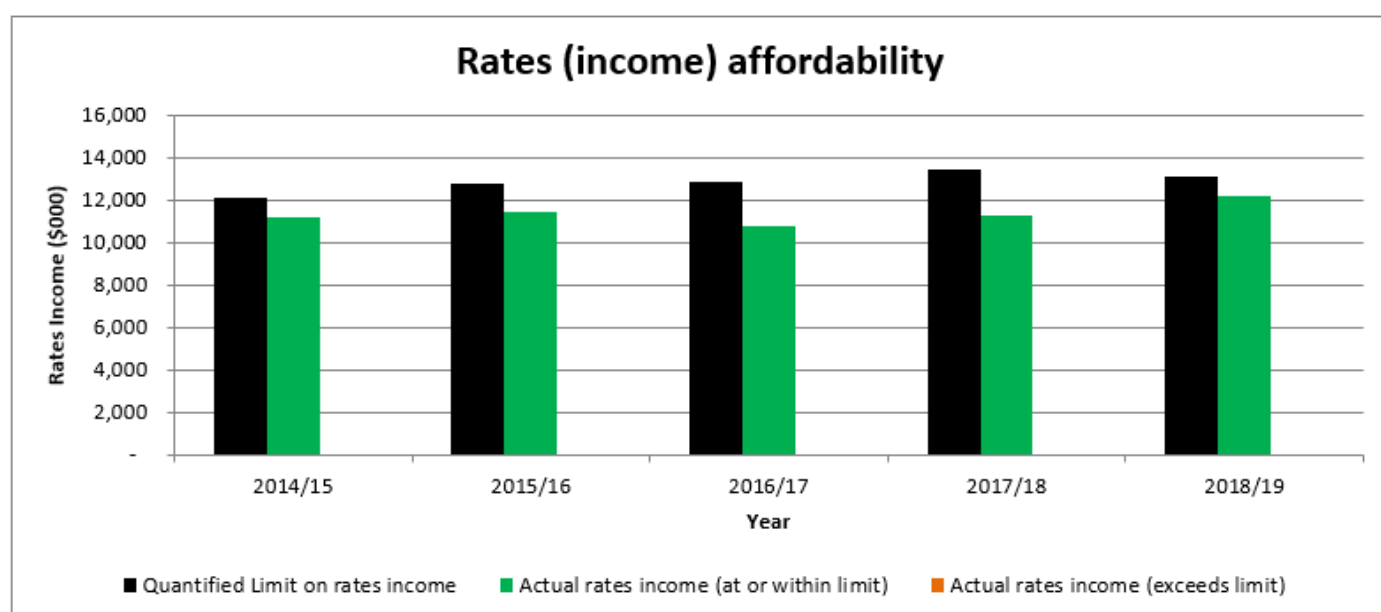
The council meets the rates affordability benchmark if:

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

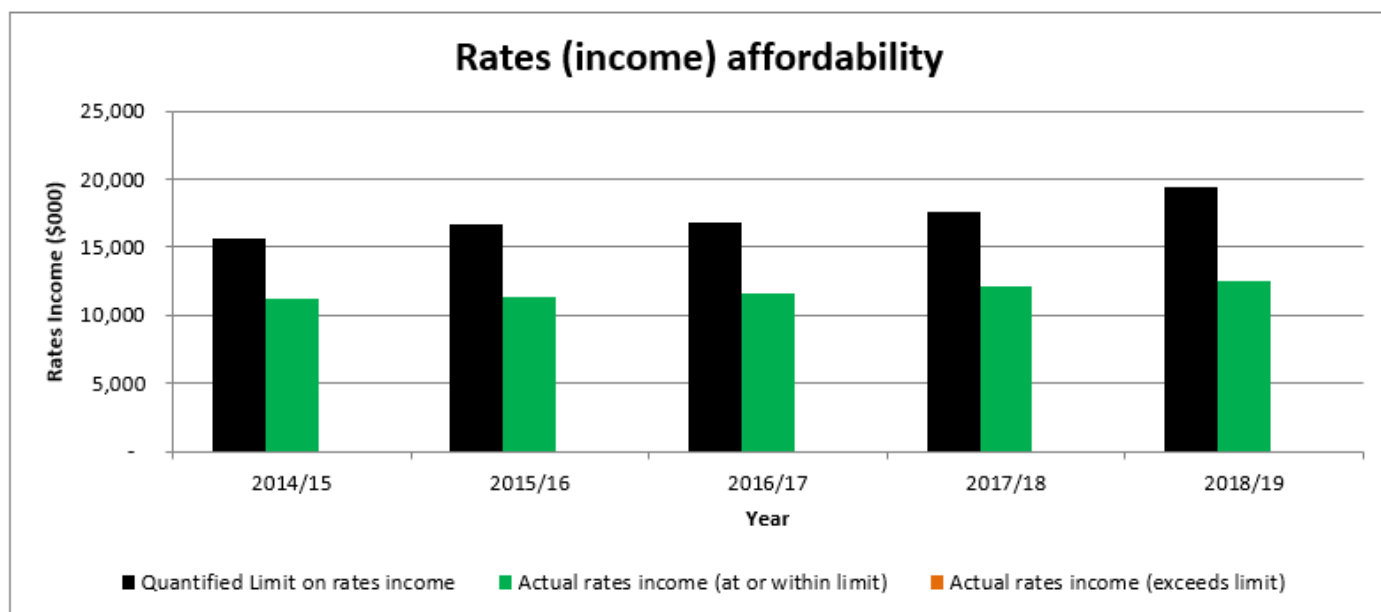
RATES (INCOME) AFFORDABILITY

The following graphs compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan. The quantified limits are that:

- a) Total rates (excluding capital contribution rates) will not exceed 60% of operating costs.

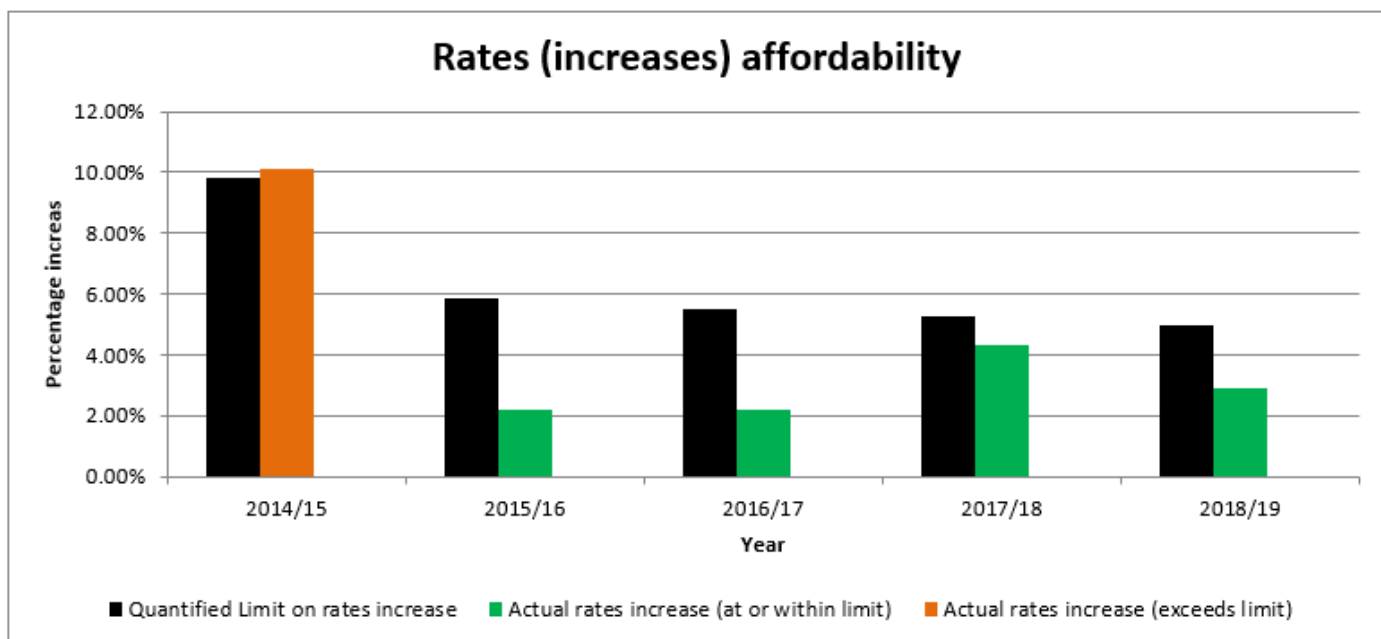


- b) Total rates (including capital contribution rates) shall not exceed 70% of total cash revenue.



RATES (INCREASES) AFFORDABILITY

The following graph compares the Council's actual rates increase with a quantifiable limit on rates increases contained in the financial strategy included in the Council's Long Term Plan. The quantified limit is that the maximum annual total rates increase shall not exceed 5%.

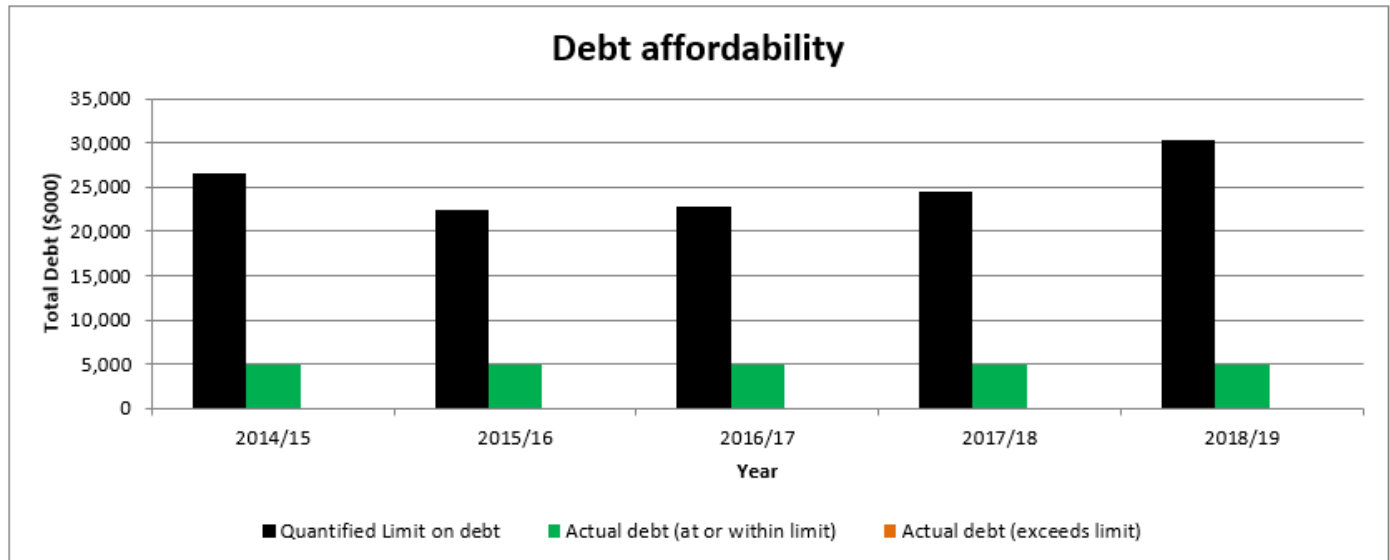


DEBT AFFORDABILITY BENCHMARK

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The quantified limit described in the 2018-28 LTP is debt as a percentage of income.

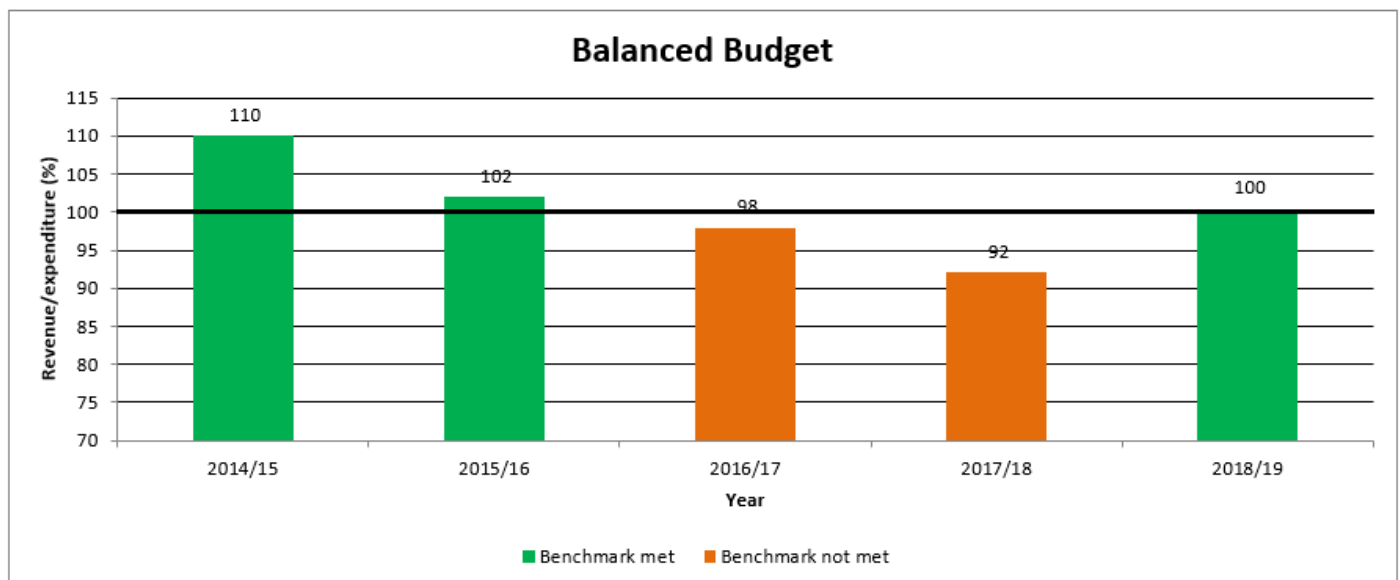
DEBT AS A PERCENTAGE OF INCOME

The following graph compares the Council's debt with a quantified limit on contained in the relevant LTP's financial strategy. The quantified limit is that total borrowings will not exceed annual revenue.



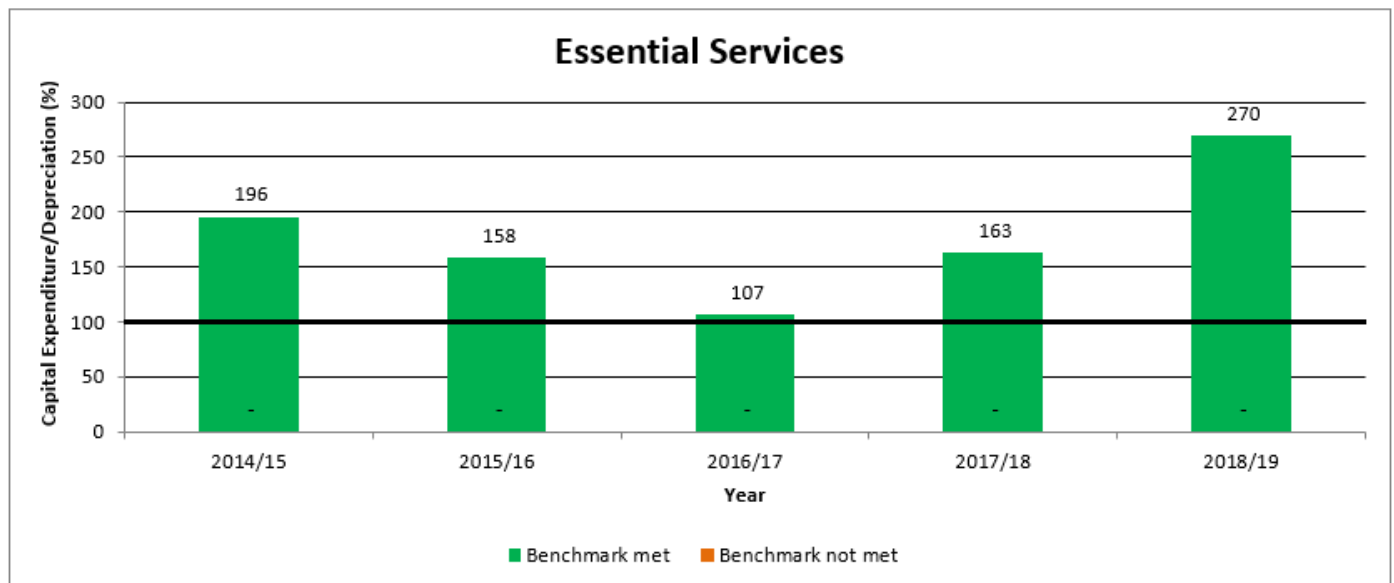
BALANCED BUDGET BENCHMARK

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments, and revaluations of property, plant, or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



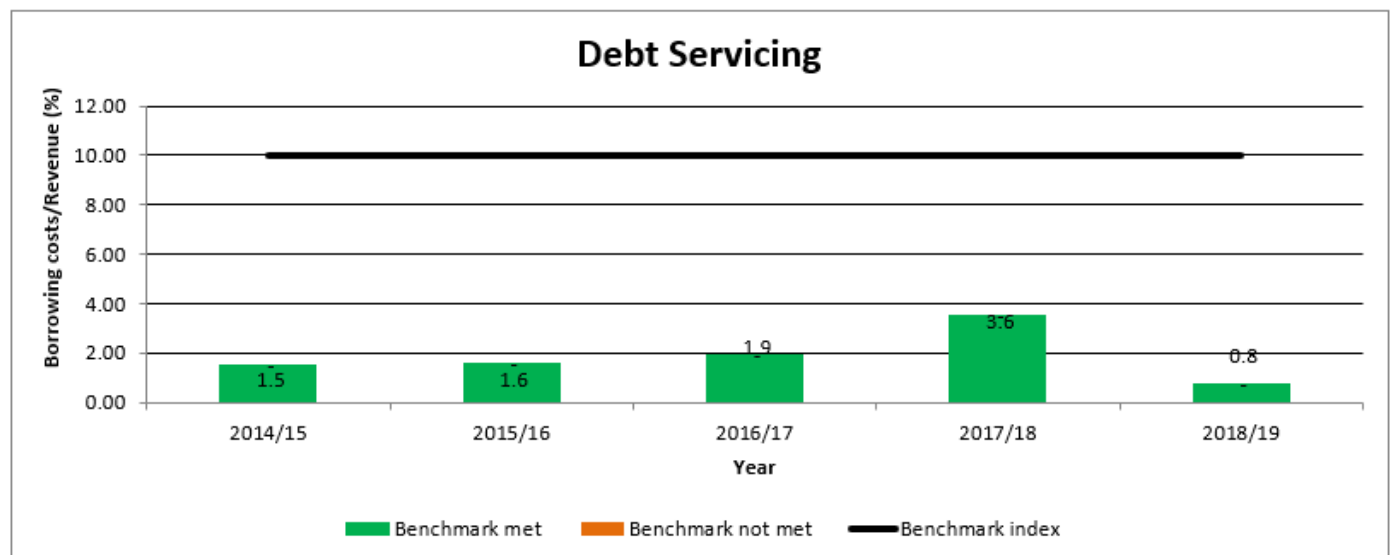
ESSENTIAL SERVICES BENCHMARK

The following graph displays the Council's capital expenditure on network services as a proportion of expected depreciation on network services. The council meets the essential services benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



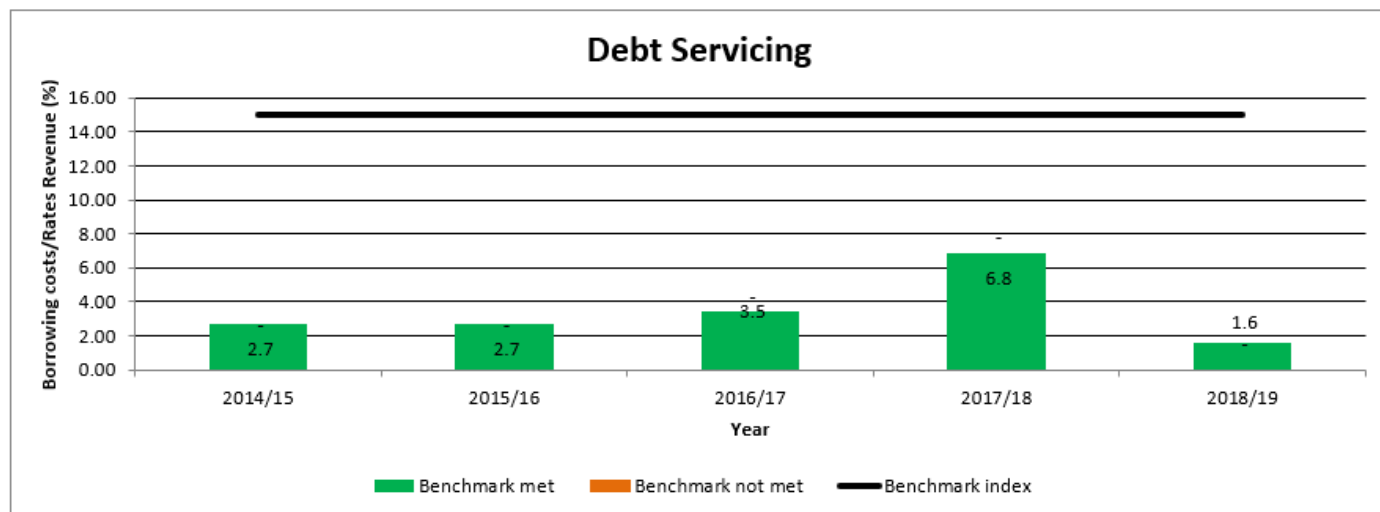
DEBT SERVICING BENCHMARK

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets this benchmark if its borrowing costs equal or are less than 10% of its revenue.



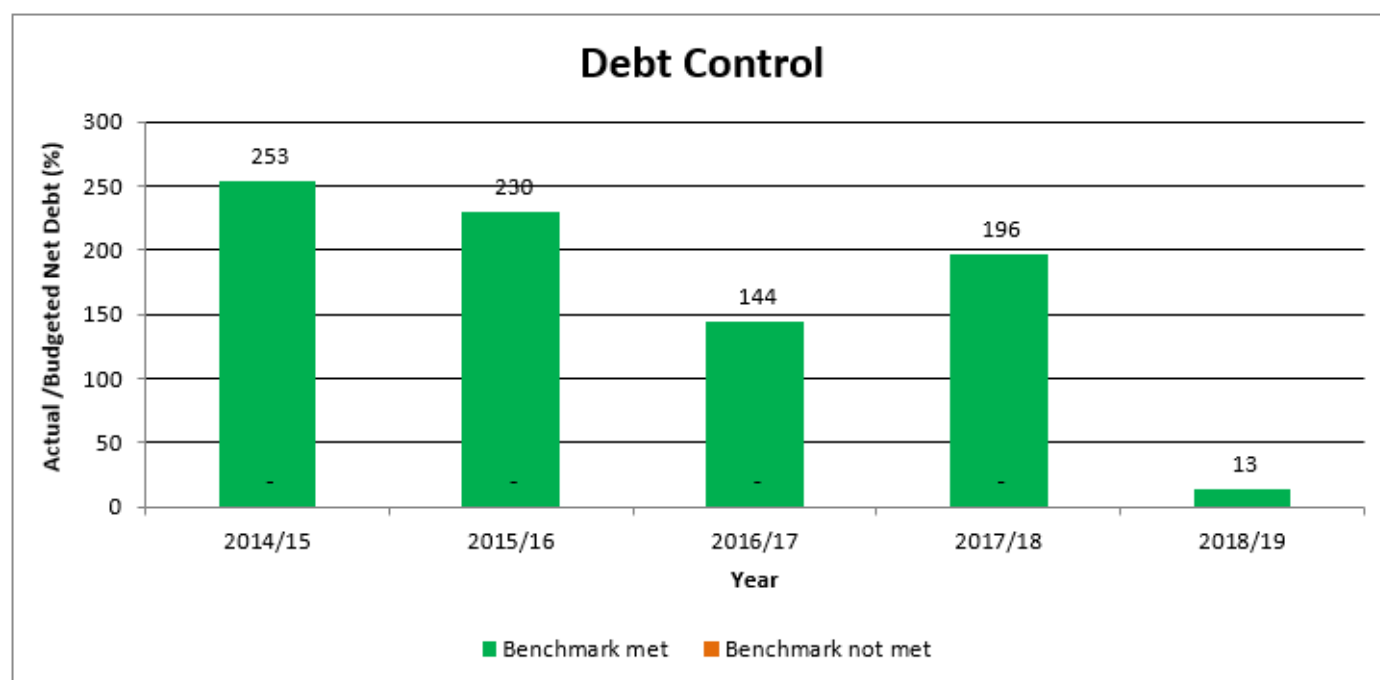
The following graph displays the Council's borrowing costs as a proportion of rates revenue with a quantified limit on borrowing costs as a proportion of rates revenue contained in the financial strategy included in the Council's Long Term Plan. The quantified limit is that:

- a) Annual interest costs and loan repayments (debt servicing) shall not exceed 15% of rates revenue.



DEBT CONTROL BENCHMARK

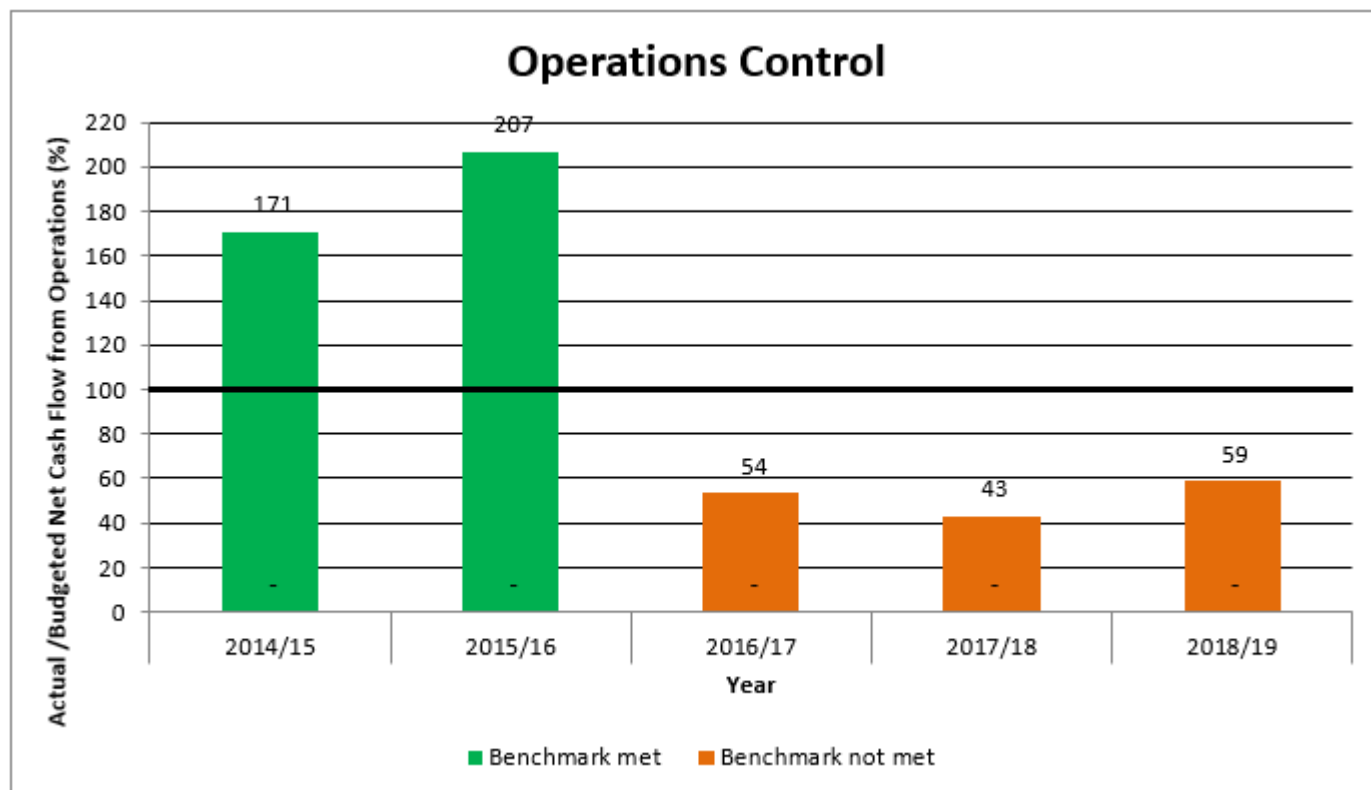
The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Note: In 2017/18 and 2018/19 the council expected to have net debt – that is, its financial liabilities were planned to exceed its financial assets. As at 30 June 2018 Council's financial assets exceeded its financial liabilities. Due to this juxtaposition the pure calculation would show that Council was adverse to plan, which is not the case. Therefore the measure for 2017/18 expresses the calculation without +/- signs and the results shown in the graph above are a fair representation of Council's position. The graph shows "benchmark met" whenever the council is better off (either less indebted or with greater net assets) than planned. Conversely it shows "benchmark not met" whenever the council is either more indebted or has less net assets than planned.

OPERATIONS CONTROL BENCHMARK

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



OFFICIAL INFORMATION

Wairoa District Council, PO Box 54, Coronation Square, Wairoa 4160
Phone (06) 838 7309 Fax (06) 838 8874
Email: info@wairoadc.govt.nz

DOCUMENTS HELD BY COUNCIL

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

LGOIMA Requests
Wairoa District Council
PO Box 54
Wairoa 4160
lgoima@wairoadc.govt.nz

For more information, please visit: <https://www.wairoadc.govt.nz/contact-us/official-information/>

POLICIES, PLANS AND BYLAWS

<https://www.wairoadc.govt.nz/documents-and-forms/>

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

District Plan

Wairoa District Operative District Plan.
<https://www.wairoadc.govt.nz/services/planning-and-resource-consents/operative-district-plan/>

Long-term Plan 2018-2028 [including Infrastructure Strategy 2018-2048]

<https://www.wairoadc.govt.nz/assets/Document-Library/Plans/Annual-Plans-and-Ten-Year-Plans/2018-28-LTP/2018-28-Long-Term-Plan.pdf>

Asset Management Plans

[https://www.wairoadc.govt.nz/assets/Document-Library/Plans/Asset-Management-Plans/...followed by](https://www.wairoadc.govt.nz/assets/Document-Library/Plans/Asset-Management-Plans/...followed%20by)

- [Introduction-to-Asset-Management-Plans-with-Appendices.pdf](#)
- [Airport-Asset-Management-Plan.pdf](#)
- [Built-Spaces-Asset-Management-Plan.pdf](#)
- [Land-Transport-Activity-Management-Plan.pdf](#)
- [Land-Transport-Activity-Management-Plan-Appendices-C-to-I.pdf](#)
- [Open-Spaces-Asset-Management-Plan.pdf](#)
- [Three-Waters-Asset-Management-Plan.pdf](#)
- [Waste-Management-Asset-Management-Plan.pdf](#)
- [Waste-Management-and-Minimisation-Plan.pdf](#)

Economic Development Plans

<https://www.wairoadc.govt.nz/assets/Document-Library/Plans/ED/Economic-Development-Plan-2017.pdf>
<https://www.wairoadc.govt.nz/assets/Document-Library/Plans/ED/Wairoa-Waterfront-Enhancement-Plan.pdf>

Wairoa District Policies

Wairoa District Council Consolidated Bylaw

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.

Standing Orders (NZS 9202 - 2001)

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

COUNCIL DIRECTORY AS AT 30 JUNE 2019

EXECUTIVE STAFF

Chief Executive Officer	S. May
Group Manager: Information and Customer Experience	K. Tuapawa
Group Manager: Community Assets and Services	S. Heath
Group Manager: Finance and Corporate Support	G. Borg
Group Manager: Community and Engagement	K. Tipuna

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PO Box 54
Wairoa 4160

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97-103 Queen Street
Wairoa 4108

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info@wairoadc.govt.nz

WEBSITE

www.wairoadc.govt.nz

FACEBOOK

Wairoa District Council

AUDITORS

Ernst & Young
PO Box 490, Wellington 6140
On behalf of the Auditor-General

BANKERS

Westpac Banking Corporation
Marine Parade, Wairoa 4108

SOLICITORS

I. R. McDonald	Robinson Lawson	Simpson Grierson	Rennie Cox
Barristers & Solicitors	Barristers & Solicitors	Commercial Law	Commercial Law
Locke Street, Wairoa 4108	PO Box 45, Napier 4140	PO Box 2402, Wellington 6140	PO Box 6647, Auckland 1141

INSURANCE BROKERS

Jardine Lloyd Thompson Ltd
(Marsh)
PO Box 11-145, Wellington 6142

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WAIROA DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

The Auditor-General is the auditor of Wairoa District Council (the District Council) and its subsidiary (the Group). The Auditor-General has appointed me, Stuart Mutch, using the staff and resources of Ernst & Young, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 26 November 2019. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 64 to 117:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2019;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime;
- the funding impact statement on page 114, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District's Long Term Plan;
- the statement of service provision made up of Activity Group one through to Activity Group nine on pages 11 to 62:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 11 to 62, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long Term Plan; and
- the funding impact statement for each group of activities on pages 11 to 62, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 118 to 123, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for our opinion on the audited information

We carried out our audit 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. We describe our responsibilities under those standards further in the "*Responsibilities of the auditor for the audited information*" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's Long Term Plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.

- We determine the appropriateness of the reported intended levels of service in the statement of service provision of the District Council made up of Activity Group one through to Activity Group Nine, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 10 and 124 to 125, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

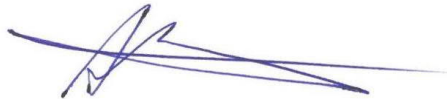
Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.



In addition to our audit and our report on the disclosure requirements, we have carried out an engagement in the area of debenture trust reporting, and the completion of the audit of the 2018-2028 Long Term Plan during the period, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the District Council or its subsidiary.

A handwritten signature in blue ink, appearing to read 'Stuart Mutch', is written over a horizontal line.

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