

ANNUAL REPORT SUMMARY

YEAR ENDED 30 JUNE 2019



TE WAIROA
WAIROA DISTRICT

JOINT STATEMENT FROM THE MAYOR AND THE CHIEF EXECUTIVE OFFICER

Kia ora tātou and welcome to the Wairoa District Council's 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).

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.

SUMMARY FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2019

The information contained in this report has been extracted from the audited Annual Report of the Wairoa District Council for the year ended 30th June 2019. The Annual Report was adopted by Council on 26th November 2019. Ernst & Young, on behalf of the Auditor-General has audited this summary annual report and has confirmed that it fairly and consistently represents the full annual report for the year.

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

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

ACCOUNTING POLICIES AND BASIS OF PRESENTATION

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 have been applied consistently to all periods presented in these financial statements.

OVERVIEW

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

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

The summary financial statements were authorised for issue on 26th November 2019, by the Mayor Craig Little, and the Chief Executive Officer Steven May.

The full financial statements were authorised for issue on 26th November 2019 by the Mayor Craig Little, and the Chief Executive Officer Steven May. Wairoa District Council is a public benefit entity. The full financial statements comply with Public Benefit Entity Standards Reduced Disclosure Regime and other applicable financial reporting standards, as appropriate for public benefit entities.

EVENTS SUBSEQUENT TO BALANCE DATE

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

SURVEY RESULTS RELATING TO COMMUNITY OUTCOMES.

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

Is Wairoa a better place to live than it was three years ago? (All outcomes)				Is Wairoa District generally a safe place to live? (A safe and secure community)			
	2017	2018	2019		2017	2018	2019
Yes	35%	37%	42%	Yes, definitely	41%	44%	46%
The same	52%	46%	39%	Yes, mostly	56%	54%	49%
Worse	8%	11%	13%	Not really	2%	2%	4%
Unable to comment	5%	6%	6%	No, definitely not	1%	-	1%
Satisfaction with the way in which Council involves the public in the decisions it makes. (Strong leadership and a sense of belonging; Supportive, caring and valued)				Quality of Life. (All outcomes)			
	2017	2018	2019		2017	2018	2019
Very Satisfied	10%	10%	11%	Very Good	46%	45%	45%
Satisfied	44%	41%	46%	Good	44%	39%	40%
Neither satisfied nor dissatisfied	28%	25%	21%	Fair	5%	13%	12%
Dissatisfied	7%	8%	10%	Poor	5%	2%	3%
Very dissatisfied	2%	7%	4%	Don't know	-	1%	-
Don't know	9%	9%	8%				
Community Spirit. (Supportive, caring and valued communities)				Natural Environment. (An environment that is appreciated, protected and sustained for future generations)			
	2017	2018	2019		2017	2018	2019
Very Good	50%	42%	45%	Very Satisfied	16%	14%	16%
Good	41%	45%	43%	Satisfied	52%	42%	44%
Neither good nor bad	5%	11%	8%	Neither satisfied nor dissatisfied	13%	18%	17%
Not very good	2%	1%	3%	Dissatisfied	9%	10%	9%
Poor	1%	-	1%	Very dissatisfied	2%	11%	5%
Don't know	1%	1%	-	Don't know	8%	5%	9%

Summary of Council Revenue for the year ended 30th June 2019		
	\$ (000)	%
Rates	12,517	41%
Subsidies	14,070	46%
Petrol Tax	88	0%
Fees and Charges	2,811	9%
Investment Income	609	2%
Miscellaneous Income	194	1%
	30,289	100%
Summary of Council Expenditure for the year ended 30th June 2019		
	\$ (000)	%
Water Services	5,038	18%
Solid Waste	1,838	6%
Transport	13,560	48%
Community Facilities	2,462	9%
Planning and Regulatory	1,558	5%
Leadership and Governance	3,372	12%
Corporate	614	2%
	28,442	100%
Summary of Council Assets as at 30th June 2019		
	\$ (000)	%
Property, Equipment, and Intangibles	266,223	94%
Investment in Subsidiaries	1,250	0%
Cash and Cash Equivalents and other Financial assets	8,390	3%
Trade and other Receivables	5,908	2%
Other Assets	882	0%
	282,653	100%
Summary of Council Liabilities as at 30th June 2019		
	\$ (000)	%
Trade and Other Payables	5,444	45%
Landfill Aftercare	1,055	9%
Employee Benefit Liabilities	650	5%
Borrowings	5,000	41%
	12,149	100%
Income Statement		
		2018/2019 Annual Plan \$ (000)
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 & charges (water production, waste management)		662
Higher (lower) income from rates		443
Additional roading costs due to emergency response and assets written off		(4,224)
Capital gain on asset sales		-
Other		197
2019 actual net surplus		1,847
Capital expenditure		
2019 plan		12,063
Not required or deferred		(1,012)
Actual expenditure 2019		11,051

Summary Financial Statements for the Year Ended 30th June 2019					
	COUNCIL 2019 ACTUAL \$ (000)	COUNCIL 2019 ANNUAL PLAN \$ (000)	COUNCIL 2018 ACTUAL \$ (000)	GROUP 2019 ACTUAL \$ (000)	GROUP 2018 ACTUAL \$ (000)
Summary Statement of Comprehensive Revenue and Expense For the year ended 30 June 2019					
Rates Revenue	12,517	12,074	12,163	12,517	12,163
Other Revenue	17,772	12,673	12,378	31,845	17,222
Total Operating Revenue	30,289	24,747	24,541	44,362	29,385
Total Finance Expense	347	707	315	466	433
Total Operating Expense (excluding finance expense)	28,095	23,511	27,809	40,485	32,116
Increase/(decrease) in biological asset	-	-	-	-	-
Vested Assets	-	-	-	-	-
Operating Surplus/(Deficit) before taxation	1,847	529	(3,583)	3,411	(3,164)
Taxation	-	-	-	444	106
Net Surplus/(Deficit) after taxation	1,847	529	(3,583)	2,967	(3,270)
Other Comprehensive Revenue and Expenses					
Gain on revaluation of Infrastructural assets	-	-	-	-	-
Total Other Comprehensive Revenue and Expenses	-	-	-	-	-
Total Comprehensive Revenue and Expense	1,847	529	(3,583)	2,967	(3,270)
Summary Statement of Changes in Equity For the year ended 30 June 2019					
Equity opening balance	268,657	272,847	272,240	272,594	275,864
Net Surplus/(Deficit)	1,847	529	(3,583)	2,967	(3,270)
Other Comprehensive Revenue and Expenses	-	-	-	-	-
Equity closing balance	270,504	273,376	268,657	275,561	272,594
Comprising:					
Accumulated Funds and Retained Earnings	135,156	144,083	132,248	139,223	135,195
Revaluation Reserves	113,272	111,914	113,534	114,263	114,525
Special Fund Reserves	22,076	17,379	22,875	22,076	22,875
	270,504	273,376	268,657	275,562	272,595
Summary Statement of Financial Position As at 30 June 2019					
Current Assets	8,945	5,483	9,158	14,599	12,812
Non-current Assets	273,709	283,944	269,436	277,327	272,986
Total assets	282,654	289,427	278,594	291,926	285,798
Current Liabilities	7,473	8,673	9,072	10,652	11,173
Non-current Liabilities	4,676	7,378	865	5,713	2,030
Total Liabilities	12,149	16,051	9,937	16,365	13,203
Total Equity	270,505	273,376	268,657	275,561	272,595
Summary Cash Flow Statement For the year ended 30 June 2019					
Net Cash Inflows from Operating Activities	5,719	9,696	3,062	7,487	5,217
Net Cash Outflows from Investing Activities	(6,665)	(14,048)	(2,649)	(7,605)	(3,661)
Net Cash Inflows/(Outflows) from Financing Activities	(13)	1,535	(12)	(659)	(51)
Net Increase/(Decrease) in Cash and Cash Equivalents	(959)	(2,817)	401	(777)	1,505
Plus Opening Cash and Cash Equivalents	3,432	5,104	3,031	5,149	3,644
Closing Cash and Cash Equivalents	2,473	2,287	3,432	4,372	5,149

SUMMARY OF PERFORMANCE MEASURES

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

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

Activity Group	Achieved	Partially Achieved	Not Achieved	Not Measured / Assessed		
Transport, Water and Waste						
Water Supply	6	-	3	1		
Storm Water and Drainage	2	-	3	1		
Wastewater	4	-	1	1		
Waste Management	4	-	2	-		
Roads	3	-	1	3		
Airport	1	-	1	-		
Community Services						
Cemeteries	-	-	1	-		
Parks and Reserves	3	-	-	3		
Library	2	-	-	-		
Community Support	3	-	1	1		
Planning and Regulatory						
Resource Planning	1	-	-	-		
Environmental Health	2	-	-	-		
Building Control	2	-	-	-		
Liquor Control	2	-	-	-		
Bylaw Compliance	1	-	1	-		
Leadership and Governance						
Community Representation	1	-	1	-		
Māori Relationships	4	-	-	-		
Economic Development	2	-	-	-		
Property						
Property	5	-	-	2		
	48	-	15	12		
Community Survey Results						
	2019			2018		
	Very satisfied/Fairly satisfied	Not Very satisfied	Don't Know	Very satisfied/Fairly satisfied	Not Very satisfied	Don't Know
Water Services	77%	17%	6%	81%	17%	2%
Stormwater and Drainage	65%	26%	9%	57%	36%	7%
Sewerage	70%	26%	4%	59%	37%	4%
Waste Management	64%	28%	8%	72%	16%	12%
Roads	75%	24%	1%	64%	35%	1%
Parks and Reserves	84%	13%	3%	78%	21%	1%
Library	94%	3%	3%	95%	1%	4%
Dog Control	65%	27%	8%	78%	17%	5%
Mayor and Councillors *	83%	9%	8%	76%	17%	7%
* Includes 54% Very good/fairly good plus 29% Just acceptable (2018: 53% Very good/fairly good plus 23% Just acceptable)						

MANDATORY PERFORMANCE MEASURES

The following are the mandatory performance measures set by Legislation:

WATER SUPPLY

PERFORMANCE MEASURE	PERFORMANCE STATEMENT	TARGET 2018 - 2019	ACTUAL 2018 - 2019
<i>safety of drinking water</i>	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>maintenance of the reticulation network</i>	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)
<i>demand management</i>	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)
<i>customer satisfaction</i>	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)

PERFORMANCE MEASURE	PERFORMANCE STATEMENT	TARGET 2018 - 2019	ACTUAL 2018 - 2019
<i>fault response times</i>	Council shall respond to faults/interruptions in the network reticulation.	<p>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:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>	<p>These measures are different to last year. Last year was exclusively response times. This measure has been amended to include response and resolution times.</p> <p>a) Not assessed – not recorded in Council system</p> <p>b) Not achieved – median response time is 24.75 hours.</p> <p>c) Achieved – attendance time not recorded in system. Resolution median time of 4.23 hours, so by default attendance is achieved</p> <p>d) Achieved - Resolution median time of 4.23 hours</p> <p>(2017/18 - Achieved)</p>

WASTEWATER

PERFORMANCE MEASURE	PERFORMANCE STATEMENT	TARGET 2018 – 2019	ACTUAL 2018 - 2019
<i>discharge compliance.</i>	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)
<i>system and adequacy</i>	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)
<i>fault response times</i>	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 measured (2017/18: Not assessed) b) Achieved median response time of 3.87hrs (2017/18: Not achieved: 20 hours)
<i>customer satisfaction</i>	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 0 for odour (2018: 1) 16 for system faults (2018: 20) 13 for blockages (2018: 31) 0 for responses (2018: 2) (2017/18: Not Achieved)

STORMWATER

PERFORMANCE MEASURE	PERFORMANCE STATEMENT	TARGET 2018 – 2019	ACTUAL 2018 - 2019
<i>discharge compliance</i>	Council shall comply with conditions of consent for any systems.	<p>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:</p> <ul style="list-style-type: none"> (a) abatement notices (b) infringement notices (c) enforcement orders (d) convictions <p>received in relation to those discharges.</p> <p>The annual target for (a) to (d) is zero.</p>	<p>Not achieved: No consent, currently underway (2017/18: Not assessed)</p>
<i>system adequacy</i>	The stormwater system shall be managed to limit the number of flooding events where 'flooding event' means an overflow of stormwater from the stormwater system and the impact of those flooding events on properties.	<p>The method of measurement of this performance measure is:</p> <ul style="list-style-type: none"> (a) The number of flooding events that occur in the district. (b) For each flooding event, the number of habitable floors affected <p>(Expressed per 1000 properties connected to the district's stormwater system).</p> <p>The annual target is that (b) will not exceed 50 inhabitable floors per 1000 properties affected by a flooding event.</p>	<p>Achieved (2017/18: Achieved*)</p> <p>*2017/18 also contained a measure for (a) being no more than 10 flooding events. This was not achieved.</p>
<i>response times</i>	Council shall respond to flooding events.	<p>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.</p> <p>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.</p>	<p>Not assessed Not recorded in Council system. Median response time in CSRs from notification to resolution is 23.87hrs. (2017/18: Not assessed)</p>
<i>customer satisfaction</i>	The total number of complaints received shall not exceed 50 per 1000 connections.	<p>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.</p>	<p>Achieved (2017/18: Achieved)</p>

ROADS AND FOOTPATHS

PERFORMANCE MEASURE	PERFORMANCE STATEMENT	TARGET 2018 – 2019	ACTUAL 2018 - 2019
<i>road maintenance</i>	The percentage of the sealed local road network that is resurfaced, expressed as a number (<i>new mandatory performance measure</i>)	The percentage of the sealed local road network that is resurfaced, expressed as a number.	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%]
<i>response to service requests</i>	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)	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)]
<i>road condition</i>	Council's target is to provide a 'fair' ride quality i.e. average sealed road NAASRA <110 for 'fair' ride quality	Average NAASRA of the sealed road network <110	Achieved – 88 [2017/18: Achieved – 95]
<i>footpaths</i>	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	N/A	Not measured. Standard to be set in Council's Walking and Cycling Strategy – to be adopted. [2017/18: Not Measured]
<i>road safety</i>	The change from the previous financial year in the number of fatalities and serious injury crashes on the local network, expressed as a number.	No increase	Achieved 1 fatal, 6 severe crashes [2017/18: Not Achieved: 1 fatal, 6 severe crashes]

ADDITIONAL INFORMATION AND DISCLOSURES

A) CONTINGENCIES

CONTINGENT ASSETS

A contingent asset is a future expected cashflow arising 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 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).

B. 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

C. 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).

INDEPENDENT AUDITOR'S REPORT

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

The summary of the annual report was derived from the annual report of the Wairoa District Council and Group (the District Council) for the year ended 30 June 2019.

The summary of the annual report comprises the following summary statements on pages 6 and 8 to 18:

- the summary statement of financial position as at 30 June 2019;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2019;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision.

Opinion

In our opinion:

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

Summary of the annual report

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

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

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2019 in our auditor's report dated 26 November 2019.

Council's responsibility for the summary of the annual report

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



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working world**

Auditor's responsibility

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

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

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', with a long horizontal line extending to the right.

Stuart Mutch,
Ernst & Young
Chartered Accountants
On behalf of the Auditor-General
Wellington, New Zealand
26 November 2019