

TE PŪRONGO O TE TAU ANNUAL REPORT 2020/21



WAIROA DISTRICT COUNCIL

NGĀ RĀRANGI TAKE

CONTENTS

HE WHAKARĀPOPOTOTANGA I TĀ TĀTAU TAU	3	SUMMARY OF OUR YEAR	3
He whaikupu taihononga	4	Joint statement	4
Ā tātau aronga	5	Our direction	5
Ngā hirahira i tā tātau tau	6	Highlights of our year	6
Ā mātau pūtea	7	Our finances	7
Tō tātau rohe whānui	10	Our district	10
Tō mātau kaunihera	11	Our Council	11
Tā mātau rōpu whakahaere	13	Our senior leadership team	13
Ā mātau kaimahi	14	Our staff	14
He whakarāpopototanga i tā mātau mahi	15	Summary of what we do	15
Ngā matahiapo	16	Awards and recognition	16
TĀ TĀTAU WHAKATUTUKITANGA Ā-TAIPITOPITO NEI	17	OUR PERFORMANCE IN DETAIL	17
Te puna wai	19	Water supply	19
Te wai āwhā	22	Stormwater	22
Te wai paru	24	Wastewater	24
Te whakahaere para	25	Waste management	27
Ngā ranga	29	Transport	29
Ngā rawa hapori	34	Community facilities	34
Te mahere me te waeture	37	Planning & regulatory	37
Te mana whakatipu me te mana ārahi	42	Leadership & governance	42
Ngā rangapū mahi	46	Corporate functions	46
Te whakahaere-ā-kaunihera	51	Council controlled organisation	51
NGĀ TAUĀKĪ PŪTEA	52	FINANCIAL STATEMENTS	52
Te whakamāramatanga o tā te kaunihera tauāki pūtea	53	Understanding Council's financial statements	53
He tauāki tūtohu me te takohanga	54	Statement of compliance and responsibility	54
He tauāki pūtea whiwhi me te pūtea whakahaere	55	Statement of comprehensive revenue and expense	55
He tauāki tū pūtea	56	Statement of financial position	56
He tauāki mana taurite	57	Statement of changes in equity	57
He tauāki kapewhiti	58	Statement of cashflows	58
He tauāki kaupapa here mō te kaute me ngā pitopito kōrero		Statement of accounting policies and notes to the financial	
ki ngā tauāki pūtea	59	statements	59
Te pūtea whakataunga	95	Financial prudence	95
He tauāki whakaaweawe pūtea	99	Funding Impact Statements	99



HE WHAKARĀPOPOTOTANGA I TĀ TĀTAU TAU

SUMMARY OF OUR YEAR

This section details the Council's performance during the year. It presents Council-only results including financial highlights. For Group results please refer to the financial statements.

HE WHAIKUPU TAIHONOTANGA

JOINT STATEMENT

Tēnā tātau and welcome to the Wairoa District Council's 2020/2021 Annual Report.

The last year can be best described as a year of transition and change for the Wairoa District Council. Following the resignation of Council's Chief Executive Steven May in October 2020, Kitea Tipuna was appointed Interim Chief Executive to oversee and manage the implementation of a number of key projects that were underway. These included;

- The Wairoa District Council Rates Review
- The Wairoa District Council Long Term Plan 2021-2031
- The Local Government New Zealand (LGNZ) CouncilMARK assessment
- The Māhanga Water Referendum

Council is pleased to note that the projects outlined above have been concluded, delivered on time and all statutory requirements and deadlines met. In particular, special acknowledgements must be paid to staff for the delivery of the Long Term Plan in a challenging reforms environment.

Also of note was the CouncilMARK report, which saw Wairoa District Council receiving a BB result in the assessment, a significant improvement on the previous result of CCC. This result certainly validates the improvements that have been undertaken since the last report and we are very proud of the work that we have done to ensure that Wairoa District Council is performing well. The CouncilMARK report suggests some areas for improvement and a work programme has been developed to respond to those recommendations.

Of particular note from the CouncilMARK report is the following statement which Council wishes to highlight, and demonstrates the improvement journey Council has been on. "Council is an exemplar in its uniquely bicultural approach, which is strongly reflected around the Council table, across the organisation, and in its stakeholder relationships. Council has recently adopted a new set of community outcomes and has embarked on a series of conversations with the community about rates and service delivery levels, all of which fed into the 2021-31 Long Term Plan process."

In June 2021, Kitea Tipuna was officially appointed Chief Executive Officer of the Wairoa District Council, and this appointment has been acknowledged and celebrated by the local community and the wider local government fraternity. Council is pleased to have a capable and skilled professional leading the organisation, as we enter into the reforms environment.

The remainder of this joint statement is a summary of the Council's activities, performance, and financial situation.

Significant infrastructure work includes:

- The Wastewater Discharge consent application is continuing to progress with ongoing discussions ;
- The work programme related to the Department of Internal Affairs (DIA) Three Waters Reform Funding package of \$11 million continues apace, with a number of projects well underway. Progress on this work programme will continue to be reported through the Finance Audit and Risk (FAR) Committee and the Infrastructure Committee;

- Work has been completed on three significant Provincial Growth Fund (PGF) infrastructure projects, Rangatahi Dropout at Māhia Peninsula, Nuhaka River Road Realignment, and The Landing Bridge at Whakakī;
- The PGF funded bridge strengthening project is progressing well, with a number of bridges completed and strengthened;
- Continuation of the Inflow and Infiltration project (stormwater).

Council is thrilled to have further evidence of Wairoa's growing population. The 2018 Census population data shows Wairoa's population increased by 477 (to 8,367) compared to the 2013 census (7,890). Our 'Estimated Resident Population' for 2019 was 8,680.

Enhancing and growing our district has been a major Council focus and we have continued examining opportunities for Wairoa to prosper as a district, as well as maintaining infrastructure and core Levels of Service in an affordable way.

Council has partnered with iwi and local and regional organisations, and continues to work collaboratively to secure funding to assist in the district's growth. These relationships are future focused and ensure Wairoa is well positioned to thrive and benefit from any opportunities that present themselves. Council is continuing to work with the Government to look at opportunities through the Provincial Growth Fund and other funds, to support projects that would bring significant benefit and employment to 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. The Wairoa District Council continues to adapt its operations to be best placed for the uncertain social and economic environment ahead, as it works to maintain infrastructure, deliver core services and plan for Wairoa's future in an affordable and meaningful way.



C Little

Craig Little

*Kahika
Mayor*

K Tipuna

Kitea Tipuna

*Te Tumu Whakarara
Chief Executive Officer*

OUR DIRECTION

Who we are and where we're headed

Our Strategic Direction is about who we are and where we're heading. Our mission, vision and community outcomes set this direction and guide us to deliver sustainable Levels of Service to support the wellbeing of our people and district. Together they explain what drives us to do the best we can for the people we serve.

We actively monitor our service performance measures which allows us to assess progress towards these long-term aspirations and respond to challenges. Council uses this strategic reference point to ensure that its ongoing approach to funding and financial management is prudent and delivers infrastructure and services at desired levels to the community in a financially sustainable manner.

Clearer and stronger During 2020, we refined our mission, vision and community outcomes to improve their relevance and alignment to achieving the social, economic, environmental and cultural wellbeing for our community.

OUR MISSION	To support the Wairoa Community through decision-making that promotes the cultural, social, economic and environmental well-being of the district now and in the future.	
OUR VISION	Desirable Lifestyles, Thriving Economy, Treasured Environments, Connected Communities	
COMMUNITY OUTCOMES	Cultural Wellbeing <i>Valued and cherished community</i>	Social Wellbeing <i>Safe, supported and well-led community</i>
	Economic Wellbeing <i>Strong and prosperous economy</i>	Environmental Wellbeing <i>Protected and healthy environment</i>

Our **four new outcomes** retain the significance of the previous ones but are simpler. They also emphasise Council's leadership role in supporting wellbeing and align to the wider community context and purpose of local government.

Each of the outcomes now aligns to a corresponding wellbeing, which provides a clearer strategic match between our community's interests and Council's wellbeing focus. The new outcomes are linked to all Council's activities and provide the high-level direction that guides the development and rollout of work plans and programmes.

ACTIVITY GROUPS	ECONOMIC WELLBEING	SOCIAL WELLBEING	ENVIRONMENT WELLBEING	CULTURAL WELLBEING
WATER SUPPLY	✓	✓	✓	✓
STORMWATER	✓	✓	✓	✓
WASTEWATER	✓	✓	✓	✓
WASTE MANAGEMENT	✓	✓	✓	✓
TRANSPORT	✓	✓	✓	✓
COMMUNITY FACILITIES	✓	✓	✓	✓
PLANNING & REGULATORY	✓	✓	✓	✓
LEADERSHIP & GOVERNANCE	✓	✓	✓	✓
CORPORATE FUNCTIONS	✓	✓	✓	✓

NGĀ HIRAHIRA I TĀ TĀTAU TAU

HIGHLIGHTS OF OUR YEAR



\$11 MILLION
Three Waters Reform
funding secured



41,758
library visits



99
official information
requests received



70 TONNES
of waste diverted from landfill



24.5 KM
sealed road resurfaced



26.5 MILLION
value of building consents
issued



110
archive enquiries



823 METRES
wastewater pipes relined



13,885 M³
maintenance metal applied
to roads



3,888
museum visits



146
building consents issued



491 TONNES
of recycling processed



3,221
dogs registered



2.9 MILLION LITRES
drinking water produced
per day



352
rates rebate applications
assisted with

OUR FINANCES

The figures presented here are Council-only. For Group results please refer to the financial statements.

\$31 MILLION

UNDERLYING COST OF SUPPORTING THE DISTRICT

Our total operating expenses for the year were \$33 million, however this included some one-off externally funded costs. We remove these costs to find the underlying cost of running the district for the year. Removing one-off external costs allows figures to be more easily compared year on year. Refer to page 9 for further review of our underlying results. This money is spent to support our district by providing the various infrastructural and community services outlined on page 15.

\$8 MILLION

BORROWING POSITION

This is a decrease of \$1 million from last year and equates to \$922 per person in the district. We use borrowing to spread the cost of new facilities or infrastructure over multiple generations that will benefit from the projects. We believe this is the fairest way to do things.

\$26.7 MILLION

CAPITAL SPEND

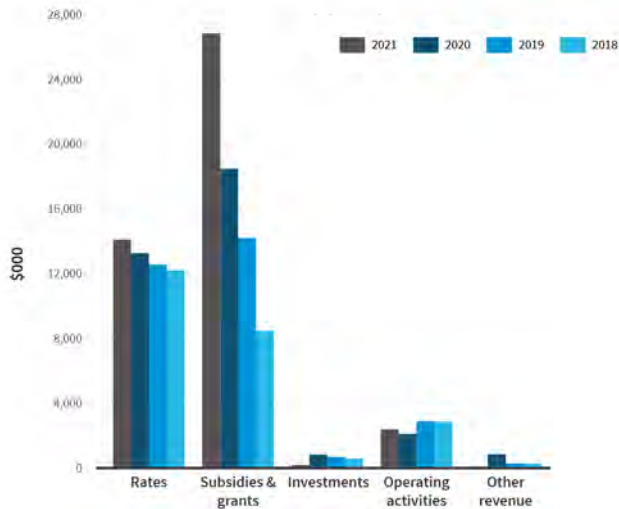
In the 2020/21 year we spent \$ 26.7 million on new assets for the district. We completed a number of initiatives in our transport, Three Waters and leadership and governance activities that meant total spend was \$6.1 million more than our planned \$20.6 million. External funding from Waka Kotahi, the PGF and the DIA contributed to a number of these projects.

\$294 MILLION

OF ASSETS

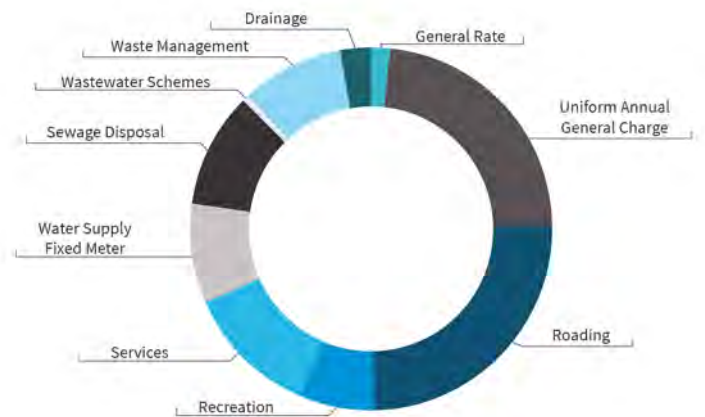
The Council provides services to the district through a range of infrastructure networks and facilities (Council assets). These have been built up over many generations and equate to around \$33,536 net worth of value for every person in the district.

WHERE OUR MONEY COMES FROM



Overall sources of revenue (\$000) for the past four years

The above graph shows how our revenue sources have changed, with subsidies and grants now our main source of funding (62% in 2021 compared to 35% in 2018). This reduces the proportion of rates revenue (32% in 2021 compared to 51% in 2018) used to fund our projects. We also receive revenue from operating activities (including user fees) and investments.



Components of Council rates revenue for the year

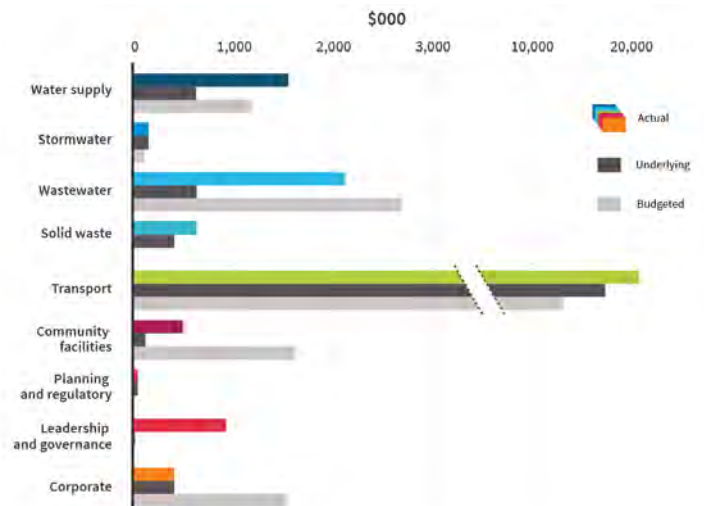
The above graph shows the allocation of Council's rates revenue for the year (based on the Annual Plan). 44% of rates were assessed on property values, being the general, recreation, roading and service rates.

WHERE OUR MONEY GOES TO



Difference between actual, budgeted and underlying* operating expenses (\$000)

The above graph summarises the difference between the actual, budgeted and underlying* operating expenses for each group of activities. It shows how the Council has prioritised its spending to support the operational and strategic direction that has been set during the Annual Plan process. Details of the financial performance against budget for each group of activities can be found in the funding impact statements for each group (pages 99 - 111), and in the financial statements (pages 52 - 94).



Difference between actual, budgeted and underlying* capital expenditure (\$000)

The above graph shows capital expenditure by group of activities. We have a comprehensive renewal and upgrade programme for our assets and have completed \$26.7 million of capital expenditure during the 2020/21 year (refer to the Whole of Council funding impact statement page 100).

*Refer page 9 of an explanation of underlying results

UNDERLYING SURPLUS ANALYSIS

The **underlying surplus** refers to an adjustment of our actual result for one off project revenues and expenses that come from unbudgeted external funding.

The Wairoa District Council has been successful in securing external funding for a number of projects. These grants are primarily recognised as revenue in proportion to the amount of expenditure.

Some expenditure (especially in relation to PGF funding for transport projects and DIA funding for Three Waters infrastructure) is capital (reflected in the Funding Impact Statements pages 99 - 11 and the increase in assets on the Statement of Financial Position page 58), however the revenue from grants received is shown in the statement of comprehensive revenue and expense (page 55). Subsidy and grant revenue therefore shows a positive variance to budget so it is prudent that the statement of comprehensive revenue and expense is adjusted to show the surplus (deficit) excluding these one-off amounts.

Below is a breakdown of key project amounts recognised as revenue, operational and capital expenditure. The table reflects those amounts that are unbudgeted (and therefore represent a deviation from the annual plan), which is why some items show as unbalanced between revenue received and expenditure.

	Actual		
	Revenue \$000	Operational \$000	Capital \$000
Alternate Nuhaka- Ōpoutama Road investigation	140	140	-
Māhia East Coast Road traction sealing	669	-	669
Nuhaka River road	1,001	-	1,001
The Landing bridge	750	-	750
Rangatahi dropout	749	-	765
Recovery emergency event costs	57	61	-
Regional Digital Hub ^A	230	54	73
National library operational subsidy	138	106	-
Wairoa youth employment/ Mayor's taskforce for jobs subsidy	510	530	-
Waste management and toilets grants and subsidies	644	-	224
Te Wairoa E Whanake ^B	1,140	216	1,224
Three Waters funding	3,115	479	2,636
Freedom camping funding ^C	250	143	-
Total unbudgeted amounts	9,393	1,729	7,342

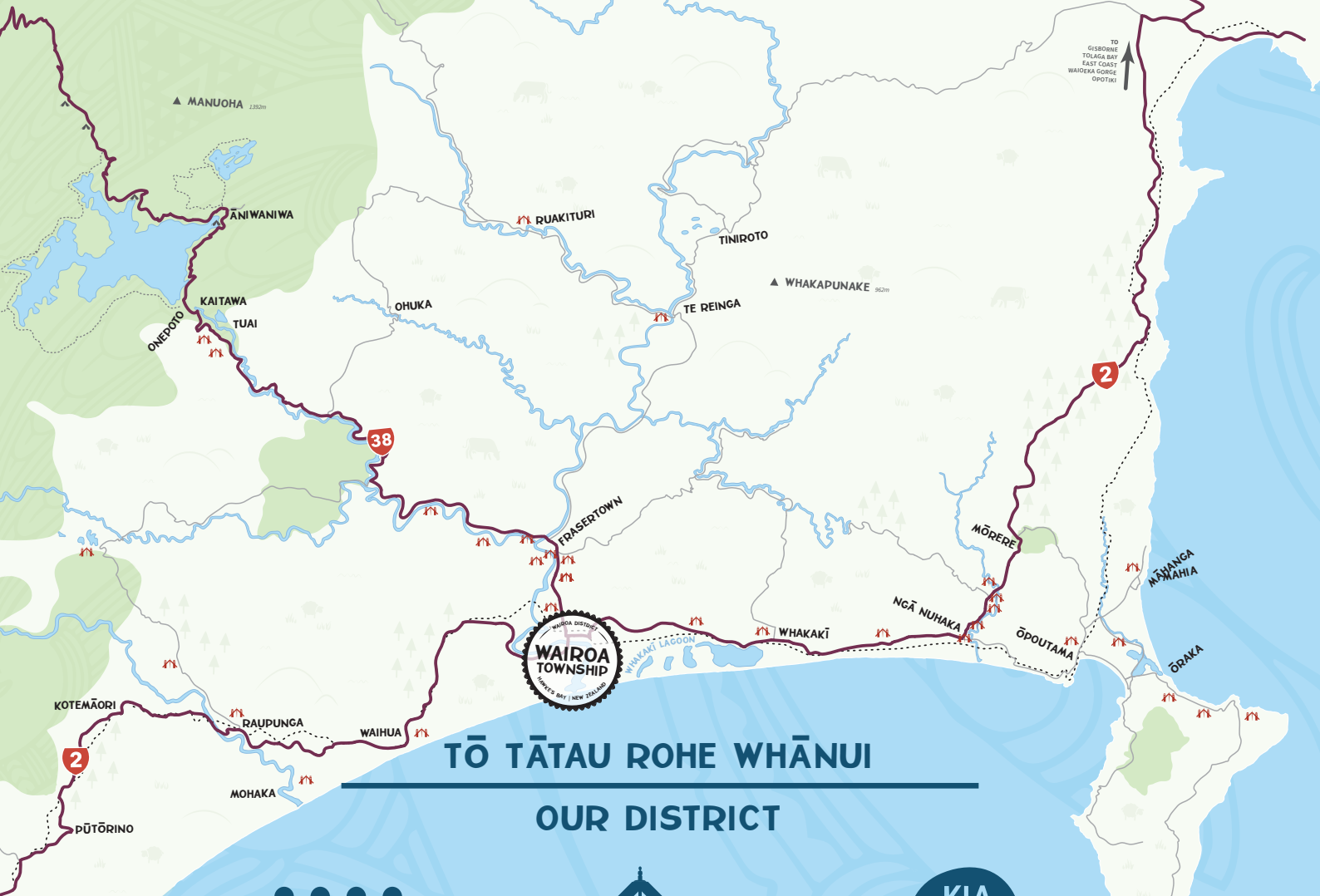
A This revenue relates to the opening of the Digital Hub and therefore is not fully offset by the current year spend.

B This funding includes some revenue which relates to prior year capital spend.

C This funding covered some budgeted operational costs. Only the un-budgeted operational expenses are included in this table.

When we remove these amounts from our operating statement, it is clear that these one-off amounts have skewed the results. That is why we are reporting our key measures adjusted for these one-off items.

	Per financial statements \$000	One-off items \$000	Underlying result \$000
Total revenue	43,325	(9,393)	33,932
Total expense	(33,457)	1,729	(31,728)
Other income	287	-	287
Net surplus for the year	10,155	(7,664)	2,491



TŌ TĀU ROHE WHĀNUI OUR DISTRICT



8,670 residents



65.7% Māori descent
highest rate nationally



19.9% of population
speaks te reo Māori



\$48,500
median household income



17% of population
over 65



3,250 households



2.67 persons per
household
(average)



38.6 years
median age
(increasing over time)

WHERE WE LIVE



4,119km²
area of district



130km
of coastline



871km
of roads

51km
of footpaths



KEY INDUSTRIES
Agriculture and
Forestry
(GDP contribution)



KEY INDUSTRIES
Primary production
and public services
(GDP contribution)

Note: Base information obtained from sources including Statistics New Zealand, Ministry of Business Innovation and Employment and Ministry of Primary Industries.



The elected members set the direction and priorities for the district and provide oversight of the organisation. Wairoa District Council is made up of 6 Councillors and a Mayor. Along with all other local authorities in New Zealand, the Council is elected every three years.

The Mayor is elected “at large”, meaning by all the district’s residents. Three elected members are elected by voters from the Māori roll and three from the general roll. The next election is on 8 October 2022.

Setting the direction

Elected Members have the responsibility to set the direction and priorities for the district and provide oversight of the organisation. The Council appoints the Chief Executive Officer to deliver the services needed to fulfil its direction. Under the Local Government Act 2002, certain powers are reserved for the elected Council. They include setting bylaws and rates, setting the Council’s budget through Long-Term and Annual Plans, making decisions about borrowing money and buying or selling assets, setting up and giving powers to Council committees, determining how Council meetings will be run, setting an Elected Member code of conduct, and adopting Annual Reports. Subject to these powers, day-to-day management of Council services and operations is delegated to the Chief Executive, with Councillors monitoring progress.

Community advocates

Elected Members are responsible for looking after those from the ward which elected them. This involves meeting people and organisations and advocating on their behalf or addressing any issues they may face. However, when Councillors come together to make decisions in the Council or a Council committee or subcommittee, they are required to put aside local interests and exercise their powers in the best interests of the district.

Making the hard decisions

Whatever decisions the Elected Members make, some people will like it better than others – that’s the nature of democracy. Council decisions are made in a climate where public organisations are scrutinised more than ever before, and trust in public organisations is generally declining. Before Elected Members make any decision, they – with advice from Council staff – examine it from every angle. They think about the wellbeing and collective needs and aspirations of Wairoa District’s people as well as legal requirements and contractual obligations, how it fits with the Council’s strategic direction and policies, and whether it’s a sensible use of ratepayer funding. Elected Members will often ask for information to be presented to them such as: How much will it cost? How can it be funded? Will someone else do the work if we don’t? Will the benefits be significantly less or the costs significantly greater if we wait? And are there any risks involved?

Council also engages with our community on many decisions, ensuring people can have their say and contribute and influence how their district is shaped. Altogether, Council strive to ensure our decision-making processes are fair and robust.

Standing committees and subcommittees

The Council conducts its business at open and publicly advertised meetings. The Mayor (as required by section 41A of the Local Government Act 2002) put in place the current structure of committees and subcommittees following the 2019 election. The Council retains the power to revisit the structure. The Council’s committee structure ensures that all decisions take account of the wider issues facing the district. All services are linked, so it makes good sense to consider them all together. Our decision-making structure ensures that all Elected Members are aware of the full range of issues facing the district. The beginning of each meeting is set aside for members of the public to have their say on any item within the agenda.

The structure adopted for the 2019-2022 triennium comprises several committees and panels as follows: Economic Development Committee; Finance, Audit and Risk Committee; Infrastructure Committee; Licencing Committee; Māori Standing Committee; Conduct Review Committee; Wairoa Youth Council and Chief Executive Review Panel. Council also has representatives on four joint committees with other Councils in the region. The Mayor is an ex-officio member of all Wairoa District Council committees.

Elected Members meeting attendance

The meeting attendance figures relate to Council, committee (excluding pre-meeting briefing sessions) and subcommittee meetings of which the Councillor is a member. The meeting attendance figures provided do not include Councillors' attendance at external meetings, including for boards of Council-controlled organisations, community boards, working parties, advisory groups and other external bodies. Such meetings can conflict with Council meeting times.

Current Council	Meetings held of which the Councillor is a member	Meetings attended	%
Craig Little <i>Mayor</i>	56	47	84%
Hine Flood <i>Deputy Mayor</i>	35	24	77%
Denise Eaglesome-Karekare <i>Councillor</i>	44	42	95%
Danika Goldsack <i>Councillor</i>	42	28	67%
Jeremy Harker <i>Councillor</i>	38	36	95%
Melissa Kaimoana <i>Councillor</i>	33	29	88%
Chaans Tumataroa-Clarke <i>Councillor</i>	27	20	74%

DECLARATIONS OF INTEREST AND CODE OF CONDUCT

A copy of the Elected Members Code of Conduct was provided as part of the induction process at the beginning of the triennium and covered the following: roles, responsibilities, relationships, behaviours, compliance, and review. The Code of Conduct provides guidance on the standards of behaviour that are expected from the Mayor and Elected Members. Both these topics were covered extensively as part of the induction programme.

Declarations of interest

At the start of the triennium, all Elected Members declared their potential, perceived and actual interests, and follow-ups occur to ensure that Elected Members keep their register up to date and comply with the provisions of the Local Authorities (Members' Interest) Act 1968, which covers financial interests, and with other requirements relating to non-pecuniary conflicts of interest. At Committee meetings, members are asked to declare any interest in relation to any items or reports on the agenda. If an Elected Member declares an interest, they will not vote or speak to the item and may absent themselves from the discussions.

Code of Conduct

The Code of Conduct applies to Elected Members in their dealings with each other, the Chief Executive, all staff, the media, and the general public.

All complaints made under the code must be made in writing and forwarded to the Chief Executive. On receipt of a complaint the Chief Executive must forward the complaint to the Mayor/Chair or, where the Mayor/Chair is a party to the complaint, an independent investigator, drawn from a pool of names or agencies agreed in advance.

Any allegation is considered in a manner that is fair to all parties involved, including ensuring that due process is respected.

ADVISORY GROUPS

Forums and advisory groups help specific sectors of the community to have their say and guide us in our work. Our advisory groups consist of members from the community with specialist knowledge in a specific area of Council responsibility. Their role is to help their communities to understand Council processes and participate in the Council's decision-making processes, and to help the Council understand the needs of their communities and how those needs may be addressed. They are not seen as representing all views on their specialist areas or communities in Wairoa.

Youth Council

Chair: Trevor Waikawa

Deputy Chair: Gabby Wilson

Current Members: Aries Clay King, Daniel Cheiban, Gabby Wilson, Jacquin Kawana, Jose Manuel, Lyric Wesche, Rongomaiwahine Te Rau o Patuwai, Ruby Mildon, Te Huiariki Tuahine, Teancum Scotson, Te Hira Horua, Trevor Waikawa.

Council representatives: Mayor Craig Little, Councillor Melissa Kaimoana, Councillor Dankia Goldsack.

The Youth Council was established in February 2021 and met four times in the 2020/21 year. Feedback and advice was provided to Council on several matters including the Long term Plan 2021-31, the EIT POD project for Te Wairoa E Whanake and shaping the direction for a Youth Policy and Strategy.

Māori Standing Committee

Chair: Mr Henare Mita

Current members: Ms Theresa Thornton, Mrs Fiona Wairau, Mrs Hinenui Tipoki-Lawton, Ms Liz Palmer, Mr Paora Puketapu, Ms Alex-Ann Edwards

Council representatives: Mayor Craig Little, Deputy Mayor Hine Flood, Councillor Jeremy Harker

The Māori Standing Committee met seven times in the 2020/21 year. The representatives are selected from each takiwā and serve a term of three years. Feedback and advice was provided to Council on several matters including the Long term Plan 2021-31 and the Three Waters Reform being undertaken by Central Government.

TĀ MĀTAU RŌPU WHAKAHAERE

OUR SENIOR LEADERSHIP TEAM

The Mayor and Councillors employ and delegate the management and delivery of Council services to the Chief Executive.

The Chief Executive manages Wairoa District Council under approved Annual and Long Term Plans, legislation, policies and guidelines. The Chief Executive is responsible for the efficient and effective implementation of the Council's decisions within agreed parameters. The Chief Executive employs the Council's 80 staff to help with these responsibilities.

The Chief Executive also provides independent and impartial advice to the elected council before decisions are made. Advice is tested among council staff and reviewed by the Senior Leadership Team to ensure all realistic options have been considered and risks have been identified and assessed before the advice is presented to the Council for consideration and decision making.

The Chief Executive ensures the Council has effective systems to monitor financial and service level performance and recommend changes where appropriate. The Chief Executive's performance is regularly monitored by the Council's Chief Executive Review Panel.

SENIOR LEADERSHIP TEAM AND STRUCTURE

Steven May, who was Wairoa District Council's Chief Executive Officer for 2 years, departed in October 2020. The role was advertised through LGNZ and other channels and, following a robust recruitment process, saw the appointment of Group Manager Community and Engagement Kitea Tipuna to Chief Executive Officer through the Chief Executive Review Panel's recruitment process.

The Senior Leadership Team (SLT) supports the Chief Executive Officer in leading our staff.

Kitea Tipuna

*Te Tumu Whakarae
Chief Executive Officer*



Kitea commenced as Interim Chief Executive Officer in October 2020 and was the successful candidate for the continuing position in June 2021.

He is responsible for economic development, tourism, stakeholder engagement, communications, website services, election services, governance, community development, events, Māori relationships, youth services, health and safety, strategic projects, legal compliance, official information, policy and human resources.



Stephen Heath

*Te Pouwhakarae Hua Pūmau
Hapori me te Ratonga
Group Manager Community
Assets and Services*

Stephen is responsible for roads, streets and bridges, cemeteries, sports grounds, reserves, airport control, water supply, sewerage, stormwater drainage, waste management, street lighting, traffic management, public toilets, footpaths and property.



Simon Mutonhori

*Te Pouwhakarae
Whakamahere me te Waeture
Group Manager Planning and
Regulatory*

Simon is responsible for, district planning and resource consents, building control, environmental health, food and liquor licensing, noise and nuisance control, compliance monitoring and enforcement, bylaws, dog and stock control, freedom camping, trade waste compliance and management



Kimberley Tuapawa

*Te Pouwhakarae Pārongo me
te Wheako Kiritaki
Group Manager Information
and Customer Experience*

Kimberley is responsible for administration, after hours services, archives, customer service, geographic information systems, information services, library, long term planning and records.



Gary Borg

*Te Pouwhakarae Pūtea me te
Tautāwhi Rangapū
Group Manager Finance and
Corporate Support*

Gary is responsible for accounting services, financial management, revenue collection, rating, risk management, financial planning and reporting, treasury functions, tax compliance.

OUR STAFF

We work to ensure that the Council is an attractive place to work, to attract and retain skilled and qualified people. During the 2021 financial year, a number of initiatives have resulted in external funding for some positions.

As at 30 June 2021, **4.75 full time equivalent (FTE) staff are fully funded** on a fixed term basis by Government grants.

Women make up 55 percent of our total headcount, but as more work part-time, women comprise 49 percent of our FTE.

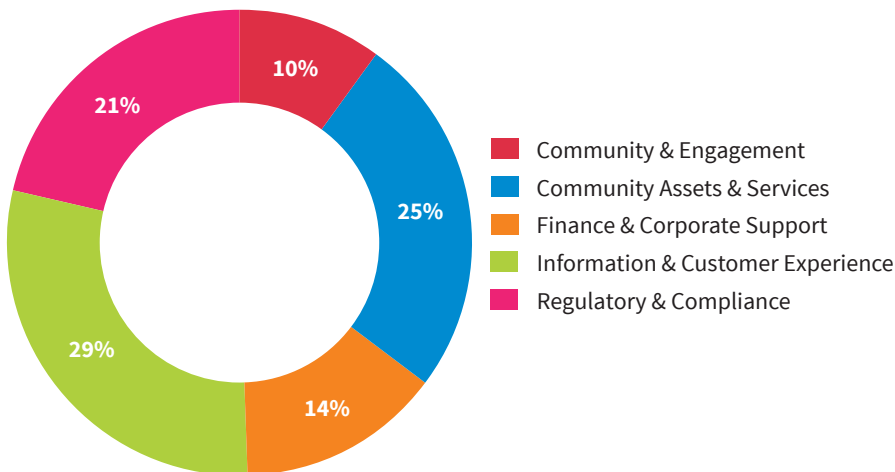
89 percent of our staff are permanent employees and 26 percent of our employees work on a part-time or casual basis.

The rich mix of people who work at the Council has a positive impact on our work culture and productivity. The graphs and tables in this section show which areas our staff work in, their gender, and type of employment as at 30 June 2021.

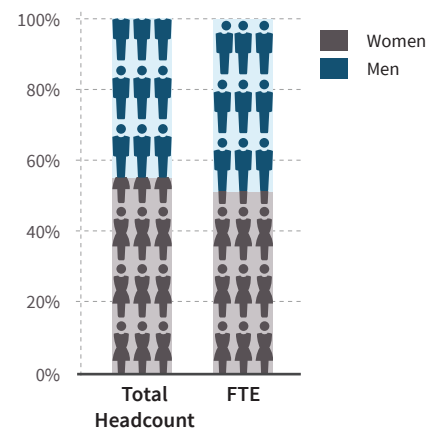
BREAKDOWN OF STAFF BY ACTIVITY AREA AND CONTRACT TYPE

	PERMANENT		FIXED TERM		Casual	Head Count	FTE
	Full-Time	Part-time	Full-time	Part-time			
Community & Engagement	7	0	0	0	2	9	7
Community Assets and Services	15	2	1	0	1	19	17
Finance & Corporate Support	9	1	0	0	1	11	10
Information and Customer Experience	14	9	0	0	2	25	20
Regulatory and Compliance	13	1	0	1	1	16	14
Total	58	13	1	1	7	80	68

FTE BY ACTIVITY



GENDER BREAKDOWN



Employee Type	Number	% of Total
Full-time	59	74%
Part-time	14	18%
Casual	7	9%
Total headcount*	80	100%

Employee Type	Number	% of Total
Permanent	71	89%
Fixed Term	2	3%
Casual	7	9%
Total headcount*	80	100%

*excludes QRS

HE WHAKARĀPOPOTOTANGA I TĀ MĀTAU MAHI

SUMMARY OF WHAT WE DO

We provide a wide range of services and activities for our community. Delivering these services and activities helps us look after the social, economic, environmental and cultural wellbeing of our people and district.



We produce 2.9 million litres of drinking water per day from our water supply systems in Wairoa, Frasertown, Tuai, Blue Bay (non-operational) and Māhanga (pending outcomes of Three Waters Reform). We maintain a compliant and efficient service that is safe for people and the environment, all day, every day.



We maintain networks of stormwater pipes, open drains and outlets in the Wairoa, Tuai and Māhia areas, ensuring a compliant and efficient system that is safe for people and the environment, all day, every day.



We operate and maintain wastewater systems in the Wairoa, Tuai, Māhia and Ōpoutama areas, aiming to ensure a compliant and efficient wastewater service that is safe for people and the environment, all day, every day.



We provide waste management facilities and ensure refuse and recycling can be disposed of in a controlled manner. We operate a large open landfill and recycling centre in Wairoa to the public for 4 days a week, 6 hours per day to take domestic and commercial refuse. We operate five closed landfills, and manage litter and domestic refuse collection and kerbside recycling.



We provide nearly 900km of roads, 175 bridges, and over 340 retaining structures. We maintain more than 40kms of footpaths, nearly 24,000m² of carparks, 3000 traffic signs and hundreds of streetlights. We manage the network in a sustainable and efficient manner that meets demand, all day, every day. We also fund and manage the airport activity to maintain an operational facility for light aircraft and charter operations which includes a 910m runway.



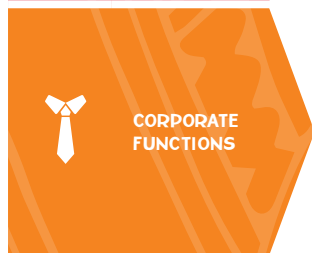
We provide community and social facilities throughout the district, which includes public cemeteries, the library, parks, playgrounds and reserves. We also house the Regional Digital Hub, which provides access to digital technology and programmes to help build and support the digital connectivity and capacity of our district. We partner in and support the provision of recreational, health, cultural and heritage activities. We support community events, initiatives and facilities including the Community Centre and Wairoa Museum.



We manage resource planning services to support the sustainable management of natural resources. We provide building control services to ensure that construction on new and existing buildings is compliant and controlled. We provide environmental health services to protect and improve public health with food premises, water quality, pollution, noise control, and fly dumping. We ensure community safety through the registration of food premises, hairdressers, funeral directors and camping grounds, and respond to complaints. We provide liquor control and licensing services, general bylaw enforcement and maintenance and respond to complaints over freedom camping, land transport, public safety, cemeteries and trade waste. We provide dog control services in response to complaints about dogs and manage the pound. We also provide livestock control services for wandering animals, ensuring community safety through the removal of nuisance stock.



We provide for district representation and governance, elections, community engagement, policies, annual reporting and planning, and long term planning. We support and encourage community participation in democracy. We develop relationships with Māori, and promote and facilitate Māori participation in decision-making through the Māori Standing Committee, and by promoting the use and implementation of te reo Māori. We provide district promotion, tourism services, and manage policy as it relates to our economy. We provide the Visitor Information Centre and implement the Economic Development Plan.



We provide corporate services which include customer services, finance, administration, information technology, business support, human resources, records, archives, project support, rates services, legal compliance, policy development, and official information. We provide property services for the camping ground, information centre, community halls, pensioner housing and commercial property, in an efficient and responsive manner that ensures our properties are safe and well-maintained. We hold investments that support the provision of sustainable infrastructure and services. This includes managing cash, debt, equity and property investments. We operate treasury services that provide lowcost funding for projects, immediate funds for emergencies and day-to-day funding.

AWARDS AND RECOGNITION

Some of the awards, qualifications and achievements of Wairoa District Council projects, teams, and staff this year:

Simon Mutonhori (Group Manager of Planning and Regulatory Services) received a **Distinguished Service Award** from the New Zealand Planning Institute. This prestigious national award acknowledges the significant contribution to the practice of planning he has made, as a leader in the planning profession.

Simon Mutonhori (Group Manager of Planning and Regulatory Services) was awarded the **Marsh Overseas Manager Exchange to the US** overseas professional development opportunity from Taituarā – Local Government Professionals Aotearoa in recognition of his outstanding contribution to the local government sector.

Simon Mutonhori (Group Manager of Planning and Regulatory Services) was one of two New Zealand Society of Local Government Managers (SOLGM) to receive the **BERL SOLGM Summit Award**.

To ensure ongoing preparedness for any future Civil Defence emergencies, Council Staff have undertaken training in Civil Defence and Emergency Management. This demonstrates staff commitment to community support during a response/activation/recovery.

Juanita Savage (Strategic Projects and Wairoa Emergency Operations Centre Controller) received a **Certificate of Achievement for the RRANZ Response and Recovery Leadership Development Programme Tier 1 Part 1**.

The following staff members received a **Certificate of Achievement for Coordinated Incident Management System (CIMS) – Applied CIMS4**:

- Juanita Savage (Strategic Projects and Wairoa Emergency Operations Centre Controller)
- Michael Hardie (Transport Asset Manager and Wairoa Emergency Operations Centre Deputy Controller)
- Courtney Hayward (Senior Policy and Governance Advisor)
- Rubyanne Edwards (Tourism and Community Development Coordinator)

The following staff members completed the **Incident Management Training – HBGECC Foundation Course**:

- Courtney Hayward (Senior Policy and Governance Advisor)
- Rubyanne Edwards (Tourism and Community Development Coordinator)
- Annalise Bramley (Credit Controller/Rates Administrator)
- Gizela Tahuri (Customer Services Team Lead/Projects Officer)
- Iryna Robson (Senior Library Services Officer)
- Jessie Tahuri (Financial Support Officer)
- Leeanne Warner (Financial Support Officer)
- Madison Clark-Taylor (CAAS Administration Officer)
- Tyler Trafford-Misson (Planner)

The following staff members completed the **NZ Certificate in Regulatory Compliance (Core Knowledge) (Level 3)**:

- Iryna Robson (Senior Library Services Officer)
- Nicole Bradley (Senior Library Services Officer)
- Kylie Bradley (Library Services Team Leader)

The following staff members completed the **LGNZ How Local Government Works programme**:

- Kylie Bradley (Library Services Team Leader)
- Caroline Evans (Library Services Officer)
- Maricel Steffens (Library Services Officer)

Tony Hill (Library Services Officer) received a **Certificate of Achievement for STEM in Libraries**, from the Australian Library and Information Association.

Brett Craft – (Water Treatment Plant Operator) has completed **NZ Certificate in water treatment, operate and report on a water treatment plant**.

Hanif Deylami (GIS Analyst) was awarded his PhD in Information Technology and Information Systems. His research was focused on Cybersecurity, Cloud Computing and Virtualisation. He also obtained ATTandCK Cyber Threat Intelligence Certification.

Hanif Deylami (GIS Analyst), Russell McCracken (Information Services Team Leader) and Alistair McKinnon (Datacom) won **best poster award** at the International Conference on Business Management, Education, Social Science, and Computer Science (virtually presented in Kuala Lumpur) for their poster “Cybersecurity Hygiene in the era of COVID-19.”

The following training was undertaken by the Community Assets and Services team. The fast-moving nature of the engineering industry requires on-going training to keep up with industry standards.

Engineers Representative Training

- Grant Young (Infrastructure Operations Engineer)
- Michael Hardie (Transport Asset Manager)
- Vaughan Goldsmith (Contracts Engineer – Roads)

Asset Management Training

- Madison Clark-Taylor (CAAS Administration Officer)
- Teri Wathen-Smith (Environmental Engineer)

STMS and Traffic Controller training

- Stephen Zielstra (Assistant Engineer)

Water Safety 101

- Teri Wathen-Smith (Environmental Engineer)
- Karen Akuhata (Utilities Manager)

Better Business Case (IPWEA)

- Luke Knight (Property Manager)
- Michael Hardie (Transport Asset Manager)
- Karen Akuhata (Utilities Manager)

Wastewater and the Resource Management Act training

- Luke Knight (Property Manager)
- Teri Wathen-Smith (Environmental Engineer)
- Jonny Hardie (Project Manager – Infrastructure)



**TĀ TĀTĀU
WHAKATUTUKITANGA
Ā-TAIPITOPITO NEI**

**OUR PERFORMANCE
IN DETAIL**

TĀ TĀTĀU WHAKATUTUKITANGA Ā-TAIPITOPITO NEI

OUR PERFORMANCE IN DETAIL

This section describes how we performed in detail for each of our activity areas. Each activity area includes an overview of the activities from the year and a summary of financial results and performance measures.

Individual performance measures are recorded as either:

- ✓ met
- ✗ not met
- not measured

Our Long Term Plan 2018-28 outlines the Level of Service and performance targets for all our activities. Throughout the year, we monitor our performance to ensure we are achieving these, and report back the results quarterly and annually. We both technical measures, such as our compliance with bacteriological standards for drinking water quality, and perception-based measures, such as residents satisfaction with various services.

Many of the performance measure results rely on Council's annual resident's satisfaction survey. The residents survey measures the perceptions of residents regarding various aspects of services that council provides. It looks at residents' satisfaction with various council services and facilities, perceptions about aspects of living, working, and playing in Wairoa. Results identify progress towards key performance indicators.

The results of the survey are based on community perceptions following 200 interviews undertaken with Wairoa residents.

The survey has a margin of error of $\pm 7\%$ at the 95% confidence level.

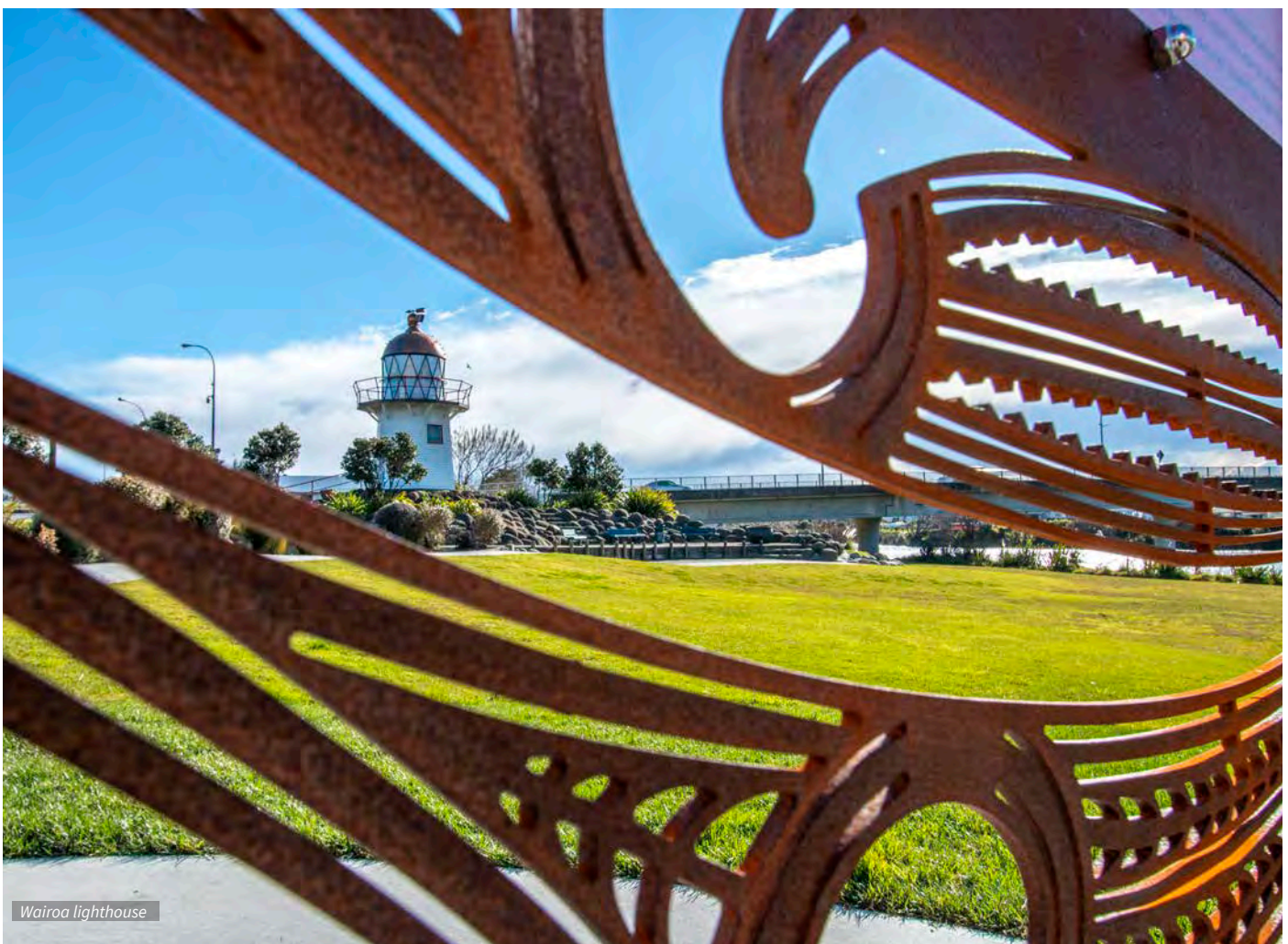
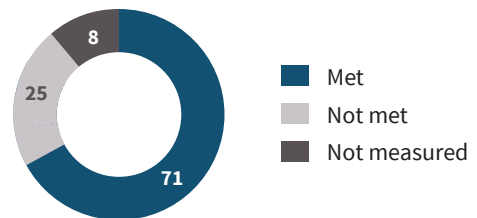
You can find the current and previous years' survey results on the Wairoa District Council website.

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

OVERVIEW OF PERFORMANCE MEASURES AGAINST 2020/21 TARGETS

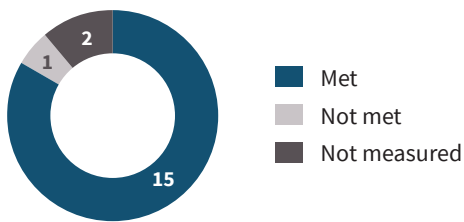
Our key performance measures and their targets are how we track and assess the delivery of Council services.

Further details of our performance measures and results are detailed for each activity area on pages 17-51.

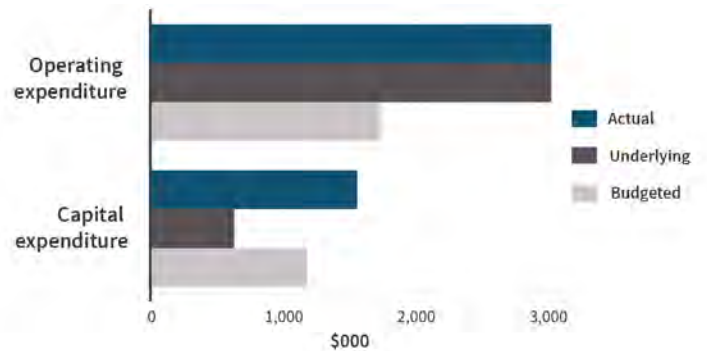


Wairoa lighthouse

PERFORMANCE SUMMARY



FINANCIAL SUMMARY



2.9 MILLION LITRES

OF DRINKING WATER PRODUCED PER DAY

WHAT WE DID

STAFF TRAINING

Our second Water Treatment Plant Operator successfully achieved his Water Treatment Plant operator's qualification. Wairoa now has two fully qualified operators which allows more flexibility, resilience, and support.

Training for the Waters Team has included Engineers representative training, asset management 101 and 102, water safety 101, drone operator, and quad safety training.

NEW STAFF

This past year we welcomed a graduate Environmental Engineer and a Project Manager. Our Environmental Engineer has been working on a number of projects including education campaigns, stormwater, wastewater and solid waste resource consents, and monthly/annual compliance reporting for resource consents. Our Project Manager has returned home to Wairoa and has the responsibility of delivering the package of works funded through the \$11 million stimulus fund. More about these projects can be found below. This Project Manager position is funded through the \$11 million external funding.

COMMUNICATIONS PLAN

A Three Waters communications plan has been developed. Water specific messaging will be based on water conservation, from water source to tap – the extraction, treatment, and delivery of water. There will also be ongoing messaging as part of the \$11 million stimulus package. These messages will be delivered through a number of different media.

NETWORK RENEWALS

The **raw water intake pipe realignment** work was completed in June 2021 by Fulton Hogan.

Bridge Hanger replacement has been completed. The Scamperdown, Frasertown, and Wairoa Bridges all support water and/or wastewater pipes. Condition assessments were carried out on these hangers, and this package of work addressed the issues raised in the assessment report.

INVESTIGATIONS AND MODELLING

A permanent **water loss monitoring** system in Tuai has been installed and training has been undertaken. A number of significant leaks have been found and repairs are being programmed. Part of the repair work will include the repaired section being sent to WSP labs for conditions assessments. These condition assessments will inform a renewal programme as identified in the Long Term Plan.

THREE WATERS INFRASTRUCTURE FUNDING

Projects that will be funded from this include:

Achilles Street watermain replacement – The Achilles Street watermain has failed numerous times over the last 10-15 years. These pipe failures have been attributed to poor installation and were made worse when the road was realigned. Fulton Hogan have been awarded this contract with the project due to begin in October 2021. The water main will be replaced from Kitchener Street to Lucknow Street.

Smart Meter Installation – Water loss is the key driver for the installation of electronic smart water meters, as managing water loss will allow more capacity in the reservoirs in times of

emergency. Other benefits include less water production costs, less energy costs and a lower impact on the wastewater system. New tobies and backflow preventers will also be installed to add another layer of protection to water quality - a Ministry of Health expectation.

Fulton Hogan have been awarded the contract which began in April 2021 and is expected to be completed in March 2022. As of June 2021, 450 tobies and backflow preventers have been installed, out of approximately 2,300. Electronic smart meters will be installed by the end of December 2021.

River Parade pipe realignment – Relocating the watermain along River Parade (bridge to Ferry Hotel) will provide further resilience against riverbank erosion. This project is being completed in conjunction with HBRC’s retaining wall construction. The watermain replacement is due for completion in August 2021. Options for the retaining wall have been reviewed and a suitable wall alignment chosen. HBRC are currently completing detailed design ready for construction in September 2021.

WATER SUPPLY PERFORMANCE DATA

The following section outlines Council performance measures for our water supply activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2018-28.

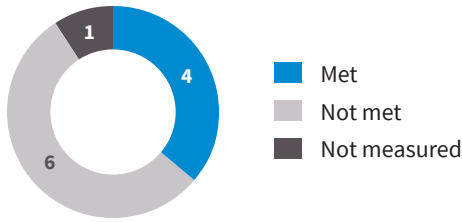
This also provides information on trends that may influence our performance, including those outside of our control.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 101.

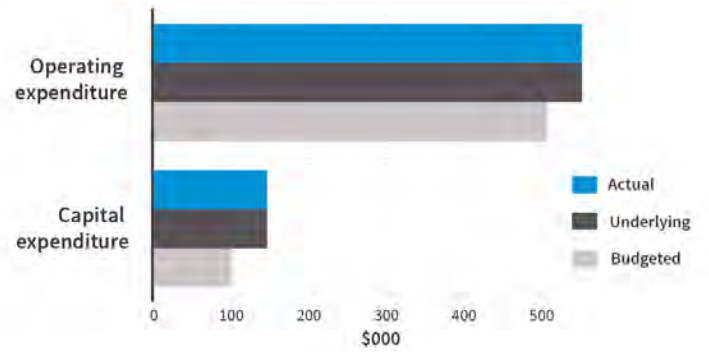
	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target	
Residents (%) satisfied with the water supply	81%	88%	88%	≥80%	✓
Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 4 bacterial compliance criteria):					
• Wairoa/Frasertown and Tuai	Compliant	Compliant	Compliant	Compliant	✓
• Māhanga	Non-potable ¹	Non-potable ¹	Non-potable ¹	Non-potable ¹	
¹ This scheme is a supplementary, non-potable supply. It is not intended for drinking water so is not designed to meet NZ Drinking Water Standards.					
Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 5 protozoal compliance criteria)					
• Wairoa/Frasertown and Tuai	Compliant	Compliant	Compliant	Compliant	✓
• Māhanga	Non-potable ²	Non-potable ²	Non-potable ²	Non-potable ²	
² This scheme is a supplementary, non-potable supply. It is not intended for drinking water so is not designed to meet NZ Drinking Water Standards.					
Percentage of real water loss from the local authority’s networked reticulation system (calculated using minimum night flow)	35.33%	20.70%	15%	46% (2019) 44% (2020) 42% (2021)	✓
Average drinking water consumption (resident/day*litres)	555 litres/day	291.5 litres/day	345.3 litres/day	550 litres/day (2019) 540 litres/day (2020) 530 litres/day (2021)	✓
<i>This figure has been calculated using the annual water balance, the decrease in loss is due to increased knowledge in the relationship between pipe condition and leakage, better flow data, better meter records and an improvement in operational activities.</i>					
Number of complaints about water supply per 1000 connections:					
• drinking water clarity	0 per 1000	0 per 1000	1 per 1000	20 per 1000	✓
• drinking water taste	1 per 1000	0 per 1000	1 per 1000	20 per 1000	✓
• drinking water odour	0 per 1000	0 per 1000	0 per 1000	20 per 1000	✓
• drinking water pressure/flow	8 per 1000	5 per 1000	4 per 1000	40 per 1000	✓
• continuity of supply	11 per 1000	3 per 1000	1 per 1000	40 per 1000	✓
• responsive to issues	0 per 1000	0 per 1000	0 per 1000	20 per 1000	✓
Median response time for urgent callouts - Wairoa / Frasertown (attendance time in hours)	Not measured	No urgent callout	2 hours	1 hour	✗
Median response time for urgent callouts - other areas (attendance time in hours)	Not measured	0.15 hours	No urgent callouts	2 hours	⊖
Median response time for urgent callouts - Wairoa / Frasertown (resolution time in hours)	24.75 hours	No urgent callout	3 hours	4 hours	✓

	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target	
Median response time for urgent callouts - other areas (resolution time in hours)	24.75 hours	6 hours	No urgent callout	5 hours	⊖
Median response time for non-urgent callouts (attendance time in days)	4.23 hours	4.99 hours	1.3 days	2 days	✓
Median response time for non-urgent callouts (resolution time in working days)	4.23 hours	4.99 hours	1.9 days	3 working days	✓
Contingency plans shall be implemented for emergency events such as earthquake, tsunami and fire which result in the inability to provide the service (plan reviewed and presented to Civil Defence team meeting each year)	Compliant	Compliant	Compliant	Compliant	✓

PERFORMANCE SUMMARY



FINANCIAL SUMMARY



STORMWATER

270 METERS OPEN DRAINS PIPED

WHAT WE DID

NETWORK RENEWALS

The piping of open drains has been managed and funded through the land transport activity under safety improvements.

- Kitchener Street Piping open drain – due to extra funding secured, further work commenced on piping another section of the Kitchener Street open drain.

- The project was substantially complete at year end and this work significantly improves the visual amenity and safety of this area.

INVESTIGATIONS AND MODELLING

Areas of open drains at Māhia Beach have been identified for upgrade, with surveys and design work scheduled.



Progress made at Kitchener Street, looking towards Clyde Road. Pipes ready to be laid in next section.

STORMWATER PERFORMANCE DATA

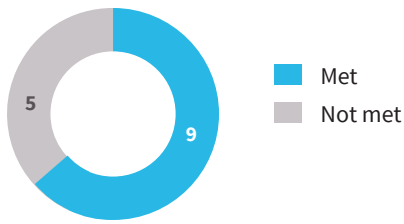
The following section outlines Council performance measures for our stormwater activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2018-28.

This also provides information on trends that may influence our performance, including those outside of our control.

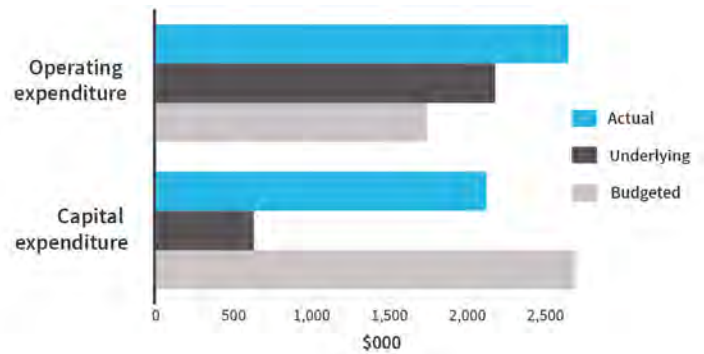
The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 102.

	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target	
Compliance with the resource consents for discharge from the stormwater system measured by the number of:					
• Abatement notices	Not achieved, no consent	Not achieved, no consent	Not achieved, no consent	0	⊗
• Infringement notices	Not achieved, no consent	Not achieved, no consent	Not achieved, no consent	0	⊗
• Enforcement orders	Not achieved, no consent	Not achieved, no consent	Not achieved, no consent	0	⊗
• Convictions	Not achieved, no consent	Not achieved, no consent	Not achieved, no consent	0	⊗
<i>Resource consent application is currently underway.</i>					
Number of flooding events in the district	Not measured	12	6	≤10	✓
Number of habitable floors per 1000 connected properties affected by a flooding event	Not measured	0	1	≤50	✓
Median response time for an emergency flooding event (attendance time in hours)	23.87 hours	No emergency events	No emergency events	1 hour	⊖
Median response time for an urgent flooding event (attendance time in hours)	23.87 hours	2.65 hours	2 hours	2 hours	✓
Residents (%) “very satisfied” or “fairly satisfied” with the stormwater system	71%	70%	78%	≥80%	⊗
Number of complaints about stormwater system performance per 1000 connections	49	29	28	≤50	✓
Contingency plans shall be implemented for emergency events such as earthquake, tsunami and fire which result in the inability to provide the service (plan reviewed and presented to Civil Defence team meeting each year)	Non-compliant	Non-compliant	Non-compliant	Compliant	⊗

PERFORMANCE SUMMARY



FINANCIAL SUMMARY



832 METRES

WASTEWATER PIPES RELINED

WHAT WE DID

STAFF TRAINING

Our Infrastructure Operations Engineer has begun his Wastewater Treatment Plant operator's qualification, this course is provided by Connexis and comes at no cost. The benefit of this training is that the knowledge gained will be key in maintaining wastewater compliance.

NEW STAFF

This past year we welcomed a Trade Waste Officer, who is responsible for ensuring that commercial entities abide by trade waste rules. A register has been started and there is currently an amnesty period so owners have the opportunity to comply with trade waste rules. This position is funded through the \$11 million external funding.

COMMUNICATIONS PLAN

A Three Waters communications plan has been developed. Wastewater specific messaging has included how to care for your septic tank and the 3Ps. This is an ongoing campaign with more messages being delivered throughout the year. The "3Ps" wastewater video in particular proved to be popular and we received good feedback for the community. There will also be ongoing messaging as part of the \$11 million stimulus package. These messages will be delivered through a number of different media.

PUMP STATION IMPROVEMENTS

Generator installs are ongoing, with the Fitzroy pump station being the first to have the generators installed. The generators for Alexander Park, Kopu Road, and North Clyde pump stations have arrived. There are planning and consent requirements that are still being worked through prior to installation of these generators.

There have been health and safety concerns raised with Alexander Park and Kopu Road pump stations. While access inside these pump stations is secure, we have concerns around children riding

their skateboards outside the pump stations. The old fence from the Marine Parade playground is being utilised to repair this. Fencing around Kopu Road pump station is currently being scoped.

PIPE RELINING

The planned work for this year has been completed, with 832 metres of wastewater pipes relined. There was a focus on the Clyde Road area where there has been a historic need to dispatch port-a-loos in heavy rains. Pipe relining is the Council's preferred method of replacement, as it is less intrusive, and minimises setup and reinstatement costs compared to traditional open trench methods. The majority of the wastewater reticulation is located within private property boundaries and, in some instances, under garages and fences. The next round of relining work is being funded through the \$11 million stimulus package.

THREE WATERS INFRASTRUCTURE FUNDING

Projects that will be funded from this include:

Ōpoutama wastewater upgrade – The Blue Bay/Ōpoutama Wastewater Treatment Plant is currently performing poorly, with discharge not meeting resource consent conditions. A series of upgrades to the plant are proposed to fix this issue, including expansion of the disposal field to properly disperse the treated discharge.

Parklink have completed a design for the plant upgrades, which began in June 2021. Disposal field upgrades are currently being designed, with project completion expected in October 2021.

Wastewater pipe CCTV – The latest CCTV investigations were completed in May 2021. This work is part of the ongoing inflow and infiltration prevention project.

Wastewater pipe relining and improvements – Stormwater has major impacts on our wastewater network. This project is an acceleration of the ongoing Inflow and Infiltration project to remove stormwater inflow to the wastewater network. Five years' worth of business-as-usual pipe relining will occur before March

2022 by utilising the stimulus funding. Work will be completed in stages - firstly in April 2021, followed by October 2021, and February 2022.

The Scott Street sewer main installation has been designed and is currently out for tender. Construction is expected to be completed at the end of 2021.

Wairoa wastewater treatment plant discharge to land – A goal of the Wairoa community is to improve the health of the Wairoa River. By irrigating treated effluent to land, this will remove some of the discharge from the river and meet cultural and community expectations.

Feasibility is still being determined. The Council have partnered with Lowe Environmental Impact in partnership with Irrigation Services, designers of the Māhia irrigation scheme. Discussion is also ongoing with landowners regarding their requirements, with commitment given to irrigating approximately 10 hectares of an adjacent property. A further landowner has agreed in principle to accept water for irrigation, which could see an additional 30 hectares of land being available for irrigation. \$300k funding has been allocated from the stimulus package for feasibility and initial irrigation trials. More funding will have to be allocated later, depending on the results of the feasibility study, for irrigation beyond the trial area. Depending on the quantity of effluent discharged to land and the suitability of land, this could potentially be a multi-million dollar project.

Wairoa wastewater treatment plant primary treatment upgrade - Included as part of the overall community goal to improve the health of the Wairoa River, this component of the wastewater treatment plant upgrade includes installation of an

inlet screen to remove debris before the treatment process. Desludging of the aerated pond is also included, which involves removal of sludge to a specially lined dewatering area and improve the efficiency of the pond. Other changes may see a reduction in desludging requirements going forward, reducing operating expenditure.

The lined dewatering area has been installed. The first stage of desludging has been completed with the remainder to be done at the end of 2021. An order has been placed for the inlet screen which will be installed in August/September 2021.

Wairoa wastewater treatment plant UV and filtration – The new wastewater consent requires UV treatment for the removal of pathogens and filtration treatment to comply with new consent conditions. This will increase the treatment capacity from secondary to tertiary. Appropriate UV and filtration methods are currently being investigated.

Physical work is expected to begin towards the end of 2021, depending on the outcome of the initial investigation. The design of this system requires confirmation of the targeted ranges of wastewater flow capacity and treatment performance. This will see common discharge facilities constructed from the new UV system's outlet, as budgets allow, for irrigation and the discharge to the river.

Telemetry base sets and pump station renewals / overflow meters - Pump station upgrades will provide further resilience to our aging wastewater pump stations and modernise them. This project contains a lot of small components, and scoping is ongoing. A priority list is being developed to determine where best to spend allocated funding.

WASTEWATER PERFORMANCE DATA

The following section outlines Council performance measures for our wastewater activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2018-28.

This also provides information on trends that may influence our performance, including those outside of our control.

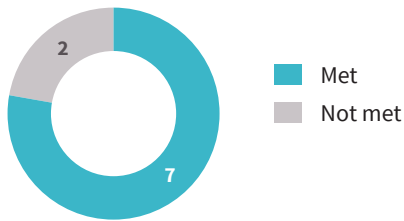
The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 103.

	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target	
Compliance with the resource consents for discharge from the stormwater system measured by the number of:					
• Abatement notices	2	0	2	0	⊗
• Infringement notices	0	2	7	0	⊗
• Enforcement orders	0	0	0	0	⊙
• Convictions	0	0	0	0	⊙
Dry weather wastewater overflows per 1000 connections	Achieved	1	1	<16/1000	⊙
Median response time for wastewater overflows - Wairoa/Fraser-town (attendance time in hours)	Not assessed	1.86 hours	3 hours	1 hour	⊗
Median response time for wastewater overflows - other areas (attendance time in hours)	Not assessed	3.06 hours	4.5 hours	2 hours	⊗
Median response time for wastewater overflows - Wairoa/Fraser-town (resolution time in hours)	3.87 hours	2.81 hours	3 hours	4 hours	⊙
Median response time for wastewater overflows - other areas (resolution time in hours)	3.87 hours	3.06 hours	4.5 hours	5 hours	⊙
Number of complaints about wastewater per 1000 connections:					
• sewerage odour	0 per 1000	0 per 1000	1 per 1000	20 per 1000	⊙
• sewerage system faults	16 per 1000	0 per 1000	3 per 1000	20 per 1000	⊙
• sewerage system blockages	13 per 1000	7 per 1000	7 per 1000	20 per 1000	⊙
• responses to issues with sewerage system	0 per 1000	9 per 1000	3 per 1000	20 per 1000	⊙
Contingency plans shall be implemented for emergency events such as earthquake, tsunami and fire which result in the inability to provide the service (plan reviewed and presented to Civil Defence team meeting each year)	Compliant	Non-compliant	Non-compliant	Compliant	⊗

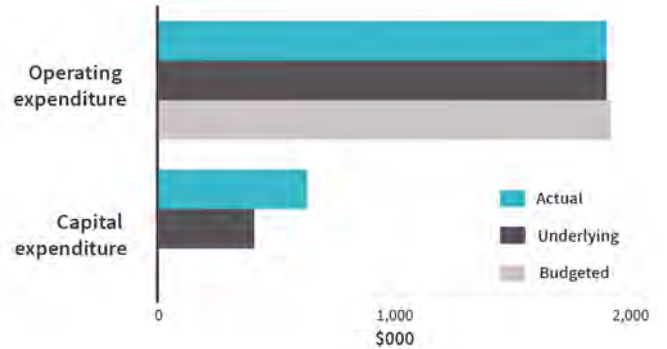
TE WHAKAHAERE PARA

WASTE MANAGEMENT

PERFORMANCE SUMMARY



FINANCIAL SUMMARY



70 TONNES

OF WASTE DIVERTED FROM LANDFILL

WHAT WE DID

Changes in the global recycling market meant that from September 2020 only plastic bottles identifiable as grade numbers 1, 2 and 5 are collected for recycling through the Council kerbside and drop off depot recycling services. This is because there is no reputable or sustainable market for recycling other types of plastics (3, 4, 6 and 7). We encourage the community to REDUCE, REUSE or AVOID these types of plastics where they can. Glass, cardboard and can recycling continues as normal.

In the 2020/1 financial year, 490.75 tonnes of recycling collected from the district were sent to recyclers.

KEY PROJECTS

- Rollout of Big Belly Bins at tourism hotspots in time for the peak period. These were funded by the Tourism Infrastructure Fund. These bins compact rubbish using solar-powered sensors, reducing the number of contractor visits to empty.
- Provision of an enhanced recycling centre at Māhia for the holiday period. The learnings from this period are being used to establish a permanent site by December 2021.
- Secured funding through the Tourism Infrastructure fund for a further 7 Big Belly Bins around the district.



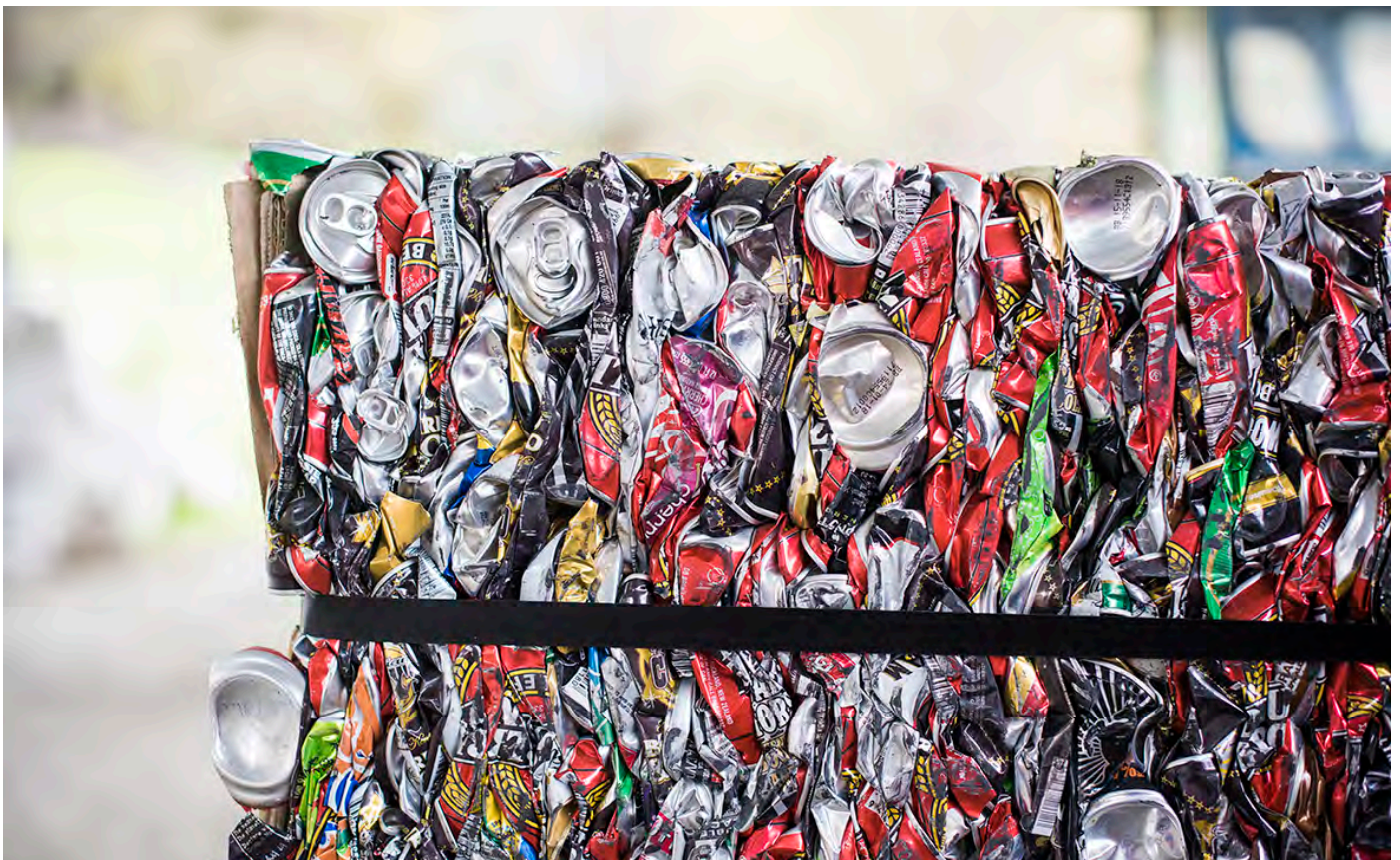
WASTE MANAGEMENT PERFORMANCE DATA

The following section outlines Council performance measures for our waste management activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2018-28.

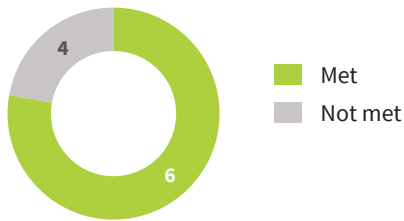
This also provides information on trends that may influence our performance, including those outside of our control.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer page 104.

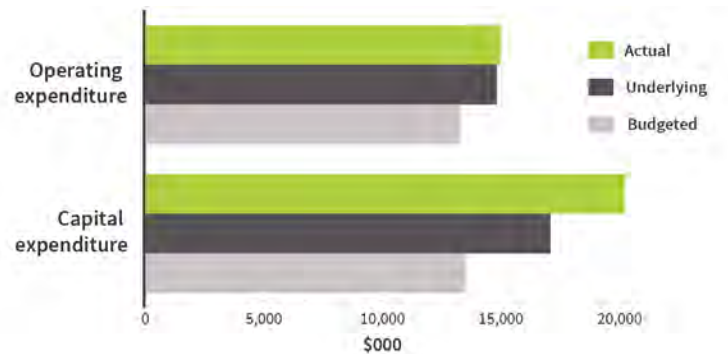
	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target	
Council will operate and maintain the Wairoa landfill for the disposal of domestic and commercial refuse, being open for the public at least:	100%	100%	100%	100%	✓
<ul style="list-style-type: none"> • 6 hours per day • 4 days per week 					
Council shall provide for the community-run waste disposal and recycling service in Waikaremoana and Raupunga	100%	100%	100%	100%	✓
Missed household refuse service requests responded to by 12 pm the next day (on validation)	100%	96%	92%	100%	✗
Minimum frequency of kerbside refuse and recycling service in Wairoa and Frasertown - fortnightly	100%	100%	100%	100%	✓
Minimum frequency of collection from specified drop-off points from Māhia, Nuhaka and Mohaka – twice a month	100%	96%	100%	100%	✓
No health and safety breaches by waste services contractors	0	0	0	0	✓
Total significant non-compliance events with the resource consent conditions for the Wairoa Landfill	0	0	0	0	✓
Total significant non-compliance events with the resource consent conditions for the closed landfill sites	0	0	0	0	✓
The amount of material diverted from landfill by the Wairoa community (excluding green waste)	Not achieved	72.23 tonnes	70.02 tonnes	>75 tonnes	✗



PERFORMANCE SUMMARY



FINANCIAL SUMMARY



24.5KM

SEALED ROAD
RESURFACED



13,885M³

MAINTENANCE METAL
APPLIED TO ROADS

WHAT WE DID

LAND TRANSPORT

This financial year the team were under pressure to deliver key projects leading up to the end of the 2018-21 National Land Transport Plan period. All the team stepped up in their respective roles and the majority of intended work was completed on time.

Staff training

A range of training has been undertaken during this financial year. The team is enthusiastic and ready to do the best they can for the community:

- WSP have provided training in terms of Bridge Inspections, pavement repairs, and asset management.
- Our Assistant Engineer completed a Traffic Control course focusing on traffic management and the safe implementation of this, which will allow education and knowledge transfer to our contractors. He also achieved the Site Traffic Management Supervisor qualification.
- Two transport staff have undertaken the new Temporary Traffic Management Planner course, which allows them to approve Traffic Management Plans under the new regulations being rolled out by Waka Kotahi.
- The Operations Engineer and Transport Asset Manager undertook a 'Engineer's Rep and Contractors Rep' course. This provides improved knowledge in contract management and NZS3910 compliance.
- The team undertook traffic management audit training gaining more skills and confidence in ensuring safe work sites relating to traffic management.

Vehicle network

The transport sector of Wairoa District Council Community Assets and Services department is responsible for 875km of pavement (560km unsealed, 315km sealed), over 30,000m² of carparks, footpaths, kerb, and channel, 346 retaining structures, 3,000 signs and a large amount of guardrails/sight rails. The Council maintain the drains and culverts, vegetation control including roadside spraying, and any emergency events such as tree fell and slips. We are also responsible for strategic planning and forward programming to ensure our land transport network is kept at an appropriate level of service.

LED street lighting

Significant work to assess and update our streetlight database was made difficult due to the limited number of contractors interested and the pricing received. For the foreseeable future, Wairoa District Council have engaged Eastland Network under a short form agreement to deliver these services.

Eastland Network have completed LED upgrades in all rural/urban areas excluding Wairoa township. More LED fittings are being ordered to complete the remaining upgrades in the Wairoa township, and to ensure there is stock on hand over the next 3 years for any further replacements.

Pavement marking

A district wide pavement marking contract commenced with a new contractor coming to town – Road Runner Limited. The workplan for the 2021 financial year was completed on time and to a high standard.

Network maintenance/renewal

QRS and Fulton Hogan, our maintenance contractors, have continued with their respective programmes. This consisted of:

- Grading
- Maintenance metalling
- Drainage (Roadside drains) renewals
- Culvert renewals/extensions
- Traffic services (signs) maintenance and renewals
- Vegetation control
- Sealed pavement repairs
- Heavy Metal Build Up's
- Resurfacing/Resealing
- Low level bridge approaches: resilience work completed on Dufty Road, Papuni Road, and Hereheretau Road. The aim is long term savings from not having to re-metal these approaches when the river is in flood.
- River erosion planting – Russell Parade in Frasertown had trees removed. Re-planting will happen in July/August 2021.

Roading communications plan

A communications plan has been developed. The key driver is to communicate to the public what roading projects are underway or programmed around the district, and to receive feedback from key stakeholder groups around the district.



An example of the communication is the Wairoa Star insert every 2 months.

Road Safe initiatives

In conjunction with Road Safe, Wairoa District Council have installed Safety Message Billboards in four locations around the district – Kaiwaitau Road, Tiniroto Road, Nuhaka-Ōpoutama Road, and Mohaka Township Road. These boards will be moved to new locations every 6 months for the next couple of years. The theory behind this is that all the billboards are usually on the State Highway, where most of our safety issues are on local roads, so we believe there will be greater impact having these situated on key local roads.

Road Safe are working in conjunction with the Land Transport team to put out safe road messages in conjunction with the Wairoa Star insert (above).

A road safety or road to zero action group is being developed, working with Police, Road Safe, ACC, and schools to implement strategies and ideas to achieve better safety outcomes in the district.

Network operations

Significant improvements have been seen in the Overweight and High Productivity Motor Vehicle permitting, with Wairoa District Council moving into the Waka Kotahi online system which frees up Council staff and makes the process simpler for the applicants.

Support from admin staff in the Community Assets and Services department has made this process much smoother.

Two transport staff have undertaken a Traffic Management Planner course, which allows them to approve Traffic Management Plans (TMPs) under the new regulations being rolled out by Waka Kotahi. Council is focusing on ensuring all TMPs are submitted and approved correctly. January saw onsite audit training given to transport staff so that we can be confident we are being part of the health and safety journey and provide continuous improvement. There are two types of audits – educational or enforcement. The transport team are passionate about the educational route, and this is the message we will be imparting on our contractors.

Flood damage repairs

Weather events in 2018/2019 resulted in flood damage across the district. The resultant repairs have been ongoing and consist mainly of retaining walls and retreats. Key focuses for repair in this financial year have been the Mohaka-Waiiau and Waikaremoana-Ruakituri areas, as well as some work completed in the Māhia area.

Pedestrian and cycle networks

Footpath repairs have been programmed and some have been completed with the remainder ongoing projects. A new footpath has been constructed in the Nuhaka township.

In the final asset management plan submitted to Waka Kotahi, there is a proposed increased focus on the pedestrian and cycle networks for the 2021-2024 period.

Reactive maintenance and emergency response

Reactive maintenance is a common occurrence. The first day of the financial year saw an intense period of rain which caused \$230k of damage. Extra funding was approved by Waka Kotahi for this, and contractors worked hard to open the roads and keep them safe for road users then carried out the repairs needed.

In November 2020, a major storm came through the Mohaka region which caused approximately \$1.7m worth of damage, clean-up, and dropouts. Funding was approved by Waka Kotahi and clean-up work has commenced. Dropouts caused by this event are being repaired, with work programmed for the 2021/22 construction season.

In June 2021 we had a number of isolated rain events around the district keeping our contractors busy with ensuring roads were kept open. These events didn't reach the threshold to secure extra funding.

With an increased number of adverse weather events, these emergency works are ongoing. These unpredictable events are considered when building the three-year and beyond asset management plans.

Asset Management Plan (AMP) finalisation

The Land Transport AMP was submitted to Waka Kotahi in December 2020 to support the securing of funding for the next 3 years of roading activities. A 'one-team' approach was undertaken in the development of this plan. The land transport team were the driving force behind this, with the operational team being involved in this process to get an understanding of the strategic direction and processes involved. Contractors have also been brought into the process to gain buy-in and understanding. The key purpose was to make this plan a living document to ensure the network is managed effectively.

Many changes and revisions of the budgets and AMPs occurred due to the need to balance funding restrictions from Waka Kotahi and affordability for our community. The final AMP went out for consultation with the Long Term Plan in April.

Professional services contract

Using professional service providers is a common and accepted practice. WSP were awarded the contract for professional services, with a 3+2 term. The contract has started well and there are good initiatives coming together, especially around the upskilling of Wairoa District Council staff and the data management gap that we currently have. The future looks promising for this relationship, and some real gains can be made. A 3-year land transport plan was developed to identify key tasks that need to be met to meet our goals set out in the AMP for the 2021-2024 period.

MAJOR PROJECTS

PGF Māhia East Coast Traction Sealing

The Council secured a variation of \$1 million due to the COVID-19 lockdown. This increased the total PGF contribution for this project to \$8 million. The planned 12.5km of traction sealing was completed in December 2020, with second coats undertaken in April 2021, completing the project.

PGF Wairoa District Redeployment Package – Phase 1

Following the COVID-19 lockdown period, the Council submitted a range of projects that were 'shovel ready'. The below three projects were successful in securing \$2.5 million of funding.

- **Nuhaka River Road Realignment**

This project was completed in March 2021. An official opening was held where the locals, Wairoa District Council, Hawke's Bay Regional Council, and contractors celebrated the success of this project.

- **The Landing Bridge Replacement**

The bridge is complete and official re-naming of the bridge to 'The Landing' was presented to the Māori Standing Committee and Council, which was approved.

- **Rangatahi Dropout Repair**

QRS worked with Rock Control to undertake this large and difficult project. The Bailey Bridge was removed in November, and the project was completed in April 2021.

PGF Nuhaka-Ōpoutama Alternative Route Investigation -

Coastal erosion is driving the need to look at different options to link Nuhaka to Ōpoutama. The PGF provided Wairoa District Council with \$300k to investigate options and provide a case to apply for further funding.

- A business case report was submitted to the Wairoa District Council and Provincial Development Unit. This puts Wairoa District Council in a better position to secure future funds when the time arises.
- This project is in the Regional Land Transport Plan, so as to attract transport funding. The aim is to get Wairoa District Council to share externally.
- Ministers have been informed about the urgency and importance of this route, so they are aware at a high level. The Mayor has been working hard to achieve support for the project.

Safety Improvements Clyde Road to Hospital (Kitchener Street piping)

Due to extra funding secured, further work was undertaken on piping another section of the Kitchener Street open drain. The project was substantially completed at year end, and this work significantly improves the visual amenity and safety of this area.

PGF HPMV Bridge Strengthening

In 2020, the Council secured \$2.2 million to carry out bridge assessment and bridge strengthening work, to ensure the bridge network is up to standard for key routes including forestry routes. Bridge inspections by both the Wairoa District Council and WSP staff are continuing to ensure up to date information and condition



Rangatahi Dropout completed, Māhia East Coast Road

reporting. This allows timely workplan and accurate asset management data.

Key achievements this year:

- Doughboy Bridge on the Ruakituri Valley Road (deck replacement, complete)
- Ngamāhanga Bridge on the Waihua Valley Road (strengthening, complete)
- Homeleigh Bridge on Awamate Road (beam strengthening, complete)
- Mohaka Township Bridge (strengthening, underway, to be completed in the 2021/2022 financial year)
- Barker Bridge (strengthening, complete)
- Papa Creek Bridge on Ruakituri Valley Road (structural repairs and strengthening, contract awarded, work to be completed in the 2021/2022 financial year)

The ‘preferred supplier agreement’ was endorsed by Council this financial year and will allow external funding such as PGF to be awarded to local suppliers under consideration of social procurement and broader outcomes.

AIRPORT

Activity Management Plan (AMP)

In conjunction with the Land Transport AMP, a specific Airport AMP has been developed. This focuses on incorporating a previous master airport plan into a well-defined AMP that is consistent with the Land Transport AMP. It sets out the next 10 years of expected investment in this area, and gives key management tasks to ensure we keep the Airport at an appropriate level of service.

An improvement plan is a strong feature of this AMP, giving more focus on managing this better.

Investigations

The landing procedures have been updated, and work has been done on the PAL system (Pilot Activated Lighting).



TRANSPORT PERFORMANCE DATA

The following section outlines Council performance measures for transport activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2018-28.

This also provides information on trends that may influence our performance, including those outside of our control.

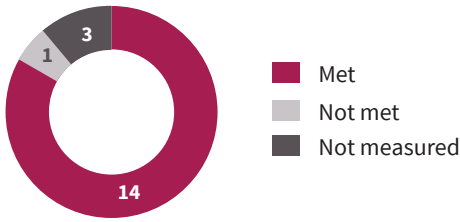
The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 105.

	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target	
Land Transport					
Sealed local road network that is resurfaced <i>Council set a 3 year cumulative target for the percentage of the sealed local road network to be resurfaced. As it is more cost effective to bundle this work, resurfacing commenced in 2019/20, achieving the target. The work continued in 2020/21 resulting in total network resurfacing of 15% across the three year period against the 7.5% target.</i>	0%	8%	7%	7.5% between 1 July 18 and 30 June 2021	✓
Number of bridges not meeting HCV class 1 requirement.	6	6	4	Improvement from previous year	✓
Road users (% survey respondents) that consider the land transport service to be “fairly good, very good or better” - urban respondents	75%	74%	88%	≥75%	✓
Road users (% survey respondents) that consider the land transport service to be “fairly good, very good or better” - rural respondents	56%	43%	50%	≥75%	✗
Requests for service (%) relating to roads and footpaths responded to within 5 days	Not measured	76%	83%	90%	✗
Average sealed roads which meet smooth road standards for ‘fair’ ride quality	88	94	97	Average NAASRA of the sealed road network <110	✓
Footpaths (%) in average condition or better (measured against Wairoa District Council condition standards)	Not measured	93%	86%	95%	✗
The change from the previous financial year in the number of fatalities and serious injury crashes on the local network	0	-2	8	Change ≤ 0	✗
Number fatal crashes	1	0	0		
Number serious injury crashes	6	5	13		
Total reported result fatal and serious crashes	7	5	13		
Airport					
Maintenance, capital, and renewal works carried out in accordance with the airport plan	Not achieved	Achieved	Achieved	Achieve measure	✓
Respondents (%) “very satisfied” or “fairly satisfied” with the airport service	89%	95%	96%	≥80%	✓

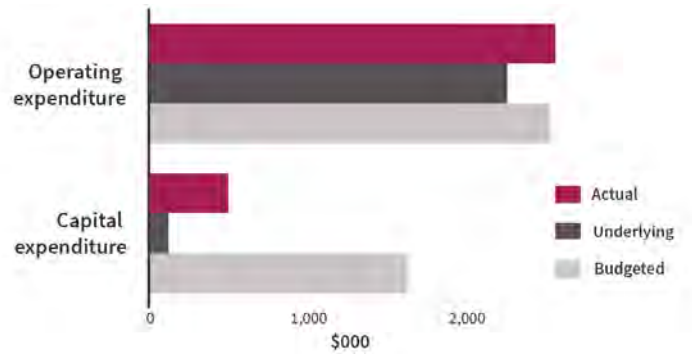
NGĀ RAWA HAPORI

COMMUNITY FACILITIES

PERFORMANCE SUMMARY



FINANCIAL SUMMARY



41,758
LIBRARY VISITS



3,888
MUSEUM VISITS

WHAT WE DID

CEMETERIES

Repair work is being planned to the septic system in the lower cemetery. Tree maintenance has been undertaken across both cemeteries, reducing risk of falling trees.

PARKS AND RESERVES

We carried out planting in conjunction with the Wairoa Community Ngahere Nursery at the yacht club and riverbank area of the Sir James Carroll walkway.

A new public toilet has been installed in the Pilot Hill reserve area. Removal of the old Clyde court public toilets and installation of new facility was completed in January 2021.

Tourism Infrastructure Funding has been secured for an upgrade to Māhanga public toilet facility. This will be completed in 2022.

The reserve shelter at the foot of Mokotahi Hill was renovated with replacement of picnic tables and seats.



LIBRARY

Lego Aces 2020 competition

The Library team hosted the LEGO Aces 2020 contest during the September and October school holidays. Overall, there were 38 entries. The contest generated a high level of enthusiasm and excitement, leading the Library team to consider making the LEGO Aces contest an annual event.

Entrants were encouraged to use the library's collection of LEGO blocks. All projects were photographed and disassembled so the blocks could be reused. Participants also had the option of bringing their own projects to be photographed and exhibited. The entries left at the library were displayed in cabinets for all to enjoy.

Winter Warmers 2020

Due to the limitations of COVID-19, the Library Team hosted the 2020 Winter Warmers reading programme within schools, connecting regularly with participants via Zoom. The Winter Warmers programme is run every year and aims to help children build literacy and enjoy reading. A total of 292 students participated in the program, and positive feedback was received from school principals and teachers.

Mohaka School: Thank you Wairoa Public Library and ECCT for your mahi and for sponsoring the Winter Warmers programme, which encourages tamariki to read and respond to stories. Thanks also to Uncle Duane and our Pahauwera tamariki for your engaging Matariki presentation, you all rock! Thanks Kylie and team for the great effort you put into our community library. It is evident the moment you walk in the door.

Wairoa Primary: Wairoa Primary School Junior Syndicate had the privilege of joining the Wairoa Public Library for the Winter Warmers program. A highlight of the program was visiting the library and having Duane Culshaw read a Matariki story to the children and explain the purpose of Matariki. He also taught a waiata with a Matariki theme. A library winter warmers party was held at the end of the program at school. Gazza the gorilla was popular with the children. Each child dressed up as a book character for the party and received a free book. Other prizes were also given out as part of the program which was greatly appreciated by the children. There is now more excitement around reading and a consistent, personal daily reading habit has been developed in the junior classes. Thank you for this inspired

program which is helping create life time readers. In spite of COVID-19, a library reading program was started and completed using a variety of approaches and technology. Thank you from the Wairoa Primary Junior syndicate teachers and children.

Te Māhia School: The students and teachers really enjoyed the program, the students loved the finale party.

Nuhaka School: Amazing program – If we are invited to do the Winter Warmers Program again next year it will be a definite YES!

Santa is Coming!

We were very lucky this December with Santa coming to visit the library! Christmas spirits were high at the library, with over 100 kids turning up to greet him. The writing station for letters to Santa was popular, and our 'Old World' Christmas set was used many times for taking photos.

Summer Reading Programme

The 2020 Summer Reading programme was very successful, boasting a 92.5% completion rate, one of the highest rates the Library has seen.

As part of the programme, tamariki enjoyed story times, zoom crafts and creative competitions. The Library team hosted the visiting storytellers Little Dog Barking Company and Zappo, which the children loved. The library has applied to the Pam Torbett trust for funding for the 2021 Winter Warmers reading programme.

Easter Crafts

Before Easter, the Library team ran two children's sessions which included Easter stories and crafts. The programme was fully booked with a total of 40 children enjoying these activities.

DIGITAL HUB

The new Digital Hub, located on the mezzanine floor of the library, was officially opened in February. It has been well utilised with over 2,300 users to date. A total of 75 skinny modems have been handed out which enable users to connect to the internet at home. Our Digital Hub courses began in April and participation rates have been high.



COMMUNITY FACILITIES PERFORMANCE DATA

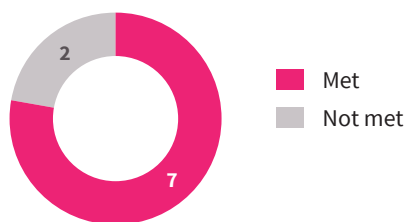
The following section outlines Council performance measures for our community facilities activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2018-28.

This also provides information on trends that may influence our performance, including those outside of our control.

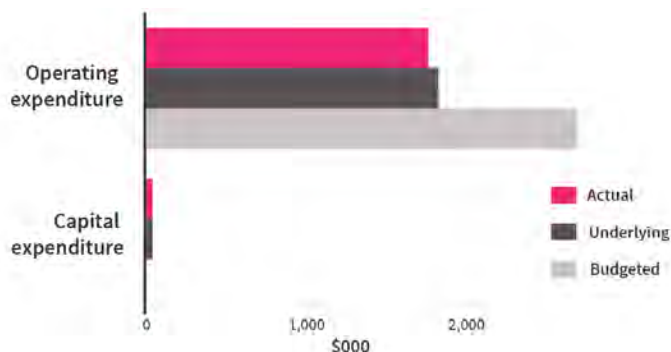
The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 106.

	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target	
Cemeteries					
Users (%) "very satisfied" or "fairly satisfied" - cemeteries	75%	99%	94%	≥80%	✓
Parks and Reserves					
Users (%) "very satisfied" or "fairly satisfied" - parks and reserves	89%	96%	94%	≥80%	✓
Playground assets complying with safety standards (%)	Not measured	Not measured	Not measured	≥85%	⊖
Public toilets inspected and cleaned twice daily in all areas (%)	100%	100%	100%	≥95%	✓
Percentage of parks assets in satisfactory condition (condition grades 1, 2 or 3)	Not measured	Not measured	Not measured	≥95%	⊖
Playgrounds (%) maintained in a safe and clean condition	100%	Not measured	Not measured	≥85%	⊖
Open space requests responded to within 24 hours (%)	Not measured	96%	90%	≥85%	✓
Library					
Implement new initiatives in response to community needs for library services	Achieved	Achieved	Achieved	1 new initiative per annum	✓
Users (%) "very satisfied" or "fairly satisfied" - library	95%	96%	98%	≥80%	✓
Community Facilities					
Total visits to the Wairoa Community Centre	76,119	65,605	87,461	Visitor numbers ≥ previous year	✓
Total visits to the Wairoa Museum	5,322	3,593	3,888	Visitor numbers ≥ previous year	✓
Overall user satisfaction (%) of community facilities	94%	94%	86%	≥80%	✓
User (%) "very satisfied" or "fairly satisfied" - Wairoa Community Centre	81%	93%	97%	≥80%	✓
Users (%) "very satisfied" or "fairly satisfied" - Wairoa Museum	78%	98%	99%	≥80%	✓
Council grants to funded organisations are paid in accordance with funding contracts/agreements	Compliant	Compliant	Compliant	Compliant	✓
Resident (%) satisfaction with value for money through rates on supporting community facilities and organisations	49%	57%	55%	≥80%	⊗
Funded organisations achieve/exceed agreed service provision targets as specified in funding contracts/agreements	Achieved	Partly achieved	Achieved	Achieved	✓
Funding contract/agreements are reviewed annually/triennially in accordance with existing funding contract specifications	Achieved	Achieved	Achieved	Achieved	✓

PERFORMANCE SUMMARY



FINANCIAL SUMMARY



\$26.5 MIL

**VALUE OF BUILDING
CONSENTS ISSUED**



146

**BUILDING
CONSENTS
ISSUED**

WHAT WE DID

RESOURCE PLANNING

The total number of planning consents and ancillary applications approved increased by 33% from the previous financial year. This increase reflects growth in subdivision and development in the district:

- Land-use and subdivision consents: 27% increase
- Ancillary applications: 71% increase

Consent processing is all done in-house under the guidance of the Group Manager – Planning and Regulatory Services.

There has also been a continued increase in the number of planning inquiries and pre-application meetings which are provided as a free service to the public as part of Council service to the community.

Planning staff are also involved in vetting all building consents for planning compliance and the significant growth in building consents means that the Planning Department has been busy assessing these applications for compliance with planning requirements.

There has been an increase in complaints related to illegal earthworks being undertaken, and associated increase in abatement notices issued. This increase highlights the importance of the public contacting and speaking with the Planning Department before undertaking any proposed land-use activity on sites within the district so compliance with planning regulations can be checked.

BUILDING CONTROL

Building consents

The number of building consents issued in the 2020/21 year was 146, an increase of 34% on the previous year. The total value of consents issued was \$26.5 million (compared to \$12.4 million last year).

During this time the average number of days taken to process these building consents was 10.6 days, which is well within the statutory 20 working days to process applications.

Improvements

We are in the process of developing a Memorandum of Understanding with Hastings District Council to upskill our staff and share resources which will result in considerable cost savings.

Improving the consenting system is an on-going process, which involves the continual changing of the quality management system to keep up-to-date with all relevant regulatory changes. This has involved considerable development of our business processes.

The online consenting platform has been further adapted by multiple councils as part of a wider initiative to simplify the delivery of Council services. This has allowed the Building Consent Officers to utilise other councils to process building consents on the Wairoa District Councils behalf.

Challenges

The new New World Supermarket building consent was lodged and issued during this time period, which was the largest building consent processed by the Council since the construction of the Community Centre. Due to its size and complexity, supervision from an external contractor was required for this building.

Outstanding requests for information have continued to be a challenge to get resolved and cleared. The Building Consent Officers have worked hard to clear the backlog of building consents that were in processing, by actively making contact with applicants who have outstanding requests for information.

Over this period, we have seen a marked increase in the number of public enquiries regarding building consent applications, pre-lodgement meetings, property information, and general building queries. This has proved a challenge and an additional strain on Building Consent Officers time. Some weeks up to 60% of their time is taken up by counter enquiries, pre-lodgement meetings, public calls and emails. The increased building work that has been completed during this financial year is reflected in the number of inspections undertaken, and therefore also places increased demand on staff time.

During this financial year the Building Department has also seen an increase in illegal building work around the district, in particular the beach locations. This requires investigation by the Building Consent Officers, which adds additional workload to Wairoa District Council resources.

Retaining skilled staff is essential for effective implementation of the consent processing system improvements, meeting consent processing performance targets, dealing with an increased workload from regulation changes, and the increasing complexity of consents being lodged. Nationwide, the competition for skilled

workers has continued during this time period. However, Wairoa District Council has retained all its Building Consent Staff during this time which has continued to allow the Wairoa District Council Building Control Department to function effectively.

Up-skilling staff

The Wairoa Building Consents department has two staff members now three-quarters of the way through their Diploma in Building Control Surveying, a requirement of Regulation 18.

A new 6 monthly training plan has been developed and implemented for June - December 2021. All of our officers, and those requiring technical competencies, have been working on improving or maintaining their level of competency within the national BCA competency assessment system.

Inspections

374 inspections were completed during this year, an increase from 304 inspections for the previous year.

Meeting our targets

Most Councils around New Zealand are currently experiencing an increase of building consent applications leading to them exceeding their statutory processing timeframes and long lead times for booking inspections. Some other councils having an inspection lead time of up to 3 weeks.



During this 12-month period, 97% of building consents were issued within the required timeframe of 20 working days. Only 4 building consents exceeded this deadline. All Land Information Memorandums (LIMs) were completed within the required 10 working days.

Three of the four consents which exceeded the timeframes required additional supervision due to the complexity of the build, which contributed to additional time and work required on these particular projects.

98% of code compliance certificates issued were within the 20-day statutory timeframe.

Over the past 12 months we have placed an increased focus and emphasis on new pre-application meetings and discussions with those who are looking to undertake building work. This has helped improve the quality of consent applications received, and therefore improved processing timeframes.

During this time period, the Wairoa District Council Building Department has maintained its IANZ accreditation, as required by the Building Act, by meeting all necessary requirements.

ENVIRONMENTAL HEALTH

Food control

We continue working with food businesses to promote understanding of the Food Act requirements to provide safe food in safe environments. The department has taken a proactive approach to ensuring compliance, by monitoring posts on Wairoa Buy and Sell and other websites, to ensure those selling food have appropriate certification. Several new food businesses have started up in the Wairoa District over the last year with the number continuing to grow.

The Council has developed a quality manual to guide our operational processes in accordance with Government procedures. As a result, Wairoa District Council has been certified as a Recognised Food Verification Agency with the certification due for renewal on 31 January 2023.

Liquor control

The department has received a steady number of new and renewal manager applications. All were processed within statutory timeframes. The new Local Alcohol Policy is allowing us to review the saleable hours of alcohol as each new On, Off, and Club Licence comes in for renewal.

Noise control

Staff attend to noise complaints during working hours and a contractor takes over after hours. The number of noise complaints remains steady at an average of 3-4 per week, mainly during weekends. Staff issue abatement notices to repeat offenders, with compulsory seizure of the offending equipment and the associated infringement if required.

Nuisance control

Nuisance in the community can take many forms, among them are, but not limited to, the following: asbestos disposal, litter, dust, odour, vermin, animal carcasses, feral cats, smoke, fly dumping, unsanitary buildings, and unsanitary septic discharges.

To manage these, staff work with the Regional Council's Pollution Response Team. We also have a programme of vermin control by using traps in strategic places.

Water testing

Working alongside the Water Production Team, the Environmental Health Officers conduct routine water testing of locations in the Wairoa District including council water supply, rural food premises and private residences.

They advise the community of water treatment including plumbosolvency notices and effective decontamination of residential water supplies.

BYLAW CONTROL

Dog control

Over 99% of known and new dogs in the district were registered for the 20/21 year. The team have identified 49 menacing dogs, and over 50% have been desexed, with the remainder due in the near future. All dangerous dogs have been neutered and are compliant. This proactive effort from the team to partner with the owners, reduces the risk of dog attacks to the public.

The Compliance team continue to emphasise dog owner education in the district, with regular publications through media, in-person, and provision of information pamphlets. Dog owners are encouraged to take advantage of free neutering in Wairoa for dogs through the Fred Lewis Enterprise Foundation which is still continuing. The SPCA also offers a discounted price to have cats neutered within the district to decrease unwanted breeding.



Livestock control

Throughout the district, areas previously identified as problematic have now improved. This includes fence maintenance and communicating with farm owners. Council is emphasising rural farmer compliance through a database, which allows for proactive contact in areas where issues are identified. This has shown a positive response from owners being more proactive with their stock control, resulting in a reduced number of callouts during the day and after hours. People in the community are more mindful to contact us regarding wayward stock; if owners are known they will be contacted and, in each case, will be assessed for further action.

General bylaw enforcement

The Freedom Camping Ambassador, local iwi organisations, Rongomaiwahine Iwi Trust and Māhia Māori Committee are funded externally, reducing the pressure on our compliance team over the holiday period. Overall, there was a reduction in the number of freedom campers in the district this year, however those that did stay, showed good camping etiquette.

EMERGENCY MANAGEMENT

The Civil Defence team have experienced an active time in our district over the past year, the most recent being the tsunami alert. With COVID-19 still fresh in our minds, we have identified the gaps in our preparedness for whatever hazard comes and filling those gaps is a high focus for the team right now.

With the earthquake in the early hours on 5 March 2021, the response of locals who reacted to the 'Long or Strong, get Gone' message and self-evacuated to their safe zones demonstrated excellent disaster preparedness skills in keeping their whānau safe. Instructions from the National Emergency Management Agency do take time to reach our local Emergency Operations Centre (EOC) therefore having resilient communities that are able to plan for, and respond to, a disastrous event is key.

Community groups have reached out to Civil Defence to request a representative attend community gatherings to discuss how they can be better prepared in times of tsunami, flooding and earthquake. Discussions highlighting points of awareness and the importance of having plans in place for your whānau, this will enable your response time to be quick. Being familiar with www.getready.govt.nz will provide you the guidance to be prepared for

the different type of emergencies until Civil Defence are able to get support to you.

There have been changes within our staff for the Wairoa Emergency Operations Centre due to internal role transfers and turnover of staff. A review of the response team has taken place and training organised with the Hawke's Bay Emergency Coordination Centre. This is a good time to also review our processes and procedures to align them with the ongoing changes and learnings from each response we experience.

In the past year the Hawke's Bay region has experienced a pandemic, earthquake, tsunami, flooding, and drought. Our Wairoa district was fortunate to not be affected by all of these.

We have a lot of natural hazards, and they can happen any time and often without warning. Be prepared, know your safe zone, and have a plan. Do this for your household, your work, your school, and your marae. Prepared people make for stronger communities that are better able to withstand, manage and recover from disasters.



PLANNING & REGULATORY PERFORMANCE DATA

The following section outlines Council performance measures for our performance and regulatory activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2018-28.

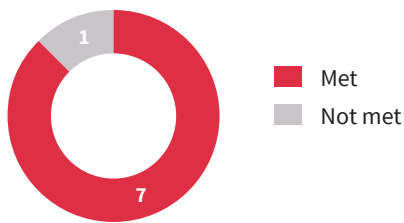
This also provides information on trends that may influence our performance, including those outside of our control.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 107.

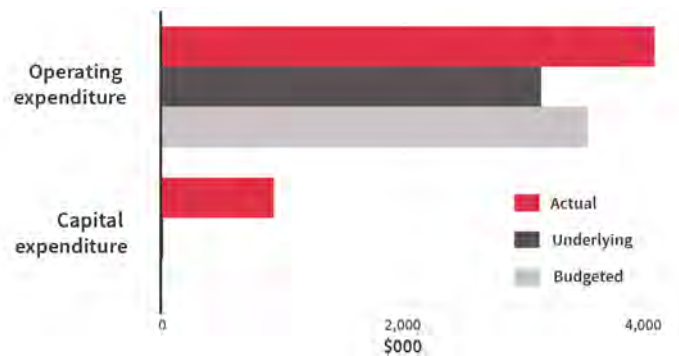
	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target	
Resource Planning					
All applications processed within statutory timeframe set under the Resource Management Act	100%	93%	95%	100%	⊗
Environmental Health					
Premises registrations required under legislation completed (%)	100%	100%	100%	100%	⊙
Noise control (unreasonable noise) complaints responded to in accordance with legislation, regulations and Council policy	100%	100%	100%	100%	⊙
Building Control					
Building consents (%) processed within statutory time frames	100%	98%	97%	100%	⊗
Certificates of acceptance (%) processed within statutory time frames	100%	100%	100%	100%	⊙
Liquor Control					
Management licenses (%) processed within 30 days	100%	100%	100%	100%	⊙
Renewal and new licences (%) processed within statutory time frames	100%	100%	100%	100%	⊙
Bylaw compliance					
Known dogs (%) registered by 30 June each year	94%	97%	98%	≥75%	⊙
Annual Report about the administration of Council's policy and dog control practices adopted by 30 August	Achieved	Achieved	Achieved	Achieved	⊙

LEADERSHIP & GOVERNANCE

PERFORMANCE SUMMARY



FINANCIAL SUMMARY



99

OFFICIAL INFORMATION REQUESTS RECEIVED

WHAT WE DID

COMMUNITY REPRESENTATION

Elected members – Council

The current elected members are midway through their current term. Key priorities of elected members for the year included the Rates Review, Levels of Service discussions and the Long Term Plan.

Council received over 260 submissions to the Rates Review special consultative process. This reflects elected members going above and beyond with community engagement to ensure the rating system represented feedback from the entire community. This same level of engagement from the community will be a goal as we pivot into the Long Term Plan 2021-2031.

Council received a total of 36 submissions for the Long Term Plan Consultation Process from 1 May to 1 June 2021. Of those who submitted, 16 used the consultation document and 20 submitted through other formats. 19 of those who submitted wished to speak to their submissions.

Youth Council

A Wairoa District Youth Council has been established. This is a committee with a view to provide Council with an independent youth voice to support the decision-making process at the Local Government level. This allows rangatahi to let the Council hear their thoughts on the impacts of Councils decisions on their own generation as the future ratepayers of Wairoa.

MĀORI RELATIONSHIPS

The Landing Bridge, Whakakī

The Landing bridge is located on Whakakī Lagoon Road. The bridge is owned by the Wairoa District Council but is constructed on privately owned land. The former and now current bridge provides access for the local community to three urupā burial sites, farming land and privately-owned land.



The Council sought to work closely with the predominantly Māori community to ensure all aspects of the project were acknowledged. In particular, the Council maintained regular communication with two main Māori entities within this community - Whakakī Lake Trust and Whakakī Marae Trust.

As a positive result of this relationship, the Whakakī Marae Trust was asked to undertake a Cultural Impact Assessment of the area surrounding the bridge location. This assessment was undertaken

prior to any construction work beginning and the purpose of this assessment was to provide a historical account that accurately identified areas of cultural significance which served as both a record and to provide guidance during the replacement project.

On Sunday, 4 October 2020 with the community present, the new bridge was formally opened for public use. We wish to take this opportunity to sincerely thank the Whakakī community for their patience and understanding. Without their support and guidance this project would not have been the success that it is. We also extend our gratitude to QRS and the Lattey Group who undertook the construction work. Their professionalism and pro-active approach to working with the community is highly commendable.



Nuhaka River Road

The official opening of the Nuhaka River Road was on Saturday, 6 March 2021. The opening was led by Te Iwi o Rakaipaaka Trust.

We firstly acknowledge local Māori, in particular Te Iwi o Rakaipaaka Incorporated/Te Iwi o Rakaipaaka Trust on behalf of Ngāti Rakaipaaka for their leadership, cultural guidance and support for this project. Their presence throughout the whole project was to ensure tikanga cultural protocols were adhered to. This has been an enduring, and at times frustrating, process for the landowners and community. Therefore, we sincerely thank Te Aramatua Trust and private landowners for their patience and perseverance throughout this whole project.

To the project team including QRS and Pryde Contracting: we acknowledge your professional approach and cultural understanding of the importance of the Nuhaka River. Finally, to our colleagues at Hawke's Bay Regional Council who epitomised the significance of working collaboratively, maintaining strong relationships and lending their technical and environmental expertise. As the saying goes, 'Mā pango, mā whero, ka oti ai te mahi' If we all work collaboratively, the work shall be accomplished.



This is another example of good collaboration between Central Government, Local Government, local contractors, and of course local iwi.

Te Kupenga Cultural App

On 2 March 2021, the Te Kupenga digital app was officially launched.



This app was a collaborative effort by a Māori specialist team known as Te Kupenga, comprising all five Councils in the Hawke's Bay, the first collaborative app of its kind in New Zealand. This team includes Te Wairama Munro, Melanie Tairoa and Pieri Munro from Hawke's Bay Regional Council, Dr James Graham and Charles Ropitini from Hastings District Council, Mōrehu Te Tomo from Napier City Council, Monique Davidson from Central Hawkes Bay District Council and Duane Culshaw Pouahurea Māori at Wairoa District Council. Since its launch, there has been a steady stream of downloads.

This specialist team transcends functional differences to find efficient and effective ways to mahi tahi work as one to share information and knowledge, to pool and leverage limited resource for economies of scale and to manaaki support each other.

This digital app ironically is called Te Kupenga and is borne of concluding much merit and indeed urgency to avail this cultural-build tool widely for Council staff and elected representatives across Te Matau-a-Māui Hawkes Bay. The central and guiding ambition is for all staff and Councillors to be responsive and proactive in regard to Treaty principles across our business; growing our staff to have absolute comfort and confidence in their engagement with tangata whenua.

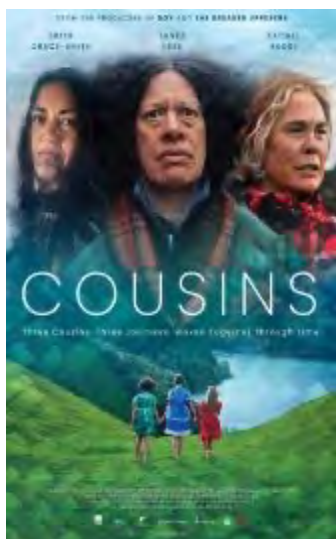
Te Kupenga derives from Te Kupenga a Te Huki, a celebrated ancestor of Ngāti Kahungunu and whose greatest achievement was to create unity through networking. With diplomacy, foresight

and dedication, he created a network by inter-marrying himself, his sons and his daughters into many tribes covering a wide area. This became known as ‘the setting of the net of Te Huki’. It is the ancient way of networking.

ECONOMIC DEVELOPMENT

Gaiety Theatre

The New Zealand film “Cousins” had a premiere night at the Gaiety Theatre. We sold pre-sale tickets for the movie to hype it up as an event. COVID-19 restrictions didn’t allow us to have full seating, however the movie was played every day of the first week with an average of 80 per showing.



We are putting more emphasis on advertising New Zealand movies which are popular with our customer base. We played two New Zealand movies “Waru” and “In the Zone” for Wairoa Film club before and after the Wairoa Māori Film Festivals; this made it a full week of celebrating New Zealand Film.

Business growth

There has been an increased focus on business connectivity with Wairoa District Council, Tātau Tātau o Te Wairoa, and Korou Digital working with existing businesses to develop their marketing and digital capability in order to reach a greater customer base and adapt to the changing environment.

Wairoa promotion and events

In the COVID-19 recovery environment, Wairoa has created a major shop local approach under the branding “Tautoko Wairoa”. This has proven a successful campaign and we have been thrilled with the response to the promotion incentivising more than \$500,000 in local spending at participating businesses.

Strategic and partnership projects

Council is utilising strategic relationships with local PSGEs. This is evident through a number of projects including the horticulture hub, Whakamanahia a Te Wairoa (Empowering Wairoa – COVID-19 Recovery Plan), Pakihi Ora (Business Wellbeing) and the Wairoa Housing Strategy. Strategic relationships with Wairoa Young Achievers Trust, the entity delivering the Mayor’s Taskforce for Jobs programme was developed for the purposes of supporting young people into sustainable employment. We are working with the Hawke’s Bay Regional Recovery Manager to apply a regional lens to Wairoa economic recovery.

PGF

The PGF was repurposed during the COVID-19 recovery period to focus on “Shovel Ready Projects”. The fund was completely allocated in June this year, however Wairoa received funding for a marae upgrade programme. In terms of existing PGF projects, these are all still underway and meeting milestones.

Additional grants

Wairoa District Council, in partnership with Rongomaiwahine Trust, received funding of \$250,000 from the Responsible Camping Fund.

Funding was secured from TIF Tourism Infrastructure Fund Round 5 for \$322,820 for public toilets and 7 Big Belly Bins.

The Wairoa District Council received funding of \$500,000 from the Mayor’s Taskforce for Jobs to support rangatahi into sustainable employment outcomes.

Te Wairoa E Whanake

Te Wairoa E Whanake – Rise Up and Grow Wairoa, is a partnership project aimed at revitalising Wairoa’s town centre.

After a year of planning and conceptual designs, the project has entered “stage two” – the physical works stage. Demolition and repair and strengthening work has been carried out in preparation for the building phase. Foundation work for the installation of earthquake strengthening steel has begun and will be followed with groundwork for plumbing and drainage and a new concrete foundation.

The development will include a street food café hospitality pod and an indoor/outdoor courtyard area. The pod construction has been funded through a \$50,000 First Light Foundation grant with the external build completed by youth enrolled in an employment and training programme.

Three businesses, offering a mix of hospitality and retail, have been allocated space within the development following a robust expressions of interest process.



Te Wairoa E Whanake is a significant economic development initiative which is predominantly funded through a successful Provincial Growth Fund Application. The project includes the redevelopment of a main street building site that was gutted by fire nine years ago. The site was purchased by the Wairoa District Council and its refit is a cornerstone of the project.

The development includes an overarching urban design plan that focusses on a town centre that is the heart and gateway to the district with an emphasis on a vibrant connected CBD celebrating Wairoa’s unique heritage and championing the Wairoa River. The urban design plan aims to regenerate the main street creating new educational and employment pathways while creating economic confidence in the district and becoming the catalyst to further outside investment. Key components are engaging local contractors where possible and employing youth through employment and training programmes enabling workforce training across different aspects of the project. It is anticipated the new hospitality, courtyard, and retail space will be completed by May 2022 with design plans for the redevelopment of the neighboring i-SITE building expected to be completed early in 2022.

LEADERSHIP & GOVERNANCE PERFORMANCE DATA

The following section outlines Council performance measures for our leadership and governance activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2018-28.

This also provides information on trends that may influence our performance, including those outside of our control.

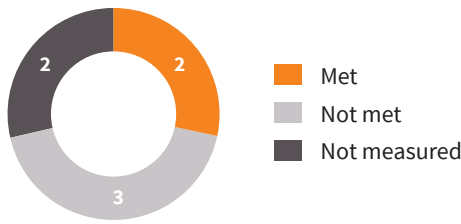
The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 108.

	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target	
Community Representation					
Respondents know how to make contact with elected members	82%	90%	89%	≥85%	✓
Satisfaction rating for Mayor and Councillors (%) 'not very good or poor' is less than 10%	7%	21%	12%	<10%	✗
<i>The Mayor and Councillor continue to work hard for the community and will continue to demonstrate this by increased media and other forms of coverage re: social media to better show the work that the Mayor and Councillors undertake on behalf of the community.</i>					
Māori Relationships					
The required number of nominations are received within established timeframes and appointments made to Council's Māori Standing Committee <ul style="list-style-type: none"> Vacancies filled 2 councillors appointed as representatives to Māori Standing Committee 	Achieved	Achieved	Achieved	Achieved	✓
No less than bi-monthly meetings of the Māori Standing Committee are scheduled, advertised, and conducted on the advertised day	Achieved	Achieved	Achieved	Achieved	✓
Māori Standing Committee meetings, public meetings and special consultation meetings provide opportunities for Māori to contribute to the decision-making process	Achieved	Achieved	Achieved	Achieved	✓
Agreed levels of service are achieved within budget. Budgets clearly defined and accounted for	Achieved	Achieved	Achieved	Achieved	✓
Economic Development					
Actions in the Economic Development Plan and Action Plan completed (% of actions completed)	55%	75%	82%	40% 2019 60% 2020 80% 2021	✓
The cost related to this activity did not exceed the approved budget	Achieved	Achieved	Achieved	Achieved	✓

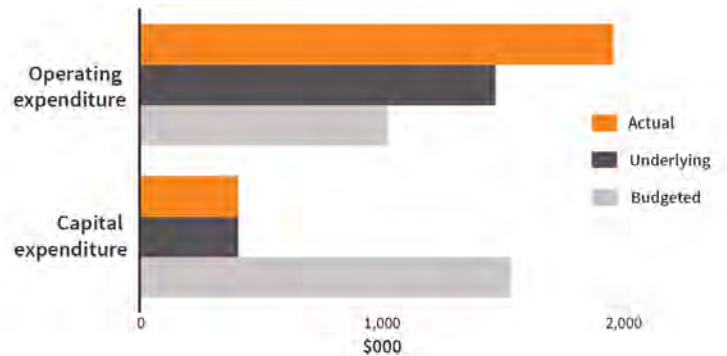
NGĀ RANGAPŪ MAHI

CORPORATE FUNCTIONS

PERFORMANCE SUMMARY



FINANCIAL SUMMARY



110
ARCHIVE
ENQUIRIES



352
RATES REBATE
APPLICATIONS
ASSISTED WITH

WHAT WE DID

PROPERTY

Pensioner housing

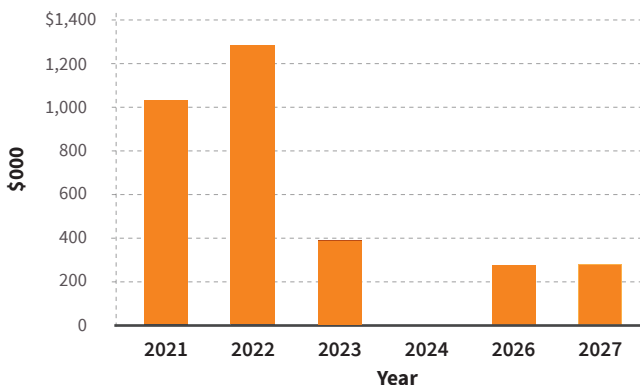
Lossnay ventilation units were installed in all pensioner housing units

CORPORATE AND FUNDS MANAGEMENT

Investments

Three bonds matured in May 2021, so at 30 June 2021 Council held a bonds portfolio with a market value of \$3.8 million, compared to an opening balance of \$6.1 million. The cash that this released was used to support Council's capital works programme and to repay borrowings.

The maturity profile by financial year of Council's investments is shown in the graph below.



Borrowing

During the year, Council received \$27 million in subsidy revenue, compared to a budget of \$20 million. This resulted from Council's success in securing funding from the PGF and Three Waters Stimulus Package. As a result, Council was able to repay \$1 million of borrowings and its closing position on debt is \$3 million less than anticipated in the Annual Plan.

Further, Council was able to manage these funds using short term deposits and received an extra \$10,000 in interest revenue. Overall, despite the impact of COVID-19 on investment returns, we still achieved a net positive result on interest revenue versus expense.

The table below illustrates the Council's current debt maturity compared to the policy thresholds:

MATURITY OF BORROWINGS		0 - 2 years	3 - 5 years	5 years plus
	Minimum	15%	15%	10%
	Actual	31%	69%	0%
	Maximum	60%	60%	40%

SUPPORT SERVICES

Support Services are the costs of operating the 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 reserve via the overhead allocation process to the groups of 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.

Long Term Plan 2021-2031

Under the Local Government Act 2002, Council is required to prepare a Long Term Plan every three years. The Long Term Plan is about Council's future, our future. It sets our direction and our work and describes the outcomes we aim to achieve for our community for the next ten years.

The Long Term Plan is a significant document and covers a broad range of information. It is divided into five key sections or pillars:

1. Our strategic direction: who we are and where we're headed
2. Our activities: what we do and why we do it
3. Our finances: how we pay for what we do
4. Our policies: what guides our decisions
5. Our infrastructure: key services for our community

These pillars are the foundations which our organisation and the work it does for the community are built on. Together they tell our story about Council's goals for the community, what it does and how it does it, the costs and how it's funded. These sections explain our risks and challenges, how we plan to respond to them and how, through our levels of service we aim to provide for the social, economic, environmental and cultural wellbeing of our people and district.

Building the 2021-31 Long Term Plan was a two-year project. It involved months of planning, design, development and engagement across various activity areas and with different groups of people, including our community.

Council's work in delivering this Long Term Plan was focused on two key goals:

1. To develop a quality document, and
2. To have it come in on time.

Council used a comprehensive project plan to ensure key milestones and deadlines were reached.

Through this Long Term Plan process, Council achieved some notable milestones including step change improvements to its infrastructure strategy, financial strategy, rating model, engagement methods and document presentation:

- **New infrastructure strategy**
Council's new infrastructure strategy is a major shift from previous versions, providing a greater level of rigor and sophistication in the planning for asset classes than the district has had before.
- **New financial strategy**
Council's financial strategy delivers a funding approach that is simple, affordable and appropriate, providing clear guidance on how Council will achieve financial sustainability while delivering effective and affordable levels of service. Clear financial objectives, including value for money and manageable debt levels, provides a framework that supports Council's plans to deliver what its community needs now and in the future.
- **New rating model**
Council's new rating model delivers a system that is more understandable (simple), appropriate and affordable for more people.
- **New engagement approach**
Council took a new and innovative approach to pre-engagement with an informative and interactive district-wide programme to educate and engage the community

about levels of service. A thematically strong narrative with clear learning outcomes was established to help build this knowledge and engagement around Council's activities and what they cost. Newly developed online tools and hardcopy resources helped members of the community participate in a meaningful way. Community sessions throughout the district engaged more than 300 people and a total of 180 booklets were distributed as part of the street and in-caravan sessions.

- **New consultation document**

Council's consultation document was a step change from previous versions, providing an effective basis for public engagement on the Long Term Plan and presenting Council's key issues, plans and projects in an engaging and meaningful way. The document delivered a levels of service scenario-based approach, enabling members of the community to choose whether to spend more, the same, or less on a service, and see how that decision impacted on cost, rates, risk and debt.



Finance

Performance reporting

During the year we consistently delivered monthly financial reports to the Finance Audit and Risk (FAR) Committee and quarterly full performance reports to Council. By improving efficiencies, we were able to continuously develop the insightfulness of the content and shorten reporting cycles, thereby allowing more time for internal review and thus the quality of the information.

Rating review

Council undertook a comprehensive review of its rating methodology and, following extensive public engagement and consultation, adopted a new model and an updated Revenue and Financing Policy, along with updates to its Rate Remissions and Postponement Policies. We acknowledge David Doole, Senior Rates Officer, for his critical review of the data and policies and the technical advice he provided to Council throughout this process.

DIA Three Waters reform review

From November 2020 to January 2021, we participated in the national review which required a deep dive into historical data and a large volume of forecasting calculations, covering all aspects of service, and asset and financial management across all Three Waters activities. The review was based on a model developed by the Water Industry Commission for Scotland. We were advised that this is something they dedicate resources to every year, and it still takes them 6 months! We recognise the work of our colleagues in Community Asset and Services and our Finance Manager, Russell Rogers, for their commitment to this project. As a result of their agility and tenacity, Wairoa was the first Hawke's Bay council to deliver a complete return.

The Finance team

These achievements and much more were underpinned by a highly performing collaborative finance team. We set about reorganising the finance function with several of the team transitioning onto common job descriptions, to deliver improvements in efficiency, consistency, and quality. This has enabled us to work on system enhancements, process automation, resilience and business partnering. Kia tikaohia tonutia te marama! Keep focused and keep aiming high!

Human Resources

Strategic pay review

In 2019/2020 a review of Council's pay rates was undertaken. This identified that 12 staff were being paid under 85% of the average salary, and all staff were aligned to being paid at least 85% of their roles' benchmarked salary in August 2019.

In March 2021 all staff were aligned to the new salary data to being paid at least 85% of their role's benchmarked salary. In April 2021, where appropriate, staff salaries were increased to 89% of their role's benchmarked salary. Council is continuing to move towards staff being paid a reasonable, externally benchmarked salary for the roles they perform.

We now have a member of staff that is trained to assess job descriptions and provide grades and salary ranges, using the SP10 methodology, which reduces Council's dependence on external contractors.

Records and Archives

Archive acquisitions and projects

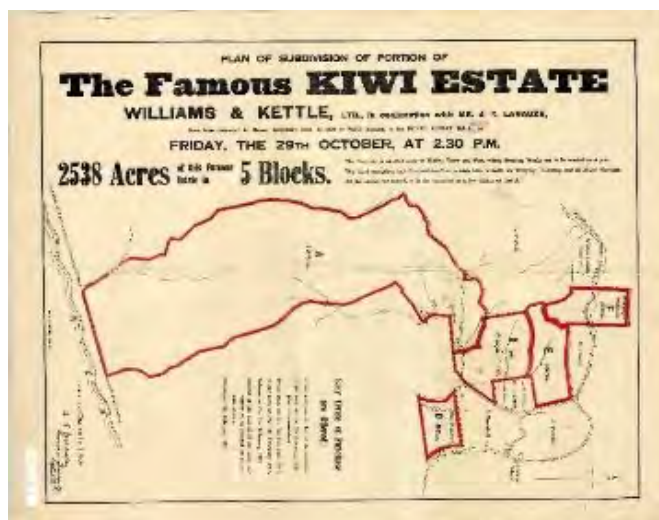
A priority during the year has been the arrangement and description of a number of series of architectural drawings and maps. The architectural drawings were primarily part of the property file series consisting of sets of drawings that were considered too large to be placed on file. Many drawings require flattening and repair prior to listing and re-housing.

A listing of Waitangi Tribunal reports relating to land blocks was completed. A collection of news clipping books has been processed. Some were previously held by the Centennial Library.

A number of record series, documenting the activities of the Wairoa Public Cemetery, have been created. These records date from 1870 to 2019. The addition of this material has significantly increased the archives holdings of cemetery records.

An interesting project undertaken during the year was the preservation of eight sale maps dating from 1901 to 1925. Because of their original purpose, this type of map was considered disposable. This makes them not only rare items but also fragile,

due to the inferior quality paper most were printed on. Prior to conservation, some of these maps were in multiple pieces.



Repaired 1915 Sale Map (Wairoa District Council 204/1, Item 95-2)

Publicity

The layout of new archive pages for the Council website was completed and is awaiting input. A series of five cards, each with a different image, have been designed to promote the archival collection. This card is also awaiting production.

Reference enquiries and visitors

During the year the archives has answered 55 internal enquiries and 55 external enquiries. Whilst some of these queries were answered quickly other questions have required considerably more time. This is particularly the case with historical council property enquiries.

The Archives building has welcomed 6 internal visitors (staff undertaking council research) and 16 external researchers during the year. The interests of external researchers range from family historians to a professional researcher undertaking a departmental assignment.

Customer Services

The Customer Services team focused on continuing to build and refine its repertoire of processes and procedures, to ensure a high level of service to their community. While frontline service is often challenging, the team's commitment to doing the best they can to support their community shows their focus on customer care and on building a great experience for ratepayers and the wider community.

The Knowledge Base platform introduced last year is now fully operational, with all processes required to manage incoming calls and requests from ratepayers and the community by the Customer Service team now published to this resource. This Knowledge Base platform enables increased consistency in the delivery of information, and the team continue to add processes that pertain to the Customer Service department, with the intention of streamlining call transfers and improving efficiency.

The Customer Services team also assisted the IT Team with the major upgrade of Councils' new phone system. This involved disposing of two 18-year-old multi-button reception phones, and replacing this with Microsoft Teams – a cloud-based calling solution. The Customer Services team were challenged with the new change, but adapted quickly, and continue to assist staff from other departments with training and troubleshooting.

Information Services and GIS

Several exciting projects have been rolled out in the IT department.

Major upgrades for our corporate system

The upgrade and transition to MagiQ's cloud-based corporate software solution took seven months, with completion of the system upgrade on 12 April 2021. Representatives from each department helped manage the migration process alongside MagiQ software experts.

A partnership agreement was also entered into with MagiQ Software, Catalyst, and the Otorohanga District Council to further develop and incorporate the open-source GIS software "GIS CORE" into the MagiQ corporate suite.

New council phone system

The Council's 18-year-old Siemens phone system was upgraded and replaced with a cloud-based solution. The Microsoft Teams upgrade project was completed within a two-week period. All staff were supplied with headsets and software loaded to all mobile devices.

GIS CORE

The development of an internal, open-source Geographic Information System "GIS CORE", which will be a first for NZ Local Government, is underway.

A number of misalignments in addressing between Council's rating database and GIS systems were found and fixed.

Cybersecurity and privacy project

Risk assessments were undertaken to identify security risk exposures of Council's critical system assets. Security controls were implemented to mitigate and manage related risk exposures within acceptable limits, including those within the SCADA system and the Digital Hub.

A new cybersecurity incidents response plan has been implemented to help staff detect, respond to, and recover from network security incidents. The plan addresses issues like cybercrime, data loss, and service outages that threaten daily work.

Five "Cyber Security and Privacy" newsletters have been published and circulated to all staff, with the focus of increasing cybersecurity awareness both within the workplace and home environments.

Business continuity planning

We continue to embed IT business continuity planning into Council's workplans, to integrate business continuity awareness and practice. Our staff are prepared to work remotely in the event of future national lockdowns or natural disasters.

Health and Safety

The Health and Safety function for Council is managed by a Committee comprising the Health and Safety Officer, six staff members and senior management as required. It provides governance and oversight of the health, safety and wellbeing of Council staff.

The Committee convenes every six weeks to discuss issues relating to staff requests, operational incidents, and new practices involving the safe operation of Council's workforce. The committee also discusses investigations that have occurred and makes recommendations to senior management on their findings.

The Health and Safety Officer provides a monthly report of activities, inspections and investigations carried out. This is presented to the FAR Committee of Council.

Annual health screening checks have been carried out on staff that have an occupational requirement for this. The flu vaccination was made available to staff again this year and we have had a good response with the majority taking advantage of this initiative.

Training has been slow, with most training organisations in catch up mode and we will be taking advantage of the training that is on offer. Joint training with the animal control team is being arranged with specialist input from Police in order to maintain a consistent reporting system. Some specialist training will be carried out by the building team for asbestos identification and disposal to meet new protocols and policies to be put in place at the landfill.

Lone worker and communication projects are still being pursued. Due to our geographical location, mobile phone coverage is not available in all locations. As a result, we need to investigate a dual system that will support satellite and cell phone signalling. We are receiving support from Taupō and Far North Councils to do this.

Online training courses will be offered to the newly appointed Safety Representatives as a requirement under the Health and Safety Act 2015.

The reporting of accidents and incidents has changed and as a result the numbers of reported incidents has increased over the last few months. Eco-Portal (our online incident and accident reporting system) is being widely used and is giving a more accurate indication of incidents. Vehicle damage and near misses are part of the reporting statistics that we gather.

CORPORATE FUNCTIONS PERFORMANCE DATA

The following section outlines Council performance measures for our corporate functions activity. It includes data for the last two reporting periods, along with current year data in order to show trends in our achievement of these measures over time. We use these performance measures to track how well we are delivering services against targets as set out in the Long Term Plan 2018-28.

This also provides information on trends that may influence our performance, including those outside of our control.

The Council measures and discloses the cost of its outputs at an activity level in the Funding Impact Statement, refer to page 109.

	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target	
Full compliance with legislative requirements through annual building warrant of fitness (BWOFF)	Compliant	Compliant	Non-compliant	Compliant	⊗
Full compliance with legislative requirements when undertaking repairs, refurbishment or demolition of buildings including asbestos material	Compliant	Compliant	Compliant	Compliant	✓
Safety defect requests (%) attended and made safe at building within 4 hours	100%	100%	100%	100%	✓
Other requests (%) responded to within 3 days	Not measured	Not measured	Not measured	80%	⊖
Pensioner housing units (%) inspected six monthly	100%	50%	50%	100%	⊗
Compliance with ACC pool safe accreditation	Not compliant	Not compliant	Not Compliant	Compliant	⊗
Council buildings (%) in satisfactory condition (condition grades 1, 2 or 3).	Not measured	Not measured	Not measured	80%	⊖

TE WHAKAHAERE-Ā-KAUNIHERA

COUNCIL CONTROLLED ORGANISATION

Quality Roading and Services (Wairoa) Limited (QRS) is a Council-controlled organisation that is 100% owned by the Wairoa District Council.



Council-controlled organisations

Council-controlled organisations (CCOs) can be an effective, efficient and financially viable way for Council to deliver services and activities.

The Local Government Act 2002 defines CCOs as entities in which the Council has more than fifty per cent shareholding, or the ability to appoint more than fifty per cent of the directors.

Reasons for owning a CCO

Council believes it's important to maintain expertise in construction, roading and maintenance in the district, balanced with an intent to reduce ratepayer costs by providing effective competition. Providing community support is also a primary reason for Council owning QRS. Not only is QRS one of the biggest employers in the district offering many employment opportunities, it also supports a number of community initiatives.

QRS supports many sports and is a strategic sponsor of the Wairoa A&P Show. It also donates services in kind such as site preparation, mowing and earthworks around the district to ensure community events are a success.

Surplus profits generated by QRS are provided to Council (the shareholder) by way of dividends, subvention payments and community support.

Nature and scope of activities

QRS' specialities are roading maintenance, civil construction, and quarrying. It offers a full range of civil engineering skills, experience and equipment. Principal activities are:

- roading maintenance and associated construction
- civil construction
- quarrying
- heavy transport
- reserves maintenance
- waste management

More information is available at www.qrs.co.nz

Accountability

CCOs are accountable to the Council, which determines the objectives for each CCO and monitors its performance. The Council is accountable to its ratepayers and residents for the performance of the CCOs, to the extent that they deliver community outcomes in the most cost-efficient way.

Objectives and key performance targets

Council's objectives for QRS are:

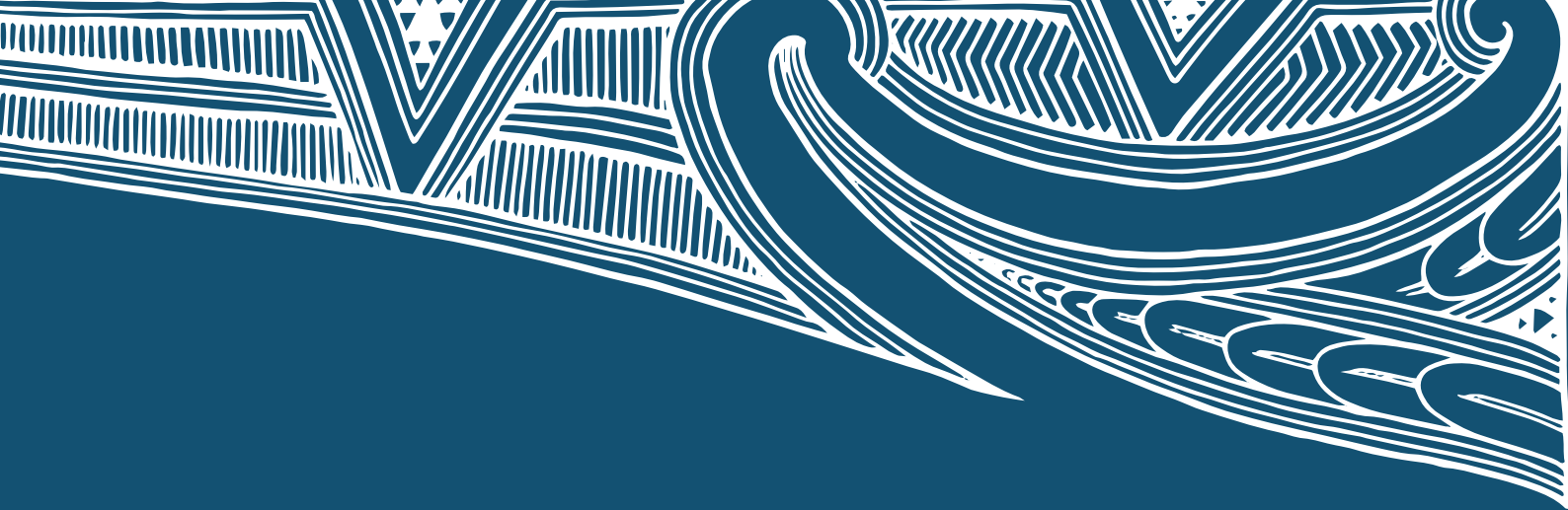
- To ensure the company is profitable, and all financial targets are met.
- To ensure the company has a positive cash flow.
- To ensure the governance of the company is effective.

The following performance targets, as set out in the company's Statement of Intent 2019-22, are the measures by which the company's performance will be judged.

	30 June 2021	30 June 2020	Target
	Actual	Actual	
Net profit before tax as a percentage of opening shareholder funds	18.9%	8.6%	6%
Total cost of public debt servicing not to exceed 20% of operating revenue	0.2%	0.3%	<20%
Ratio of shareholder funds to total assets – not less than 45%	65.1%	54.6%	>45%
Working Capital Ratio	1.7	1.4	>1

The company achieved all of these targets.





NGĀ TAUĀKĪ PŪTEA

FINANCIAL STATEMENTS

UNDERSTANDING COUNCIL'S FINANCIAL STATEMENTS

The following descriptions have been provided to help explain what Council's Financial Statements are about. Please read these alongside the relevant statements. For further information, please contact Council.

☎ 06 838 7309

✉ info@wairoadc.govt.nz

🌐 www.wairoadc.govt.nz

STATEMENT OF FINANCIAL POSITION

This is Council's Balance Sheet and shows its financial position as at the end of the 2020/21 financial year. Council's financial position is determined by subtracting the value of all its liabilities, or what it owes, from all its assets, or what it owns. Council's assets include items such as cash and property, and its liabilities include items such as creditors and loans. The result is represented as equity and describes in financial terms what the Council is 'worth'. Due to the high investment in infrastructure, like roads and water networks, the value of Council's assets are significantly more than its liabilities and so its equity is substantial.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

This is Council's Income Statement and shows how much total revenue or income Council received in the 2020/21 financial year versus how much it spent on running costs. Council's financial performance is determined by subtracting the value of its expenses or 'what it costs to run Council' from its total income. The result is represented as a net amount and in this case, a net surplus. However, this is because the revenue includes capital subsidies from Waka Kotahi, the DIA and the PGF. This money is spent on assets which are recorded in the balance sheet.

STATEMENT OF CHANGES IN EQUITY

This statement shows the changes to Council's equity or 'worth'. The change is represented by the difference in equity at the start of the 2020/21 financial year versus the end. The equity at the end of the 2020/21 year is determined by adding the net surplus from Council's Statement of Comprehensive Revenue and Expense to the value of Council's equity at the beginning of the 2020/21 financial year.

Equity is divided into 3 components:

1. Ratepayer's Equity is the total of all operating surpluses and deficits since Council began
2. Special Funds represent amounts accumulated and held for specific purposes, such as township development and asset renewals. When these funds are used or topped up there are transfers between Ratepayer Equity and Special Funds.
3. The Revaluation Reserve reflects changes in the value of infrastructure and the current cost of replacing assets that were built years ago. Council's roading and Three Waters assets are revalued every 3 years.

STATEMENT OF CASH FLOWS

This statement shows the flow of cash within Council's operating, investing and financing activities in the 2020/21 financial year. Council's cash at the end of the 2020/21 financial year is determined by subtracting the cash that flows out (is spent) from the cash that flows in (is received). Council's inflows of cash include rates and investment income, and its outflows of cash include payments to suppliers and loan repayments.

BUDGET DATA

The budget data used in the following financial statements is the Annual Plan 2021 (AP 2021) and the third year of the Long Term Plan 2018-28 which equates to the 2021 year (LTP 2021).

HE TAUĀKĪ TŪTOHU ME TE TAKOHANGA

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

REPORTING ENTITY

Wairoa District Council is a territorial local authority governed by the Local Government Act 2000.

The Council group consists of Wairoa District Council and its 100% owned subsidiary, Quality Roding and Services (Wairoa) Limited. The reporting date of the Council and its controlled entity is 30 June.

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). Both entities included within the Group are domiciled in Wairoa, New Zealand.

The primary objective of the Council and Group is to provide goods or services for the community or social benefit rather than making a financial return. As a defined public entity under the Public Audit Act 2001, the Council is audited by the Office of the Auditor General and is classed as a Public Sector Public Benefit Entity for financial reporting purposes.

COMPLIANCE

The Council and management of Wairoa District Council confirm that all statutory requirements in relation to the Annual Report, as outlined in Schedule 10 of the Local Government Act 2002, including the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) have been complied with. The financial statements have been prepared to comply with Public Sector Public Benefit Entity Accounting Standards (PBE accounting standards) for a Tier 1 entity* and were authorised for issue by the Council on 19 October 2021.

RESPONSIBILITY

The Council and management of Wairoa District Council accept responsibility for the preparation of the annual financial statements and the judgements used in them. They also 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.

In the opinion of the Council and management of Wairoa District Council, the Annual Report for the year ended 30 June 2021 fairly reflects the financial position, results of operations and service performance of the of Wairoa District Council and Group.



Craig Little

*Kahika
Mayor*

19 October 2021



Kitea Tipuna

*Te Tumu Whakarae
Chief Executive Officer*

19 October 2021

*Note: A Tier 1 entity is defined as being either publicly accountable or large (e.g. expenses over \$30m). Wairoa District Council exceeds the expenses threshold.

HE TAUĀKĪ PŪTEA WHIWHI ME TE PŪTEA WHAKAHAERE

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

for the year ended 30 June 2021

	NOTE	COUNCIL				GROUP	
		Actual 2021 \$000	AP 2021 \$000	LTP 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Revenue							
Rates	2	14,069	13,987	13,959	13,215	14,069	13,215
Subsidies and grants	2	26,829	20,211	11,996	18,453	26,829	18,453
Petrol tax		84	88	88	75	84	75
Construction revenue		-	-	-	-	8,202	12,673
Fees and charges		2,228	2,096	1,826	1,954	2,086	1,930
Investment revenue	2	100	1,154	619	750	101	406
Miscellaneous revenue		15	-	-	768	15	768
Total revenue		43,325	37,536	28,488	35,215	51,386	47,520
Expense							
Water supply		3,021	1,731	2,198	2,369	3,021	2,369
Stormwater		552	507	493	554	552	554
Wastewater		2,648	1,739	1,648	4,393	2,648	4,393
Solid waste		1,898	1,915	1,428	1,900	1,898	1,900
Transport		14,968	13,277	11,085	13,862	14,968	13,862
Community facilities		2,557	2,525	2,398	2,508	2,557	2,508
Planning and regulatory		1,762	2,696	2,186	1,980	1,762	1,980
Leadership and governance		4,093	3,538	2,818	3,348	4,093	3,348
Corporate		1,958	1,021	2,159	980	1,958	980
QRS	3	-	-	-	-	7,265	12,089
Total expense		33,457	28,949	26,413	31,894	40,722	43,983
Net surplus / (deficit) before taxation		9,868	8,587	2,075	3,321	10,664	3,537
Subvention income	2	287	-	-	200	-	-
Taxation	9	-	-	-	-	(380)	(170)
Net surplus / (deficit) for the year		10,155	8,587	2,075	3,521	10,284	3,367
Other comprehensive revenue and expense¹							
Fair value movement – property, plant and equipment	2	-	-	-	6,050	-	6,050
Fair value movement in financial assets	2	-	-	-	(13)	-	(13)
Total comprehensive revenue and expense for the year		10,155	8,587	2,075	9,558	10,284	9,404

The notes from pages 59 to 94 form part of, and should be read in conjunction with, the financial statements.

¹Other/ comprehensive revenue or expense is non-cash in nature and only reflects changes in equity.

HE TAUĀKĪ TŪ PŪTEA

STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	NOTE	COUNCIL				GROUP	
		Actual 2021 \$000	AP 2021 \$000	LTP 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Current assets							
Cash and cash equivalents	6	4,324	1,972	2,403	2,795	6,031	5,105
Inventories	7	70	58	58	78	966	682
Trade and other receivables	5	5,942	3,120	3,638	7,305	6,411	8,523
Other current assets		-	-	-	-	21	50
Financial assets at fair value	8	1,029	-	-	2,072	1,029	2,072
Total current assets		11,365	5,150	6,099	12,250	14,458	16,432
Current liabilities							
Trade and other payables	10	10,550	9,782	8,934	7,988	11,062	9,917
Borrowings	16	1,000	-	-	1,000	1,082	1,294
Taxes payable		-	-	-	-	86	136
Total current liabilities		11,550	9,782	8,934	8,988	12,230	11,347
Working capital		(185)	(4,632)	(2,835)	3,262	2,228	5,085
Non-current assets							
Property, plant and equipment	11	290,869	279,284	286,847	274,975	294,434	279,403
Work in progress	11	3,243	20,604	11,095	5,252	3,243	5,252
Investment in subsidiary	14	1,250	1,250	1,250	1,250	-	-
Investment property	15	375	-	260	383	375	383
Biological asset - forestry	13	115	260	-	115	115	115
Available for sale financial assets	8	-	23	23	21	-	21
Intangible assets	12	21	198	199	37	100	138
Financial assets held to maturity	8	-	-	-	148	-	148
Financial assets at fair value	8	2,897	8,256	5,372	3,882	2,897	3,882
Deferred tax	9	-	-	-	-	719	583
Total non-current assets		298,769	309,875	305,046	286,063	301,882	289,925
Non-current liabilities							
Trade and other payables	10	61	112	120	66	115	101
Landfill aftercare	17	1,306	730	776	1,197	1,306	1,197
Quarry aftercare	17	-	-	-	-	168	179
Borrowings	16	7,000	10,901	9,235	8,000	7,272	8,568
Total non-current liabilities		8,367	11,743	10,130	9,263	8,861	10,045
Net assets		290,217	293,500	292,081	280,062	295,249	284,965
Represented by							
Equity	18	290,217	293,500	292,081	280,062	295,249	284,965

The notes from pages 59 to 94 form part of, and should be read in conjunction with, the financial statements.

HE TAUĀKĪ MANA TAURITE

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021

	NOTE	COUNCIL				GROUP	
		Actual 2021 \$000	AP 2021 \$000	LTP 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Total equity - opening balance		280,062	284,913	290,006	270,504	284,965	275,561
Net surplus (deficit) for period		10,155	8,587	2,075	3,521	10,284	3,367
Other comprehensive income		-	-	-	6,037	-	6,037
Total comprehensive income		10,155	8,587	2,075	9,558	10,284	9,404
Total equity - closing balance		290,217	293,500	292,081	280,062	295,249	284,965
Components of equity							
Ratepayer's equity							
Ratepayer's equity - opening balance		143,500	137,936	145,337	135,156	147,412	139,222
Net surplus/(deficit) for period		10,155	8,587	2,075	3,521	10,284	3,367
Transfers from special reserves		(2,768)	(2,196)	(4,203)	(5,846)	(2,768)	(5,846)
Transfers to special reserves		4,682	4,250	3,628	7,166	4,682	7,166
Transfer from revaluation reserve		555	-	-	3,503	555	3,503
Ratepayer's equity - closing balance		156,124	148,577	146,837	143,500	160,165	147,412
Special reserves							
Special reserves - opening balance		20,756	20,003	17,468	22,076	20,756	22,076
Transfer to ratepayer's equity		(4,682)	(4,250)	(3,628)	(7,166)	(4,682)	(7,166)
Transfer from ratepayer's equity		2,268	2,196	4,203	5,846	2,268	5,846
Special reserves - closing balance		18,842	17,949	18,043	20,756	18,842	20,756
Revaluation reserves							
Revaluation reserves - opening balance		115,806	126,974	127,201	113,272	116,797	114,525
Net transfer to ratepayer's equity		(555)	-	-	(3,503)	(555)	(3,503)
Revaluation recognised in other comprehensive revenue and expense		-	-	-	6,037	-	6,037
Revaluation reserves - closing balance		115,251	126,974	127,201	115,806	116,242	116,797
Total equity - closing balance		290,217	293,500	292,081	280,062	295,249	284,965

The notes from pages 59 to 94 form part of, and should be read in conjunction with, the financial statements

HE TAUĀKĪ KAPEWHITI

STATEMENT OF CASHFLOWS

for the year ended 30 June 2021

	NOTE	COUNCIL			GROUP		
		Actual 2021 \$000	AP 2021 \$000	LTP 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Cash flows from operating activities							
Rates received		13,873	14,737	13,178	12,874	13,873	12,874
Other revenue		32,138	22,752	14,510	21,468	41,402	37,596
Investment income		387	1,154	444	750	88	406
Payments to suppliers and employees		(24,503)	(19,129)	(18,728)	(23,369)	(32,193)	(36,586)
Taxation		-	-	-	-	(566)	(575)
Interest paid		(223)	(1,186)	(680)	(217)	(276)	(294)
Net cash flows from operating activities		21,672	18,328	8,724	11,506	22,328	13,421
Cash flows from investing activities							
Sale of property, plant and equipment		15	16	-	1,158	662	1,354
Insurance proceeds		-	-	-	199	-	199
Sale of financial assets		2,108	-	2,500	1,564	2,108	1,564
Purchase of financial assets		-	(2,115)	-	(1,655)	-	(1,655)
Purchase of property, plant and equipment		(21,266)	(20,604)	(11,095)	(16,450)	(22,617)	(17,598)
Net cash flows used in investing activities		(19,143)	(22,703)	(8,595)	(15,184)	(19,847)	(16,136)
Cash flows from financing activities							
Loans raised		-	2,702	1,853	4,500	490	5,981
Borrowings repaid		(1,000)	-	(116)	(500)	(1,998)	(2,421)
Lease repayments		-	-	-	-	(47)	(112)
Net cash flows from/(used in) financing activities		(1,000)	2,702	1,737	4,000	(1,555)	3,448
Net increase/(decrease) in cash and cash equivalents		1,529	(1,673)	1,866	322	926	733
Cash and cash equivalents at beginning of year		2,795	3,645	537	2,473	5,105	4,372
Cash and cash equivalents at end of year		4,324	1,972	2,403	2,795	6,031	5,105
Made up of:							
Cash		4	50	1,176	6	1,711	2,316
Short term deposits		4,320	1,922	1,227	2,789	4,320	2,789
Cash and cash equivalents at end of year	6	4,324	1,972	2,403	2,795	6,031	5,105

The notes from pages 59 to 94 form part of, and should be read in conjunction with, the financial statements.

HE TAUĀKĪ KAUPAPA HERE MŌ TE KAUTE ME NGĀ PITOPITO KŌRERO KI NGĀ TAUĀKĪ PŪTEA

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity statement and preparation of the Financial Statements	60
2. Revenue	62
3. Expenditure	63
4. Staff and Elected Members' remuneration	65
5. Trade and other receivables	66
6. Cash and cash equivalents	67
7. Inventories	67
8. Financial assets	67
9. Income tax	70
10. Trade and other payables	72
11. Property, plant and equipment	73
12. Intangible assets	80
13. Biological assets - Forestry	81
14. Investments in subsidiary	82
15. Investment property	82
16. Borrowings	83
17. Landfill and quarry aftercare provisions	84
18. Equity	85
19. Reconciliation of operating surplus with net cashflows from operating activities	88
20. Transactions with related parties	88
21. Fair value of financial assets and financial liabilities	89
22. Financial instrument risk	90
23. Contingencies	91
24. Commitments	92
25. Variances from the annual plan	96
26. Significant events	96
27. Events subsequent to balance date	93
28. Standards and interpretations issued but not yet effective	94
29. Adoption of the Annual Report	94

1. REPORTING ENTITY STATEMENT AND PREPARATION OF THE FINANCIAL STATEMENTS

BASIS OF PREPARATION

The financial statements of Wairoa District Council are for the year ended 30 June 2021. The measurement basis applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in the accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. For non-current assets classified as held at fair value, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction. Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate (refer note 11).

The financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated.

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

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Wairoa District Council (the Council) and its subsidiary QRS (collectively the Group) as at 30 June 2021.

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. The Council has a 100% interest in QRS (2020: 100%), a company incorporated in New Zealand (refer note 14). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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 as GST-inclusive. When GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

BUDGET FIGURES

Long Term Plan 2018-2028

The Long Term Plan for 2018-2028 was adopted by Council on 25 September 2018. The reporting period ended 30 June 2021 is the third year of this plan. 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.

Annual Plan 2020/21

The Annual Plan budget figures included in these financial statements are for the Council as a separate entity. The Annual Plan figures do not include budget information relating to the controlled entity.

These figures are those approved by the Council at the beginning of each financial year, following a period of consultation with the public if necessary, as part of the Annual Plan process. These figures do not include any additional expenditure subsequently approved by the Council outside the Annual Plan process. The Annual Plan figures have been prepared in accordance with GAAP and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. Explanation of major variances between actual results and forecasted figures is provided in note 25.

COMPARATIVES

To ensure consistency with the current year, certain comparative information has been reclassified:

- where classifications have changed between periods;
- where the Council has made additional disclosure in the current year;
- where a greater degree of disaggregation of prior year amounts and balances is therefore required; and
- where there has been a change of accounting policy (there has been no change in the 2020/21 year).

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 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's 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 year (2020: nil).

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 provisions

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 asset valuation

The Council's infrastructural assets are revalued triennially by accredited independent valuers (refer note 11). In a non-revaluation year, the Council assesses whether there has been a material movement in the fair value of infrastructural

assets since the last valuation performed as at 30 June 2020. This assessment includes the application of relevant cost indices, assessing market information and obtaining advice from the Council's valuer who performed the most recent valuation.

The Council concluded that there had not been a material movement in the fair value of land and buildings at 30 June 2021. The next planned valuation will be 30 June 2023.

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 the accounting policies of the Group in the year ended 30 June 2021, other than the adoption of new PBE Standards and amendments to PBE Standards as disclosed below. Other than the changes disclosed below, all accounting policies and disclosures are consistent with those applied by the Group in the previous financial year.

Standards issued and not yet effective that have been early adopted

Standards and amendments issued but not yet effective that have been early adopted are:

PBE IPSAS 41 Financial Instruments (PBE IPSAS 41)

PBE IPSAS 41 Financial Instruments replaces parts of PBE IPSAS 29 Financial Instruments. The Group has elected to early adopt PBE IPSAS 41 prospectively, with an initial application date of 1 July 2020.

The classification and measurement requirements of PBE IPSAS 41 did not have a significant impact on the Group. The Group continued measuring at fair value all financial assets previously held at fair value.

The following are the changes in the classification of the Group's financial assets:

Note 5 Trade Receivables: This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying an expected credit loss model.

Note 8 Equity investments in non-listed companies previously classified as Available-for-sale (AFS) financial assets and financial assets held to maturity are now classified and measured as financial assets at fair value through OCI. The Group elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.

In summary, upon adoption of PBE IPSAS 41, the Group had the following elected reclassifications:

As at 30 June 2021	PBE IPSAS 41 measurement category		
		Fair value through profit or loss	Fair value through OCI
PBE IPSAS 29 measurement category	\$000	\$000	\$000
Available for sale financial assets	21	-	21
Financial assets held to maturity	134	-	134
		-	155

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

The adoption of PBE IPSAS 41 has had no material impact on the financial statements and comparative figures have not been restated.

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 expense, 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.

- **Dividend revenue**

Dividend revenue is recognised when the right to receive payment is established which is generally when QRS approves the dividend.

The below table shows revenue received from investments for the year:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Interest on financial assets at fair value through profit and loss	259	347	260	353
Gain / (loss) in market value and sales of bond portfolio	(184)	(9)	(184)	(9)
Cash dividends received	-	369	-	19
Rent received on other investments	20	35	20	35
Other income	5	8	5	8
Total investment revenue	100	750	101	406

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.

	Council	
	2021 \$000	2020 \$000
General rates	3,649	3,788
Water	1,325	1,343
Sewerage	1,578	1,157
Waste management	1,344	1,039
Stormwater/drainage	387	429
Services	1,751	1,353
Roading	3,648	3,485
Recreation	984	1,249
Gross rates levied	14,666	13,843
Penalties charged	321	273
Less remissions	(339)	(283)
Less internal charges	(579)	(618)
Rating revenue received	14,069	13,215

Other income

The Council received a subvention payment in lieu of final dividend for the year ended 30 June 2021. The subvention payment involves the purchase of tax losses by QRS from the Council leading to a reduction in tax payable and therefore an ultimate greater cash benefit to the Wairoa District. Refer to note 9.

Other comprehensive revenue

The below table shows other comprehensive revenue received for the year:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Fair value movement – property, plant and equipment	-	6,050	-	6,050
Fair value movement in available-for-sale investments	-	(13)	-	(13)
Total other comprehensive revenue	-	6,037	-	6,037

Infrastructure assets are revalued every 3 years, resulting in a gain or loss recognised in other comprehensive revenue (refer to note 11).

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 to 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 Waka Kotahi, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The right to receive the funding from Waka Kotahi

arises once the work is performed therefore revenue is recognised when receivable as there are no further conditions attached to the funding.

The Government has invested in regional economic development through the Provincial Growth Fund (PGF). As the underlying PGF contracts contain an obligation in substance to return the funds if conditions of the grant are not met, revenue from the PGF is initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

The Government has invested in Three Waters upgrades through funding from the DIA. As the underlying contract contains an obligation in substance to return the funds if conditions of the grant are not met, revenue from the DIA is initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

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:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Waka Kotahi roading subsidies	15,033	12,925	15,033	12,925
Ministry of Business, Innovation and Employment	-	29	-	29
Provincial Growth Fund	7,276	5,457	7,276	5,457
Three Waters subsidies (DIA)	3,115		3,115	
Other grants	1,405	42	1,405	42
Total subsidy and grant revenue	26,829	18,453	26,829	18,453

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised as revenue (2020: 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 months' notice. Therefore, there are no non-cancellable leases held. No contingent rents have been collected during the year (2020: nil).

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 \$79.7 million in 2021 (2020: \$72.1 million). Motor vehicles 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 \$51.2 million in declared coverage under the LAPP Fund (2020: \$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.

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:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Depreciation - Infrastructural assets	4,436	4,147	4,436	4,144
Depreciation - Operational assets	1,222	1,217	2,371	2,423
Amortisation charge - Intangible assets	16	45	36	71
Fees to auditors:				
• EY fees for financial statements audit	129	110	214	180
• EY fees for long term plan audit	102	-	102	-
Fees to PWC for taxation advice	16	10	16	10
Interest paid - bank borrowings	223	217	276	294
Mayor and Councillor fees	324	326	324	326
Impairment of receivables (bad debts written off)	25	29	25	29
Impairment of receivables (provision for doubtful debts)	3,643	3,362	3,648	3,362
Impairment of property, plant and equipment	13	-	13	358
Operating lease expenses	39	33	39	33
Public ceremonies	10	8	10	8
Loss on disposal of assets	1,304	1,243	1,438	1,260
Directors' fees	-	-	140	129
Donations	-	-	40	44

4. STAFF AND ELECTED MEMBERS' REMUNERATION

CHIEF EXECUTIVE OFFICER'S REMUNERATION

The Chief Executive Officer of the Council was appointed under section 42 of the Local Government Act 2002.

In October 2020 Steven May resigned from his role as Chief Executive Officer. Kitea Tipuna, the Group Manager Community and Engagement, undertook the role of interim Chief Executive Officer and was appointed Chief Executive Officer on 8 June 2021.

Under the terms of his agreement, the Chief Executive Officer of the Council chooses how he wishes to take his remuneration package (salary only or a combination of salary and benefits).

MAYORAL AND COUNCILLOR REMUNERATION

The following people held office as elected members of the Council's governing body, during the reporting period. The total remuneration attributed to the Mayor and Councillors during the year was \$324,340 (2020: \$326,463) and is broken down and classified as follows:

	2021 \$
Craig Little, <i>Mayor</i>	100,750*
Hine Flood, <i>Deputy Mayor</i>	40,000
Denise Eaglesome-Karekare, <i>Councillor</i>	36,718
Danika Goldsack, <i>Councillor</i>	36,718
Jeremy Harker**, <i>Councillor</i>	36,718
Melissa Kaimoana, <i>Councillor</i>	36,718
Chaans Tumataroa-Clarke, <i>Councillor</i>	36,718
Total remuneration paid to council members	324,340

*The Mayor's salary was temporarily reduced from 9 July 2020 to 6 January 2021 due to a COVID-19 determination for Local Government Members.

**Councillor Harker is also a senior manager of the Council subsidiary QRS.

KEY MANAGEMENT PERSONNEL REMUNERATION

	Council	
	2021 \$	2020 \$
Council members		
Total remuneration	324,340	326,463
CEO and senior leadership team		
Steven May (CEO 1/7/20-9/10/20)	134,111	214,221
Kitea Tipuna (Interim CEO 10/10/20-7/6/21)	172,080	-
Kitea Tipuna (CEO from 8/6/21)	13,553	-
Senior leader remuneration	626,954	655,342
Total remuneration paid to key management personnel	1,271,037	1,196,026

As at 30 June 2021, key management personnel comprised 11 individuals: 7 elected members (2020: 7) and 4 executive leaders, comprising the Chief Executive Officer and three senior management personnel (2020: 5 executive leaders).

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.

In 2021, a severance payment of \$46,900 was made in respect to the vacation of the office as Chief Executive Officer of the council. One other severance payment of \$12,208 was made. No severance payments were made in the 2020 year.

Employee staffing levels and remuneration

The following table identifies the number of full time employees as at the end of the reporting period and the full time equivalent (FTE) 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.

	Council	
	2021	2020
Full-time and full-time equivalent employee numbers		
Number of full time employees	59	60
Full time equivalent number of all other employees	9	7.5
Total full-time equivalent employees	68	67.5

Remuneration bands

The number of employees receiving total annual remuneration of less than \$60,000	32	41
-----------------------------------------------------------------------------------	----	----

Of the employees in this band, 19 are part-time or casual

The number of employees receiving total annual remuneration of more than \$60,000 in bands of \$20,000		
\$60,000 - \$79,999	23	14
\$80,000 - \$99,999	12	11
\$100,000 - \$119,999*	8	6
\$120,000 - \$219,999*	5	5
Total employees	80	77

*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.

Total annual remuneration has been calculated to include any non-financial benefits and other payments such as the employer Kiwisaver contribution. Total annual remuneration is reported as the higher of base salary including employer superannuation contributions or total gross payments in the year.

Of the 80 (2020: 77) individual employees, 21 (2020: 15) work part-time or casually.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Employment expenses				
Salaries and wages	5,461	5,428	11,769	11,638
Employer contributions to Superannuation	168	154	346	315
Increase (decrease) in employee benefit liabilities	41	131	14	(55)
Total employee benefit expenses	5,670	5,713	12,129	11,898

Prior year employment benefit expense has been changed to conform with current year presentation.

5. TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at the original invoice amount as the effect of discounting is immaterial. Short-term receivables are recorded at the amount due, less any provision for un-collectability. The provision is calculated by applying an expected credit loss model. A receivable is considered uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

The below table provides a summary of all receivables at year end:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Rates receivable	4,876	4,338	4,876	4,338
Trade receivables	4,163	6,188	4,927	7,406
Prepayments	345	-	55	-
GST receivables	201	141	201	141
Total receivables - gross	9,585	10,667	10,059	11,885
Less provision for impairment of receivables	(3,643)	(3,362)	(3,648)	(3,362)
Total receivables - net	5,942	7,305	6,411	8,523

Current trade, rates and sundry receivables are non-interest bearing and receipt is generally on 30 day terms, therefore the carrying value 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 provision on trade receivables and other debtors. The impairment provision has been calculated by applying an expected credit loss model 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 provision is calculated by applying an expected credit loss model.

The Council provides for impairment on rates receivables, 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 impairment provision for rates has been calculated by applying an expected credit loss model 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.

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

	2021 Council			2020 Council		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	3,804	-	3,084	5,833	-	5,833
Past due 30 - 60 days	79	-	79	55	-	55
Past due 60 - 90 days	6	-	6	4	-	4
Past due >90 days	274	172	102	296	233	63
Total trade receivables	4,163	172	3,991	6,188	233	5,955

	2021 Group			2020 Group		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	4,096	-	4,096	5,299	-	5,299
Past due 30 - 60 days	512	-	512	1,796	-	1,796
Past due 60 - 90 days	45	-	45	15	-	15
Past due >90 days	274	167	107	296	233	63
Total trade receivables	4,927	167	4,760	7,406	233	7,173

The ageing profile of rates receivables as at 30 June is detailed below:

	2021 Council and Group			2020 Council and Group		
	Gross \$000	Impairment provision \$000	Net \$000	Gross \$000	Impairment provision \$000	Net \$000
Not past due	631	202	429	545	164	381
Up to 2 years	1,853	1,079	774	1,548	901	647
2 to 5 years	1,124	960	164	1,058	911	147
Over 5 years	1,268	1,230	38	1,187	1,153	34
Total rates receivable	4,876	3,471	1,405	4,338	3,129	1,209

The movement in the provision for impairment of total receivables is analysed follows:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Opening balance	3,362	3,154	3,362	3,154
Addition to provision	372	238	377	249
Bad debts written off	(25)	(18)	(25)	(29)
Release of provision	(66)	(12)	(66)	(12)
Provision for impairment of total receivables – closing balance	3,643	3,362	3,648	3,362

6. 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.

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Cash at bank and in hand	4	6	1,711	2,316
Short term deposits	4,320	2,789	4,320	2,789
Total cash and cash equivalents	4,324	2,795	6,031	5,105

7. INVENTORIES

Inventory is measured at cost upon initial recognition. 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.

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

After initial recognition, inventories are valued at the lower of cost, determined on a first-in, first-out basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Metal stocks	-	-	819	502
Water treatment chemicals	54	65	54	65
Other supplies	16	13	93	13
Total inventories	70	78	966	682

The write-down of inventories held for distribution amounted to nil (2020: nil), while reversal of write downs amounted to nil (2020: nil.) The carrying amount of inventories pledged as security is nil (2020: nil) and for liabilities is nil (2020: 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. 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 expense.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council 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 the Council 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. The Council 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.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Financial assets at fair value through profit and loss - upon initial recognition				
Shares and debentures	3,771	5,954	3,771	5,954
Financial assets at fair value through OCI				
LGFA borrower notes	134	148	134	148
Civic Financial Services Limited	21	21	21	21
Loans and receivables				
Cash and cash equivalents	4,324	2,795	6,031	5,105
Trade and other receivables (excl. GST)	5,741	7,164	6,210	8,382
Total financial assets	13,991	16,082	16,167	19,610

8.A. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

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

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the statement of comprehensive revenue and expense.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Shares and debentures	3,771	5,954	3,771	5,954
Total financial assets at fair value through profit and loss	3,771	5,954	3,771	5,954
Current	1,029	2,072	1,029	2,072
Non-current	2,742	3,882	2,742	3,882
Total financial assets at fair value through profit and loss	3,771	5,954	3,771	5,954

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 the Council's 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:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
One year or less	1,029	2,072	1,029	2,072
Weighted average interest rate	4.47%	5.22%	4.47%	5.22%
Between one and five years	2,464	3,593	2,464	3,593
Weighted average interest rate	4.49%	4.48%	4.49%	4.48%
Over five years	278	289	278	289
Weighted average interest rate	3.94%	3.94%	3.94%	3.94%
Total financial assets at fair value through profit and loss	3,771	5,954	3,771	5,954

The stocks and debentures are local authority stocks and commercial bonds that are actively traded. The coupon rates vary from 3.94% to 5.00% (2020: 3.94% to 6.00%) with yields from 0.45% to 1.93% (2020: 0.35% to 2.40%). Purchases and sales are accounted for at settlement date. These assets are exposed to cash flow interest rate risk.

8.B. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)

Equity investments in non-listed companies (previously classified as AFS financial assets or held to maturity investments) are now classified and measured as Equity instruments designated at fair value through OCI. The Group elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
LGFA borrower notes	134	148	134	148
Civic Financial Services Limited	21	21	21	21
Total financial assets at fair value through OCI	155	169	155	169

Civic Financial Services Limited (formerly Civic Assurance) is the trading name for the New Zealand Local Government Insurance Corporation Limited. The Council holds a 0.20% (2020: 0.20%) shareholding in this entity and has no present intention to sell. 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 2021.

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 by 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 expense. 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.

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 2021, there was no recognised deferred tax liability (2020: 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 expense, 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

The major components of taxation expense are:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Current tax expense				
Current year income tax charge	-	-	516	247

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Adjustments to current tax in prior years	-	-	-	-
Total current tax expense	-	-	516	247

Deferred tax expense

Origination and reversal of temporary differences	-	-	(136)	(77)
Recognition of previously unrecognised tax losses	-	-	-	-
Total deferred tax expense	-	-	(136)	(77)

Income tax expense reported in the statement of financial performance	-	-	380	170
------------------------------------------------------------------------------	---	---	------------	------------

Reconciliation of tax on the surplus / (deficit) and tax expense:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Surplus / (deficit) for the period before taxation	9,868	3,321	10,664	3,537
Less: non assessable surplus / (non qualifying deficit)	(9,868)	(3,321)	(9,335)	(2,936)
Assessable profits	-	-	1,329	601
Income tax based on domestic tax rate – 28% (2020: 28%)	-	-	372	168
Plus taxation effect of permanent differences	-	-	-	-
Effect of non-deductible expenses	-	-	8	2
Income tax expense reported in the statement of financial performance	-	-	380	170

Movement in deferred tax asset:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Opening balance	-	-	583	506
Current year charge	-	-	136	77
Use of prior year recognised loss and other movement not recognised	-	-	-	-
Closing balance	-	-	719	583

The Council has taxable income from commercial operations at the Wairoa airport and the landfill (prior to Smart Environmental Limited providing Solid Waste management services for the Council). The imputation credits attached to dividends received from QRS offset the tax payable which results in a nil tax bill. These tax losses are not carried on the balance sheet as the Council does not expect to make taxable profits in the future against which these carry forward losses could be utilised.

The Council held \$286,904 in tax losses which had accumulated over a number of years. These losses were primarily due to the “grossing-up” of excess imputation credits attached to dividends received from QRS. In 2021, \$286,000 of these losses were purchased by QRS by way of subvention payment in lieu of dividend (2020: \$200,000). The balance of losses held by Council at 30 June 2021 is nil (2020: \$374,519).

Deferred income tax as at 30 June relates to the following:

	Council				Group			
	Statement of financial position		Statement of financial performance		Statement of financial position		Statement of financial performance	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Deferred tax liabilities								
Contract retentions	-	-	-	-	127	129	2	(61)
Future amortisation	-	-	-	-	19	22	3	1
Right of use assets	-	-	-	-	3	26	-	-
Gross deferred tax liabilities	-	-	-	-	149	17	5	(60)
Deferred tax assets								
Doubtful debts	-	-	-	-	-	-	-	-
Subcontractor retentions	-	-	-	-	24	85	(61)	(8)
Provisions								
• Annual leave	-	-	-	-	85	91	(6)	(1)
• Staff gratuities	-	-	-	-	14	14	-	1
• Sick leave	-	-	-	-	6	10	(3)	2
• Time in lieu	-	-	-	-	29	20	9	(12)
Long service leave	-	-	-	-	15	10	6	-
Aftercare	-	-	-	-	47	50	(3)	5
Lease asset depreciation	-	-	-	-	-	-	13	32
Operating lease payments	-	-	-	-	-	-	(14)	(34)
Lease interest	-	-	-	-	-	-	1	3
ACC premiums	-	-	-	-	-	5	(5)	(3)
Maintenance accruals	-	-	-	-	3	-	3	(3)
Construction accruals	-	-	-	-	-	-	-	-
Corporate accruals	-	-	-	-	155	29	125	20
Contract liabilities	-	-	-	-	227	80	147	15
Future depreciation	-	-	-	-	260	339	(79)	121
Lease liability	-	-	-	-	4	27	-	-
Deferred tax assets	-	-	-	-	868	759	133	138
Net deferred tax assets	-	-			719	582		
Deferred tax income (expense)			-	-			138	78

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 as at 30 June are:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Current				
Trade payable - exchange transactions	6,375	5,240	6,076	6,286
Taxes payable	5	7	176	202
Employee benefits	761	715	1,401	1,403
Trust funds and deposits	84	63	84	63
Revenue in advance	3,325	1,963	3,325	1,963
Total current	10,550	7,988	11,062	9,917
Non-current				
Employee benefits	61	66	115	101
Trade payable - exchange transactions	-	-	-	-
Total non-current	61	66	115	101
Total trade and other payables	10,611	8,054	11,177	10,018

EXCHANGE TRANSACTIONS, TRANSFERS AND TAXES PAYABLE

Payables under exchange transactions, transfers and taxes payable are non-interest bearing and are normally settled on terms varying between seven days and the 20th of the month following the invoice date, therefore the carrying value approximates their fair value. Most of Council's payables are exchange transactions as they are directly with another party on an arm's length basis. Non-exchange payables are classified as either taxes (e.g. PAYE and GST) or transfers payable (e.g. Council grants).

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Exchange transactions				
Trade payables and accruals	6,375	5,240	6,076	6,286
Total trade payable - exchange transactions	6,375	5,240	6,076	6,286

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Taxes payable				
GST	-	-	171	195
PAYE	5	7	5	7
Total taxes payable	5	7	176	202

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 expense net of any reimbursement. Refer to Note 17 for further information about the recorded landfill and quarry aftercare provision.

As at 30 June 2021, QRS had received a claim from a sub-contractor in relation to the value attributable to a contract to provide services that QRS disputes. Information usually required by PBE IPSAS 19 in relation to the extent of this dispute and the costs provided by the company have not been disclosed as this may prejudice the position of QRS in regards to this matter.

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.

A provision for employee benefit liabilities is recognised as a liability when benefits are earned but not paid. This provision includes salaries and wages accrued up to balance date, holiday leave earned, but not yet taken at balance date, retirement and long service leave entitlements expected to be settled within 12 months)

Holiday leave includes: annual leave, long service leave, statutory time off in lieu and ordinary time off in lieu. Annual leave is calculated on an actual entitlement basis in accordance with section 21(2) of the Holidays Act 2003.

Long-term employee entitlements

Retirement gratuities

The Council's retirement gratuities provision is a contractual entitlement for a reducing number of employees who, having qualified with 10 years' continuous service will, on retirement, be entitled to a payment based on years of service (up to a maximum) and current salary. This entitlement has not been offered to Council employees since 1990. Based on the age of remaining participants the provision may not be extinguished until 2030, assuming retirement at age 65.

Retirement gratuities are calculated on an actuarial basis based on the likely future entitlements accruing to employees, after taking into account years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and other contractual entitlement information.

The gross retirement gratuities provision (inflation adjusted at 3.08% using the Treasury-defined salary inflation rate) as at 30 June 2021, after discounting, is \$61,109 (2020: \$65,579). The discount factor of 3.08% is based on the Treasury risk-free rate.

Superannuation

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Current				
Short-term benefits				
Payroll accruals	-	158	249	431
Holiday leave	761	557	1,152	972
Total current employee benefits	761	715	1,401	1,403
Non-current				
Long-term benefits				
Retirement gratuities provision	61	66	61	66
Long service leave	-	-	54	35
Total non-current employee benefits	61	66	115	101
Total employee benefit liabilities and provisions	822	781	1,516	1,504

TRUST FUNDS AND DEPOSITS

The trust funds are restricted cash with their purpose limited to use by the group "Safer Community Committee".

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Deposits	80	59	80	59
Trust funds	4	4	4	4
Total trust fund and deposits	84	63	84	63

REVENUE IN ADVANCE

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.

Subsidy and grants: Council and the Group have received non-exchange transfer monies for specific purposes, which apply to periods beyond the current year, with conditions that would require the return of the monies if they are not able to fulfil the agreement. The revenue from these agreements will only be recognised as the conditions are fulfilled over time.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Exchange transactions				
Other income in advance	348	154	348	154
Taxes				
Rates	519	424	519	424
Transfers				
Subsidies and grants	2,458	1,385	2,458	1,385
Total revenue in advance	3,325	1,963	3,325	1,963

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 the Council 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 the Council. 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 RECOGNITIONS 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.

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 Three Waters assets are carried at fair value, less impairment losses and accumulated depreciation recognised after the date of the revaluation. All other asset classes are carried at depreciated historical cost.

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 expense, the increase is recognised first in the statement of comprehensive revenue and expense to reverse any previous reduction.

Operational land and buildings were valued at fair value effective from 30 June 2005. The Council 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. The Council 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 the Council 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. The Council 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 the Council 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 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 & fittings	5-10
Computer equipment	4-5

Category	Estimated Life (Years)
Sewerage	
Structures	50
Oxidation ponds	40
Pipes	80-120
Manholes	80
Pumps	10-35
Plant	10-35
Resource consents	25
Stormwater	
Reticulation piping	50-100
Culverts	50-120
Manholes/sumps	50-100
Open drains	Not depreciated
Water Supply	
Structures	50
Pumps	15-35
Reticulation piping	60-120
Meters	20
Hydrants	40
Resource consents	20-25
Reservoirs	80-100
Roads	
Top surface (seal)	14
Basecourse	100-120
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

The following policy was consulted on in 1999 and reconfirmed on 30th August 2006 with regards to depreciation.

The Council has reviewed its assets and advises that the following assets will be depreciated but not rated for replacement.

1. Community halls
2. Housing
3. Camping ground
4. Roothing (Waka Kotahi subsidised portion of roading)
5. Community Centre
6. Loan-funded assets including the Māhia and Ōpoutama 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 Long Term Plan 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 rating loss of service potential (depreciation) there is a reduction in rates payable by the present ratepayers.

2021 depreciation not rated (Council only)

	2021	
	Budget \$	Actual \$
Community halls	9	7
Housing	8	4
Camping ground	9	7
Roothing (Waka Kotahi subsidised portion of roading)	2,378	2,776
Community Centre	385	382
Loan-funded assets including the Māhia and Ōpoutama wastewater systems	260	333
Other assets	199	306
Total depreciation not funded	3,248	3,815

IMPAIRMENT OF NON-FINANCIAL ASSETS

Impairment of cash generating assets

For non-financial cash-generating assets, 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 expense.

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 depreciated 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.

	Council											
	30 June 2020			Current year						30 June 2021		
	Cost / revaluation \$'000	Accumulated depreciation & impairment \$'000	Carrying amount \$'000	Revaluation \$'000	Disposal \$'000	Accumulated depreciation on disposals \$'000	Additions \$'000	Transfers \$'000	Depreciation & impairment charges \$'000	Carrying amount \$'000	Cost / revaluation \$'000	Accumulated depreciation & impairment \$'000
Land	4,662	(1)	4,661	-	-	-	46	-	(1)	4,706	4,708	(2)
Buildings	13,934	(3,614)	10,320	-	(143)	64	843	-	(421)	10,663	14,634	(3,971)
Other Improvements	5,504	(2,574)	2,930	-	(1)	1	388	-	(259)	3,059	5,891	(2,832)
Vehicles	876	(398)	478	-	(28)	28	46	-	(147)	377	894	(517)
Furniture and office equipment	3,750	(2,966)	784	-	(2)	2	846	-	(394)	1,236	4,594	(3,358)
Library collections	616	(551)	65	-	-	-	38	-	-	103	654	(551)
Total non-infrastructure assets	29,342	(10,104)	19,238	-	(174)	95	2,207	-	(1,222)	20,144	31,375	(11,231)
Roading	184,279	(6,083)	178,196	-	(120)	5	17,701	-	(2,583)	193,199	201,860	(8,661)
Land under roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-
Bridges	28,617	(2,215)	26,402	-	(378)	13	1,965	-	(1,003)	26,999	30,204	(3,205)
Water supply - treatment plant & facilities	6,790	(508)	6,282	-	(527)	15	-	-	(191)	5,579	6,263	(684)
Water supply - other assets	16,080	(1,116)	14,964	-	(213)	6	272	-	(429)	14,600	16,139	(1,539)
Sewerage - treatment plant & facilities	9,545	(824)	8,721	-	-	-	984	-	(65)	9,640	10,529	(889)
Sewerage - other assets	8,704	-	8,704	-	(445)	-	-	-	-	8,259	8,259	-
Stormwater	7,453	(580)	6,873	-	-	-	145	-	(165)	6,853	7,598	(745)
Parking	315	(64)	251	-	-	-	-	-	-	251	315	(64)
Total infrastructural assets	267,127	(11,390)	255,737	-	(1,683)	39	21,067	-	(4,436)	270,724	286,511	(15,787)
Total assets	296,469	(21,494)	274,975	-	(1,857)	134	23,274	-	(5,658)	290,869	317,886	(27,018)
Capital work in progress	5,252	-	5,252	-	-	-	21,489	(23,498)	-	3,243	3,243	-
Total assets including work in progress	301,721	(21,494)	280,227	-	(1,857)	134	44,763	(23,498)	(5,658)	294,111	321,129	(27,018)

	Group											
	30 June 2020			Current year						30 June 2021		
	Cost / revaluation \$'000	Accumulated depreciation & impairment \$'000	Carrying amount \$'000	Revaluation \$'000	Disposal \$'000	Accumulated depreciation on disposals \$'000	Additions \$'000	Transfers \$'000	Depreciation & impairment charges \$'000	Carrying amount \$'000	Cost / revaluation \$'000	Accumulated depreciation & impairment \$'000
Land	5,085	(393)	4,692	-	-	-	46	-	(1)	4,737	5,131	(394)
Buildings	14,669	(4,045)	10,629	-	(143)	64	1,022	-	(458)	11,109	15,548	(4,439)
Other Improvements	5,505	(2,574)	2,931	-	(1)	1	388	-	(259)	3,059	5,891	(2,832)
Vehicles	14,912	(10,207)	4,705	-	(1,830)	1,658	1,411	-	(1,127)	4,817	14,193	(9,676)
Furniture and office equipment	4,634	(3,499)	1,135	-	(470)	326	865	-	(478)	1,378	5,029	(3,651)
Library collections	616	(550)	66	-	-	-	38	-	-	104	654	(550)
Total non-infrastructure assets	45,421	(21,268)	24,153	-	(2,444)	2,049	3,770	-	(2,323)	25,205	46,747	(21,542)
Roading	183,792	(6,083)	177,709	-	(120)	5	16,693	-	(2,584)	191,703	200,365	(8,662)
Land under roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-
Bridges	28,617	(2,215)	26,402	-	(378)	13	1,965	-	(1,003)	26,999	30,204	(3,205)
Water supply - treatment plant & facilities	6,790	(508)	6,282	-	(527)	15	-	-	(191)	5,579	6,263	(684)
Water supply - other assets	16,080	(1,116)	14,964	-	(213)	6	272	-	(429)	14,600	16,139	(1,539)
Sewerage - treatment plant & facilities	9,545	(824)	8,721	-	-	-	984	-	(65)	9,640	10,529	(889)
Sewerage - other assets	8,704	-	8,704	-	(445)	-	-	-	-	8,259	8,259	-
Stormwater	7,453	(580)	6,873	-	-	-	145	-	(165)	6,853	7,598	(745)
Parking	315	(64)	251	-	-	-	-	-	-	251	315	(64)
Total infrastructural assets	266,640	(11,390)	255,250	-	(1,683)	39	20,059	-	(4,437)	269,228	285,016	(15,788)
Total assets	312,061	(32,658)	279,403	-	(4,127)	2,088	23,829	-	(6,760)	294,433	331,763	(37,330)
Capital work in progress	5,252	-	5,252	-	-	-	21,489	(23,498)	-	3,243	3,243	-
Total assets including work in progress	317,313	(32,658)	284,655	-	(4,127)	2,088	45,318	(23,498)	(6,760)	297,676	335,006	(37,330)

	Council											
	30 June 2019			Current year						30 June 2020		
	Cost / revaluation \$'000	Accumulated depreciation & impairment \$'000	Carrying amount \$'000	Revaluation \$'000	Disposal \$'000	Accumulated depreciation on disposals \$'000	Additions \$'000	Transfers \$'000	Depreciation & impairment charges \$'000	Carrying amount \$'000	Cost / revaluation \$'000	Accumulated depreciation & impairment \$'000
Land	4,593	-	4,593	-	(238)	-	307	-	(1)	4,661	4,662	(1)
Buildings	13,073	(3,274)	9,799	-	(149)	(60)	1,010	-	(400)	10,320	13,934	(3,614)
Other Improvements	4,508	2,351	2,157	-	(55)	10	1,051	-	(233)	2,930	5,504	(2,574)
Vehicles	853	(460)	393	-	(256)	235	279	-	(173)	478	876	(398)
Furniture and office equipment	3,655	(2,808)	847	-	(236)	236	331	-	(394)	784	3,750	(2,966)
Library collections	586	(535)	51	-	-	-	30	-	(16)	65	616	(551)
Total non- infrastructural assets	27,268	9,428	17,840	-	(934)	541	3,008	-	(1,217)	19,238	29,342	(10,104)
Roading	178,275	(3,929)	174,346	(4,942)	(1,039)	88	11,985	-	(2,242)	178,196	184,279	(6,083)
Land under roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-
Bridges	19,789	(1,408)	18,381	8,280	(64)	7	612	-	(814)	26,402	28,617	(2,215)
Water supply - treatment plant & facilities	6,045	(329)	5,716	97	(2)	-	650	-	(179)	6,282	6,790	(508)
Water supply - other assets	16,172	(722)	15,450	(249)	(17)	1	174	-	(395)	14,964	16,080	(1,116)
Sewerage - treatment plant & facilities	7,254	(248)	7,006	1,387	(100)	9	1,004	-	(585)	8,721	9,545	(824)
Sewerage - other assets	8,548	(289)	8,259	-	(14)	(2)	170	-	291	8,704	8,704	-
Stormwater	5,772	(373)	5,399	1,544	(15)	1	152	-	(208)	6,873	7,453	(580)
Parking	363	(50)	313	(67)	(1)	1	20	-	(15)	251	315	(64)
Total infrastructural assets	247,562	(7,348)	240,214	6,050	(1,252)	105	14,767	-	(4,147)	255,737	267,127	(11,390)
Total assets	274,830	(16,776)	258,054	6,050	(2,186)	646	17,775	-	(5,364)	274,975	296,469	(21,494)
Capital work in progress	8,169	-	8,169	-	-	-	14,739	(17,656)	-	5,252	5,252	-
Total assets including work in progress	282,999	(16,776)	266,223	6,050	(2,186)	646	32,514	(17,656)	(5,364)	280,227	301,721	(21,494)

	Group											
	30 June 2019			Current year						30 June 2020		
	Cost / revaluation \$'000	Accumulated depreciation & impairment \$'000	Carrying amount \$'000	Revaluation \$'000	Disposal \$'000	Accumulated depreciation on disposals \$'000	Additions \$'000	Transfers \$'000	Depreciation & impairment charges \$'000	Carrying amount \$'000	Cost / revaluation \$'000	Accumulated depreciation & impairment \$'000
Land	5,016	(26)	4,990	-	(238)	-	307	-	(367)	4,692	5,085	(393)
Buildings	13,790	(3,663)	10,127	-	(149)	60	1,028	-	(442)	10,624	14,669	(4,045)
Other Improvements	4,509	(2,351)	2,158	-	(55)	10	1,051	-	(233)	2,931	5,505	(2,574)
Vehicles	14,440	(10,222)	4,218	-	(1,239)	1,145	1,711	-	(1,130)	4,705	14,912	(10,207)
Furniture and office equipment	4,499	(3,311)	1,188	-	(293)	290	428	-	(478)	1,135	4,634	(3,499)
Library collections	586	(534)	52	-	-	-	30	-	(16)	66	616	(550)
Total non- infrastructural assets	42,840	(20,107)	22,733	-	(1,974)	1,505	4,555	-	(2,666)	24,153	45,421	(21,268)
Roading	177,623	(3,932)	173,691	(4,942)	(1,039)	88	12,150	-	(2,239)	177,709	183,792	(6,083)
Land under roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-
Bridges	19,789	(1,408)	18,381	8,280	(64)	7	612	-	(814)	26,402	28,617	(2,215)
Water supply - treatment plant & facilities	6,045	(329)	5,716	97	(2)	-	650	-	(179)	6,282	6,790	(508)
Water supply - other assets	16,172	(722)	15,450	(249)	(17)	1	174	-	(395)	14,964	16,080	(1,116)
Sewerage - treatment plant & facilities	7,254	(248)	7,006	1,387	(100)	9	1,004	-	(585)	8,721	9,545	(824)
Sewerage - other assets	8,548	(289)	8,259	-	(14)	(2)	170	-	291	8,704	8,704	-
Stormwater	5,772	(373)	5,399	1,544	(15)	1	152	-	(208)	6,873	7,453	(580)
Parking	363	(50)	313	(67)	(1)	1	20	-	(15)	251	315	(64)
Total infrastructural assets	246,910	(7,351)	239,559	6,050	(1,252)	105	14,932	-	(4,144)	255,250	266,640	(11,390)
Total assets	289,750	(27,458)	262,292	6,050	(3,226)	1,610	19,487	-	(6,810)	279,403	312,061	(32,658)
Capital work in progress	8,169	-	8,169	-	-	-	14,739	(17,656)	-	5,252	5,252	-
Total assets including work in progress	297,919	(27,458)	270,461	6,050	(3,226)	1,610	34,226	(17,656)	(6,810)	284,655	317,313	(32,658)

VALUATION: ROADING, BRIDGES AND PARKING INFRASTRUCTURAL ASSETS

Roading, bridges, and parking infrastructural assets are valued on a depreciated replacement cost basis. Replacement cost is the cost of building the existing infrastructure using present day technology but maintaining the originally designed level of service and performance. Replacement cost was calculated by multiplying asset quantities by unit cost rates factored to allow for other direct costs such as professional fees.

The following significant assumptions are used in determining the replacement cost of these assets:

- Estimating the replacement cost of the asset.
- Estimates of the useful lives for the purpose of calculating depreciation.
- Estimating any diminishment in the capacity of assets that would be required if the assets were replaced.

The revaluation for roading, bridges and parking was performed by independent valuers Tui Craven and reviewed by Gregg Morrow, both of WSP, as at 30 June 2020. The carrying value of assets are the assessed fair value of the assets as per the conclusions of the revaluation reports. This reflects the fair value as at 30th June 2020. Council considers that there have been no events that would give rise to a material change in this valuation during the year.

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 the Council 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 the Council'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 the Council's asset management activities, which give the Council further assurance over its useful life estimates.

VALUATION: WATER NETWORKS, TREATMENT PLANTS AND WASTEWATER PUMP STATIONS

Water Networks, 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.
- Estimates of the remaining useful life over which the asset will be depreciated.

Useful lives were determined with reference to the NZ Infrastructure Asset Valuation and Depreciation Guidelines 2006 as well as local conditions and knowledge.

The revaluation for Water Networks, Treatment Plants, and Wastewater Pump Stations was performed by independent valuers Duncan Kerr and reviewed by Kerry Mayes, both of WSP, as at 30 June 2020. The carrying value of assets are the assessed fair value of the assets as per the conclusions of the revaluation reports. This reflects the fair value as at 30th June 2020. Council considers that there have been no events that would give rise to a material change in this valuation during the year.

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 derecognition 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 of greater than one year 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 the Council are recognised as an intangible asset. Direct costs include 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. The Council 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 expense. 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

IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINATE 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 2021. As at 30 June 2021, no impairment loss has been recognised in relation to the trademarks (2020: nil).

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Software				
Cost as at 1 July	795	813	1,089	1,107
Additions	-	13	-	13
Disposals	-	(31)	-	(31)
Total cost as at 30 June	795	795	1,089	1,089

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Accumulated amortisation and impairment 1 July	770	756	963	923
Current year amortisation charge	16	45	38	71
Disposals	-	(31)	-	(31)
Total accumulated amortisation and impairment at 30 June	786	770	1,001	963

Software carrying value 30 June	9	25	88	126
----------------------------------------	----------	-----------	-----------	------------

Trademarks				
Cost as at 1 July	12	12	12	12
Additions	-	-	-	-
Disposals	-	-	-	-
Total cost as at 30 June	12	12	12	12

Accumulated amortisation and impairment 1 July	-	-	-	-
Current year amortisation charge	-	-	-	-
Disposals	-	-	-	-
Total accumulated amortisation and impairment at 30 June	-	-	-	-
Trademarks carrying value 30 June	12	12	12	12

Net carrying value of intangible assets 1 July	37	69	138	196
Net carrying value of intangible assets 30 June	21	37	100	138

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.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Balance at 1 July	115	260	115	260
Increases due to purchase	-	-	-	-
Gains / (losses) arising from changes in fair value	-	(145)	-	(145)
Balance at 30 June	115	115	115	115

The Council owns 29.3 hectares (2020: 29.3 hectares) of forest, mostly *Pinus radiata*, which are at varying stages of maturity. No trees have been harvested during the year (2020: nil).

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

Valuation assumptions

Forestry assets are valued on the basis of fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. Future costs and revenue are discounted from the year in which they occur to the date of the valuation by applying an appropriate discount rate. The appropriate discount rate is determined by considering the implied discount rate based on recent sales of forests.

Council's forestry holdings were valued as at 30th June 2020 by registered valuer Trevor Kitchin of Telfer Young Limited (Hawkes Bay). This reflects the fair value as at 30th June 2020. Council considers that there have been no events that would give rise to a material change in this valuation during the year.

Significant assumptions applied in this determination of fair value are:

- A pre-tax discount rate of 8.00% has been used in discounting the present value of expected cash;
- Growing and harvesting costs and revenues are based on current and actual industry based costs and revenues experienced by similar forests in the wider district;
- 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

The valuer identified that the forests owned by Council are sensitive to financial risks arising from changes in timber prices. The Council is a long-term forestry investor, and does not expect timber prices to decline significantly in the foreseeable future, therefore has not taken any measures to manage the risks of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

14. INVESTMENTS IN SUBSIDIARY

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

In accordance with the company's Statement of Intent, an independent valuation was conducted by Price Waterhouse Coopers 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.

Information on inter-company transactions is included in Note 20.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Quality Roding and Services (Wairoa) Limited	1,250	1,250	-	-
Total investment in subsidiary	1,250	1,250	-	-

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, the Council measures all investment property at cost less accumulated depreciation. Depreciation is provided on a straight-line basis on all investment property for the Council 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 2021 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.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Cost as at 1 July	401	415	401	415
Disposals	-	(14)	-	(14)
Transferred from land and building assets	-	-	-	-
Total cost at 30 June	401	401	401	401
Accumulated depreciation as at 1 July	(18)	(10)	(18)	(10)
Current year depreciation charge	(8)	(8)	(8)	(8)
Total accumulated depreciation as at 30 June	(26)	(18)	(26)	(18)

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Net carrying value of investment properties 1 July	383	405	383	405
Net carrying value of investment properties 30 June	375	383	375	383

	Council and Group	
	2021 \$	2020 \$
Rental revenue	20	35
Direct operating expenses from investment property generating revenue	6	6

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Current				
Secured loans	1,000	1,000	1,082	1,294
Total current	1,000	1,000	1,082	1,294
Secured Loans	7,000	8,000	7,272	8,568
Total non-current	7,000	8,000	7,272	8,568
Total borrowings	8,000	9,000	8,354	9,862

MATURITY ANALYSIS AND EFFECTIVE INTEREST RATES

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Less than one year	1,000	1,000	1,082	1,294
Weighted average effective interest rate	2.86%	2.66%	2.83%	3.20%
Later than one year but less than two years	1,500	1,000	1,772	1,241
Weighted average effective interest rate	3.04%	2.86%	2.49%	3.29%
Later than two years but less than five years	5,500	7,000	5,500	7,327
Weighted average effective interest rate	1.74%	2.39%	2.21%	2.51%
Later than five years	-	-	-	-
Weighted average effective interest rate	-	-	-	-
Total borrowings	8,000	9,000	8,354	9,862

FAIR VALUE OF BORROWINGS

The fair values are based on cash flows discounted using a rate based on the weighted average borrowing rate of 2.45% Council (2020: 2.47%) and 2.70% Group (2020: 2.70%). The carrying amounts of borrowings repayable within one year approximate their fair value. The Council and the Group do not have any floating rate debt.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Carrying amounts	8,000	9,000	8,354	9,862
Fair values	7,980	8,976	8,630	9,815

SECURITY

The Council's loans are secured over either separate or general rates of the district.

QRS has term loan facilities secured over the carrying value of the companies assets. At 30 June 2021, QRS has a loan from CAT Finance who hold a specific security interest over a 2020 Caterpillar Motor Grader.

INTERNAL BORROWING

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

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

	01 July 2020 Opening balance \$000	Borrowed (repaid) in year \$000	30 June 2021 Closing balance \$000
Water supply	2,149	48	2,197
Stormwater and drainage	1,709	(119)	1,590
Wastewater	4,741	609	5,350
Waste management	1,296	(80)	1,216
Transport	(26)	4,810	4,784
Community facilities	2,681	244	2,925
Leadership and governance	439	(807)	(368)
Planning and regulatory	296	(431)	(135)
Support services	(159)	(1,225)	1,066
Total internal borrowings	13,127	5,499	18,626

The Council uses an assumed internal interest rate of 5% (2020: 5%), consistent with its weighted average external borrowing rate, in relation to internal borrowing amounts. Interest charges for the year are:

	Interest charged	
	2021 \$	2020 \$
Water supply	44	99
Stormwater and drainage	35	86
Wastewater	96	87
Waste management	27	42
Transport	1	15
Community facilities	57	132
Leadership and governance	3	12
Planning and regulatory	6	10
Support services	-	29
Total internal interest charged	269	512

17. LANDFILL AND QUARRY AFTERCARE PROVISION

LANDFILL 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 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 8 years. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises, which is when each stage of the landfill is commissioned and refuse begins to accumulate.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure including final cover application and vegetation; incremental drainage control features; completing facilities for leachate collection and monitoring; completing facilities for water quality monitoring; completing facilities for monitoring and recovery of gas. Amounts provided for landfill post-closure are capitalised to the landfill asset. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

This note discloses an analysis of the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision. The Council has assumed that the aftercare provision for Wairoa Landfill is operative until 2064, 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. The Council 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: 2029 (2020: 2035)
- Length of post-closure monitoring period: 35 years (2020: 10 years)
- Total expected cash outflow – undiscounted: \$1.205m (2020: \$1.11m)
- Discount rate: 2.60% (2020: 1.97%)

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

Landfill post closure costs

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.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Opening balance	1,197	1,055	1,197	1,055
Movement in provision	109	142	109	142
Amount utilised	-	-	-	-
Quarry post closure costs – closing balance	1,306	1,197	1,306	1,197
Current	-	-	-	-
Non-current	1,306	1,197	1,306	1,197
Quarry post closure costs – closing balance	1,306	1,197	1,306	1,197

QUARRY AFTERCARE PROVISION

QRS 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 provision 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 30% will be incurred within 2 years of the balance sheet date.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Quarry post closure costs				
Opening balance	-	-	179	162
Movement in provision	-	-	-	17
Amount utilised	-	-	(11)	-
Quarry post closure costs – closing balance	-	-	168	179
Current	-	-	-	27
Non-current	-	-	168	152
Quarry post closure costs – closing balance	-	-	168	179

18. EQUITY

Equity is the community's interest in the Council and Group and is measured as the difference between total assets and total liabilities. Equity is broken down and classified into a number of components to enable clearer identification of the specified uses of equity within the Council and the Group.

The components of equity are accumulated funds and retained earnings, revaluation reserves which include a fair value through other comprehensive revenue and expense reserve and restricted funds which comprise special fund reserves.

Special reserves are restricted by Council decision and subject to specific conditions of use. Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met. 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.

Wairoa District Council has the following Council created special reserves:

- A disaster recovery reserve is held to fund Council's share of any costs relating to a natural disaster or unforeseen event.
- Reserves held for future asset purchases include proceeds from the sale of Council-owned infrastructure, land and buildings. These 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 held for the repayment of debt as it matures.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Special reserves	18,842	20,756	18,842	20,756
Revaluation reserves	115,251	115,806	116,242	116,797
Ratepayer's equity	156,124	143,500	160,165	147,412
Total equity	290,217	280,062	295,249	284,965

EQUITY MANAGEMENT

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

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

The Act requires the Council to make adequate and effective provision in its Long Term Plan and its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's Long Term Plan. The Council monitors actual expenditure incurred against the Long Term Plan and Annual Plan. No changes were made in the equity management objectives, policies or processes for the years ended 30 June 2021 and 2020.

REVALUATION RESERVES

The revaluation reserves are used to record accumulated increases and decreases in the fair value of certain asset classes. Revaluation movements are non-cash in nature and represent the restating of the Council's assets, subject to revaluation, into current dollar values after taking into account the condition and remaining lives of the assets.

The result of any revaluation of the Group's property, plant and equipment is recognised within other comprehensive revenue and expense and taken to the asset revaluation reserve. Where this results in a debit balance in the reserve for a class of property, plant and equipment, the balance is transferred to the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised within surplus or deficit will be recognised firstly, within surplus or deficit up to the amount previously expensed, and with any remaining increase recognised within other comprehensive revenue and expense and in the revaluation reserve for that class of property, plant and equipment. Any impairment in a revalued class of asset is recognised within other comprehensive revenue and expense and the portion relating to previous revaluation gains is taken to the asset revaluation reserve.

Accumulated depreciation at the revaluation date is eliminated so that the carrying amount after revaluation equals the revalued amount. While assumptions are used in all revaluations, the most significant of these are in infrastructure. For example where stormwater, wastewater and water supply pipes are underground, the physical deterioration and condition of assets are not visible and must therefore be estimated. Any revaluation risk is minimised by performing a combination of physical inspections and condition modelling assessments.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Revaluation reserves - opening balance	115,806	113,272	116,797	114,263
Net transfer from asset revaluation reserve on disposal	(555)	(762)	(555)	(762)
Transfer to ratepayer's equity	-	(2,741)	-	(2,741)
Revaluation recognised in other comprehensive revenue and expense	-	6,037	-	6,037
Revaluation reserves - closing balance	115,251	115,806	116,242	116,797

RATEPAYERS EQUITY (RETAINED EARNINGS)

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Ratepayer's equity - opening balance	143,500	135,156	147,412	139,222
Surplus (deficit) for year	10,155	3,521	10,284	3,367
Transfers to special reserves	(2,768)	(5,846)	(2,768)	(5,846)
Transfers from special reserves	4,682	7,166	4,682	7,166
Transfers from revaluation reserves	555	3,503	555	3,503
Ratepayer's equity - closing balance	156,124	143,500	160,165	147,412

SPECIAL RESERVES

	01 July 2020 Opening balance \$000	Transfer to \$000	Transfer from \$000	30 June 2021 Closing balance \$000
Reserves held for emergency purposes				
Disaster recovery reserve	784	16	-	800
Total reserves held for emergency purposes	784	16	-	800
Reserves held for future asset purchases				
District development fund	268	5	(8)	265
Asset and vehicle depreciation reserve	1,275	350	(226)	1,399
Information systems renewal reserve	535	115	(117)	533
Water production depreciation reserve	1,132	244	(556)	820
Water reticulation depreciation reserve - Wairoa	2,344	378	(63)	2,659
Water reticulation depreciation reserve - peri urban	134	3	(4)	133
Water reticulation depreciation reserve - Tuai	58	1	-	59
Water reticulation depreciation reserve - Frasertown	50	1	-	51
Water reticulation depreciation reserve - Māhanga	15	-	-	15
Sewerage system depreciation reserve - Wairoa	1,640	345	(415)	1,570
Sewerage system depreciation reserve - Tuai	323	6	-	329
Stormwater reticulation depreciation reserve - Wairoa	2,409	200	(146)	2,463
Stormwater reticulation depreciation reserve - Māhia	13	-	-	13
Parking area depreciation reserve	611	7	(504)	114
Bridges depreciation reserve	912	447	(1,359)	-
Landfill/RTS depreciation reserve	603	150	(177)	576
Airport runway depreciation reserve	-	20	(20)	-
Roading depreciation reserve	-	32	(32)	-
Footpaths depreciation reserve	993	142	-	1,135
Library book stocks depreciation reserve	240	7	(38)	209
Pensioner housing depreciation reserve	184	30	(56)	158
Parks and reserves depreciation reserve	187	166	(20)	333
Total reserves held for future asset purchases	13,926	2,649	(3,741)	12,834
Reserves held for future operational costs				
General purpose fund	572	11	-	583
Wairoa urban fund	280	6	-	286
Retirement and restructuring reserve	104	4	-	106
Tuai village reserve	182	4	(46)	140
Water production reserve	447	-	(447)	-
Water reticulation reserve - Wairoa	59	-	(59)	-
Water reticulation reserve - Wairoa peri urban	345	-	(345)	-
Water reticulation reserve - Frasertown	44	-	(44)	-
Total reserves held for future operational costs	2,033	23	(941)	1,115
Reserves held for repayment of maturing debt				
Loan repayment reserve - external	2,413	48	-	2,461
Loan repayment reserve - internal	1,600	32	-	1,632
Total reserves held for repayment of maturing debt	4,013	80	-	4,093
Total special reserves	20,756	2,768	(4,682)	18,842

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Net surplus/(deficit) for the period	10,155	3,521	10,285	3,767
Add/(deduct) non-cash items:				
Depreciation	5,502	6,827	6,651	8,391
Loss on disposal of assets	1,304	536	1,438	415
Gain on sale of assets	(15)	-	(480)	-
Amortisation	16	32	36	58
Decrease (increase) in deferred taxation	-	-	(136)	(77)
Increase (decrease) in employee benefit provision	(41)	(131)	(24)	(131)
Net increase in bad debts provision	(281)	208	(281)	208
Unrealised loss (gain) on investments	99	25	99	25
Increase in landfill aftercare provision	109	142	109	142
Increase in quarry aftercare provision	-	-	(12)	16
Loss / (gain) forestry revaluation	-	145	-	145
Total non-cash items	16,848	11,305	17,684	12,959
Add/(deduct) movement in working capital¹:				
(Increase) decrease in rates receivable	538	(561)	538	11
(Increase) decrease in trade and other receivables	1,620	(1,477)	1,280	(2,534)
Increase (decrease) in trade and other payables	2,598	1,829	5,659	1,615
Increase (decrease) in loans and other receivables	-	-	-	45
(Increase) decrease in GST receivable	60	433	60	(558)
Increase (decrease) in taxation payable	-	-	(50)	-
(Increase) / decrease inventories	8	(23)	(283)	(6)
Total movement in working capital	4,824	201	4,644	(1,427)
Net cashflows from operating activities	21,672	11,506	22,328	5,720

¹ Excluding non-cash items

20. TRANSACTIONS WITH RELATED PARTIES

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include all members of the Group (Council and controlled entities) and key management personnel. Key Management Personnel include the Mayor and Councillors as elected members of the governing body of the Council reporting entity, the Chief Executive and all members of the Senior Leadership Team, being key advisors to the Council and Chief Executive.

There were close family members of Key Management Personnel employed by the Council and Group. The terms and conditions of those arrangements are no more favourable than the Council and Group would have adopted if there was no relationship to the Key Management Personnel.

Material related party transactions - key management personnel of Council

During the year key management personnel, as part of normal local authority relationships, were involved in transactions with the Council such as payment of rates and purchases of rubbish bags or other Council services. These transactions were on normal commercial terms. Except for these transactions no key management personnel have entered into related party transactions with the Group.

The Mayor and Councillor's disclose their personal interests in a register available on the Council website.

There are no commitments from Council to key management personnel.

Material related party transactions - QRS

Council's purchase of services and sales income from QRS for the year were as follows:

	2021 \$000	2020 \$000
Revenue received by Council for services provided to QRS	142	3
Expenditure payments made by Council for services provided by QRS	15,314	13,154
Dividend received from QRS	0	350
Subvention payment from QRS	287	200
Current receivables and recoverables owing to the Council from QRS	5	7
Current payables owed by the Council to QRS	2,578	2,421

The receivable and payable balances are non-interest bearing and are to be settled on normal trading terms and conditions, except for \$428,872 (2020: \$345,454) of contract retentions which are payable at closure of defects liability period.

No related party transactions were forgiven or written off during the period (2020: nil).

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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000

Financial assets

Other financial assets:

• At fair value through OCI	155	21	155	21
-----------------------------	-----	----	-----	----

Financial liabilities

Interest-bearing loans and borrowings:

• Floating rate borrowings	-	-	-	-
• Fixed rate borrowings	8,354	9,862	8,630	9,815

	Council			
	Carrying amount		Fair value	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000

Financial assets

Other financial assets:

• At fair value through OCI	155	21	155	21
-----------------------------	-----	----	-----	----

Financial liabilities

Interest-bearing loans and borrowings:

• Floating rate borrowings	-	-	-	-
• Fixed rate borrowings	8,000	9,000	7,980	8,976

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 2021.
- 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 HIERACHY

For those financial instruments recognised at fair value in the Statement of Financial Position, the fair values are determined according to the following hierarchy:

Level 1 – Quoted market price

Financial instruments with quoted prices for identical instruments in active markets.

Level 2 – Valuation techniques using observable inputs

Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 – Valuation techniques with significant non-observable inputs

Financial instruments valued using models where one or more significant inputs are not observable.

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

	2021			2020		
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Level 1 \$000	Level 2 \$000	Level 3 \$000

Financial assets carried at fair value

Financial assets at fair value through other comprehensive revenue and expense	3,771	-	-	5,954	148	-
Financial assets at fair value through OCI	-	155	-	-	-	-

Financial liabilities measured at amortised cost

Fixed rate borrowings	8,354	-	-	9,862	-	-
-----------------------	-------	---	---	-------	---	---

The level 2 equity investments comprise the Group's LGFA borrower notes and investment in Civil Financial Services. There have been no transfers between Level 1 and Level 2 during the year.

22. FINANCIAL INSTRUMENT RISK

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

As part of its normal operations, the Group is exposed to a number of risks. The most significant are credit risk, liquidity risk and market risk, which includes interest rate risk. The Council's senior management oversees the management of these risks. The Council's senior management is supported by a 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. The Council is risk averse and seeks to minimise exposure from its treasury activities. The Council has approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

The Group's exposure to identified credit, liquidity and market risks and the action that the Group has taken to minimise the impact of these risks is outlined below.

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 comprises 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 2021. 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 2021.

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 expense 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 2021.

Interest rate risk

The interest rates on the Council's investments are disclosed in note 8 and on the Council'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. The Council'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 2021, 100% of the Group's borrowings are at a fixed rate of interest (2020: 100%). For the Council, 100% of all borrowings as at 30 June 2021 are at a fixed rate of interest (2020: 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%.

At 30 June 2021 the Council and Group have no floating rate debt. Therefore a movement in interest rates has no effect on the Council or Group'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 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 the Council's Investment policy. Reports on the equity portfolio are reviewed on a regular basis.

At the reporting date, the listed equity securities at fair value was \$3,770,945 (2020: \$5,953,576). A decrease of 10% on the NZX market index could have an impact of approximately \$374,414 (2020: \$591,680) 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, and would not have an effect on surplus.

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 maintains sufficient funds to cover all obligations as they fall due.

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 mitigates exposure to liquidity risk by managing the maturity of its borrowings programme within policy limits.

The Group's policy is that not more than 50% of borrowings should mature in the next 12-month period. Approximately 13% of the Group's debt will mature in less than one year at 30 June 2021 based on the carrying value of borrowings reflected in the financial statements (2020: 13%). 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.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Contractual cashflows of financial liabilities				
0-12 months	11,740	9,207	12,336	11,445
1-2 years	1,658	1,190	1,943	1,455
2-5 years	5,641	7,299	5,641	7,676
More than 5 years	61	66	115	101
Contractual cashflows of financial liabilities	19,100	17,763	20,036	20,677
Represented by				
Carrying amount as per the Statement of Financial Position	18,611	17,054	19,531	19,880
Future interest payable	489	709	505	797
Contractual cashflows of financial liabilities	19,100	17,763	20,036	20,667

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:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Cash and cash equivalents	4,324	2,795	6,031	5,105
Trade and other receivables	5,741	7,164	6,210	8,382
Total financial instruments with credit risk	10,065	9,959	12,241	13,487

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 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 2021 is the carrying amounts as illustrated above.

23. CONTINGENCIES

Contingent liabilities and contingent assets are disclosed at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility they will crystallise is not remote. Contingent assets are disclosed if it is probable the benefits will be realised.

CONTINGENT ASSETS

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

The Council 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 Ōpoutama 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. The costs for the work commissioned by the Council on behalf of the ratepayers for these schemes were capitalised in the 2014/15 financial year.

The calculated value represents the amount owed and repayable under the scheme as at 30 June:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Balance at 1 July	1,150	1,245	1,150	1,245
Less: Charged through rates this financial year	(113)	(106)	(113)	(106)
Add back: Interest charged in rates	36	36	36	36
Less: Early repayment policy payments	(33)	(26)	(33)	(26)
Balance at 30 June	1,041	1,150	1,041	1,150

CONTINGENT LIABILITIES

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

There were no contingent liabilities at 30 June 2021.

24. COMMITMENTS

FUTURE CONTRACTUAL COMMITMENTS

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Capital commitments				
Infrastructural assets - Water system	452	1,410	452	1,410
Infrastructural assets - Roading network	3,933	13,871	2,045	4,457
Other	-	-	607	15
Total capital commitments	4,385	15,281	3,104	5,882
Operational commitments				
Maintenance and service contracts	5,349	6,469	5,349	8,089
Total operational commitments	5,349	6,469	5,349	8,089
Total contractual commitments	9,734	21,750	8,453	36,864

The capital commitments above represent signed contracts in place at the end of the reporting period.

The contracts will often span more than one financial year and may include capital expenditure carried forward from 2020/21 to future years.

NON-CANCELLABLE OPERATING LEASE COMMITMENTS

The Council leases photocopy machines and a building in the ordinary course of its business. New leases for each were negotiated in the current year for a 5 year term. Leases are generally renewable at the end of the lease period at market rates.

The leases 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.

The amount of minimum payments for non-cancellable operating leases is recognised as an expense in Note 3. The future expenditure committed by these leases is analysed in the following table:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Office equipment and vehicles				
Up to one year	34	34	43	124
Later than one year and not later than five years	93	126	98	135
Later than five years	-	-	-	-
Buildings				
Up to one year	32	32	32	32
Later than one year and not later than five years	85	117	85	117
Later than five years	-	-	-	-
Total non-cancellable operating lease commitments as lessee	244	309	258	408

25. VARIANCES FROM THE ANNUAL PLAN

Explanations for major variances from the Council's estimated figures in the 2020/21 Annual Plan are as follows:

	Annual Plan
	\$000
Statement of comprehensive revenue and expense	
2021 plan net surplus	8,587
Higher (lower) funding and grants received	4,971
(Higher) lower operational expenditure relating to funding and grants received	(1,729)
Higher (lower) income from investments	(1,054)
Higher (lower) interest on loans	(399)
Higher (lower) income from fees and charges (property leases and rentals, subdivision consent fees, other volumetric regulatory fees)	133
Higher (lower) income from rates	82
Other	(436)
2021 actual net surplus	10,155
Capital expenditure	
2021 planned expenditure	20,603
Higher (lower) capital expenditure relating to funding and grants received	7,342
Reduced spend during year*	(1,427)
Actual expenditure 2021	26,518

26. SIGNIFICANT EVENTS

LOCAL GOVERNMENT REFORM

In the past financial year, central government has announced three tranches of local government reform. These reforms may have impacts on the Wairoa District Council responsibilities, operations and financial statements in future periods.

Three Waters Reform

The Three Waters Reform Programme and Review conducted by the DIA signalled the prospect of a significant overhaul to the way water services may be delivered throughout New Zealand. Wairoa was already exploring opportunities for the future of water management, in a regionally collaborative approach.

Central Government has outlined its intentions for three waters to be split into four zones, however no decisions have been made to date. It is expected that Councils will be asked to consult with their communities in late 2021 whether they should join one of the new waters service delivery entities. For Councils that participate in the reforms, transfer of responsibility and assets is likely to occur from 2023/24 onwards. Council has made a submission indicating our preference to pursue a Hawkes Bay regional model of Three Waters ownership and service delivery.

As at 30 June 2021, the carrying value of Council's Three Waters assets was \$44.9 million. Three Waters asset capital additions during the year were \$1.4 million and annual operating expenditure in relation to Three Waters assets was \$6.2 million.

For more information on the Three Waters Reform, please visit www.dia.govt.nz/three-waters-reform-programme

Resource Management Reform

The resource management reform looks to unlock better infrastructure outcomes across all sectors, through an overhaul of the Resource Management Act and proposal of a national planning instrument that would streamline consenting for nationally significant infrastructure. At this stage the outcome is uncertain and the annual report has been prepared on the basis that the delivery model will not change in the foreseeable future.

For more information on the Resource Management Reform, please visit <https://environment.govt.nz/what-government-is-doing/key-initiatives/resource-management-system-reform/overview/>

Local Government Reform

Central Government has indicated a need to rethink the form, function and funding of local government in New Zealand. This is as a result of the impact of the Resource Management and Three Waters Reforms on local government responsibilities, combined with the need for a cohesive long term response to COVID-19, climate change and the opportunities that technological change present. It has been indicated that this reform will aim to incentivise and empower local government to work in partnership with central government to drive regional development, improve environmental outcomes and deliver on the wellbeing needs of communities.

This may result in new services, activities or responsibilities for Council. At this stage the outcome is uncertain and the annual report has been prepared on the basis that the delivery model will not change in the foreseeable future.

For more information on the Local Government Reform, please visit <https://www.dia.govt.nz/Future-for-Local-Government-Review>

Impact of COVID-19

COVID-19 has had an impact on us all. Although Wairoa demonstrated its resilience with a strong primary economy, we are mindful the pandemic continues to have a global impact and the ripples will be felt everywhere. We have considered the potential future impacts and implemented business continuity processes to ensure that Council can continue to deliver critical and front-facing services. Our systems and processes continue to evolve and respond to the changing environment and our long term planning ensures economic resilience over time.

Technology-based examples of resilience methods include the implementation of new IT systems including a new cloudcalling solution and a cloud-based upgrade to Council's main administrative, financial and regulatory system.

27. EVENTS SUBSEQUENT TO BALANCE DATE

On 17 August 2021, the New Zealand Government announced that the Delta variant of COVID-19 was found in the community. The country entered into a lockdown period from 18 August 2021. No adjustments have been made to the financial statements as a result of this.

On 23 September 2021, the Directors of QRS approved the payment of a dividend of \$333,096 to Council. The distribution was paid on 30 September 2021.

28. 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.

2018 omnibus amendments to PBE standards

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

PBE IPSAS 2 Cash Flow Statement

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 FRS 48 Service Performance Reporting

This Standard was issued in November 2017 and establishes requirements for 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.

Interest Rate Benchmark Reform – Phase 2

The amendments affect PBE IPSAS 29, PBE IPSAS 30, PBE IPSAS 41 and PBE IFRS 9.

The amendments address the accounting issues that arise when financial instruments that reference Interbank Offered Rates (IBOR) transition to nearly risk-free rates. The main elements of

the amendments are that the effective interest rate on financial instruments must be adjusted, and hedge accounting will continue on transition to risk free rates, but only to the extent that the modifications made to financial instruments are those necessary to implement IBOR Reform and that the new basis for calculating cash flows is 'economically equivalent' to the previous basis.

The amendments also introduced some significant new disclosure requirements. The amendments are effective from 1 January 2021 or when an entity applies those standards, whichever comes first. The impact assessment of the aforementioned amendment is currently still ongoing.

PBE IPSAS 40 PBE Combinations

This Standard was issued in July 2019 and replaces PBE IFRS 3 *Business Combinations*.

PBE IFRS 3 excludes combinations under common control and combinations arising from local authority reorganisations from its scope.

The new Standard has a broader scope, and establishes requirements for accounting for both acquisitions and amalgamations (using the modified pooling of interests method).

In general, the standard is to be applied prospectively to PBE combinations for which the amalgamation date or acquisition date is on or after 1 January 2021. We do not expect any impact on the Group's financial statements.

29. ADOPTION OF THE ANNUAL REPORT

Council adopted the Annual Report on 19 October 2021.

The statutory deadline to adopt the Annual Report for the year ended 30 June 2021 was extended to 31 December 2021. Council elected not to utilise the extension.

The government has introduced the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations) which has a series of measures and benchmarks, disclosed in the following pages.

Readers are urged to read the commentary and explanations provided to give context to the information, as it is not always possible to compare Wairoa District Councils' results with other councils due to their size, location and provision of services.

During the 2018-28 Long Term Plan process, the Council revised the number of benchmarks and removed measures that were similar in nature and added no value in understanding of the measures to readers.

Annual Report disclosure statement for year ending 30 June 2021 - What is the purpose of this statement?

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 regulations. Refer to the regulations for more information, including definitions of some of the terms used in this statement. Unless prescribed by the regulations the quantified limit for each benchmark is calculated using the financial information from the Council's 2018-28 Long Term Plan.

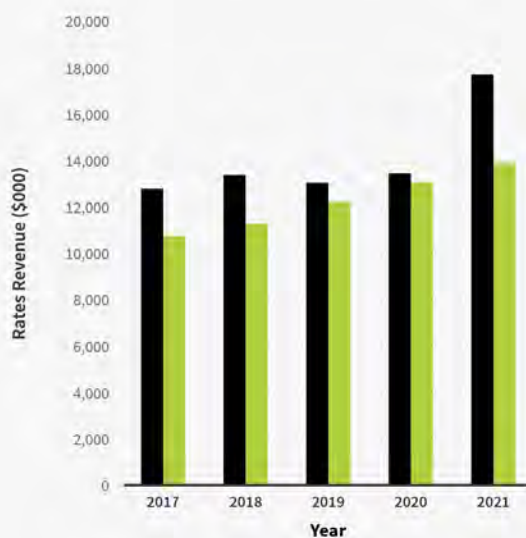
RATES AFFORDABILITY BENCHMARK

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.

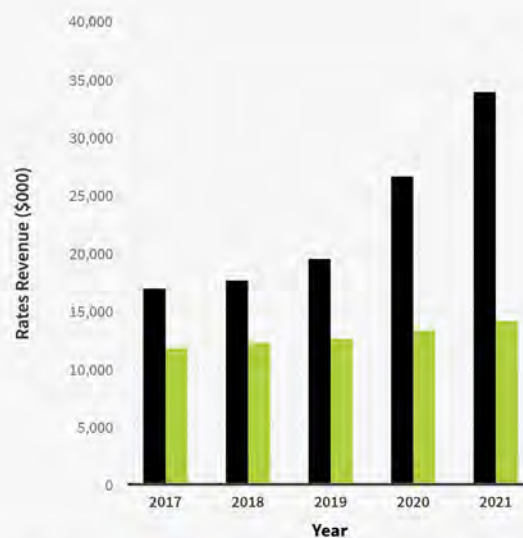
Rates (income) affordability

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 Council has two measures for rates (income) affordability and these are set out below.



■ Quantified limit on rates revenue

■ Actual rates revenue (at or within limit)



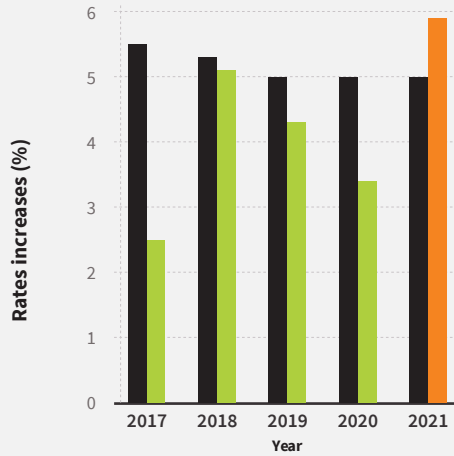
■ Actual rates revenue (exceeds limit)

Total rates as a percentage of operating costs

The quantified limit is that total rates (excluding capital contribution rates) will not exceed 60% of operating costs.

Total rates as a percentage of cash revenue

The quantified limit is that total rates (including capital contribution rates) shall not exceed 70% of total cash revenue.



Quantified limit on rates revenue Actual rates revenue (at or within limit) Actual rates revenue (exceeds limit)

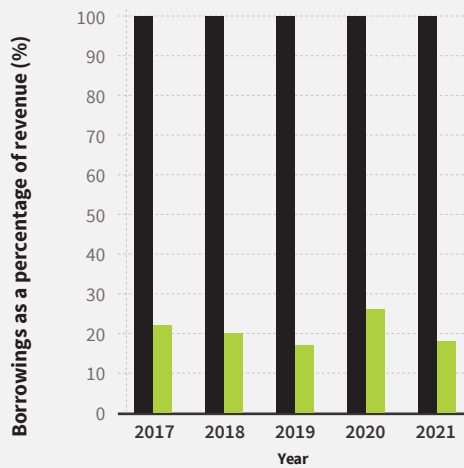
Rates (increases) affordability

The graph on the left 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%.

In its Annual Plan 2020-21 Council adopted a budget with a 5% rates increase. However, adjustments to debtors in 2020, and in the rating database in 2021, meant that the actual year on year reported figures exceed this.

DEBT AFFORDABILITY BENCHMARK



Quantified limit on borrowings as a percentage of income Actual borrowings as a percentage of income (at or within limit) Actual borrowings as a percentage of income (exceeds limit)

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The quantified limit described in the Long Term Plan is debt as a percentage of income.

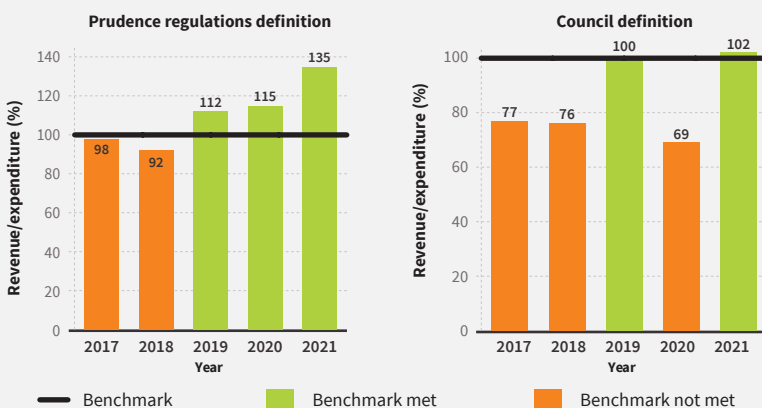
Debt as Percentage of Income

The graph on the left compares the Council's debt with a quantified limit contained in the relevant Long Term Plan's financial strategy.

The quantified limit is that total borrowings will not exceed annual revenue.

BALANCED BUDGET BENCHMARK

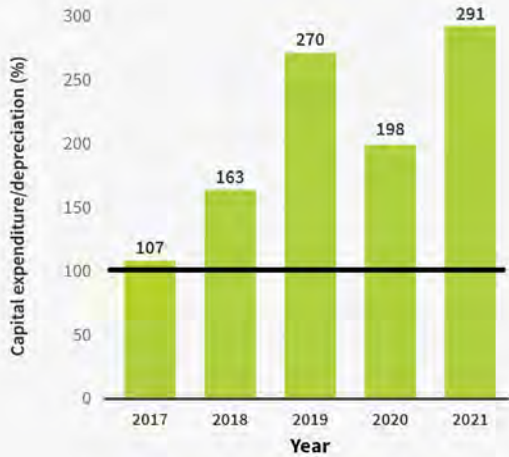
The LGA section 100(1) requires Council to have a balanced budget. This is defined in the regulations as Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion 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.



The LGA does allow the Council to budget for a deficit, if it resolves that it is financially prudent to do so. The Council acknowledges that it runs deficits from a balanced budget perspective because it does not fully rate fund depreciation. For this reason, the Council has defined its balanced budget target as the above definition modified to exclude costs and gains from asset sales and the Waka Kotahi capital subsidies (from 2021, this has been refined to capital subsidies related to renewals) from the calculation of revenue, offset by the depreciation not funded.

The graph on the right shows this adjusted balanced budget calculation and demonstrates the effect of Council not rating for all depreciation charges.

ESSENTIAL SERVICES BENCHMARK



The graph on the left displays the Council's capital expenditure on network services as a proportion of expected depreciation on network services.

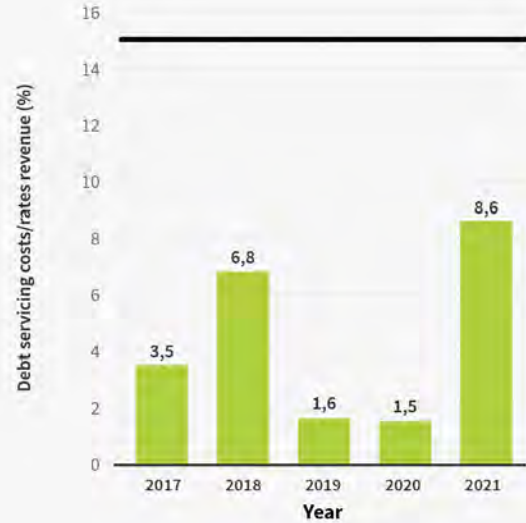
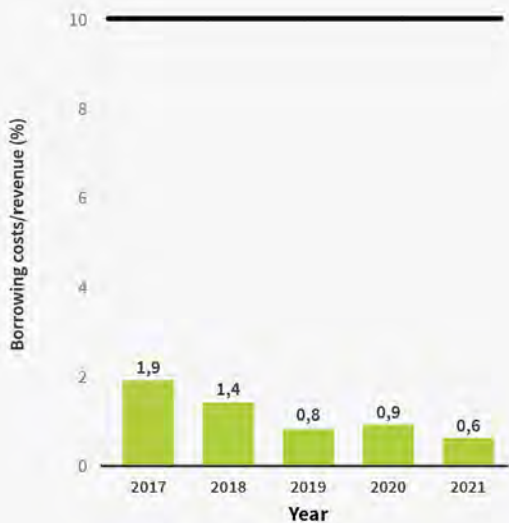
The council meets the essential services benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

— Benchmark ■ Benchmark met ■ Benchmark not met

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). The Council has two measures for debt servicing and these are set out below.



— Benchmark ■ Benchmark met ■ Benchmark not met

Borrowing costs as a percentage of revenue

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.

Debt servicing as a percentage of rates revenue

The above graph displays the Council's debt servicing costs as a proportion of rates revenue with a quantified limit on debt servicing as a proportion of rates revenue contained in the financial strategy included in the Council's Long-Term Plan.

The quantified limit is that annual interest costs and loan repayments (debt servicing) shall not exceed 15% of rates revenue.

DEBT CONTROL BENCHMARK

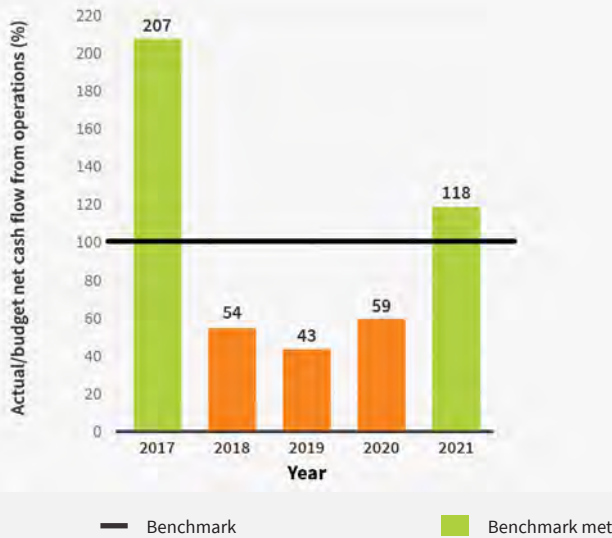


The graph on the left displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

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



The graph on the left 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.

FUNDING IMPACT STATEMENTS

Annual report disclosure statement for year ending 30 June 2021

What is the purpose of these statements?

An annual report must include an audited funding impact statement for the financial year to which the report relates. The purpose of the Funding impact statements is to disclose the amount of funds produced from each source of funding, identify how the funds were applied and compare this information against the information included in the Long Term Plan.

One statement is prepared for the whole of Council's activities and individual statements are prepared for each strategic activity.

Understanding Funding Impact Statements

These statements set out Council's sources of operating and capital funding for the financial year, and how this funding is applied. Council's sources of operating funding include items such as fees and charges, and its applications of operating funding

includes items such as payments to staff and suppliers. Council's sources of capital funding include items such as subsidies and grants for capital expenditure, and its applications of capital funding include capital expenditure to improve levels of service or replace existing assets. The difference between the value of total capital funding and application of this funding is the amount that Council needs to fund from rating for depreciation, both in the current year and from reserves which have built up over several years. These statements do not include depreciation. This is because it is a non-cash item. The Whole of Council Funding Impact Statement provides combined totals of all Council's sources of operating and capital sources of funding and application, and activity-level funding impact statements which separates this information into Council's key activity groups such as water supply and waste management.

The application of capital funding is summarised in an additional table on page 110 and 111.

FUNDING IMPACT STATEMENT FOR 1 JULY 2020 - 30 JUNE 2021
WHOLE OF COUNCIL

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	3,590	3,590	3,554	3,523	3,528
Targeted rates (other than a targeted rate for water supply)	9,023	9,626	9,660	10,464	10,444
Subsidies and grants for operating purposes	6,804	6,707	6,521	8,041	8,972
Fees and charges	2,060	2,066	1,940	2,273	2,228
Interest and dividends from investments	570	750	154	761	387
Local authorities fuel tax, fines, infringement fees, and other receipts	87	75	89	89	84
Total operating funding (A)	22,134	22,814	21,918	25,151	25,643
Applications of operating funding					
Payments to staff and suppliers	22,191	24,820	19,022	23,213	25,435
Finance costs	145	475	387	202	581
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	22,336	25,295	19,409	23,415	26,016
Surplus (deficit) of operating funding (A - B)	(202)	(2,481)	2,509	1,736	(373)
Sources of capital funding					
Subsidies and grants for capital expenditure	10,029	11,745	5,474	12,168	17,857
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	1,880	2,898	2,069	2,702	5,197
Gross proceeds from sale of assets	30	1,157	37	17	15
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	98
Total sources of capital funding (C)	11,939	15,800	7,580	14,887	23,167
Application of capital funding					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	9,776	7,103	4,378	9,364	15,555
• to replace existing assets	6,639	9,347	6,717	11,239	10,963
Increase (decrease) in reserves	(4,678)	(3,131)	(1,006)	(3,980)	(3,724)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	11,737	13,319	10,089	16,623	22,794
Surplus (deficit) of capital funding (C-D)	202	2,481	(2,509)	(1,736)	373
Funding balance ((A-B) + (C-D))	-	-	-	-	-

FUNDING IMPACT STATEMENT FOR 1 JULY 2020 - 30 JUNE 2021

WATER SUPPLY

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	1,289	1,289	1,493	1,295	1,293
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	309	307	411	307	306
Internal charges and overheads recovered	427	535	437	436	-
Internal interest income	65	-	73	124	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	2,090	2,131	2,414	2,162	1,599
Applications of operating funding					
Payments to staff and suppliers	1,039	1,315	1,161	782	1,288
Finance costs	-	-	-	-	-
Internal charges and overheads applied	833	892	818	827	315
Internal interest charged	-	99	2	83	44
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	1,871	2,306	1,981	1,692	1,647
Surplus (deficit) of operating funding (A - B)	219	(175)	433	470	(48)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	930
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	3	169	-	140	48
Gross proceeds from sale of assets	9	17	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	12	186	-	140	978
Application of capital funding					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	97	50	32	20	966
• to replace existing assets	293	239	284	1,155	587
Increase (decrease) in reserves	(159)	(278)	117	(565)	(623)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	231	11	433	610	930
Surplus (deficit) of capital funding (C-D)	(219)	175	(433)	(470)	48
Funding balance ((A-B) + (C-D))	-	-	-	-	-

FUNDING IMPACT STATEMENT FOR 1 JULY 2020 - 30 JUNE 2021

STORMWATER

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	415	415	450	373	379
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	2	-	-	40
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	40	-	38	95	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	455	417	488	468	419
Applications of operating funding					
Payments to staff and suppliers	118	105	67	117	150
Finance costs	-	-	-	-	-
Internal charges and overheads applied	159	86	148	153	115
Internal interest charged	55	141	74	106	35
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	332	332	289	376	300
Surplus (deficit) of operating funding (A - B)	123	85	199	92	119
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	231	(4)	129	8	(119)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	231	(4)	129	8	(119)
Application of capital funding					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	386	81	129	100	106
• to replace existing assets	108	58	105	-	40
Increase (decrease) in reserves	(140)	(58)	94	-	(146)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	354	81	328	100	-
Surplus (deficit) of capital funding (C-D)	(123)	(85)	(199)	(92)	(119)
Funding balance ((A-B) + (C-D))	-	-	-	-	-

FUNDING IMPACT STATEMENT FOR 1 JULY 2020 - 30 JUNE 2021

WASTEWATER

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	1,163	1,163	1,275	1,513	1,442
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	130	25	205	105	56
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	64	-	64	68	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	1,357	1,188	1,544	1,686	1,498
Applications of operating funding					
Payments to staff and suppliers	815	3,630	643	999	1,937
Finance costs	-	-	-	-	-
Internal charges and overheads applied	307	86	290	295	172
Internal interest charged	55	268	113	179	96
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	1,177	3,984	1,046	1,473	2,205
Surplus (deficit) of operating funding (A - B)	180	(2,796)	498	213	(707)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	1,707
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	62	3,005	1,112	1,545	609
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	98
Total sources of capital funding (C)	62	3,005	1,112	1,545	2,414
Application of capital funding					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	-	217	211	-	556
• to replace existing assets	798	222	1,401	2,691	1,566
Increase (decrease) in reserves	(556)	(230)	(2)	(933)	(415)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	242	209	1,610	1,758	1,707
Surplus (deficit) of capital funding (C-D)	(180)	2,796	(498)	(213)	707
Funding balance ((A-B) + (C-D))	-	-	-	-	-

FUNDING IMPACT STATEMENT FOR 1 JULY 2020 - 30 JUNE 2021

WASTE MANAGEMENT

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	984	984	882	1,260	1,288
Subsidies and grants for operating purposes	-	-	-	-	40
Fees and charges	641	636	503	635	681
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	1,625	1,620	1,385	1,895	2,009
Applications of operating funding					
Payments to staff and suppliers	1,299	1,511	1,056	1,512	1,497
Finance costs	-	21	-	-	-
Internal charges and overheads applied	224	42	211	216	205
Internal interest charged	58	196	55	60	58
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	1,581	1,770	1,322	1,788	1,760
Surplus (deficit) of operating funding (A - B)	44	(150)	63	107	249
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	265
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	570	462	21	(107)	(70)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	570	462	21	(107)	195
Application of capital funding					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	570	312	21	-	539
• to replace existing assets	-	-	63	-	89
Increase (decrease) in reserves	44	-	-	-	(184)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	614	312	84	-	444
Surplus (deficit) of capital funding (C-D)	(44)	150	(63)	(107)	(249)
Funding balance ((A-B) + (C-D))	-	-	-	-	-

FUNDING IMPACT STATEMENT FOR 1 JULY 2020 - 30 JUNE 2021

TRANSPORT

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	62	62	94	101	102
Targeted rates (other than a targeted rate for water supply)	3,449	3,449	3,154	3,594	3,649
Subsidies and grants for operating purposes	6,744	6,497	6,459	7,887	7,069
Fees and charges	49	54	42	53	53
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	10,304	10,062	9,749	11,635	10,873
Applications of operating funding					
Payments to staff and suppliers	8,747	8,254	6,417	8,526	9,364
Finance costs	-	-	-	-	-
Internal charges and overheads applied	1,635	15	1,549	1,562	1,465
Internal interest charged	3	1,410	13	39	1
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	10,385	9,679	7,979	10,127	10,830
Surplus (deficit) of operating funding (A - B)	(81)	383	1,770	1,508	43
Sources of capital funding					
Subsidies and grants for capital expenditure	10,029	11,694	5,474	11,568	13,497
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	426	(334)	154	(1,508)	4,812
Gross proceeds from sale of assets	8	7	6	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	10,463	11,367	5,634	10,060	18,309
Application of capital funding					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	7,882	5,247	3,332	6,362	11,986
• to replace existing assets	4,893	8,456	4,515	7,120	8,222
Increase (decrease) in reserves	(2,393)	(1,953)	(443)	(1,914)	(1,856)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	10,382	11,750	7,404	11,568	18,352
Surplus (deficit) of capital funding (C-D)	81	(383)	(1,770)	(1,508)	(43)
Funding balance ((A-B) + (C-D))	-	-	-	-	-

FUNDING IMPACT STATEMENT FOR 1 JULY 2020 - 30 JUNE 2021
COMMUNITY FACILITIES

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	767	767	803	786	804
Targeted rates (other than a targeted rate for water supply)	1,452	1,452	1,465	1,256	1,282
Subsidies and grants for operating purposes	60	29	62	39	221
Fees and charges	48	66	67	70	87
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	2,327	2,314	2,397	2,151	2,394
Applications of operating funding					
Payments to staff and suppliers	1,737	1,837	1,782	1,908	1,927
Finance costs	-	-	-	-	-
Internal charges and overheads applied	299	134	278	290	275
Internal interest charged	23	268	41	69	57
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	2,059	2,239	2,101	2,267	2,259
Surplus (deficit) of operating funding (A - B)	268	75	296	(116)	135
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	600	379
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	127	43	27	627	(135)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	127	43	27	1,227	244
Application of capital funding					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	121	153	27	1,546	407
• to replace existing assets	230	58	99	78	86
Increase (decrease) in reserves	44	(93)	197	(513)	(114)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	395	118	323	1,111	379
Surplus (deficit) of capital funding (C-D)	(268)	(75)	(296)	116	(135)
Funding balance ((A-B) + (C-D))	-	-	-	-	-

FUNDING IMPACT STATEMENT FOR 1 JULY 2020 - 30 JUNE 2021

PLANNING & REGULATORY

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	112	112	131	193	154
Targeted rates (other than a targeted rate for water supply)	1,084	1,084	1,240	1,219	1,287
Subsidies and grants for operating purposes	-	12	-	-	-
Fees and charges	452	589	438	631	691
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	1,648	1,797	1,809	2,043	2,132
Applications of operating funding					
Payments to staff and suppliers	1,560	1,532	1,570	2,015	1,110
Finance costs	18	22	18	-	22
Internal charges and overheads applied	336	10	468	598	563
Internal interest charged	5	369	5	7	6
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	1,919	1,933	2,061	2,620	1,701
Surplus (deficit) of operating funding (A - B)	(271)	(136)	(252)	(577)	431
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	17	91	-	650	(431)
Gross proceeds from sale of assets	9	45	17	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	26	136	17	650	(431)
Application of capital funding					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	62	73	-	-	-
• to replace existing assets	-	38	83	-	37
Increase (decrease) in reserves	(307)	(111)	(318)	73	(37)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	(245)	-	(235)	73	-
Surplus (deficit) of capital funding (C-D)	271	136	252	577	(431)
Funding balance ((A-B) + (C-D))	-	-	-	-	-

FUNDING IMPACT STATEMENT FOR 1 JULY 2020 - 30 JUNE 2021

LEADERSHIP & GOVERNANCE

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	2,705	2,705	2,359	2,603	2,670
Targeted rates (other than a targeted rate for water supply)	655	655	569	540	639
Subsidies and grants for operating purposes	-	170	-	115	1,164
Fees and charges	312	219	166	302	114
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	3,672	3,749	3,094	3,560	4,587
Applications of operating funding					
Payments to staff and suppliers	1,817	1,849	1,450	1,971	2,287
Finance costs	-	-	-	-	1
Internal charges and overheads applied	1,630	1,547	1,462	1,644	1,718
Internal interest charged	3	12	1	31	4
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	3,450	3,408	2,913	3,646	4,010
Surplus (deficit) of operating funding (A - B)	222	341	181	(86)	577
Sources of capital funding					
Subsidies and grants for capital expenditure	-	51	-	-	1,079
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	6	201	-	86	(732)
Gross proceeds from sale of assets	-	26	5	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	6	278	5	86	347
Application of capital funding					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	11	629	-	-	916
• to replace existing assets	11	36	26	-	11
Increase (decrease) in reserves	206	(46)	160	-	(3)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	228	619	186	-	924
Surplus (deficit) of capital funding (C-D)	(222)	(341)	(181)	86	(577)
Funding balance ((A-B) + (C-D))	-	-	-	-	-

FUNDING IMPACT STATEMENT FOR 1 JULY 2020 - 30 JUNE 2021

CORPORATE FUNCTIONS

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	(56)	(56)	167	(160)	(202)
Targeted rates (other than a targeted rate for water supply)	(1,469)	(866)	(868)	(586)	(815)
Subsidies and grants for operating purposes	-	-	-	-	478
Fees and charges	118	168	108	171	200
Internal charges and overheads recovered	5,119	4,675	5,224	5,314	5,214
Internal interest income	265	511	304	1,295	269
Interest and dividends from investments	570	750	154	761	387
Local authorities fuel tax, fines, infringement fees, and other receipts	87	75	89	88	84
Total operating funding (A)	4,634	5,257	5,178	6,883	5,615
Applications of operating funding					
Payments to staff and suppliers	5,059	4,786	4,876	5,385	5,875
Finance costs	126	432	369	201	558
Internal charges and overheads applied	122	26	437	165	354
Internal interest charged	233	120	175	1,006	-
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	5,540	5,364	5,857	6,757	6,7987
Surplus (deficit) of operating funding (A - B)	(906)	(107)	(679)	126	(1,172)
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	437	(736)	626	1,262	1,215
Gross proceeds from sale of assets	5	1,062	9	16	15
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	442	326	635	1,278	1,230
Application of capital funding					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	647	340	626	1,336	79
• to replace existing assets	306	240	141	195	325
Increase (decrease) in reserves	(1,417)	(361)	(811)	(127)	(346)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	(464)	219	(44)	1,404	58
Surplus (deficit) of capital funding (C-D)	906	107	679	(126)	1,172
Funding balance ((A-B) + (C-D))	-	-	-	-	-

CAPITAL EXPENDITURE BY ACTIVITY

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Water Supply					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	97	50	32	20	966
• to replace existing assets	293	239	284	1,155	587
Total water supply	390	289	316	1,175	1,553
Stormwater					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	386	81	129	100	106
• to replace existing assets	108	58	105	-	40
Total stormwater	494	139	234	100	146
Wastewater					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	-	217	211	-	556
• to replace existing assets	798	222	1,401	2,691	1,566
Total wastewater	798	439	1,612	2,691	2,122
Waste management					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	570	312	21	-	539
• to replace existing assets	-	-	63	-	89
Total waste management	570	312	84	-	628
Transport					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	7,882	5,247	3,332	6,362	11,986
• to replace existing assets	4,893	8,456	4,515	7,120	8,222
Total transport	12,775	13,703	7,847	13,482	20,208
Community facilities					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	121	153	27	1,546	407
• to replace existing assets	230	58	99	78	86
Total community facilities	351	211	126	1,624	493

	2019/20 AP \$000	2019/20 Actual \$000	2020/21 LTP \$000	2020/21 AP \$000	2020/21 Actual \$000
Planning and regulatory					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	62	73	-	-	-
• to replace existing assets	-	38	83	-	37
Total planning and regulatory	62	111	83	-	37
Leadership and Governance					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	11	629	-	-	916
• to replace existing assets	11	36	26	-	11
Total leadership and governance	22	665	26	-	927
Corporate Functions					
Capital expenditure					
• to meet additional demand	-	-	-	-	-
• to improve the level of service	647	340	626	1,336	79
• to replace existing assets	306	240	141	195	325
Total corporate functions	953	580	767	1,531	404



**Building a better
working world**

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WAIROA DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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 October 2021. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 55 to 94:
 - present fairly, in all material respects:
 - the District Council's and Group's financial position as at 30 June 2021;
 - 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 Reporting Standards;
- the funding impact statement on page 100, 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 annual plan and Long term plan;
- the statement of service provision (referred to as "Our Performance in Detail") on pages 17 to 51:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2021, 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 110 to 111, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan and Long term plan; and
- the funding impact statement for each group of activities on pages 101 to 109, 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.



**Building a better
working world**

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 95 to 98, 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 annual 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.



Building a better working world

- 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 (referred to as "Our Performance in Detail"), 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's 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 2 to 16 and 52 to 54 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 deed reporting and the audit of the District Council's consultation document and long term plan. Other than these engagements we have no relationship with or interests in the District Council or its controlled entity.

A handwritten signature in blue ink, appearing to read 'Stuart Mutch', with a long horizontal stroke extending to the right.

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

GLOSSARY OF ABBREVIATIONS USED

DIA	Department of Internal Affairs
FAR	Finance Audit and Risk (Committee)
LGFA	NZ Local Government Funding Agency Limited
PGF	Provincial Growth Fund
QRS	Quality Roothing and Services (Wairoa) Limited
The Council	Wairoa District Council
The Group	The consolidated entity comprising Wairoa District Council and Quality Roothing and Services (Wairoa) Limited
The Act	The Local Government Act 2002
The regulations	The Local Government (Financial Reporting and Prudence) Regulations 2014

GETTING IN TOUCH

Your feedback plays a big role in making our district a better place to live, work and play. We are keen to hear from you, and welcome your ideas and comments.

Here's how you can get in touch:



www.wairoadc.govt.nz



[@wairoadistrictcouncil](https://www.facebook.com/wairoadistrictcouncil)



info@wairoadc.govt.nz



(06) 838 7309



97-103 Queen Street,
Wairoa 4108



Wairoa District Council,
P.O. Box 54, Wairoa 4160

