

Date:	Tuesday, 20 October 2020
Time:	1.30pm
Location:	Council Chamber, Wairoa District Council, Coronation Square, Wairoa

AGENDA

Late Reports

Ordinary Council Meeting

20 October 2020

The agenda and associated papers are also available on our website: <u>www.wairoadc.govt.nz</u>

For further information please contact us 06 838 7309 or by email info@wairoadc.govt.nz

Order Of Business

8	General	Items	3
	8.12	Annual Report for the Year Ended 30 June 2020	3
	8.13	Infrastructure Committee Terms of Reference	122

8 **GENERAL ITEMS**

8.12 ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Author: Gary Borg, Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager Finance and Corporate Support

Authoriser: Kitea Tipuna, Tumu Whakarae Taupua Interim Chief Executive Officer

Appendices: 1. Annual Report 2019/2020 🕹

1. PURPOSE

1.1 The purpose of the report is to present the Annual Report for the Year Ended 30 June 2020 for adoption by Council.

RECOMMENDATION

The Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager Finance and Corporate Support RECOMMENDS that Council adopts the Annual Report for the Year Ended 30 June 2020, attached as **Appendix 1**, subject to minor editorial and formatting updates.

EXECUTIVE SUMMARY

2. BACKGROUND

- 2.1 The Local Government Act 2002 requires Council to adopt an Annual Report by 31 October following the end of the corresponding financial year.
- 2.2 Council's auditor provided clearance on the report, attached as **Appendix 1**, on 16 October 2020.
- 2.3 The Annual Report 2019-20 provides information on Council's financial and non-financial performance against budgets and targets determined in year 3 of the Long-term Plan 2018-28 and the Annual Plan 2019-20.

3. OPTIONS

- 3.1 The options identified are:
 - a. Adopt the Annual Report 2019-20, attached as Appendix 1.
 - b. Defer adoption of the Annual Report subject to further review.
- 3.2 The Annual Report, attached as **Appendix 1**, is complete in terms of its statutory content and prepared consistently with relevant financial reporting standards. Council may wish to modify the narrative or presentation, or simply take more time to consider the content. Since the report is presented well in advance of the statutory deadline this is a viable option. However, any substantive changes may require further audit work.
- 3.3 The preferred option is *a*) Adopt the Annual Report 2019-20, attached as **Appendix 1**, this contributes to the following community outcomes

Economic wellbeing Social and Cultural Wellbeing Environmental Wellbeing
--

and a sense of belonging
and a sense of belonging

4. CORPORATE CONSIDERATIONS

What is the change?

4.1 Not applicable

Compliance with legislation and Council Policy

- 4.2 The Annual Report 2019-20 complies with Part 3 of Schedule 10 of the Local Government Act 2002 [LGA] and the relevant sections of the Local Government (Financial Reporting and Prudence) Regulations 2014.
- 4.3 Council has 11 days to adopt the report and meet the deadline prescribed by LGA S98(3).

What are the key benefits?

4.4 As described in 2.3 above the Annual Report informs the community of Council's performance during the preceding financial year. It is desirable to make this information available at the earliest opportunity.

What is the cost?

4.5 Not applicable.

What is the saving?

4.6 Not applicable.

Service delivery review

4.7 Not applicable.

Māori Standing Committee

4.8 This matter has not been referred to the Committee because its content is of equal interest to the entire community.

5. SIGNIFICANCE

5.1 Impact – although Council's performance, both financially and in terms of service and project delivery is of interest to the whole community, the adoption of an Annual Report is administrative and therefore of low significance.

6. RISK MANAGEMENT

6.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:

Human	Financial	Regulatory
Low	Low	Low

ORDINARY COUNCIL MEETING AGENDA

Operations	Employees	Image & Reputation
Low	Low	Low

Who has been consulted?

The adoption of an Annual Report does not alter Council's strategic direction, funding or interaction with the community. No consultation is required.

Further Information

Previous Annual Reports and the Long-term Plan are available on Council's website:

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

References (to or from other Committees)

Finance, Audit and Risk Committee - 29 September 2020 -

Update on Preparation, and Presentation of the draft Annual Report for the year ending 30 June 2020

Finance, Audit and Risk Committee - 20 October 2020 - Auditor's Close Report 2020

Confirmation of statutory compliance

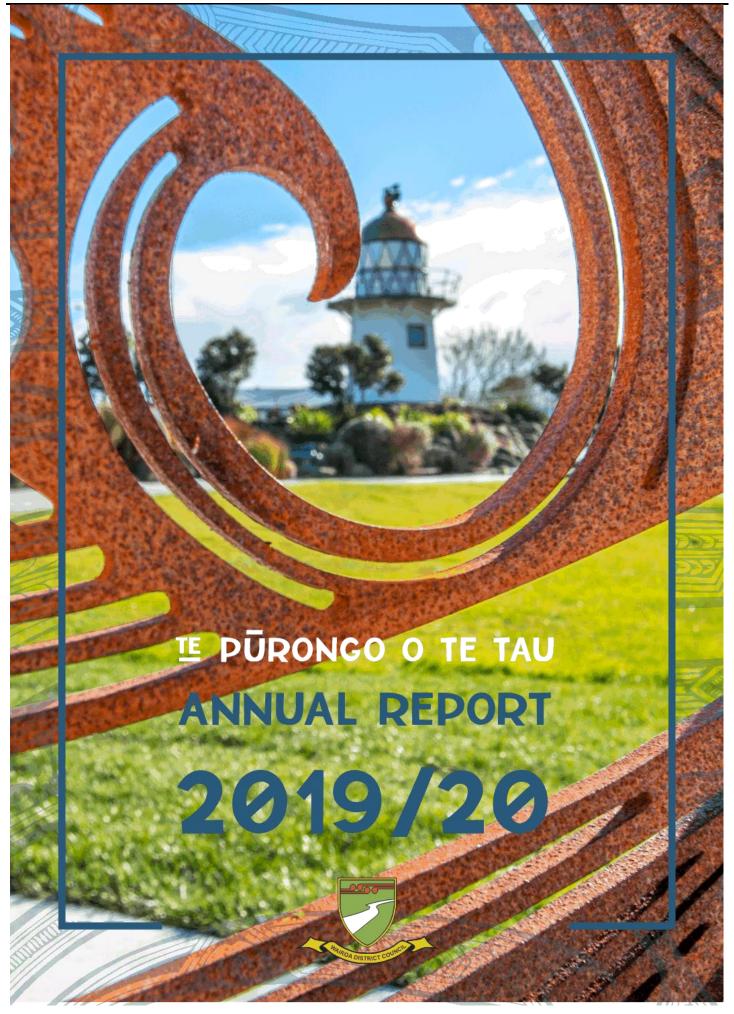
In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

	KSZUNO
Author	Approved by
Gary Borg	Kitea Tipuna

20 OCTOBER 2020



RĀRANGI TAKE

CONTENTS

HE WHAKAR APOPOTOTANGA

He karere hononga no te kahika me te tumu whakarae
Ngā hirahira i tā tātau
A mātau pūtea
Tō tātau rohe whānui
A mātau kaimahi
He whakarāpopototanga i tā mātau mahi
A mātau whakaarotau
Ngā matahīapo
Te mahi whakapae ke te matua a māui

TĀ TĀTAU WHAKATUTUKITANGA Ā-TAIPITOPITO NEI

Te puna wai	19
Te wai āwha	21
Te wai paru	23
Te whakahaere para	25
Ngā ranga	27
Ngā rawa hapori	31
Te mahere me te waeture	38
Te mana whakatipu me te mana ārahi	43
Ngā rangapū mahi	47
Te whakahaere-ā-kaunihera	52

NGĀ TAUĀKĪ PŪTEA

NGĀ TAUĀKĪ PŪTEA	53
Te whakamāramatanga o tā te kaunihera tauāki pūtea	54
He tauāki tūtohu me te takohanga	55
He tauāki pūteawhiwhi me te pūtea whakahaere	56
He tauāki tu pūtea	57
He tauāki mana taurite	58
He tauāki kapewhiti	59
He tauāki kaupapa here mō te kaute me ngā pitopito kōrero	
ki ngā tauāki pūtea	60
Te pūtea whakataunga	97
He tauāki whakaaweawe pūtea	101

SUMMARY OF OUR YEAR Joint statement from the mayor & chief executive officer Highlights of our year Our finances Our district Our staff Summary of what we do Our priority areas Awards and recognitions Working across Hawke's Bay OUD DEDEODMANCE IN DETAIL

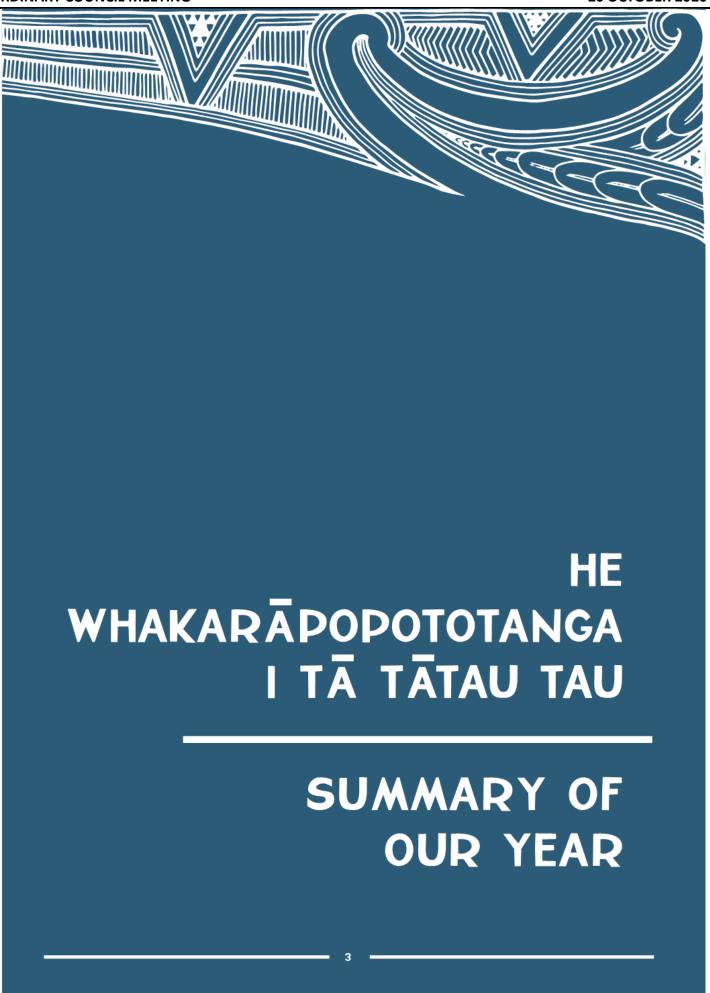
OUR PERFORMANCE IN DETAIL	17
Water supply	19
Stormwater	21
Wastewater	23
Waste management	25
Transport	27
Community facilities	31
Planning & regulatory	38
Leadership & governance	43
Corporate functions	47
Council controlled organisations	52
-	

FINANCIAL STATEMENTS

Understanding councils financial statements	54
Statement of compliance and responsibility	55
Statement of comprehensive revenue and expense	56
Statement of financial position	57
Statement of changes in equity	58
Statement of cashflows	59
Statement of accounting policies and notes to the financial	
statements	60
Financial prudence	97
Funding Impact Statements	101

20 OCTOBER 2020

ORDINARY COUNCIL MEETING



HE WHAKARAPOPOTOTANGA I TA TATAU TAU

SUMMARY OF OUR YEAR

This section includes a message from the Mayor and Chief Executive, our highlights and financial summaries along with information on our district and staff and our core business priorities.

Our mission and vision is the Council's long-term aspiration for the city. We actively monitor our service performance measures which allows us to assess progress towards these long-term aspirations and respond to challenges. Council will use 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.



OUR MISSION

To support the Wairoa Community through decision-making that promotes the social, economic, environmental and cultural well-being of the district now and in the future.



OUR VISION

- Desirable Lifestyles
- Thriving Economy
- Treasured Environments
 Connected Communities
- *

COMMUNITY OUTCOMES

Economic wellbeing

Strong and prosperous economy.

Social wellbeing

Safe, supported and well-led community.

Environmental wellbeing

Protected and healthy environment.

Cultural wellbeing

Protected and healthy environment.



OUR VALUES

- Whanaungatanga Connectedness
- Auahatanga Creativity
- Iwi Whanui Inclusiveness
- Rangatiratanga Leadership
- Oranga Well-being
- Aroha Compassion

Item 8.12- Appendix 1

HE KARERE HONONGA NO TE KAHIKA ME TE TUMU WHAKARAE TAUPUA

JOINT STATEMENT FROM THE MAYOR AND THE INTERIM CHIEF EXECUTIVE OFFICER

Kia ora tātou and welcome to the Wairoa District Council's 2019/2020 Annual Report.

2020 has seen unprecedented challenges caused by COVID-19 and we are positioning ourselves to rebuild in the wake of this virus. We are tremendously proud of our community and its resilience, and the hundreds of people who worked to ensure our community was kept safe and well. A special thanks to our Council staff who ensured there was no disruption to our essential services. It is this infrastructure and provision of service that has formed the foundation to allow our community to navigate through a COVID-19 recovery. This report is a summary of the Council's activities, performance and financial situation.

The pandemic has allowed us to demonstrate our rangatiratanga and what can be achieved by working in a collaborative manner. Wairoa's economic recovery is a partnership journey by the Wairoa District Council, Tătau o Te Wairoa Trust and Ngăti Pāhauwera Development Trust. Together we have developed Whakamanahia a Te Wairoa: Empowering Wairoa, which will tap into Wairoa's potential to develop a community driven, aligned, focussed and coordinated socio-economic response to COVID-19. Council is continuing to work across the community to assist in post-pandemic recovery including the Tautoko Wairoa Buy Local campaign.

Significant infrastructure work includes:

- The Wastewater Discharge consent application has been progressing with two prehearing meetings held in late 2019 and February 2020. The draft consent conditions have been updated to reflect greater participation and acknowledgement of the need to restore the mauri of the Wairoa River. These are yet to be confirmed by the Hawke's Bay Regional Council. Wairoa District Council has been conducting preparation work as the new consent has significantly more operating conditions to meet.
- The five councils of Hawke's Bay welcomed the announcement of \$1.55 million in Government funding to progress the regionwide review of Three Waters service delivery.
- Wairoa District Council, Central Hawke's Bay District Council, Hastings District Council, Hawke's Bay Regional Council and Napier City Council are working together to review the current and potential Three Waters (drinking, waste and storm) service delivery options for the region.
- Māhia's connectivity and roading network reliability received a massive boost through an \$8.3 million Central Government investment. Work on the Māhia Roading Resilience grant will see traction sealing, drains, culverts, safety and traffic improvements on the Māhia East Coast Road. The funding included \$300,000 to investigate options for access into the Peninsula and realignment of the Nuhaka/Ōpoutama Road.
- In January 2020 Wairoa received a \$4.8 million-dollar Provincial Growth Fund investment to transform Wairoa's main street into a thriving town centre delivering retail, employment and educational services through the Te Wairoa E Whanake project.
- Continuation of the Inflow and Infiltration project (stormwater out of the sewer network) project
- Continuation of the Bridge Strengthening programme with \$2.2 million funding approved through the Provincial Growth Fund

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 is 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 is reviewing its current rating model to ensure the appropriate formula is being used and is establishing a Wairoa Ratepayer Stakeholder Group to enable a community voice to be part of the process.

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 drive 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.

Chittle Mayor Craig Little

Interim CEO Kitea Tipuna

NGĀ HIRAHIRA I TĀ TĀTAU TAU HIGHLIGHTS OF OUR YEAR



\$20 MILLION PGF funding secured



72.23 TONNES of waste diverted from landfill



91 archive enquiries 161 files digitised



2,346 museum visits



o, 104 dogs registered



29,339 library visits



23KM sealed road resurfaced



18 open sewer pipes capped



111 building consents issued



2.9 MILLION LITRES drinking water produced per day



120 LGOIMA requests received



\$12.55 MILLION value of building consents issued



13,000M3 maintenance metal applied to roads



8 MARAE registered with Para Kore (Zero Waste)



350 rates rebate applications assisted with

Ā MĀTAU PŪTEA

OUR FINANCES



Our total operating expenses for the year were \$32 million which represents the cost of running the district for the year.

\$10.18 OPERATIONAL COST OF DELIVERING ALL COUNCIL SERVICES PER RESIDENT PER DAY

Our services include managing and maintaining facilities like libraries, sports fields and parks, as well as keeping our roads and footpaths at a high standard, making sure we all have safe water to drink, and supporting community events.



This is an increase of \$4 million from last year which equates to \$1,036.87 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.



In the 2019/20 year we spent \$16.46 million on building new assets for the district. Despite COVID-19 and other delays requiring the re-phasing of some capital projects, we competed a number of initiatives in our transport and leadership and governance activities that meant total spend was \$40k more than our planned \$16.42 million.

\$275 MILLION

The Council provides services to the city through a range of infrastructure networks and facilities (Council assets). These have been built up over many generations and equate to around \$31,677 net worth of value for every person in the district.

For the financial year to date, Council has achieved a net surplus of \$3.95 million. Despite the impacts of COVID-19, Council debt is within Council's borrowing policy and we have investments that provide returns exceeding debt servicing costs.

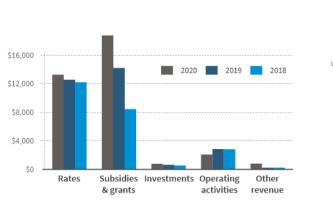
During the COVID-19 pandemic, Wairoa District Council successfully implemented its business continuity plans and most staff were able to work from home during the lockdown period. No employees were reported to be infected with COVID-19. The Council's administrative operations were largely unaffected by lockdown measures. Roading and other project-based activities saw delays in achievement of milestones, particularly as contractors were not working during the lockdown. Following the easement of restrictions efforts were intensified to catch up on delayed projects, however there has been some impact in deferring capital and operational expenditure which has flown through to the 20/21 Annual Plan. More information is available in individual activity performance reports.

During lockdown there were significant changes to levels of service in customer-facing operations. The library, museum and community centre were closed during level 3 and 4 lockdown. During level 3 the library was able to engage with patrons electronically, and at level 2 a 'Click and Collect' service was introduced to all patrons. Lockdown also had impacts on performance measures, most noticeably on visits to the Museum and Community Centre. Response times to non-essential service issues were also impacted. However all core Council services including waste management and water production continued with little or no interruption.

Council's infrastructure assets were revalued as at 30 June 2020. The valuers expect limited impact from the COVID-19 pandemic on depreciated replacement cost (DRC) values. Key drivers of a DRC valuation are replacement cost, useful life and remaining useful life. The valuers do not envisage significant changes to these factors from COVID-19 issues. Council's forestry assets were also revalued as at 30 June 2020, with no major COVID-19 impacts identified.

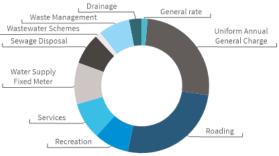
As a result of COVID-19, the uncertainty attached to accounting estimates, such as debtor payments and future demand for services has increased. However we are confident that our assets have not been impaired as a result of the pandemic, and that the necessary processes and contingencies are in place to take advantage of Central Government relief projects, such as "shovel-ready" initiatives, that will not only secure funding for the Council but also boost employment opportunities within the district. Despite the impacts of COVID-19, management are confident they have access to enough funding to meet any liquidity challenges that might arise in the 2020/21 financial year, including another severe COVID-19 related lockdown or contraction in demand for services.

Our subsidiary Quality Roading and Services (Wairoa) Limited accessed \$600,000 of wage sbsidies during the COVID-19 lockdown and continued to pay their staff 80% of their normal income over this time. During locakdown an emergancy response team operated to enable essential service provision. The company has taken advancage of local roading infdrasturcutre improvements as a result of the Government's COVID-19 stimulus package. No material uncertainy exists over the company's ability to continue as a going concern.



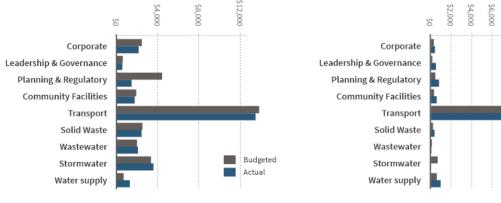
Overall Sources of Revenue (\$000) for the Past 3 Years

Figure 1 shows that subsidies and grants are our main source of funding (52%), with revenue from rates the next largest source (38%). We also receive revenue operating activities (including user fees) and investments.



Sources of Council Rates Revenue for the Year

Figure 2 shows that the sources of Council's rates revenue for the year (based on the Annual Plan) is mainly made up of the uniform general charge. Other key sources are roading, water supply and sewerage targeted rates.

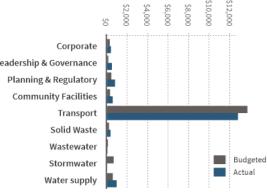


WHERE OUR MONEY COMES FROM

WHERE OUR MONEY COMES FROM

Difference Between Actual & Budgeted Operating Expenditure (\$000)

Figure 3 summarises the difference between the actual and budgeted operating expenditure 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 activity can be found in the funding impact statements for each activity (pages 117-129), and in the financial statements (pages 55-110).



Difference Between Actual & Budgeted Capital Expenditure (\$000)

Figure 4 shows a summary of capital expenditure by activity. We have a comprehensive renewal and upgrade programme for our assets and have completed \$16.46 million of capital expenditure during the 2019/20 year. Delays in a number of projects occurred during the year due to COVID-19, changes in design, negotiations or consultation and consents requirements. Some projects that could not be started have been deferred to the Annual Plan 2020/21. Other projects were brought forward, therefore the total capital spend for the year equates to 100% of the budget.

Item 8.12- Appendix 1

Page 13

OVERVIEW OF PERFORMANCE MEASURES AGAINST 2019/20 TARGETS

Our key performance measures and their targets are how we track and assess the delivery of Council services. Our 10-year plan 2018-2028 included a comprehensive update of the Council's suite of performance indicators and measures. These measures were implemented for the first time during the 2018/19 year.

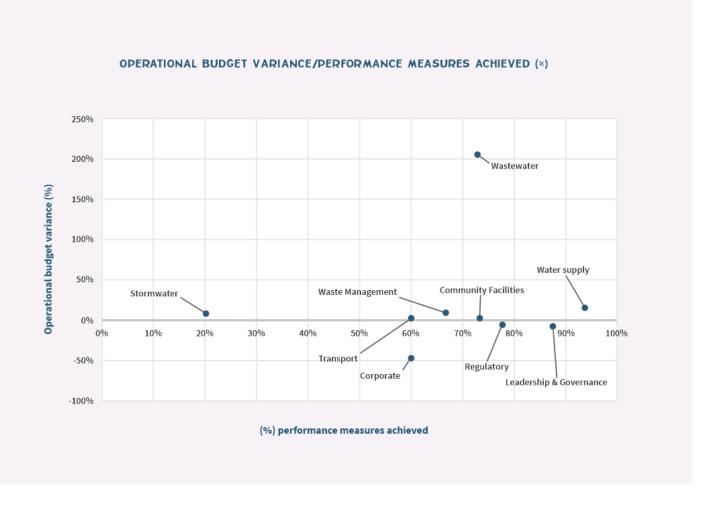
Further details of our performance measures and results are detailed for each activity area on pages 17-53.

The total measures reported here include individual components of measures with multiple targets.

\otimes	\oslash	Θ	
Not met	Met	Not measured	Grand total
28	65	11	104

We can compare our achievement of performance targets to operational budget variance to demonstrate how economically each department is performing against their targets. Our goal is to see high achievement with little or no budget overspend.

In the below graph we compare variance in actual operational spend vs budget per the annual plan with performance measures achieved (excluding those not measured). The Wastewater activity is an outlier, as the desludging of the oxidation ponds had previously been budgeted as capital expenditure and was subsequently classed as operational. Furthermore, a number of projects which were classified as work in progress last year were reclassified from capital to operating costs. This therefore resulted in a overspend in the operational budget.



ORDINARY COUNCIL MEETING

20 OCTOBER 2020



A MATAU KAIMAHI OUR STAFF

We work to ensure that the Council is an attractive place to work in order to attract and retain skilled and qualified people. In August 2019, we undertook an organisation development programme focusing on building a constructive culture. This involved workshops for all staff.

Women make up 52 percent of our total headcount, but as more work part time women therefore comprise 47 percent of our FTE.

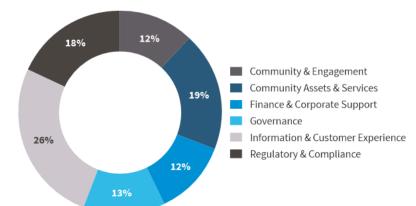
91 percent of our staff are permanent employees. 20 percent of our employees work on a part-time or casual basis.

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 2020.

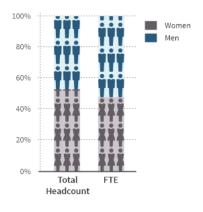
OPERATIONAL BUDGET VARIANCE/PERFORMANCE MEASURES ACHIEVED (*)

	PERM	ANENT	FIXED TERM				
	Full-Time	Part-time	Full-time	Part-time	Casual	Head Count	FTE
Community & Engagement	8	0	0	0	2	10	8
Community assets & services	13	0	0	0	0	13	13
Finance & Corporate Support	7	1	1	1	1	11	8.2
Governance	9	0	0	0	0	9	9
Information & customer experience	13	6	0	2	0	21	17.2
Regulatory & Compliance	11	2	0	0	0	13	12.2
Total	61	9	1	3	3	77	67.6

FTE BY ACTIVITY



GENDER BREAKDOWN



Employee Type	Number	% of Total
Full-time	62	80%
Part-time	12	16%
Casual	3	4%
Total headcount*	77	100%

*excludes QRS

Employee TypeNumber% of TotalPermanent7091%Fixed Term45%Casual34%Total headcount*77100%



Ā MĀTAU WHAKAAROTAU

OUR PRIORITY AREAS

		ACTIVITTY	1	2	3	4
		Water Supply	*	*	*	
	WATER SERVICES	Stormwater	*	*	*	*
		Wastewater	*	*	*	*
	WASTE MANAGEMENT	Waste Management	*	*	*	*
	TRANSPORT	Land Transport	*	*	*	*
	TRANSPORT	Airport	*	*	*	*
		Cemeteries	*		*	*
.	COMMUNITY	Library	*		*	*
1	FACILITIES	Parks & Reserves	*		*	*
		Community Support (Community Centre, Museum, Mobility Bus, RoadSafe HB)	*			*
		Resource Planning			*	*
		Environmental Health	*		*	
		Building Control	*	*	*	*
<u></u>	PLANNING &	Liquor Control			*	*
	REGULATORY	Bylaw Compliance: Dog Control			*	
		Bylaw Compliance: Livestock Control			*	
		Bylaw Compliance: General Bylaw Enforcement			*	
		Emergency Management			*	
	LEADERSHIP &	Community Representation (Long Term Planning & Reporting, Policy Development, Official Information Requests, Elections, Governance, Legal Compliance)	*	*	*	*
	GOVERNANCE	Māori Relationships				*
		Economic Development		*		
×_	CORPORATE	Corporate Services (Customer Services, Finance, Information Technology, Business Support, Human Resources, Records & Archives, Project Support, Rates Services)	*	*	*	*
	FUNCTIONS	Property	*	*	*	*
		Corporate & Funds Management	*	*	*	*

ECONOMIC WELLBEING

Strong and prosperous economy.









4

Protected and healthy environment.

NGĀ MATAHĪAPO

AWARDS AND RECOGNITION

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

2019 ALGIM Spring Conference

The Council was awarded "2019 Most Improved Best Customer Service Experience."

2019 ALGIM Spring Conference

The Council was recognised for its joint efforts alongside the rest of Hawke's Bay's Councils by winning the "Best Digital Project" award. This award acknowledged the development of the regional website which was adopted by all of Hawke's Bay's Councils."

2019 ALGIM Annual Conference

The Council was recognised for its joint efforts alongside the rest of Hawke's Bay's Councils by winning the "Best Collaboration Project" award. This award acknowledged the shared effort of the development of the shared Council website template which was adopted by all of Hawke's Bay's Councils.



National Certificate in Māori Management

Fourteen Council staff, elected members and members of the Māori Standing Committee, graduated with a National Certificate in Māori Management in October 2019. Recipients included the following:

- Craig Little (Mayor)
- Steven May (Chief Executive Officer)
- Gary Borg (Group Manager Finance & Corporate Support)
- Stephen Heath (Group Manager Community Assets & Services)
- Karen Akuhata (Utilities Manager)
- Gay Waikawa (Governance Officer)
- Lauren Jones (Financial Accountant)
- Luke Knight (Property Manager)
- · Katharina Di Lena (Graphic Design and Communication)
- Fiona Wairau (Māori Standing Committee)
- · Whai-Ora Maindonald (Māori Standing Committee)
- Theresa Thornton (Maori Standing Committee)
- · Nathan Heath (Hawkes Bay Regional Council)

Duane Culshaw (Māori Relationships Manager) led the course as tutor and provided assistance and regular wānanga.

Steven May (Chief Executive Officer) was selected to represent New Zealand at the **2019/2020 Council of Local Authorities for International Relations Local Government Exchange and Cooperation Seminar**, along with 4 Australians. He spent 10 days travelling through Japan focussed on Local Government and cultural experiences. To ensure this professional development opportunity did not place cost on our ratepayers, Mr May paid for his flights and took personal leave. While he was in Japan, Mr May under took official Council duties and spent a few days visiting Wairoa Friendship City Kitaibaraki.

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

- Jared Olsen (Senior Building Compliance Officer)
- Tamara Rudd (Regulatory Support Officer)
- Bonee Katipa (Building Compliance Officer)
- Graeme Johnston (Regulatory Officer)
- Makere Jones (Executive Assistant)

Mike Hardie (Transport Asset Manager) completed the NZ Certificate in Infrastructure Procurement Procedures (Level 6) and is now a qualified tender evaluator.

Duane Culshaw (Māori Relationships Manager) qualified as an **assessor** with industry training organisation Skills Active.

SOLGM long service awards were presented to 5 staff in September 2019:

- Trudy Clark (Business Analyst)
- Victor Minter (Environmental Health Officer)
- Russell McCracken (Information Services Team Leader)
- Tania Mildon (Customer Services Officer)
- Gay Waikawa (Governance Officer)

Kimberley Tuapawa (Group Manager Information & Customer Experience) was one of 2 recipients of the 2019 **BERL SOLGM Summit Award** nationally.

2019 WDC Values Champion Award, Russell McCracken (Information Services Team Leader).

Kylie Bradley (Library Services Team Leader) completed the National Certificate in Business (First Line Management)(Level 4).

Ross Harrison-Snow (Archivist) was nominated to the **panel of** Association of Local Government Managers.

Iryna Robson (Library Services Officer) completed the New Zealand Diploma in Library and Information Studies (Level 5).

Hanif Deylami (GIS Analyst) had 3 **research papers presented and published**/scheduled for publication at international conferences relating to Cloud Computing, Cyber security and Live Virtual Machine Migration. The research formed part of his work towards his PhD in Computer and Information Sciences.

Stevie Thompson-Tuhi (Customer Services Officer) completed the **National Certificate in Computing (Level 2)**.

TE MAHI WHAKAPAE KE TE MATAU A MĀUI

WORKING ACROSS HAWKE'S BAY

Wairoa District Council is a partner in the Hawke's Bay Local Authority Shared Services (HB LASS) company which advances shared services between councils in our region. The company is owned on an equal basis by all the councils - Central Hawke's Bay District, Hawke's Bay Regional, Hastings District, Napier City and Wairoa District Councils. Although, the company was rendered dormant in 2018 to reduce administrative costs the councils continue to collaborate as HB5C Group, overseen by a CE Forum.

HB5C councils' staff work together in delivering benefits to ratepayers by improving council services and efficiency levels, reducing costs and increasing value through innovation. Council staff are able to share their specific experience, knowledge and expertise across the region.



The Hawke's Bay Councils serve approximately 151,000 residents, in a geographic area of 14,111km2.

The Hawke's Bay region Triennial Agreement provides the framework for regional collaboration for the current and future needs for our communities. This agreement entered into by our Mayors at the start of each term sets out the guiding principles that guide the way that the Councils will work together and provides the leadership commitment to ensure a positive difference for Hawke's Bay.

Key principles of the Agreement are:

- Acknowledge that the communities within the region are diverse and encompass a range of desired outcomes and objectives;
- To support the establishment of processes for communication and collaboration at both governance and management levels in ways that will enhance the overall performance and reputation of local government in the region;
- Recognise that collaboration and co-operation between local authorities of the Region can bring efficiencies in terms of planning, administration costs and decision-making and consultation. There is also the potential to increase available resources and promote co-operative approaches in making strategic choices;
- Will show leadership to ensure the implementation of the Triennial Agreement makes a positive difference for Hawke's Bay.
- A governance structure has been developed to support the collaboration framework for the agreement with a Mayors and Chair /Chief Executive Collaboration Forum. This monthly forum's focus is to embed the collaboration approach in governance refreshing the framework for initiatives going forward.

KEY INITIATIVES

THREE WATERS PROGRAMME

Our Councils have been working together to review the current and potential three waters (drinking water, wastewater and stormwater) service delivery options for Hawke's Bay, Te Mataua-Māui. The Review aligns with all five councils' shared strategic priority for 2019 to 2022 – water safety, security and planning – agreed by the Hawke's Bay Leaders Forum in November 2019.

We have been investigating whether there are benefits to developing a region-wide solution to the way we manage drinking, waste and stormwater services (three waters). As councils, we all share responsibility for ensuring our communities enjoy safe, reliable, resilient and efficient drinking, waste and stormwater services. That's why it makes sense to work together to ensure the most sustainable solution for the whole region.

Our Review means we will understand current and future challenges for the delivery of drinking water, wastewater and stormwater services and to prepare for likely new central government regulations. It will also inform us in our engagement with Central Government through the service delivery reform process which is now underway.

The independent Review of current water services and potential future service delivery options is now complete and is being presented to councils, together with their respective Māori Standing Committees, during August. The Review report will be formally delivered to Councils in September and it will then be made public.

REGIONAL WATER SECURITY PROGRAMME

Water security and its effective management is one of the most significant challenges facing the Hawke's Bay's economy, community and natural environment. It is also a fundamental concern to tangata whenua and their cultural values.

The Government's Provincial Growth Fund (PGF) has allocated \$30.6 million for a package of four freshwater security initiatives for project development and construction activity, co-funded and led by the Hawke's Bay Regional Council.

The initiatives are supported by the Hastings District Council, Wairoa District Council, Central Hawke's Bay District Council and Napier City Council.

Four water security initiatives have been identified as a priority for Hawke's Bay.

- 3D Aquifer Mapping Project
- · Whole-of-region freshwater assessment which are underway
- investigations into a Heretaunga flow maintenance/water storage initiative
- Central Hawke's Bay water security initiative.

The focus is on thoroughly investigating our region's freshwater resources, including our demands on them well into a future challenged by climate change. We will also look at how groundwater systems can be supplemented during periods of high water flows and small-scale water storage designed to offer environmental protections during dry periods.

We will work together with local iwi and the wider community to advance these projects over the coming months and years.

COVID-19 RECOVERY

Our councils have collectively employed a Regional Recovery Manager to play a critical role in supporting the Hawke's Bay Region in its recovery journey; coordinating, supporting and leading recovery activities across the Region in relation to the impacts of COVID-19 and Drought.

The key objectives of the role are:

- The development of a COVID-19 and Drought regional recovery action plan
- Ensure an operational and effective structure is in place to manage the recovery and undertaken alongside any ongoing COVID-19 and Drought Response.
- Effective consultation is undertaken with stakeholders throughout the recovery and that the community is engaged in all aspects of the recovery

PROCUREMENT

The Councils have identified procurement and contract management as an opportunity to collaborate to support improvement activities and provide direction and consistency in the procurement and contract management approach across the region. To date there has been significant collaboration between the Councils which has mainly focused on activities where the strategic risk is low and there a range of suppliers. Activities with a high strategic and technical risk have been managed within each Council.

This initiative is also focused on the development of a strategic procurement framework to support our regions objectives and delivers a positive impact on economic, environmental, social and cultural wellbeing for our communities. Specifically:

- Determine priority regional infrastructure projects to test strategic/alliance approach to deliver broader outcomes for region
- Develop and implement a strategic and sustainable procurement framework to support the regional collective objectives
- Establish the Council's procurement function as a centre of leadership and expertise.

LIDAR AERIAL DATA CAPTURE

Councils have collectively engaged to deliver high-quality elevation data, an enabling infrastructure that allows accurate mapping and digital recreation of our physical world, both built and natural.

The result will be a nationally consistent and open dataset covering the majority of New Zealand which will be used by Hawke's Bay Councils and regional businesses for a range of highvalue activities.

It will provide a foundational data asset essential to decision with the potential to help dive regional economic growth and spur new investment.

A BROAD RANGE OF OTHER COLLABORATIVE INITIATIVES

There are a broad range of other collaborative committees and initiatives Councils collectively participate in including:

 The Matariki Regional Development Strategy for economic and inclusive growth (the Strategy) is about working together, through co-design and partnership so every whānau and every household is actively engaged in growing a thriving Hawke's Bay economy to support inclusive and connected communities and sustainable and resilient environments.

- Clifton to Tangoio Coastal Hazards Strategy developing options for the long term management of our coastal communities.
- Joint Drinking Water Committee providing governance following the Governments inquiry into the Havelock North Waters supply and implementation of 17 initial recommendations. As this group has evolved it has become an ongoing forum for regional collaboration and decision making.
- Regional Transport Committee to develop plans supporting the region's economic development, population, social and environmental requirements.
- Shared IT Support and Web Services across the five Councils.
- Civil Defence Emergency Management as a shared service across all councils with in the Hawke's Bay region to operate a shared and cohesive service to national agencies and meet the responses to emergencies that may occur.

ORDINARY COUNCIL MEETING



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, a summary of financials and performance measures.

Our LTP 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 use a range of technical measures such as our compliance with bacteriological standards for drinking water quality, to perception-based measures such as the percentage of residents that feel satisfied with various services. Many of the performance measure results rely on Council's annual customer 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 185 telephone interviews and 20 face-to-face 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.

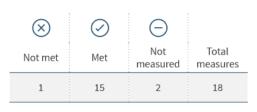
thtps://www.wairoadc.govt.nz/documents-and-forms/



TE PUNA WAI

WATER SUPPLY

PERFORMANCE SUMMARY



The above table is a summary of how well we performed against our agreed key performance measures for this activity area.

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	2,369	2,140	229
Capital expenditure	289	390	(101)

2.9 MILLION LITRES



WHAT WE DID

NETWORK RENEWALS

Smart meters - The installation of smart meters is underway.

The replacement of these meters will be an ongoing task with approximately 2500 water connections across the Wairoa District at a cost of approximately \$850 per installation. Meters are currently being installed when old meters become redundant, new connections are made, and if excessive usage is noted in routine meter readings.

There is currently a high percentage of water loss and non-revenue water, so smart meters enable us to better understand water consumption, water loss and also provide alerts such as leakage, tampering and backflow.

Critical valve replacements - Work has started with the Carroll Street valve replacement. Investigations into the valves is ongoing and replacements will be programmed accordingly.

INVESTIGATIONS AND MODELLING

Intake pipeline relocation – The design phase of this project is progressing with the physical work undertaken in August 2020.

Bridge hangers – Design work for securing bridge hangers and creating flexible joints where pipes protrude through the concrete abutments is in progress. Funding for this project has been approved through Council funds and physical works will begin in the 2020/21 year.

Watermains – The replacement of the Achilles Street watermain is in progress. NZTA decided not to accept a proposal to co-fund the watermain replacement. However, design work has been completed and physical work is planned for the year 2021/22 unless funding can be secured through the Crown Infrastructure Fund. An application for this fund has been submitted.

River Parade pipeline realignment – Work on the pipeline realignment is ongoing and a methodology is in place to relocate the section of pumping main in River Parade away from the eroding riverbank. Funding for this has been approved through Council funds and the physical works will begin in the 2020/21 year. In the event of the pipe failing before works can commence, the pipe will be blanked off the pipe off and the Bridge Street pumping main will continue to supply the town.

MAJOR PROJECTS

Intake works – This work was carried out by QRS in September 2019 under a flood damage contract.

The final cost of the works came in at \$16k over the tendered price. This was a result of the new sheet pile conflicting with old sheet piles buried in the riverbank, requiring the position of the wall to be shifted 4 metres further into the bank.

Frasertown Water Treatment Plant – A \$150k switchboard replacement was planned for mid-April when water demand reduces. However, due to COVID-19 the start and completion of these works were delayed. The works were set to be completed in August.

Tuai Water Treatment Plant – The Tuai potable water supply is to be chlorinated in line with current compliance standards. A consultation meeting will take place in relation to this work.

Tawhara Reservoir Roof Membrane – This work is to provide a membrane coating to the top of the existing reservoir roof effectively renewing the life of thereof for a further 35 years. This work was to be completed in July 2020.

WATER SUPPLY PERFORMANCE DATA

The following section outlines Council performance measures for our water supply activity. It includes data for the last two annual reports, along with current year data in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the Long-Term Plan. 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 119. Of the 18 outcome indicators we monitor, 8 showed a positive trend, 1 showed a negative trend and 9 had no trend.

	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target	
Residents (%) satisfied with the water supply	81%	81%	88%	≥80%	\oslash
Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 4 bacterial compliance criteria):					
Wairoa/Frasertown and Tuai	Compliant	Compliant	Compliant	Compliant	\oslash
• Māhanga	Non-compliant ¹	Non-compliant ¹	Non-compliant ¹	Non-potable ¹	
This scheme is a supplementary, non-potable supply. It is not intended for driv	king water so is not de	signed to meet NZ Dri	nking Water Standards	5.	
Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 5 protozoal compliance criteria)					
Wairoa/Frasertown and Tuai	Compliant	Compliant	Compliant	Compliant	\oslash
• Māhanga	Non-compliant ²	Non-compliant ²	Non-compliant ²	Non-potable ²	
This scheme is a supplementary, non-potable supply. It is not intended for driv	iking water so is not de	signed to meet NZ Dri	nking Water Standard:	5.	
Percentage of real water loss from the local authority's networked reticulation system (calculated using minimum night flow)	50%	35.33%	20.70%	46% (2019) 44% (2020) 42% (2021)	Ø
Average drinking water consumption (resident/day*litres)	535 litres/day	555 litres/day	291.5 litres/day	550 litres/day (2019) 540 litres/day (2020) 530 litres/day (2021)	Ø
This figure has been calculated using the annual water balance, the decrease i better flow data, better meter records and an improvement in operational acti		ed knowledge in the re	lationship between pi	pe condition and leakage,	
Number of complaints about water supply per 1000 connections:					
drinking water clarity	1 per 1000	0 per 1000	0 per 1000	20 per 1000	\oslash
drinking water taste	0 per 1000	1 per 1000	0 per 1000	20 per 1000	\oslash
drinking water odour	0 per 1000	0 per 1000	0 per 1000	20 per 1000	\oslash
drinking water pressure/flow	10 per 1000	8 per 1000	4 per 1000	40 per 1000	\oslash
continuity of supply	16 per 1000	11 per 1000	3 per 1000	40 per 1000	\oslash
responsive to issues	7 per 1000	0 per 1000	0 per 1000	20 per 1000	\oslash
Median response time for urgent callouts - Wairoa / Frasertown (attendance time in hours)	Not measured	Not measured	No urgent callout	1 hour	Θ
Median response time for urgent callouts - other areas (attend- ance time in hours)	Not measured	Not measured	0.15 hours	2 hours	\oslash
Median response time for urgent callouts - Wairoa / Frasertown (resolution time in hours)	3.52 hours	24.75 hours	No urgent callout	4 hours	Θ
Median response time for urgent callouts - other areas (resolution .ime in hours)	3.52 hours	24.75 hours	6 hours	5 hours	\otimes
Vedian response time for non-urgent callouts (attendance time n days)	3 hours	4.23 hours	3.88 hours	2 days	\otimes
Median response time for non-urgent callouts (resolution time in working days)	3 hours	4.23 hours	4.5 hours	3 working days	\otimes
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 De- fence team meeting each year)	Compliant	Compliant	Compliant	Compliant	\otimes

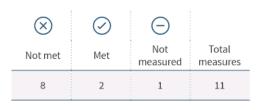
Presented to FENZ 17/12/19 and to Civil Defence 26/06/20.

Item 8.12- Appendix 1

TE WAI ĀWHĀ

STORMWATER

PERFORMANCE SUMMARY



The above table is a summary of how well we performed against our agreed key performance measures for this activity area.

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	554	554	0
Capital expenditure	139	494	(355)



STORMWATER

ADD STORMWATER DATA



WHAT WE DID

NETWORK RENEWALS

Pipe work was conducted along Kitchener Street, from Robbie's dairy to SH2, to improve the safety and aesthetic of this stretch of road. The swale drains have been contoured and there is good grass strike. This project was completed with NZTA assistance meaning the impact to ratepayers was just 25% of the total project

with further project work set to take place.

Piping of open drains at Māhia Beach will be investigated. With growth and new development, better understanding of the impact on stormwater infrastructure is needed.

cost. The design work for Kitchener Street has been completed



STORMWATER PERFORMANCE DATA

The following section outlines Council performance measures for our stormwater activity. It includes data for the last two annual reports, along with current year data in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the Long-Term Plan. 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 120. Of the 11 outcome indicators we monitor 1 showed a positive trend, 1 showed a negative trend and 9 had no trend.

Compliant

 \otimes

	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target	
Compliance with the resource consents for discharge from the storn	nwater system me	asured by the numb	er of:	-	
Abatement notices	Not achieved, no consent	Not achieved, no consent	Not achieved, no consent	0	\otimes
Infringement notices	Not achieved, no consent	Not achieved, no consent	Not achieved, no consent	0	\otimes
Enforcement orders	Not achieved, no consent	Not achieved, no consent	Not achieved, no consent	0	\otimes
Convictions	Not achieved, no consent	Not achieved, no consent	Not achieved, no consent	0	\otimes
Resource consent application is currently underway.					
Number of flooding events in the district	14	Not measured	12	≤10	\otimes
Number of habitable floors per 1000 connected properties affect- ed by a flooding event	3	Not measured	0	≤50	\otimes
Median response time for an emergency flooding event (attend- ance time in hours)	New	23.87 hours	No emergency events	1 hour	Θ
Median response time for an urgent flooding event (attendance time in hours)	New	23.87 hours	2.4 hours	2 hours	\otimes
Residents (%) "very satisfied" or "fairly satisfied" with the storm- water system	61%	70%	47%	≥80%	\otimes
A number of survey respondents expressed dissatisfaction with open drains in t project work set to take place. This work was in response to community concerns when the Wairoa river is in flood also impacts the ability to discharge stormwate	. Piping of open drain	s at Māhia Beach will b	e investigated in 2021. W		
Number of complaints about stormwater system performance per 1000 connections	40	49	29	≤50	\otimes
Contingency plans shall be implemented for emergency events such as earthquake, tsunami and fire which result in the inability	Compliant	Non-compliant	Non-compliant	Compliant	\otimes

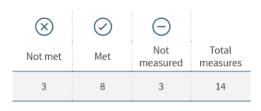
Compliant Non-compliant to provide the service (plan reviewed and presented to Civil Defence team meeting each year)

The contingency plan is underway and will be completed in the first half of 2020/21.

TE WAI PARU

WASTEWATER

PERFORMANCE SUMMARY



The above table is a summary of how well we performed against our agreed key performance measures for this activity area.

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	4,393	1,458	2,935*
Capital expenditure	439	798	(359)

*The variance in net operating expenditure predominantly relates to reclassification of items to operating expenditure, refer note 25.



WHAT WE DID

PUMP STATION IMPROVEMENTS

Improvements to the pump station have included health and safety upgrades with the installation of new stairwells, wet well handrails, and safety grills. The installation of dedicated generators is ongoing with the consent process underway. The delivery of the generators from Australia was delayed due to COVID-19.

INVESTIGATIONS AND MODELLING

is CCTV investigations and analysis have been carried out and a forward work program has been developed. Work is expected to commence in October 2020.

INFLOW AND INFILTRATION INVESTIGATION OPOUTAMA/MAHIA BEACH

Investigations into the inflow and infiltration at Opoutama/Māhia Beach have been completed and found two low gully traps and a missing cap on a rodding eye not in place. The missing cap would have resulted in high inflow during heavy rain events. These issues have been resolved and this work will minimise the impact on the wastewater plant.

BLUE BAY WASTEWATER EXPANSION

The Blue Bay wastewater scheme is currently discharging effluent outside of consent conditions. After thorough investigations it was found the system does not have the ability to reduce nitrogen to the discharge requirements stipulated by the Resource Consent and under shock loading fails on all consent determinants. Funding streams for these upgrades are being explored.

MAJOR PROJECTS

Pipe relining project - This project is complete for this year. 1km of pipe was relined with further re-lining work planned for October 2020. This method of renewal is less intrusive and minimises setup and reinstatement costs. Pipe relining is the Council's preferred method of replacement with the majority of the wastewater reticulation is located within private property boundaries and, in some instances, under garages and fences. Traditional open trench

methods would have been impossible in some instances.

Wastewater Discharge Reconsenting - The consent application was submitted late 2018 to the Hawke's Bay Regional Council (HBRC). This was 6 months prior to consent expiry, thus allowing WDC to continue discharge. WDC have agreed with all key stake holders (Ministry of Health, lwi, HBRC, community submitters) to hold pre-hearings before going to the Environment Court to try and reach agreement on any contentious issues. Prehearing meetings were held in late 2019 and February 2020. It was agreed the consent conditions would be circulated and an email has been sent to all submitters involved. It was agreed at the pre-hearing meetings submitters could provide further comment on possible conditions (effectively being the rules by which WDC will operate by).

The draft consent conditions have been updated to reflect public participation and acknowledgement of the need to restore the mauri of the Wairoa River. These are yet to be confirmed and endorsed by the HBRC.

WDC has prepared new outfall pipe design, budget adjustments, and have employed a new Three Waters staff member as the new consent has significantly more operating conditions to meet. This will help achieve key milestones when the new consent is approved. Although the Three Waters review is adding additional complexity to the process, it was expected consent approval will be achieved within the 2020 calendar year. However, due to COVID-19 this may change.

Inflow project - The inflow project is nearing completion. Broken openings into sewer pipes on properties, as a result of the smoke testing, have been identified alongside 3 sewer manholes needing repairs. This work is programmed to be carried out. Checks to ensure all down pipes discharging into the sewer network have been picked up will take place. We have diverted down pipes on 123 properties to date, 194 gully traps have been either replaced, repaired or raised, 13 sumps have been disconnected from the sewer pipe work and 18 open sewer pipes have been capped.

WASTEWATER PERFORMANCE DATA

The following section outlines Council performance measures for our wastewater activity. It includes data for the last two annual reports, along with current year data in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the Long-Term Plan. 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 121. Of the 14 outcome indicators we monitor 1 showed a positive trend, 2 showed a negative trend and 11 had no trend.

	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target	
Compliance with the resource consents for discharge from the storn	nwater system mea	asured by the numb	per of:		
Abatement notices	0	2	0	0	\otimes
Infringement notices	0	0	2	0	\otimes
Enforcement orders	0	0	0	0	\otimes
Convictions	0	0	0	0	\otimes
infringements were issued. Fault was due to a communications error which ca nave been made to make communications more robust with more improvement			sented hours. The fault v	vas rectified and impro	ovements
Dry weather wastewater overflows per 1000 connections	1	Achieved	1	16/1000	\otimes
Vedian response time for wastewater overflows - Wairoa/Fraser- .own (attendance time in hours)	20 hours	Not assessed	No overflows reported	1 hour	\oslash
/ledian response time for wastewater overflows - other areas attendance time in hours)	20 hours	Not assessed	2.4 hours	2 hours	\otimes
Median response time for wastewater overflows - Wairoa/Fraser- town (resolution time in hours)	20 hours	3.87 hours	No overflows reported	4 hours	\oslash
Vedian response time for wastewater overflows - other areas resolution time in hours)	20 hours	3.87 hours	No overflows reported	5 hours	Θ
Number of complaints about water supply per 1000 connections:					
sewerage odour	1 per 1000	0 per 1000	0 per 1000	20 per 1000	\otimes
sewerage system faults	20 per 1000	16 per 1000	0 per 1000	20 per 1000	\otimes
sewerage system blockages	31 per 1000	13 per 1000	6 per 1000	20 per 1000	\otimes
responses to issues with sewerage system	2 per 1000	0 per 1000	0 per 1000	20 per 1000	\otimes
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 De- ience team meeting each year)	Compliant	Compliant	Non-compliant	Compliant	Ø
The contingency plan is underway and will be completed in the first half of 2020	4				

The contingency plan is underway and will be completed in the first half of 2020/21.

TE WHAKAHAERE PARA

WASTE MANAGEMENT

PERFORMANCE SUMMARY



The above table is a summary of how well we performed against our agreed key performance measures for this activity area.

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	1,900	1,752	148
Capital expenditure	312	570	(258)



72.23 TONNES

OF WASTE DIVERTED FROM LANDFILL

WHAT WE DID

Wairoa District Council successfully acquired funding from the Responsible Tourism Fund (RTF) which meant additional servicing and clean-up operations at Māhia over the busy summer holiday period were able to be funded. The Wairoa Landfill and Recycling centre opening hours were extended for this period.

Work to establish an expanded recycling service in the Māhia area is in process. A suitable site has been identified and possible designs for the proposed recycling centre are being developed.

Wairoa District Council supported Para Kore in district. This means the district's marae are being supported to increase the reuse, recycling and composting of materials which will reduce waste going into landfill.

The Council was awarded a grant of \$25k from the Glass Packaging Forum. This grant was used to fund the construction of three new glass bunkers at the recycling centre. The bunkers are three times the capacity of the previous ones enabling a larger volume of glass material to be recovered and stored prior to being transported for recycling.

Free refuse collection was provided to residents during alert levels 3 and 4 of the COVID-19 lockdown period.

This resulted in 4-5 times the normal volume of waste being collected each week, as well as reducing the numbers of visits to the landfill by approximately half.

The Council has been working with the waste management contractor to improve diversion of waste from landfill; 72.23 tonnes was diverted from landfill from July 2019 to June 2020. Potential improvements have been assessed and further operational changes to increase diversion and waste recovery will take place.

Improvements to the Wairoa landfill site are planned and are partially underway, with new gates and widening of the entry way completed in July 2020.

Remediation work is ongoing to bring the landfill in line with best practice. This has included placing cover on the open landfill cell which helps manage windblown waste and improve stability.

Scrap metal has been uplifted from Wairoa landfill as well as the unauthorised dumping of material on Kaimoana Road (140 tonnes were collected from Kaimoana Road). A scrap metal collector is currently coming to Wairoa on a monthly basis.

WASTE MANAGEMENT PERFORMANCE DATA

The following section outlines Council performance measures for our waste management activity. It includes data for the last two annual reports, along with current year data in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the Long-Term Plan. 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 122. Of the 9 outcome indicators we monitor 1 showed a positive trend, 2 showed a negative trend and 6 had no trend.

	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 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%	\otimes
6 hours per day					
4 days per week					
These hours changed from 1st April 2019 following community consultation. Serv	ices remained durin	g all COVID-19 levels, w	ith precautions and re	strictions in place.	
Council shall provide for the community-run waste disposal and recycling service in Waikaremoana and Raupunga	100%	100%	100%	100%	\otimes
Services remained during COVID-19 levels 234, with precautions and restrictions i	in place.				
Missed household refuse service requests responded to by 12 pm the next day (on validation)	New	100%	96%	100%	\otimes
This relates to record closure time not aligning with actual resolution time by con	tractor. Changes are	e being explored to imp	rove alignment.		
Minimum frequency of kerbside refuse and recycling service in Wairoa and Frasertown - fortnightly	100%	100%	100%	100%	\otimes
Minimum frequency of collection from specified drop-off points from Māhia, Nuhaka and Mohaka – twice a month	100%	100%	96%	100%	\otimes
There was one service failure from contractor for Māhia/Nuhaka recycling due to	vehicle faults. Reme	edial actions have been	put in place and stan	dby options with the contra	ictor.
No health and safety breaches by waste services contractors	0	0	0	0	\otimes
Total significant non-compliance events with the resource consent conditions for the Wairoa Landfill	New	0	0	0	\otimes
Total significant non-compliance events with the resource consent conditions for the closed landfill sites	New	0	0	0	\otimes
The amount of material diverted from landfill by the Wairoa com- munity (excluding green waste)	New	Not achieved	72.23 tonnes	>75 tonnes (>56 at 3rd quarter)	\otimes

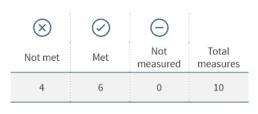
Due to changes in contract, diversion was not prioritised in 2019. New waste contract has re-prioritised this. Waste diversion has improved following operational changes, further changes will be made in 2020 to increase diversion and waste recovery.



NGĀ RANGA

TRANSPORT

PERFORMANCE SUMMARY



The above table is a summary of how well we performed against our agreed key performance measures for this activity area.

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	13,862	13,587	275
Capital expenditure	13,704	12,775	929



13,000M³ MAINTENANCE METAL APPLIED TO ROADS

WHAT WE DID

LAND TRANSPORT

Vehicle network

The transport sector of Wairoa District Council Community Assets and Services department is responsible for 875km of pavement (560km unsealed, 315km sealed), 346 retaining structures, 3000 signs, 23130m2 of carparks 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.

LED street lighting

Significant work to assess and update our streetlight database is underway with procurement of LED light fittings complete. Procurement of the Maintenance and Renewal Works contract has proved difficult, but negotiations with local supplier Eastland Network are ongoing to deliver this work.

Pavement Marking

The Pavement Marking contract has been awarded and work began in June 2020. With a new contractor in the district, the Council is looking forward to good outcomes.

Network maintenance/renewal

Two new Network Maintenance contracts were implemented in late 2018 and early 2019 with the majority of work performed in the year ending 30 June 2020. A major focus of each contract has been implementing Maintenance Intervention Strategies (MIS) bringing a focus on how and when intervention with maintenance is needed. These strategies have made steady progress but require continued development over the life of the contracts.

Major successes with the implementation of RAMM and Pocket RAMM programming have streamlined processes for both

contractors and Wairoa District Council. General maintenance has trended as expected, however, there is concern regarding the impact that forestry is having on the roading network. We are monitoring this impact closely and basing our forward work programme around this.

We have:

- Replaced/repaired 40 culverts and replaced/repaired/ cleaned 419 signs.
- Resurfaced 23km of sealed road (8% of network; exceeded goal of 7.5% for the full financial year).
- Completed Heavy Unsealed Road Metalling on 29km of road.
- Carried out 30km unsealed road drainage renewals as per contract requirement (100% completion).
- Applied 13,000m3 of maintenance metal (13,000m3 planned for the full financial year; 100% achieved).
- Sealed two dust issue sites (based on dust prioritisation matrix), carried out 4 dust suppressant trial sites.
- Kitchener Street drain was piped from Achilles Street to Robbie's dairy as part of a joint project with the stormwater activity.

Fulton Hogan has carried out a work program on sealed roads which involves stabilising pavement failures, edge break, drainage, and culvert clearing. Completion of the second stage of this work program was delayed due to COVID-19.

Bridges

The majority of the Structural Bridge Repair 2018/2019 contract is complete. The contract for 2019/20 has been awarded to Downer. Five bridges have been identified in this contract which started following the COVID-19 lockdown period. Routine bridge inspections are being carried out in conjunction with WSP and WDC inspectors, which has enabled the Land Transport team to put together a bridge maintenance programme. See PGF HPMV Bridge Strengthening for more information on major bridge projects.

Network operations

A wide range of network operation work has been carried out:

- 102 Corridor Access Requests approved to work on our roading network. This is steadily on the increase, and there is a large amount of contractors now using the Global CAR option, which is preferred by WDC.
- Supported such events such as Ross Shield traffic management, Christmas Parade traffic management, and provided advice to many organisations to bring knowledge of traffic management requirements.
- Overweight permits have increased, and WDC are in process of moving this process to the NZTA O-Permit system which streamlines and makes this more user-friendly. An application for this has been made to NZTA.

Retaining walls

Flood Damage repairs which consist mainly of retaining walls and retreats have been undertaken. The completion of the Tuai Main Road dropout was a significant achievement for the Council. This project involved cooperation between different organisations to ensure it was completed successfully. Approximately 21 other sites in the Mohaka-Waiau and Waikaremoana-Ruakituri areas have been tendered and are either underway, near completion, or completed. A package of work was awarded to Siteworx in March 2020, which is a new contractor to town. The company is performing well and getting through its work at a good pace. The Mähia East Coast Road dropout, which currently has a Bailey Bridge in place, is being designed and has been awarded to QRS as part of the social procurement for the PGF projects.

Pedestrian and cycle networks

Work is underway to implement the Walking and Cycling Strategy which has been on the cards for several years. A focus moving forward will be maintenance programmes for footpaths.

Reactive maintenance & Emergency response

Reactive maintenance is a common occurrence. There was no significant rain event in the year ending 30 June 2020, however isolated weather 'bombs' caused \$50-100k a-piece worth of damage. Contractors worked hard to open the roads and keep them safe for road users.

These works are ongoing and occur regularly, and this will be taken into account when building the next three-year and beyond asset management plans.

Outstanding Issues

Te Rāhui [Patangata] Bridge replacement - This was brought to the Council table with affected parties given the opportunity to speak to the elected members. Currently, design options, funding, and a partnering model are being worked through with relevant parties. As of June 2020, this project has been funded by PGF (See 'Key Projects' for more information).

Nuhaka-River Road earth movement - This project has been funded by the PGF (See 'Key Projects' for more information).

Asset Management Plan (AMP) Development

Work has started on the next Land Transport Asset Management Plan. The plan was set to be submitted to NZTA in August 2020 to secure funding for the next 3 years of roading activities. WSP has been engaged for expert advice and guidance to ensure maximum funding is achieved. A 'one-team' approach has been undertaken in the development of this plan. The land transport team are 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 is to make this plan a living document to ensure the network is managed effectively.



Professional Services Contract

In January 2020, a s17a review was undertaken to procure a more robust contract around how WDC use professional services. Using professional service providers is a common and accepted practice for WDC, but consolidation is needed to deliver the best outcome for WDC. A contract was put to the market and a preferred tenderer identified for approval by the Council.

NZTA Investment Audit

A three-yearly investment audit was carried out by NZTA to ensure WDC is using NZTA's money correctly. No significant issues were noted.

Major projects

PGF HPMV Bridge Strengthening - WDC have secured \$2.2m dollars to carry out bridge assessment and bridge strengthening work to ensure the bridge network is up to standard for key routes including forestry routes.

Key achievements this year:

- Agreement signed and project plans in place to carry out this work which aligns to the Provincial Development Unit's key principles.
- Majority of identified bridges assessed, many already meet the standards required for HPMV.
- A variation has been submitted to the Provincial Development Unit to extend the amount of bridges we want to assess and potentially strengthen. This has been approved.
- Doughboy Bridge has been put to the market to strengthen with closing date early July.
- Expenditure to date \$400k, slightly less than expected, due to many bridges coming back as passing assessments, also impact from COVID-19.

PGF Māhia East Coast Traction Sealing - WDC secured \$7m dollars to carry out 12.5km of traction sealing and associated improvements on Māhia East Coast Road. This financial aid is based around Rocket Lab and the positive impact the company has on the provincial area. An agreement has been signed, procurement plan approved, and the project plan is well underway. The COVID-19 lockdown period delayed the project. Discussions are ongoing with the Provincial Development Unit to achieve the best outcome for all parties involved. As at the end of June, expenditure was approximately \$4.5m.

PGF Nuhaka-Õpoutama Alternative Route Investigation -Coastal erosion is driving the need to look at different options to link Nuhaka to Õpoutama. The PGF has provided WDC with \$300k to investigate options and provide a case to apply for further funding. The project was set to be delivered by August 2020 (COVID-19 impacts have delayed report). Rural Strategic Infrastructure Solutions have been engaged as lead consultant on this project. Estimated spend to date is \$160k.

PGF Wairoa District Redeployment Package - Phase 1

- Nuhaka River Road realignment.
- Te Rāhui [Patangata] Bridge replacement.
- Rangatahi Dropout (Waitepatu Dropout) repair.

Following the COVID-19 lockdown period, WDC submitted a range of projects that were 'shovel ready'. The above 3 projects were successful in securing \$2.5m.

As part of the agreement, QRS was engaged to follow social procurement objectives. This work commenced in mid-July.

AIRPORT

Investigations

Upgrade of the Airport Instrument Procedures has been completed. Work on the PAL lighting and procedure design is set to take place.

Resurfacing

The airport runway, taxiway, and aprons have been resealed. This work was a significant undertaking to coordinate and work in with users of the airport. The work was completed successfully and resulted in a great asset improvement.

COVID-19 IMPACT ON LAND TRANSPORT AND AIRPORT

COVID-19 lockdown has influenced what could be delivered in the 2019/20 financial year.

The main impacts were:

- Lost 4-5 weeks of the 'construction season'
- Aspects of work programmes for sealed and unsealed pavement contracts were pushed out until weather permits.
- PGF projects budgets and timelines are needing variations/ discussions as they have been pushed out.

By delaying these programmes, it puts pressure on the network and WDC assets. When developing the next LTP it will take into consideration that more work will need to happen to achieve target timeframes.



TRANSPORT PERFORMANCE DATA

The following section outlines Council performance measures for transport activity. It includes data for the last two annual reports, along with current year data in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the Long-Term Plan. 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 123. Of the 10 outcome indicators we monitor 6 showed a positive trend, 2 showed a negative trend and 2 had no trend.

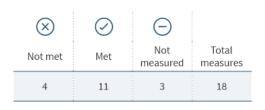
	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target	
Land Transport					
Sealed local road network that is resurfaced	3%	0%	8%1	7.5% between 1 July 18 and 31 July 2021	\otimes
in accordance with its activity management plan, Council has determined that will be resurfaced. It is more cost effective to bundle this work, so in 2018/19 we					etwork
Number bridges not meeting HCV class 1 requirements	11	6	6	Improvement from previous year	\otimes
Ultimate goal is for all bridges on key industry transport routes meet HCV clas freight.	s 1 requirements to er	nsure the network is ac	cessible to the indus	tries for the efficient mover	nent of
Road users (% survey respondents) that consider the land transport service to be "fairly good, very good or better" - urban respondents	64%	75%	74%	≥75%	\otimes
Road users (% survey respondents) that consider the land transport service to be "fairly good, very good or better" - rural respondents	64%	56%	43%	≥75%	\otimes
This declining trend is likely a result of user perception: the increase in forestry h assessments that the roads are no worse or better than the last few years, how				age to roads. It would appe	ar from
Requests for service (%) relating to roads and footpaths respond- ed to within 5 days	79%	Not measured	93%	90%	\otimes
Average sealed roads which meet smooth road standards for 'fair' ride quality	95	88	94	Average NAASRA of the sealed road network <110	\otimes
Footpaths (%) in average condition or better (measured against WDC condition standards)	Not measured	Not measured	93%²	95%	\otimes
Full network inspection being undertaken to inform works programme for 20-2	1.				
The change from the previous financial year in the number of fatalities and serious injury crashes on the local network	-6	0	-7	Change ≤ 0	\otimes
Number fatal crashes	1	1	0		
Number serious injury crashes	6	6	0		
Reported result fatal and serious crashes	7	7	0		
Airport					
Maintenance, capital and renewal works carried out in accordance with the airport plan	New	Not achieved	Achieved ³	Achieve measure	\otimes
Runway resurfacing complete. Building maintenance and upgrade completed demand.	l. Power supply remed	liation approved to be a	completed in 2019/2	0. Fuel farm project review	ed – no
Respondents (%) "very satisfied" or "fairly satisfied" with the airport service	Not measured	89%	95%	≥80%	\otimes

Item 8.12- Appendix 1

NGA RAWA HAPORI

COMMUNITY FACILITIES

PERFORMANCE SUMMARY



The above table is a summary of how well we performed against our agreed key performance measures for this activity area.

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	2,508	2,438	70
Capital expenditure	211	351	(140)



29,339



2,346 MUSEUM VISITS

WHAT WE DID

CEMETERIES

The maintenance contracts for Wairoa and Frasertown cemeteries were put to the market and awarded in January 2020.

Design and procurement for new headstone beams were completed and new beams were installed in Wairoa lawn cemetery in early 2020. This will provide some additional capacity for burials in Wairoa. WDC staff, contractors and Pickering's Funeral Directors have been working together to manage changes in the light of the COVID-19 lockdown.

Removal of pest trees around the upper cemetery has been carried out, opening up the area and reducing risk of falling trees.

A section of the boundary fences has been renewed with further sections planned for 2020/21.

PARKS & RESERVES

Sealing, marking and drainage improvements have been completed at the Marine Parade playground car park. The Māhia Reserves Maintenance contract was awarded.

The grand stands at Lambton Square were renovated prior to the Ross Shield competition in 2019.

Planting has been carried out alongside the Carroll Walkway, skatepark and War Memorial park. Preparation work has been done for further planting in 2020/21.

The reserve shelter at the foot of Mokotahi was due for renovations but work was delayed due to the COVID-19 lockdown period. Replacement of picnic tables is set to take place. Significant tree maintenance has been undertaken across all reserves, including along the riverside walkway.

LIBRARY

Winter warmers program July 2019 – The 7-week Winter Warmers programme received excellent support with more than 150 children involved. Two finale parties were held to celebrate all students completing the programme. The parties were held at both the Library and Mohaka School. Participants were required to complete 5 reports to attend the finale party and over the 6-week period library staff listened to over 1057 reports. The aim of the programme was to help children develop an enjoyment for reading and a love for the Library.

Lego table – The CEO fund, which was used to sponsor the purchase of LEGO, meant the Library could set up a child-height LEGO table. This proved popular with families and it was noted that children would come into the library specifically to play with the set. This activity increased the popularity of LEGO books which in turn encouraged more reading activity.

Glass cabinets – Donated by a member of the community, these cabinets were set up with antique local history books owned by the library. These valuable books, which had been inaccessible, were now a popular viewing option for patrons with some spending many hours reading these through the glass.

Partnership with schools – During terms three and four a partnership arrangement was trialled with Nuhaka and Ohuka schools to deliver educational experiences and stories. Schools would visit two or three times per term and positive feedback was received. One teacher commented "this was amazing, I wish we had done it sooner ... the kids begged me to bring them back in."

Adult reading programme "Blind date with a book" – This programme was popular with patrons taking up all of the 'blind date' book packages within the first week. This programme was different to previous ones in that it encouraged patrons to select genres/authors that they might not normally read. Positive feedback was received.

Summer reading program 2019/20 "The Great Reading Carnival" – Participation in this programme increased significantly from the year before with 115 children registering and 80 completing all required check-in's (2018/19: 70 enrolled, 33 completed). Overall, staff listened to 424 book reports.

Library staff designed and ran activities which were well attended with 60-70 children at each session.

At the finale, one of the grandparents commented "the library has come on leaps and bounds in the last year. The programmes and the facility were amazing, the building decorations were gorgeous and we should be very proud of what we had achieved."

Activity highlights for the junior reading programme included:

- Mad Science, making eatable slime, making lava lamps, balloon rockets, marshmallow catapults.
- Magnet Exploration Workshop, making and playing with robots.
- Making turtles, penguins, sock puppets, pencil holders, wind chimes, and movies
- Entertainers included Rowan Dawson, Zappo the Clown and Silly Winkie.

Activity highlights for the teenage programme included:

- Movie and pizza lunch, drone workshop, exercise session.
- Nail and hair art from beauty therapists
- Car maintenance changing a tyre and checking fluids.

STEAM highlights - Library staff launched a STEAM (Science, Technology, Engineering, Art, Math) programme for children aged 8-12 years. This was a school term trial which ran three days per week and comprised 10 children per session. It ran successfully and parents requested further sessions be held in the future.

Adult Reading Programme – "Explore The World" is the title we gave our Adult Reading Programme. This programme allows patrons to explore the world through books.

COVID-19 Pandemic – The library staff engaged with patrons via E-books, Facebook and emails. E-books became very popular with staff able to arrange patron's access whilst working from home. In Level 2, the library offered a 'Click and Collect' service to all patrons. Around 179 patrons took up the offer with a grand total of 1137 books being issued whilst in Level 2. Positive feedback was received from service users.

Digital Hub – The Digital Hub in the library is nearing completion. The mezzanine floor has been divided into three areas. The meeting room has seating for 10 people. The computer area comprises 10 computers and an area or people wishing to use their own devices.

WAIROA MUSEUM Museum Exhibitions

Wairoa Museum has hosted several temporary exhibitions:

- Tama Tu Tama Ora -Sculptures Dan Couper An exhibition of five sculptures by local artist Daniel Couper, complemented by some large format images.
- Waikawa Portland Island
 A social history exhibition focused on Waikawa Portland
 Island. The exhibition featured taonga loaned from the MTG
 in Napier from the time the whare wananga operated on the
 island several hundred years ago.



- The Mount Felix Tapestry
 An exhibition of tapestries touring from the UK featuring stories of Mt Felix Hospital used as a convalescent hospital for NZ soldiers during WW1. This proved one of the most popular exhibitions ever displayed at the museum. The museum welcomed a number of groups visiting including Wairoa Rotary, Lighthouse Lions, Gisborne Women's Institute, visitors from Hawke's Bay including from the Red Cross members and a tour Group, Wairoa Kaumatua Group, Caravan Club from Gisborne and CMT group from Hawke's Bay. Our advertising in the Hawke's Bay Today and Gisborne Herald created a lot of interest.
- A Stranger Point of View Photographs by John Bannister A series of black and white photographs of local people and scenes – many with interesting anecdotes attached.

Pumanawa touchtable project

A fully interactive touchtable was installed in the museum. It received \$15K from the First Light Foundation, \$15K from Eastland Port and with \$12K from the museum's funds, there was a budget of \$42K for the project. The table is available to visitors to the museum in the main exhibition space. Users can access the collection and link objects with people, maps, videos, stories, photos, archives and much more. Several people can use the 65" Table simultaneously. Digitization of the museum's collections continues and new features are being added.

Collections acquisitions - some highlights

The museum has recently acquired a map of Whakaki Estate, preserved octopi and paper nautilus shells, copies of three whakapapa books, a collection of woven potae and kete, and NZ Railways crockery.

Building issues

A number of issues regarding building maintenance have been

sorted at the museum. Work was recently completed on the roof replacing flashings and spouting above the office area and at the back of the building where it had been leaking. The building project at the rear of the museum, was successfully completed.

The museum has also undergone an IT upgrade replacing copper wiring with fibre. This follows a recommendation from Curve Technology in light of the museum's digitisation project. The transition is through Spark with installation undertaken by Chorus. The monthly line rental is estimated to be cheaper.

A consequence of the upgrade concerned the back-up system for the museum's fire monitoring. ADT Fire Monitoring were engaged and the Manager of Fire Security Services provided assurance the system would still work as it is cellular but the phone back-up fire monitoring would not.

It also became clear that ADT Security was not receiving a signal from the museum since the fibre upgrade. The alarms were still working, arming and disarming but ADT would not receive notification if there were an activation. It was arranged for Armourgard to undertake random checks. The museum staff spoke with the police and they notified both their own patrols as well as Wairoa Community Patrol to monitor the museum until further notice. CSL installed the original system 19 years ago.

There is separate monthly monitoring contracts with ADT for both the security and fire monitoring systems. There had been no ongoing maintenance on the system since 2001. The initial advice from ADT is that the museum would need to replace the whole system but after discussions with CSL, who installed the system, and JC Electronics, they suggested altering the existing system would be sufficient.

It was arranged to have CSL visit and they installed an adapter



that allows them to monitor both the security systems and the fire monitoring system. The two monitoring contracts with ADT have been cancelled in favour of CSL.

Repatriation project

Work and fundraising for this project has begun. The focus is on the repatriation of taonga/artifacts with provenance to Wairoa but located in museums across the country. There is already an idea of the extent of these collections and the report will be a major undertaking. It will include an inventory of taonga, their provenance, history, probability of successful repatriation and importantly their relationship to local whanau and hapu. This report will also conclude with a set of recommendations.

The repatriation exercise will see the museum partner and work alongside both individuals and agencies across the region. The museum's role will be one of facilitation. The project has been endorsed by both the Wairoa Taiwhenua and Tatau o Te Wairoa.

Volunteers

The museum is heavily reliant on Wairoa Musuem Friends in a number of ways with the most significant being the hours they give operating front of house. This year one of our most valued, Jenny Roper, left with husband Mike for the South Island. Jenny's contribution to the museum was immeasurable as a volunteer, curator, fundraiser, organiser, receptionist and so much more.

Gail Menzies recently relocated from Wairoa to Waipukurau to be closer to family. Gail has been an incredibly valued volunteer for some years covering on the desk, working on our digital projects and much more.

COVID-19 response

The Wairoa Museum was closed from Monday March 23. The subsequent decision to lockdown the country as a response to the COVID-19 pandemic formalised the situation for us. Prior to lockdown, staff spent time preparing for this situation. Some of the museum staff and 4 volunteers worked from home while others monitored the museum. The museum re-opened again on May 19. The appropriate Health and Safety measures were put in place, the touchtables were out of operation, initiated contact tracing procedures were put in place and volunteers stepped down in the short-term.

The museum has begun a new regime of opening hours and staffing levels. It will close on Mondays and operate 10-2pm Tuesday to Friday. Staff hours will be reduced accordingly.

Merchandising

The museum's brand new shop has been installed and is looking great. Options are being explored for an eftpos facility which will be an essential part of the operation.

Visitor Numbers

Visitor numbers have been severely impacted by the COVID-19 lockdown and subsequent reduction in opening hours.

Submission to Wairoa District Council

In March, we gave a submission to the Council, including a draft contract for service. At the time of the lockdown the contract was well advanced, but the museum only just started the Business Plan. Our intention was to prepare the documents alongside Council staff and to signal, through the Business Plan and contract, our request for an increase in the Council contribution.

Just prior to lockdown, museum staff presented to the Council forum at which they signaled their intention to prepare this submission. Unfortunately, everything has changed, and it was recommended to Trustees that museum staff defer preparing and presenting the submission until next year.

COMMUNITY CENTRE Access to sand filter hatches

Sand filter hatches were made inaccessible with the recent LTS pool upgrade due to poor design. The large stainless air duct was

pool upgrade due to poor design. The large stainless air duct was shifted about a metre to the side. The top 150-200mm of sand was replaced in each filter.

New chlorine liquid storage facility

The heavy 200 litre (200kg) chlorine drum handling and storage have been an ongoing issue for both staff and contractors. Emergency exit access in and out of the pump room is limited so a new outside bulk chemical storage facility that holds 2,000 litres has been installed. Once fully commissioned, plans for mid-April will alleviate those issues mentioned.

New ultrasonic level transducers

These were mounted above both LTS Pools and used to maintain and control the two pool filling and level management. The current system had failed on a number of occasions including power outages where the top pool would drain back into the bottom allowing the introduction of air to the suction side of the LTS pool circulating pump causing it to lose its prime and flow. This has a follow-on effect of the pool water losing its heat due to no-flow through the heat exchanger. These ultrasonic sensors along with a 24 vdc actuated spring return valve will also help eliminate future problems surrounding and maintaining LTS pool water levels during power outages.

New proposed storage facility

A fire engineering report received several years ago highlighted several large items that were blocking the main stadium fire exit



doors including rolls of carpet on stands, large portable hydraulic basketball hoops and a 6 x 10m performers stage. Wairoa District Council was encouraged to sort this as soon as possible.

Due to the fact there was no useable storage available in the complex, two 20 foot shipping containers were acquired to temporary house the large items. A feasibility study was undertaken to determine the best option as to where a new storage facility could be built. It took into consideration that it would provide enough storage room with both internal and external easy access. Maintaining the aesthetics of community centre complex was also part of the consideration. Dan King of Architect 44 has been given a brief to produce a concept design with rough costings. The report is set to be finalised and presented to the Council.

Water safety

The Water Safety NZ Drowning Prevention Investment Programme 2018-2019 has been successfully applied for. This enabled staff to offer personal survival skills and water safety to school years 1-8 with extra Safe Boating classes to years 5-8 free of charge, including travel to and from pools. Around 870 pupils where upskilled over a 10-week period. The Centre Swim School offers pre-school and after-school classes along with hosting swimming, club, aqua and water walking, inter-school swimming events and a 5-week aqua programme for KE mental health group.





Unplanned pool closure

On January 31, Wairoa Community Centre staff advised the Council the main pool water pump had stopped operating. Investigations revealed the 3-phase electric motor had burnt out and repair work would not be justifiable while the pump was being monitored/ maintained and had been working effectively. Due to its age and the fact the manufacturer had stopped producing parts for this model, the Council investigated a suitable replacement pump. The installation of a replacement pump had been scheduled to take place over Easter weekend with the breakdown prompting the replacement to be fast tracked as a priority. The installation of the new purpose-built pump began on Wednesday February 5, 2020 and was operational by the following Friday. The pool was reopened to the public on the afternoon of Monday February 10 with the water quality at the required standard and clarity expected to improve over the next few days. The shutdown also created an opportunity for community centre staff to carry out maintenance and cleaning of the pool area.

The fitness centre has had 25 new member appointments, 69 programs written, 85 assessments and 96 personal training sessions. New classes commencing in July 2019 were Beginners Pilates, Kids Swiss Ball and KE Pilates. The Fun, Fit, Fab Challenge had 12 participants leading to 4 new members. There have been 67 Bliss classes this year to date with 352 participants.

Fitness centre air conditioning units

The three 25-year-old large fitness centre air conditioning units have recently started to have issues and require replacement. Sport Hawke's Bay is in the process of obtaining funding for the \$20k project.

The function room and gymnasium are well utilised by the community with both regular and one-off bookings including the Ross Shield weigh in, Marae Fit presentation, correspondence school, mum's coffee morning, after school programme, P.L.A.Y., holiday programmes, indoor netball, Kiwi seniors, and the Wairoa school's music festival.

COVID-19 response

During the COVID-19 lockdown period, Ada Clark, Wairoa Community Centre Swim Instructor and Pool Lifeguard decided to make a game up called SURVIVAL COVID-19, with support from whanau. The game was over the first 28 days of lockdown across New Zealand and there were many challenges. Exercise challenges were an important part of the game, trying to create some good habits that would continue as part of the daily routines to see benefits of being fit and that is was an enjoyable part of their day with their whanau. There were 28 challenges all together with some of them including making a face mask, whacky hair day, survivor flag, build a shelter and ANZAC Day.

Several businesses donated prizes to the game with the Centre donating whanau swim passes, personal training sessions, 30-day swim passes and 30-day gym passes to the winners.

During the lockdown period, all direct debits were stopped as it was not right to take membership payment when the centre was closed. During this time, staff were able to volunteer and support other essential organisations which contributed to the wellbeing of many.

Good cleaning and maintenance sessions were held before opening after the lockdown period.

Fitness Centre staff posted work out advice and videos for those who wanted to continue to attend the classes normally run at the Centre. This was a way to continue to engage with members and the public and also an opportunity to keep in contact with members. Fitness equipment including swiss balls and bands were sold to the public for them to keep up their strength and fitness.

OTHER

The upgrade of the Wairoa CBD CCTV system, renewing the power supplies, cameras and server has been completed. This delivers a more reliable and accessible system to assist the police and other organisations.

COMMUNITY FACILITIES PERFORMANCE DATA

The following section outlines Council performance measures for our community facilities activity. It includes data for the last two annual reports, along with current year data in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the Long-Term Plan. 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 124. Of the 18 outcome indicators we monitor 7 showed a positive trend, 3 showed a negative trend and 8 had no trend.

	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target	
Cemeteries					
Users (%) "very satisfied" or "fairly satisfied" - cemeteries	70%	75%	99%	≥80%	\otimes
The increased user satisfaction is a result of enhanced vegetation management,	removal of unsightly	or poorly placed trees.	······	······	·i
Parks and Reserves					
Users (%) "very satisfied" or "fairly satisfied" - parks and reserves	89%	89%	96%	≥80%	\otimes
A new contract was developed with tighter specifications to reflect feedback froi specs.	m previous years. Th	is includes managemer	nt of walkway edges, s	praying programme and n	nowing
Playground assets complying with safety standards (%)	Equivalent measure achieved	Not measured	Not measured	≥85%	Θ
Assessments not yet undertaken. Playgrounds are inspected daily by contractor	for safety issues and	these are rectified whe	n identified.		
Public toilets inspected and cleaned twice daily in all areas (%)	New	100%	100%²	≥95%	\otimes
Carried out by contractors, good feedback has been received about cleanliness lockdown.	over the summer pe	riod. Cleaning levels we	ere adjusted for remai	ning open toilets during CC	OVID-19
Percentage of parks assets in satisfactory condition (condition grades 1, 2 or 3)	New	Not measured	Not measured	≥95%	Θ
No framework established, intention to modify this SSP				*****	
Playgrounds (%) maintained in a safe and clean condition	New	100%	Not measured	≥85%	Θ
Assessments not yet undertaken. Playgrounds are inspected daily by contractor	for safety issues and	these are rectified whe	n identified.		
Open space requests responded to within 24 hours (%)	New	Not measured	96%	≥85%	\otimes
Single response performance measure covering cemetery internment requests, J	public toilet, playgro	und and parks related u	irgent customer enqui	ries.	
Library		-		••••••	
Implement new initiatives in response to community needs for library services	New	Achieved	Achieved	1 new initiative per annum	\otimes
The library is currently trailing an outreach programme to rural schools. This is what the library has on offer for them.	designed to be a rec	iprocal agreement whe	re the schools will also	o come in and be educated	l abou
Users (%) "very satisfied" or "fairly satisfied" - library	95%	95%	96%	≥80%	\otimes
PERFORMANCE MEASURE				•	
Community Facilities					
Total visits to the Wairoa Community Centre	New	76,119	65,605	Visitor numbers ≥ previous year	\otimes
Total visits to the Wairoa Museum	New	5,322	3,593	Visitor numbers ≥ previous year	\otimes
COVID-19 restrictions impacted visitor numbers. Both the Museum and Commun result of COVID-19 impacts.	ity Centre were close	ed during lockdown. The	• Museum has reducec	l operating hours over win	ter as a
Overall user satisfaction (%) of community facilities	92%	94%	94%	≥80%	\otimes
User (%) "very satisfied" or "fairly satisfied" - Wairoa Community Centre	90%	81%	93%	≥80%	\otimes
Users (%) "very satisfied" or "fairly satisfied" - Wairoa Museum	92%	78%	98%	≥80%	\otimes

The Kakapa project (Musuem Redevelopment) has been a significant project for the Museum to demonstrate value to the community. The redesign of the community facing aspects of the Museum have allowed much more of the community to get a fresh perspective of the exhibits and holdings of the Museum.

	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target	
Council grants to funded organisations are paid in accordance with funding contracts/agreements.	Compliant	Compliant	Compliant	Compliant	\otimes
Council administers SPARC and Creative NZ grants to provide funding for school The grants are distributed within the financial year according to contracts/agre	, ,	nd organisations for r	ural travel to sport compe	titions and art related	l projects.
Resident (%) satisfaction with value for money through rates on supporting community facilities and organisations	55%	49%	57%	≥80%	\otimes
In a post COVID-19 environment, value for money through rates has been an between an austere approach to core business and the ongoing support to vital to engage the hearts and minds of the community and more will be done to ce social media.	community facilities v	which are of benefit to	o the community. Again, t	his is a conversation i	hat seeks
Funded organisations achieve/exceed agreed service provision targets as specified in funding contracts/agreements	Achieved	Achieved	Partly achieved	Achieved	\otimes
Without the impacts of COVID-19, service provision would have been achieved.	*****				
Funding contract/agreements are reviewed annually/triennially in accordance with existing funding contract specifications	Achieved	Achieved	Achieved	Achieved	\otimes

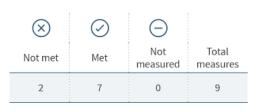
Despite the negative impact of COVID-19 restrictions which have forced some contracts and agreements to be changed, this performance measure is deemed achieved as those contracts and agreements have been 'reviewed'.



TE MAHERE ME TE WAETURE

PLANNING & REGULATORY

PERFORMANCE SUMMARY



The above table is a summary of how well we performed against our agreed key performance measures for this activity area.

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	1,980	2,081	(101)
Capital expenditure	111	62	49



\$12.55 MIL VALUE OF BUILDING CONSENTS ISSUED

BUILDING CONSENTS ISSUED

WHAT WE DID

RESOURCE PLANNING

The total number of planning consents and ancillary applications approved increased by 95% from the previous financial year. This increase reflects growth in subdivision and development in the district:

- Land-use consents: 38% increase
- Subdivision consents: 155% increase
- Ancillary applications : 163% increase

Despite this significant increase, 93% of the resource consents that were approved during the 2019/20 year were processed within statutory timeframes.

Vital improvements in the planning administration system have also been made during this period to increase efficiency and effectiveness. Staffing levels continue to be a challenge, particularly with the increasing development and associated consenting, and other planning work. Consultant support in 2019 was integral to ensuring the Council could process resource consents within statutory timeframes. The appointment of the new Customer Service Manager- Regulatory in early 2020 has provided the Planning Department with more capacity. Therefore, all resource consents are now being processed in-house and consultant services are only required when there is an overflow of resource consents.

The COVID-19 pandemic has had a notable impact on the Planning Department. Throughout April during alert level 4, there was minimal resource consent activity. However, there was an influx of resource consent applications following the transition to alert level 3. Furthermore, the number of resource consent applications received continued to increase with the transition to alert levels 2 and 1.

BUILDING CONTROL Building consents

The number of building consents issued in the 2019/20 year has increased by 76% compared to the previous year. The value of the building work has increased by 110% and was valued at 12.4 for the 12-month period.

Improvements

Improving the consenting system is an ongoing 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 the 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. During this year there has been two new staffing additions to the Council's building control authority (BCA): a new regulatory officer and a new building control officer (BCO). This is to help cope with the increased workloads.

Challenges

Over this period, there has been a noticeable increase in the complexity of the building consent applications submitted. With this increase in complexity there is a greater need for skilled processors. New earthquake prone building and swimming pool legislation has led to an increase in compliance and monitoring requirements placing further strain on already limited 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 increased during the year which continues to be a challenge to retain competent staff.

COVID-19 response

During March 2020, the country went into level 4 lockdown due to the COVID-19 lockdown period which saw the construction industry unable to continue in the usual manner. Staff adapted their working practices to enable continued work from home, including using Zoom teleconferencing to hold pre-application meetings and discussions with those wishing to undertake building work. The average processing timeframe during the lockdown period has been 12 days.

Up-skilling staff

Two of the BCO's have been enrolled in diplomas to enable them to achieve Reg18 qualifications. One is starting their first year and one is completing their second year.

During the year, a training plan has been developed and implemented. The training includes having two officers obtaining qualifications which have been approved as compliant with industry regulations. All officers, and those requiring technical competencies, have either improved or maintained their level of competency within the national BCA competency assessment system. This provides the Council with the capacity to handle increasingly advanced residential and commercial consenting and inspections.

Inspections and requests for information

The 2019/20 year saw the number of inspections increase by 4% compared to the prior year. This increase is mainly due to the more complex consent applications.

Requests for further information (RFI) have increased by 18% compared to the same period the previous year. This is likely due to the increase in the number of the building consents. To proactively manage these RFIs and respond to the increasing complexity of consents, the Council has developed a recurring newsletter which is sent to known trades people noting the common RFI areas. This has contributed to a reduction in RFIs per consent. This in turn has enabled staff capacity to be used in the actual processing of consents. As a result, the number of consents requiring RFIs has decreased in proportion to the increased number of consents.

Meeting our required targets

Staffing levels have been increased to allow the BCA to cope with the increased workloads. This year, consenting units have not met their performance measures for issuing building consents within 20 working days and LIMs within 10 working days and sit at 99%. Around 97% of code of compliance certificates (CCCs) were issued within the 20-day statutory timeframe. Two CCCs were issued outside the statutory timeframe due to a change in when IANZ considered the statutory clock should start.

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

ENVIRONMENTAL HEALTH

Food Control

Food businesses - The deadline for all food businesses to be signed up to the Food Act 2014 was the end of March 2019 with the final businesses registering in late 2019. Food businesses must comply with legislation including the Food Act 2014, Food Regulations 2015, and the Australian and New Zealand Food Standard Codes. The Council continues working with food businesses to promote understanding of the new Act's requirements. 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. Enforcement of nonregistered food sellers operating in the Wairoa District will become a priority to ensure a fair playing field for registered fee-paying businesses. New food businesses have started up in the Wairoa District over the last year with the number continuing to grow.

Training - The Council employs two Environmental Health Officers both of whom are trained as food Verifiers for Verification of Risk Based Measures under Food Control Plans; Recognised Persons for Verifications of National Programmes (NP) 1, NP 2 and NP 3; and as Food Safety Officers for Enforcement as required by the Ministry for Primary Industries (MPI). All on-line training has been completed as required by the MPI to enable staff to be approved for the verification of risk-based food safety plans and has attended faceto-face continued professional development training courses. Staff have been assessed by an independent auditor (JAS ANZ) which confirmed their ability to carry out food verification including NP1, NP2 and NP3. Staff have attended further face-to-face training to enable them to be warranted as Food Safety Officers under MPI. They are currently waiting on vetting for Recognised Person and Food Safety Officer warrants.

Improvements - MPI now requires the verification of food premises be carried out under a quality management system. The Council has developed a quality manual for that purpose and that document was reviewed during the third quarter by JAS-ANZ during their audit. The outcome of the review was successful. Recognition of Wairoa District Council "WAIORA01" as a Recognised Agency has been received in the fourth quarter and expires on the January 31, 2023. The recognition list can be viewed in the public register on the MPI website.

Liquor Control

Alcohol Businesses - Under the Sale and Supply of the Alcohol Act 2012, Wairoa District Council issue all required liquor licences within the Wairoa District. Reports are written by the Liquor Licencing Inspectors on all liquor licence applications to advise the District Licencing Committee and enable the committee to decide on all applications received. Inspections are carried out for when new/renewals for ON/OFF/CLUB Licences are applied for. More comprehensive invesigations are required for some managers.

Alcohol licensing - Our District Licencing Committee consists of 3 members. Over the last financial year we have granted 1 new on-licence and 2 on-license renewal. We granted 1 new off-licence and 0 off-license renewals. There was 1 new club licence and 2 club license renewal. We also issued 15 new managers certificates, 11 manager certificate renewals and 5 special licences.

Training - All Wairoa District Council's Liquor Licening Inspectors are competant and qualified in their role. They are members of the New Zealand Institute of Liquor Licening Inspectors NZILLI and attend annual conferences for ongoing liquor licencing. Due to the ongoing need for greater understanding of legal interpretation of the Sale and Supply Act 2012, our inspectors attend regional court cases to futher understand the legal process required should the need arise in the future to represent Wairoa District Council at court.

Noise Control

All Environmental Health Officers at Wairoa District Council attend noise complaints during the normal working day. Wairoa District Council contract Noise Abatement Officers to attend noise complaints after normal working hours and on weekends.

Improvements - Excessive noise is an ongoing issue in the community impacting daily life. Enforcement of excessive noise using abatement and seizure notices will be continued to reduce noise nuisance. Targeted monitoring takes place of excessive noise

from industry and residential sources to reduce noise impacts on the community.

Nuisance Control

Nuisances in the community can take the form of many different types. Wairoa District Council's Environmental Health Officers attend various types of nuisances as defined under the Resource Management Act 1991 with most involving (but not limited to) asbestos, litter, dust, vermin, animal carcasses, smoke, noise, unsanitary buildings and unsanitary septic discharges.

The Council investigates hazardous waste and discharges into the environment with follow-up and liaison with the Regional Council Pollution Response Team.

Improvements - Ongoing management of bait stations and bait station locations to target and reduce vermin within the Wairoa Township takes place using contractors. Liaison with the Hawke's Bay Regional Council also takes place for combined targeted baiting in and around Wairoa Township for possums and other vermin.

Water Testing

Working alongside the Water Production Team, the Environmental Health Officers conduct routine water testing of locations in the Wairoa District including the Council water supply, rural food premises and private residences. They advise the community of water treatment including plumbosolvency notices and effective decontamination of contaminated residential water supply.

BYLAW CONTROL

Dog control

In the 2019/20 year there have been more severe attacks from wandering dogs on both humans and stock than in previous years. In response, the Compliance Team has been promoting community responsibility for dogs for owners to keep their dogs controlled and confined at all times (as if contained on a property the dog cannot bite or cause injury). This proactive focus over the past 12 months focused initially on education, however, if owners refuse or do not comply the dogs are either impounded or the owners issued

with infringement notices. The fourth quarter saw improvements with fewer serious reported dog attacks on people and other dogs along with prosecution of 3 dog owners.

Monthly news articles have been published in the Wairoa Star newspaper to further educate owners on parts of the Act, and to increase public awareness of their responsibilities as dog owners. These articles also highlight work the compliance team has been doing.

The increase in proactive property inspections has resulted in more on time dog registrations and more legal cases to get dogs off the streets.

A farm information pack has been developed for registering working dogs. This was sent out to farmers with registration forms and there has been a significant improvement in on-time working dog registrations.

Livestock control

Better paddock security, based on recommendations from staff, has resulted in less wandering stock over the 12-month period. There have been less reported stock on highways and callouts are down. Repeat offenders now have to pay fees and charges. This has helped in decreasing offender numbers.

General bylaw enforcement

Freedom camping breaches have been lower compared to previous years. As a result, there have been less infringements issued in the year ended June 2020. New signage promoting the change in freedom camping rules has assisted in clarifying areas where freedom camping is prohibited. The Council website, ISite and a concerted effort from the Customer Service team ensured the right information was available and that Council staff were able to respond to questions from campers. Furthermore, the Compliance Team has been assisted by local ambassadors, funded by MBIE. These ambassadors performed 2 patrols a day in Måhia and one in Wairoa commencing December 5 and ending March 21, 2020 due to the COVID-19 lockdown period. They went to all freedom camping sites offering assistance and guiding those in



incorrect places to move on.

COVID-19 response

During Level 4 lockdown, staff only attended stock on roads and serious dog attacks of which there were only a few. Roaming dogs, as people were at home, the number of reported cases took a significant decrease. Stock checks of the area were conducted to maintain and show a presence in the community.

2020 Dog registrations

The 2020/21 registrations are up approximately 350+ on the same period last year. This is due to the hard work educating customers, offering discount and a selected owner policy of which many people have taken advantage of this year.

EMERGENCY MANAGEMENT

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

Māhia tsunami signage - The Hawke's Bay Civil Defence Emergency Management (HBCDEM) positioned tsunami evacuation signage at Māhia, Nukaha and Whakaki, and Iwitea.

Community brochure - As part of the completion of the lwitea Community Resilience plan, HBCDEM developed a community brochure which was approved by the lwitea Community Champions group and hand-delivered to each household in lwitea. An electronic copy is also attached to the marae booking form.

Wairoa Community Resilience Plan - HBCDEM has started planning for the Wairoa Township Community Resilience Plan. The initial role of the stakeholder group is to develop a strategy to share information with the community about how to prepare for emergencies. The initial plan explored the various tsunami evacuation routes, which was practiced by a number of early childhood centres and also Wairoa Primary School. The plan looked at the greatest effect from natural hazards on the Wairoa District, and in particular the Wairoa township, the vulnerability of Wairoa being isolated and how best to prepare the community to look after itself, potentially for up to 7 days.

Two public education evenings were held.

A presentation in early August (from GNS, GEONET and ECLAB scientists working on the Hikurangi subduction Zone) and one in October (looking at the local hazards and promoting household preparedness and Community connectivity) were led by the community representatives that have been part of the planning, supported by WDC, HBCDEM and Wairoa Emergency Services. These presentations were well-attended by the community.

COVID-19 Emergency Management Response

Wairoa District Council activated its Emergency Operations Centre (EOC) on the March 23 in response to the COVID-19 national declaration. Through the entire response period and lockdown, WDC staff were seconded into the EOC to oversee the emergency management response in Wairoa. Due to the limited number of staff at the Council, additional staffing resources were seconded from other local organisations including HBCDEM Group, HBRC, Stantec and QRS to support EOC functions.

The EOC operated seven-day shifts throughout the entire lockdown. As well as managing the EOC, WDC also delivered core services considered essential services for the Wairoa community throughout the entire lockdown i.e. drinking water, wastewater, waste management, road maintenance etc. Due to advanced business continuity planning, staff were able to move quickly into remote work as a result of the lockdown restrictions. All staff who were able to work remotely were set up with the necessary IT equipment and facilities to work remotely and undertake business as usual activities as deemed necessary because of the essential services being delivered. Alongside this, it was important that Council and the EOC work alongside community organisations, non-government organisations, social service agencies and iwi to deliver a comprehensive and locally led COVID-19 welfare response to support the wider Wairoa community.



PLANNING & REGULATORY PERFORMANCE DATA

The following section outlines Council performance measures for our performance and regulatory activity. It includes data for the last two annual reports, along with current year data in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the Long-Term Plan. 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 125. Of the 9 outcome indicators we monitor 1 showed a positive trend, 2 showed a negative trend and 6 had no trend.

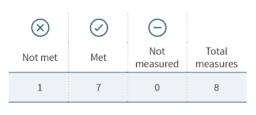
	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target	
Resource Planning					
All applications processed within statutory timeframe set under the Resource Management Act	100%	100%	93%¹	100%	\otimes
Historical issues with x2 consents delayed processing.					
Environmental Health					
Premises registrations required under legislation completed (%)	100%	100%	100%	100%	\otimes
Noise control (unreasonable noise) complaints responded to in accordance with legislation, regulations and Council policy.	100%	100%	100%	100%	\otimes
Building Control					
Building consents (%) processed within statutory time frames	97%	100%	98%	100%	\otimes
Certificates of acceptance (%) processed within statutory time frames	100%	100%	100%	100%	\otimes
Liquor Control					
Management licenses (%) processed within 30 days	New	100%	100%	100%	\otimes
Renewal and new licences (%) processed within statutory time frames	New	100%	100%	100%	\otimes
Bylaw compliance					
Known dogs (%) registered by 30 June each year	95%	94%	97%	≥75%	\otimes
Annual Report about the administration of Council's policy and dog control practices adopted by 30 August	Achieved	Achieved	Achieved ²	Achieved	\otimes

²The report to DIA was submitted by the deadline of 30.08.2019

TE MANA WHAKATIPU ME TE MANA ĀRAHI

LEADERSHIP & GOVERNANCE

PERFORMANCE SUMMARY



The above table is a summary of how well we performed against our agreed key performance measures for this activity area.

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	3,348	3,601	(253)
Capital expenditure	665	22	643

LGOIMA REQUESTS RECEIVED



\$20 MIL PGF FUNDING SECURED

WHAT WE DID

COMMUNITY REPRESENTATION

The Council implemented Māori Wards during the 2019 elections. This has resulted in a highly diverse Council being elected. Around 71% of Councillors are Māori (5/7), 57% of Councillors are female (4/7) and there are younger elected members.

The Council has asked members participating in Te Kawau Maro Youth Governance programme to develop an implementation plan for the YROA YNOT review. This plan was made available March 2020 and implementation was undertaken through to June 2020.

MAORI RELATIONSHIPS

The relationship between the Council and the Māori community has been intrinsic in the success of many projects throughout the Wairoa District. The Council has strived to fully appreciate and value the cultural complexities of ensuring the Māori worldview is a priority when it comes to decision-making processes. The Māori world view is not to be understated and any engagement with Māori can be described as positive, over-arching and influential. These important components form the foundation of any successful relationship between the Council and the Māori community. Any Council achievements involving the Māori community can be attributed to a collaborative effort with all departments within the Council.

Professional development

In 2017, the Council adopted the Te Reo Māori Policy. This confirmed a high level of certainty that the Council is committed to recognising and promoting te reo Māori as the indigenous language of Aotearoa. The Council acknowledges that te reo Māori is a taonga of iwi and Māori and pro-actively encourages its use in communications, hui and day-to-day operations of the organisation.

The Council has provided positive opportunities for staff to upskill their cultural awareness by way of te reo Māori programmes and qualifications. Staff were given the opportunity to learn basic te reo Māori sentence structures. This resource is for those individuals with limited or no previous background in te reo Māori. Participants learnt basic formal and formal greetings, introductory songs and vocabulary, how to introduce themselves, express family relationships and converse about basic day-to-day events.

Fourteen Council staff, elected members and members of the Māori Standing Committee, including His Worship the Mayor and the Chief Executive Officer, graduated with a National Certificate in Māori Management in October 2019. This qualification was offered by Skills Active, an industry training organisation (ITO) that supports workplaces to get staff on-job qualifications. The modules included te reo Māori in the Workplace, the Treaty of Waitangi, Building Relationships, History of our Ancestors and Māori Protocols.

Māori Ward

The Local Government elections for 2019 saw the introduction of a Māori ward to the Wairoa district. This fundamentally changed the process of how the public voted during the Local Government elections. The Council was pro-active in engaging with the Māori community to give clarity to the process and how this will change the voting structure. The Council explained the differences in being enrolled on the General roll or the Māori roll and in particular their voting rights. As a result of this, three new Councillors were elected to Council through the Māori ward system.

Tuia 250

The Tuia 250 commemoration was launched in 2019 to acknowledge 250 years since the first encounters between Māori and Pākehā. This included a flotilla of traditional waka sailing around Aotearoa starting in Gisborne and concluding in Māhia from

December 15-17 2019. This national event provided an opportunity for robust discussions around the past, the present and the future of New Zealand history. The Council played an integral part of this celebration by working closing with local iwi, Rongomaiwahine, from the very outset in 2017. The Council was part of the Working Committee and oversaw the Māhia event which included the welcoming ceremony of the waka hourua (double-hulled canoe) to Māhia and the official closing of Tuia 250 which was presided by the Right Honourable Jacinda Ardern, Prime Minister of New Zealand.

COVID-19 response

The common rhetoric used today is, 'We are living in unprecedented times'. From going into Alert Level 4 lockdown to Alert Level 1, we have experienced differing feelings and reactions to being in lockdown. We have experienced loss of loved ones and birth of new generations. We have experienced a range of emotions and change, we have adapted, learned new skills and been resilient. We have experienced frustration and anxiety, as well as opportunity to bond together as a whānau and a nation under the korowai cloak of love and kindness. Now is not the time to be complacent, we need to stay the course and continue to play it safe.

We watch from afar the rest of the world through media, social media and television and see the impact that this pandemic is causing and it has to be said how fortunate Aotearoa New Zealand is and that our team of 5 million stood up when required. Yet we have also witnessed the varying sides of human nature – positive and negative, destructive and constructive, considerate and inconsideration. We have seen 'Black Lives Matter' movements, the face of racism, ignorance and frustration and through it all we have learn to be tolerant and forgiving, and had the opportunity to see how our lives and livelihood can persevere and change.

The use of technology has enabled us to remain connected, in particular the use of Zoom or Zui, as it is called in some forums.

We were able to adapt our tikanga protocols to this new form of communication. We were able to attend tangihanga via Zoom (zangihanga) and other forms of technology. Yes, we are resilient, versatile and adaptable. Many of us still work from home and our productivity is higher than it was, but there is no replacing the social interaction.

We are not entirely convinced that we will return 'back to normal' as COVID-19 still remains part of our new normal. So, we must learn to adjust to the new normal, look out for each other and support each other through these unprecedented times.

Key projects

Te Rāhui Bridge, Whakaki - Te Rāhui Bridge, previously referred to as Patangata Bridge, is located on Whakaki Lagoon Road, south of State Highway 2 (SH2), being approximately 19 kilometres east of the Wairoa township. The bridge is owned by Wairoa District Council but is constructed on private land.

The current bridge provides access for the local community to three urupā (burial sites), farming land and privately-owned land, but is currently unsuitable for vehicle access in its deteriorated condition. Although 4WD vehicles can use Beach Road to gain access, the road is difficult to navigate and is unsuitable for normal vehicles. Therefore, no alternative access is available to the majority of vehicles. On August 15, 2019, upon the recommendation of WSP and for health and safety issues, the current bridge has restricted access to pedestrian and ATV only and is closed to all other vehicles.

On December 17 2019, a business case was completed by WSP and present to WDC with the focus of this business case giving justification for funding. On February 11 2020, the Council resolved to replace Te Rāhui [Patangata] Bridge with a new bridge to Class 1. On May 26 2020, Central Government announced that three vital construction projects will receive 100% funding. One of these projects was the replacement of Te Rāhui [Patangata] Bridge.



This project involved effective collaborative work with a range of groups including Whakaki Lakes Trust, Whakaki Marae Trust, Hereheretau Station (Soldiers Memorial Trust), landowners, QRS and the Whakaki community. A Cultural Impact Assessment was commissioned to be completed by Whakaki Marae Trustees and we look forward to the official opening on completion of the construction work.

Nuhaka River Road - In the late 1970's/early 1980's the top end of the existing earth flow near the Nuhaka River Road began to move. Pinus Radiata (Pine) trees were planted over the entire movement area, which effectively stopped the movement. Between 2005-2009, the forest was removed. Soon after the earthflow began to move again to a much greater extend. In 2012/2013 the lower end of the earth flow began to affect the Nuhaka River Road with severe damage. In 2014, the road was no longer recognisable or passable. Between 2015-2018 there were failed attempts at re-opening the road. Multiple meetings between Hawke's Bay Regional Council (HBRC), Wairoa District Council (WDC) and landowners took plan. There was no secure or safe access for residents, farm operators and the Nuhaka community alike.

In 2019/early 2020 the HBRC commissioned to design a realignment of river and road through the riverbed. The WDC had previously committed \$100k-\$140k for the project, however, cost uncertainty stopped the project moving forward. The two Councils (WDC, HBRC) have since met with affected parties on site, apologised and have advised next steps which would be WDC Council Forum, WDC Council workshop and a Council paper to determine a pathway forward.

In May 2020 the Government announced that three vital Wairoa roading and construction projects were awarded funding under the Government COVID-19 'shovel ready' recovery programme. These three projects included the replacement of Te Rāhui [Patangata] Bridge, realignment of the Nuhaka River Road and repair of the Rangatahi Dropout at Māhia. All projects received 100% Central Government funding.

The Council acknowledges and appreciates its relationship with Te lwi o Rakaipaaka Incorporated, who through their support and guidance we were able to get a Cultural Impact Assessment completed. As a Council, it was reminded to appreciate the relationships, history and cultural guidance that our local Māori have and this project would not have been a success if it were not for the support of Ngāti Rakaipaaka.

ECONOMIC DEVELOPMENT

Gaiety Theatre

The Gaiety performed strongly in the first 8 months of the year, with an increase in revenue compared to same 8 months the previous year.

However, COVID-19 restrictions have impacted on the potential for the Gaiety to increase its revenue. Given that the Gaiety was unable to operate under COVID-19 restrictions, this has impacted negatively on the Gaiety's bottom-line. Staff are currently reassessing what it means to operate the Gaiety in a post-COVID-19 landscape and are proactively investigating appropriate ways to diversify and increase revenue generating activities for the Gaiety.

Business growth

There has been steady growth with new businesses relocating to Wairoa, but more can be done in this space. The focus has been for the Council to be involved in regional strategies, but this needs to be balanced against more focused deliberate localised strategies. A post-COVID-19 landscape has seen impacts on local business growth and the consolidated Wairoa Recovery Plan has been developed to support businesses and business growth in Wairoa.

Wairoa promotion and events

The Council has established an online calendar of events for the local community to actively participate in populating. This calendar will be located on the Visit Wairoa website. The Council is also actively seeking to host regional and national events. It will seek to continue to be an active supporter of encouraging regional and national events to be hosted in Wairoa.

Strategic and partnership projects

Council continues to be an active participant in the following:

- The Hawke's Bay's Matariki Regional Economic Development Strategy.
- Wairoa Community Partnerships Group (Both Governance and Implementation).
- Te Wairoa Kakapa Project.

These projects ensure Wairoa District Council is actively participating at a regional level, particularly in Hawke's Bay. Strengthening strategic relationships with Tairawhiti Gisborne will be a focus for the remainder of the 2020 reporting year. The Council will continue to champion its new relationship with Central Government with the approach taken with the Community Partnerships Group and Kakapa with the focus being locally led solutions that are supported and enabled by Central Government.

Provincial Growth Fund (PGF)

The Wairoa District Council has been successful in a number of PGF applications including the following;

- \$4.8M for the Wairoa CBD Enhancement Project.
- \$7.3M for the M\u00e5hia Resilient Roads Project.
- \$400,000 for a Regional Digital Hub to be established at the Wairoa Library.
- \$1M for the Rangatahi Dropout.
- \$750,000 for Te Rāhui [Patangata] Bridge.
- \$750,000 for the Nuhaka River Road realignment.

Wairoa District Council will continue to actively apply to the PGF and to also support others in the community to make applications to the fund. External government funding, including the PGF which is available to support recovery efforts in a post-COVID-19 environment, will be actively sourced and secured where possible, not only for the Council but for the wider district as a whole.

Additional grants

The Wairoa District Council has been successful in securing external government funding from the following sources:

- \$200,000 from the Responsible Camping Fund for the purposes of establishing the following over the 2019/2020 summer period.
 - \$100,000 for Freedom Camping Ambassadors feedback suggests a highly successful programme.
 - \$50,000 for additional Freedom Camping Signage and collateral.
 - \$50,000 for increased service provision for clearing rubbish and recycling from the Māhia Peninsula and services public toilets at the Māhia Peninsula.
- \$530,000 from the Tourism Infrastructure Fund for the following;
 - Upgrade to the Clyde Court Toilets.
 - Installation of a Public Toilet Facility near Pilot Hill.
 - Installation of Big Belly Bins across the district.

Wairoa District Council will continue to apply to the Tourism Infrastructure Fund and the Responsible Camping Fund to support tourism related activities across the district.

LEADERSHIP & GOVERNANCE PERFORMANCE DATA

The following section outlines Council performance measures for our leadership and governance activity. It includes data for the last two annual reports, along with current year data in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the Long-Term Plan. 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 126. Of the 8 outcome indicators we monitor 2 showed a positive trend, 1 showed a negative trend and 5 had no trend.

	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target	
Community Representation					
Respondents know how to make contact with elected members	New	82%	90%	≥85%	\otimes
Satisfaction rating for Mayor and Councillors (%) 'not very good or poor' is less than 10%.	17%	7%	21%	<10%	\otimes
The Mayor and Councillor continue to work hard for the community and will conti show the work that the Mayor and Councillors undertake on behalf of the commu		this by increased med	ia and other forms of co	overage re: social media	to better
Māori Relationships					
 The required number of nominations are received within established timeframes and appointments made to Council's Māori Standing Committee Vacancies filled 2 councillors appointed as representatives to Māori Standing Committee 	Achieved	Achieved	Achieved ¹	Achieved	\otimes
Council has extended the tenure of the Māori Standing Committee by Council Reference for the Māori Standing Committee in light of Māori Wards now being in				o effectively update the	Terms of
No less that bi-monthly meetings of the Māori Standing Commit- tee are scheduled, advertised, and conducted on the advertised day.	Achieved	Achieved	Achieved	Achieved	\otimes
Māori Standing Committee meetings, public meetings and special consultation meetings provide opportunities for Māori to contrib- ute to the decision-making process.	Achieved	Achieved	Achieved	Achieved	\otimes
Agreed levels of service are achieved within budget. Budgets clear- ly defined and accounted for.	Achieved	Achieved	Achieved	Achieved	\otimes
Economic Development					

 Actions in the Economic Development Plan and Action Plan completed (% of actions completed).
 New measure
 55%
 75%

 60% 2020 80% 2021

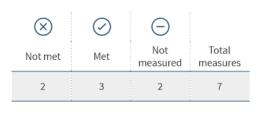
Good progress has been made on the actions noted in the WDC Economic Development Plan and other actions are in progress. Many of the actions are subject to securing external central government funding and this remains front of mind but those actions will be progressed once funding has been secured. Negotiations are ongoing. Regardless of the impacts of COVID-19 restrictions, actions continue to be progressed. In some cases, actions have evolved and now fall into the Wairoa COVID-19 Recovery Plan.

The cost related to this activity did not exceed the approved budget.		Achieved		Achieved		Achieved		Achieved	\otimes
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NGĀ RANGAPŪ MAHI

CORPORATE FUNCTIONS

PERFORMANCE SUMMARY



The above table is a summary of how well we performed against our agreed key performance measures for this activity area.

FINANCIAL SUMMARY

	Actual \$000	Budget \$000	Variance \$000
Net operating expenditure	980	1,284	(304)
Capital expenditure	580	953	(373)



120 LGOIMA REQUESTS RECEIVED



\$20 MIL PGF FUNDING SECURED

WHAT WE DID

PROPERTY

Pensioner housing

The Council undertook the rebuild and renovation of two fire damaged flats, which were completed in early 2020.

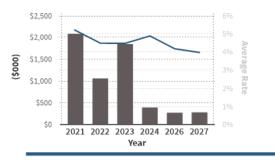
It has adapted the funding model for pensioner flats by reviewing rental rates for the first time in 15 years, this means the units are closer to being self-funding.

CORPORATE & FUNDS MANAGEMENT

Investments

As at June 30 2020, the Council held a bonds portfolio with a market value of \$6 million. Due to acceleration of major capital projects, this is \$1.5 million lower than anticipated in the LTP, with investments naturally maturing and less attractive reinvestment options available as an economic consequence of the COVID-19 pandemic.

Nevertheless, the average rate of return on these investments is 4.7%, which is higher than the rate of 4.4% forecast in the LTP. The maturity profile by financial year of Council's investments is shown in the graph below.



In December 2019, the Council received \$4 million of funding from the Provincial Growth Fund which was the initial payment towards the Māhia East Coast Road traction sealing agreement. Through careful planning of the early stages of this work, the Council was able to place this money on a short-term deposit that generated an additional \$30,000 of interest revenue.

The Council received \$350,000 in dividend from its CCTO, exceeding Long-term Plan expectations and reflecting the continued improvements in performance of the company.

An automated funds sweep was implemented with the Council's bank which reduced transaction costs and secured interest revenue.

Borrowing

Due to the acceleration of capital works, the Council's external borrowing now stands at \$9 million which is \$1.5 million higher than anticipated in the LTP. However, through its membership with LGFA, the Council has achieved average borrowing rates of 2.4% which is far lower than the 4% forecast in the LTP.

Since joining LGFA in 2018, the Council has been structuring its borrowings to align more closely with its liability management policy and its anticipated future cash flows. This work will continue as terms beyond 5 years have only recently become available.

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

0F GS		0 - 3 years	3 - 5 years	5 years plus
₩IN	Minimum	15%	15%	10%
RRO	Actual	39%	61%	0%
BO	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 reserves via the overhead allocation process to the significant activities, so that the net rated cost of support services is nil.

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

Finance and Administration

Living wage

The Living Wage provides workers and their families with the necessities of life and allows them to participate actively in the community. In 2019/20, the Council paid at least the Living Wage Aotearoa rate to all its staff.

Strategic Pay review

A review of the Council's pay rates was undertaken. This project was led by the Human Resource department with financial data analysed by the Finance department. Job descriptions for all positions at the Council were sized by the third-party provider, Strategic Pay. The sized jobs were compared to national sector-specific pay data compiled by Strategic Pay through its annual remuneration survey. It is identified the 85% is an entry-level pay rate, with 100% being paid to a person performing satisfactorily in the role. It was identified that, on average across all positions, Wairoa District Council pays staff 93% of the average salary. Around 12 staff were identified as being paid at least 85% of their roles' benchmarked salary.

Finance

During the year, The council's payroll function was outsourced and several systems augmentations were implemented to improve transactional efficiency. This created capacity for improvements in the timing and quality of the information the Council provided. Since December 2019, the Council and its Finance Audit and Risk Committee have been provided with monthly financial reports and comprehensive quarterly performance reports.

In addition, the information the Finance department has provided during the Annual Plan 2020/21 process enabled the Council to complete a rigorous review of its funding capacity and make informed decisions in challenging circumstances. This process was also the springboard for a rating review which will be completed in the first half of 2020/21.

Annual Plan 2020/21

The Annual Plan was completed during the COVID-19 lockdown period and was successfully adopted on June 16, before its statutory deadline. The Council achieved a rates increase within its threshold and building on its work from the previous year delivered a document that was visually attractive, meaningful and easy to read. Its development this year ran concurrent to that of the Long-term Plan.

In the previous year, significant changes had been made to the Annual Plan to improve its readability and appeal. Content was reduced and the structure was simplified. Improvements to the overall design and layout were made so the document was easier to read and understand. This year, further improvements were made. Key content was designed to stand out and complex data has been explained to be more easily understood. Improvements included a page which described the Council's rate types, so that these were easier to understand. Another section explained what the financial statements meant. Front and back covers involved design that was culturally significant to the community and relevant to the Council's key projects. For example, water as a key feature to reflect our focus on the 3-Waters. More visual content was used to support readers to understand the text, along with graphic elements that enhanced its meaning.

Other improvements included the addition of activity-level funding impact statements which provided more detail to the whole of Council's funding situation and which would later align with content in this Annual Report.

Highlights included explanations of different rate types alongside the rates spread, and descriptions of what the financial statements mean. Key projects were summarised along with an outline of supporting costs and funding sources, and key changes from the LTP are also explained.

Policy system updates

In January, the Council's policy system was updated. With a view to improvement, changes were made to the way policies and associated documentation was stored, recorded, accessed and planned. As part of this, the team implemented a new system which involved the creation of a new policy database, new policy plan and a storage structure for the Council's key documents. Internal processes and procedures for policy development and approval were also updated. This system aimed to bring greater accessibility, transparency and efficiency to the Council's policy work.

Legal compliance system

Following audit's 2018 recommendations, the Council built a legislative compliance monitoring system and implemented it in 2020. The system was developed and tested in-house using a series of editable templates and is based on SOLGM's LG toolkit legal compliance modules. The system comprises a central register, which outlines the key areas of compliance and responsibility and records overall levels of compliance (%) per key area. The register is supported by a suite of activity-based workbooks. These workbooks each contain a series of sub-activity-based worksheets which in turn each contain a series of operational steps. These steps are linked to relevant pieces of legislation against which they are measured to ensure compliance.

The compliance system is managed internally. It is expected that a full review cycle be undertaken annually with activity managers assisted to ensure compliance checks and actions are completed. To support this, the Council has also subscribed to a legal 'watchdog' system which provides notifications to activity managers on compliance changes and assists it to maintain an up-to-date record of compliance across activities.

Records and Archives

Major archival projects undertaken during the past nine months have been the boxing and listing of engineering bridge files and the processing of the Council's agenda papers from 2006 to 2018. Priority was placed on processing the bridge files due to the need to digitise the series. Digitisation of these records is being undertaken by Desktop Imaging in Wellington and is set to be completed by the end of January 2021. The archivist is currently undertaking quality checking of the digital files completed so far.

The appointment of a part-time Archives Assistant has allowed the

archivist to focus on more conservation aspects of the collection and in-house documentation and procedures.

A significant percentage of researchers accessing the archival collection have been family historians. Other researchers have included an author, local history enthusiasts and professional researchers; one being a central government representative.

During the year, the Archives department has undertaken a significant number of reference enquiries. This service continued during the COVID-19 lockdown period due to the need to provide information to staff working from home.

A project to list over three hundred boxes of property files commenced two and a half years ago has now been completed. With this project finalised, the sorting and listing of a large collection of architectural drawings relating to this series of property files has begun.

The development of an archives website is underway. The planning phase has been completed, although the final layout has yet to be decided. It is hoped the website will increase awareness of this significant archival collection and encourage greater access to this valuable resource.

Customer Services

Wairoa District Council was recognised with two awards at the 2019 ALGIM Spring Conference. The first award for "**Best Digital Project**" recognised the Council's creative talent and ability to work collaboratively with other Hawke's Bay Councils to deliver a great website experience for the Wairoa ratepayers and community.



The Council also received the **"2019 Most Improved Best Customer Service Experience"** award which recognised the Council's significant improvement in the delivery of quality customer service to its community. Although its previous ranking for "Customer Experience" was low at number 67 out of 80 Councils, within only one year, Wairoa District Council jumped 52 places to take out the number 15 spot in New Zealand.

The Council's success was testament to the hard work carried out by Council's Customer Services team to deliver a high level of service to their community. While frontline service was often challenging, the award recognised the team's commitment to doing the best they could to support their people. It recognised their focus on customer care and on building a great experience for ratepayers and the wider community.

The value of the judging process was clear in that it was "Mystery Shopper" customers that had determined that the Wairoa District Council of any other Council in the country had delivered the most improved and best customer experience.

The Customer Services team have also championed the implementation of a Knowledge Base, a system that enables increased consistency in the delivery of information to ratepayers and the community. In addition to this, the team have implemented a number of functional improvements to the Service Request system making the input and maintenance of customer service request data more efficient and streamlined.

During the COVID-19 lockdown, the team delivered a frontline phone service from the Library building, working with the IT team and those on emergency management to provide support to all internal and external customers, most of whom were operating remotely. Customer service operations, including After Hours services and service request calls, continued at capacity with the team working together to ensure activity continued during lockdown in a safe and effective manner.

Information Services and GIS

A number of exciting projects have rolled out in the IT department. These include the development and rollout of a **public Geographical Information System (GIS), a first in NZ Local Government**, and Wairoa District Council is leading the way in this space. The work the Council is doing in **developing its Internal GIS is also a first for NZ Local Government**.

A thorough assessment of the Council's IT systems has also been undertaken with the team coordinating the rollout of a full and inclusive ALGIM Cyber Security Audit.

The aim of this was to understand the Council's vulnerability to attack and infiltration and find solutions that address these while improving operational efficiencies and risk management practice.

Other projects the team have delivered include:

- The identification, removal and repurposing of all expired IT
 hardware to the Digital Wings Trust.
- The purchase and use of a "test and tag" power auditing system that tests all IT equipment for safety against NZ Standards.
- The upgrade of all Windows operating systems to ensure operational efficiencies for all staff.
- Updating and maintaining the main production and backup servers to maintain operational effectiveness.
- The replacement of desktop and laptop computers within time and budget.
- The upgrade and replacement of new print technology. After rigorous research into the various Copier alternatives, a 60 month All of Government (AoG) Copier Contract was signed with Fuji Xerox. This has provided the Council with significant financial savings to the benefit of ratepayers.
- Rollout of Microsoft OneDrive to provide online storage to staff. This will replace old software and reduce costs.
- Rollout of Microsoft Teams as a more effective platform for online collaboration.
- The upgrade of the Council's Zoom licensing to provide better coverage for online conferencing.
- Supporting technology procurement for the Regional Digital Hub.
- Supporting redeployment of Salute Wairoa Touch Table to the Information Centre prior to Library upgrade.
- The purchase of higher-grade conferencing equipment for the Council Chambers to enable additional communications capabilities.
- The upgrade of all internal Wi-fi Access Points, which has significantly increased Network and Internet connectivity across the Council.

Item 8.12- Appendix 1

Projects the team have initiated, and are currently working on include:

- The upgrade and migration to the 'Cloud' of the Council's main corporate regulatory and administrative system MagiQ.
- The development of a digital, IT (Hardware, Software) assets register, which will provide integration with the Council's Financial system.

Further initiatives being investigated by the IT team include:

- The replacement of the Council's aged phone system (PABX) with a modern Cloud based calling solution.
- Options for moving the Council to a new Microsoft Cloud Office platform.
- Options for a new Electronic Digital Records Management System.
- Options for Replacing the Council's Main server hardware infrastructure or moving to the 'Cloud'.
- Options for the maintenance and control of Council's Mobile phones under an AoG Plan.
- Provision of added capability to Wairoa Township 'Public' Wifi System, by increasing coverage around the Wairoa Adventure Playground Area, and upgrading the Wifi Controller Software.

The IT team are pleased to now have full staff resourcing enabling them to operate at full capacity and provide full project support.

During March, the team successfully ran a remote testing access exercise in support of the Council's Business Continuity Plan. The Council IT Infrastructure performed well during the test period indicating IT systems were well placed to handle full remote access by all staff. The Fibre Bandwidth Plan with 'NOW NZ' was also upgraded to further increase the Council's internet access capabilities.

Leading up to COVID-19 Level 3 alert, 90% of Council staff were set up with hardware to enable them to work from home. At Level 4, the team were successfully fielding more than 150 remote support requests per day having implemented a new online helpdesk system to support staff.

Health and Safety

The Health and Safety for Wairoa District Council is managed by a Safety Committee comprising, Health and Safety Officer/Zero Harm Officer, six staff elected committee members and senior management as required. The purpose of the committee is to provide governance and oversight of the health and safety and wellbeing of Council staff.

The Safety Committee convenes every six weeks (or as circumstances require) and discuss an agenda that is made up of staff requests, operational incidents and introduction of new practices and management requests that involves the safe operation of the Council's workforce. The committee also discuss

investigations and incidents that have occurred during the six week period and make recommendations to senior management on its findings.

The Health and Safety Officer provides a monthly report of activities, inspections and investigations carried out with recommendations for his approval. This is presented to the Council's Finance Audit and Risk Committee.

During the year, a new three-tier Health and Safety Policy was introduced along with an electronic reporting system that will simplify the way staff report incidents. This makes the reporting of statistical data much more accurate and provides a quicker way of identifying trends which affect the Health and Safety of the staff at Wairoa District Council. This will be helpful in planning training and providing resources in the most needed areas. During this reporting period, a greater uptake in incident reports was noticed and the types of incidents reported changed due to the more userfriendly system.

With the arrival of the COVID-19 pandemic, this has delayed the programmed annual staff medical checks and flu vaccination. This will be completed when the situation changes. Training is also on hold and will be rescheduled at a later date.

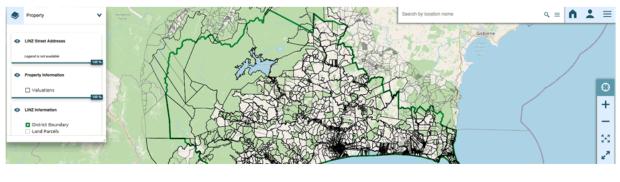
During COVID-19 lockdown, staff welfare was checked at regular intervals and assistance given if and when required. The majority of staff had business-as-usual to carry on with from home and the rest were involved in various types of Civil Defence work.

Once the effects of COVID-19 decreased to Level 1, most staff were back full-time in the office with some continuing to work from home as required. The feedback from staff is they feel they are more productive working this way. There have been no reported side effects or associated problems as a result of the COVID-19 from staff and this is expected to be the same going forward.

Annual health screening checks have now been carried out on staff who have an occupational requirement for this with only one minor follow up required. The flu vaccination was made available to staff again this year and had a good response from all with the majority of personnel taking advantage of this welfare initiative offered by the Council.

Training has been slow with most training organisations now in catch-up mode and the Council 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 to maintain a consistent reporting system.

The Health and Safety Committee continues to meet and discuss the problems that arise during the year and present these to the Senior Leadership Team with recommendations. The Council is now preparing for election of Safety Representatives for the next three-year term.



CORPORATE FUNCTIONS PERFORMANCE DATA

The following section outlines Council performance measures for our corporate functions activity. It includes data for the last two annual reports, along with current year data in order to show trends, and includes variance explanations for relevant areas. We use these performance measures to track how well we are delivering services against targets as set out in the Long-Term Plan. 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 127. Of the 7 outcome indicators we monitor 1 showed a negative trend and 6 had no trend.

	2017/18 Actual	2018/19 Actual	2019/20 Actual	2019/20 Target	
Full compliance with legislative requirements through annual building warrant of fitness (BWOF)	Compliant*	Compliant	Compliant	Compliant	\otimes
Full compliance with legislative requirements when undertaking repairs, refurbishment or demolition of buildings including asbes- tos material	Compliant*	Compliant	Compliant ⁴	Compliant	\otimes
All works undertaken by sitewise approved contractors, asbestos inspections b	eing undertaken on al	l council property asse	its.		
Safety defect requests (%) attended and made safe at building within 4 hours	100%	100%	100%	100%	\otimes
Other requests (%) responded to within 3 days	80%	Not measured	Not measured ²	80%	\oslash
No framework established, intention to modify this SSP					
Pensioner housing units (%) inspected six monthly	100%	100%	50%³	100%	\oslash
Inspections due March 2020 were delayed due to COVID-19 lockdown, and resu	med when practical ar	nd safe			
Compliance with ACC pool safe accreditation	Not compliant	Not compliant	Not Compliant ⁴	Compliant	\otimes
*Compliant in everything except that during the hours of 6am to 8am and 5.30p With our pool numbers during this time it is not feasible.	om and 9pm we only he	ave one lifeguard in th	e whole facility but pool	safe accreditation req	uires two
Council buildings (%) in satisfactory condition (condition grades 1, 2 or 3).	80%	Not measured	Not measured⁵	80%	Ø

TE WHAKAHAERE-Ā-KAUNIHERA

COUNCIL CONTROLLED ORGANISATION

QUALITY ROADING AND SERVICES

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



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

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

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

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 2020	30 Jun	2019	
	Actual	Actual	Plan	
Net profit before tax as a percentage of opening shareholder funds	5%	26.5%	6%	
Total cost of public debt servicing not to exceed 20% of operating revenue	0.28%	-0.5%	<20%	
Ratio of shareholder funds to total assets – not less than 45%	54.6%	54.5%	>45%	
Working Capital Ratio	1.6	1.5	>1	

The company achieved all of these targets.



20 OCTOBER 2020

ORDINARY COUNCIL MEETING



TE WHAKAMĀRAMATANGA O TĀ TE KAUNIHERA TAUĀKĪ PŪTEA 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.

ත 06 838 7309 ත

⊠ 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 2019/20 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 the NZTA and the Provincial Growth Fund (PGF), which is spent on assets.

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 2019/20 financial year versus the end. The equity at the end of the 2019/20 year is determined by adding the net surplus from Council's Income Statement to the value of Council's equity at the beginning of the 2019/20 financial year.

Equity is divided into 3 components:

- Ratepayer Equity is the total of all operating surpluses and deficits since Council began
- 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 reflect the current cost of replacing assets that were built years ago. Council road and 3 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 2019/20 financial year. Council's cash at the end of the 2019/20 financial year is determined by subtracting the cash that flows out (is applied) 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.

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 200.

The Council group consists of Wairoa District Council and its 100% owned subsidiary, Quality Roading 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 20 October 2020.

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 2020 fairly reflects the financial position, results of operations and service performance of the of Wairoa District Council and Group.

Chittle Craig Little

Kahika | Mayor 20 October 2020

Kitea Tipuna Tumu Whakarae Taupua| Interim Chief Executive Officer 20 October 2020

*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

			COUN	COUNCIL			UP
	NOTE	Actual 2020 \$000	AP 2020 \$000	LTP 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Revenue							
Rates	2	13,215	13,325	13,338	12,517	13,215	12,517
Subsidies and grants	2	18,453	16,833	10,312	14,070	18,453	14,070
Petrol tax		75	87	87	88	75	88
Construction revenue		-	-	-	-	12,673	14,210
Fees and charges		1,954	1,971	1,811	2,811	1,930	2,783
Investment revenue	2	750	1,127	719	609	406	500
Miscellaneous revenue		768	-	-	194	768	194
Total revenue		35,215	33,343	26,267	30,289	47,920	44,362
Expense							
Water supply		2,369	2,140	2,134	2,535	2,369	2,535
Stormwater		554	554	473	600	554	600
Wastewater		4,393	1,458	1,510	1,903	4,393	1,903
Solid waste		1,900	1,752	1,379	1,838	1,900	1,838
Transport		13,862	13,587	10,802	13,560	13,862	13,560
Community facilities		2,508	2,438	2,325	2,462	2,508	2,462
Planning and regulatory		1,980	2,081	2,136	1,558	1,980	1,558
Leadership and governance		3,348	3,601	3,427	3,372	3,348	3,372
Corporate		980	1,284	1,339	614	980	614
QRS	3	-	-	-	-	12,089	12,509
Total expense		31,894	28,895	25,525	28,442	43,983	40,951
Net surplus / (deficit) before taxation		3,321	4,448	742	1,847	3,937	3,411
Subvention income	2	200	-	-	-	-	-
Taxation	9	-	-	-	-	(170)	(444)
Net surplus / (deficit) for the year		3,521	4,448	742	1,847	3,767	2,967
Other comprehensive revenue and expense ¹				-			
Fair value movement – property, plant and equipment	2	6,039	15,073	15,288	-	6,039	-
Fair value movement in available-for-sale investments	2	(2)	-	-	-	(2)	-
Total comprehensive revenue and expense for the year		9,558	19,521	16,030	1,847	9,404	2,967

for the year ended 30 June 2020

The notes from pages 59 to 107 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 TU PŪTEA

STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

		COUNCIL				GROUP	
	NOTE	Actual 2020 \$000	AP 2020 \$000	LTP 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Current assets							
Cash and cash equivalents	6	2,795	410	1,137	2,473	5,105	4,372
Inventories	7	78	58	58	55	682	844
Trade and other receivables	5	7,305	2,484	3,602	5,908	8,523	8,801
Other current assets		-	-	-	-	50	73
Financial assets at fair value	8	2,072	-	-	509	2,072	509
Total current assets		12,250	2,952	4,797	8,945	16,432	14,599
Current liabilities							
Trade and other payables	10	7,988	9,531	8,785	5,973	9,917	8,225
Borrowings	16	1,000	-	-,	1,500	1,294	1,963
Taxes payable			-	-	-	136	464
Total current liabilities		8,988	9,531	8,785	7,473	11,347	10,652
Working capital		3,262	(6,579)	(3,988)	1,472	5,085	3,947
Non-current assets							
Property, plant and equipment	11	274,975	279,200	282,704	258,054	279,403	262,292
Work in progress	11	5,252	16,416	10,033	8,169	5,252	8,169
Investment in subsidiary	14	1,250	1,250	1,250	1,250		-
Investment property	15	383	-	-	405	383	405
Biological asset - forestry	13	115	260	260	260	115	260
Available for sale financial assets	8	21	23	23	37	21	37
Intangible assets	12	37	231	217	69	138	194
Financial assets held to maturity	8	148	-	-	56	148	56
Financial assets at fair value	8	3,882	7,620	7,873	5,408	3,882	5,408
Deferred tax	9	-	-		-	583	506
Total non-current assets		286,063	305,000	302,360	273,708	289,925	277,327
Non-current liabilities				-			
Trade and other payables	10	66	115	115	121	101	156
Landfill aftercare	17	1,197	753	753	1,055	1,197	1,055
Quarry aftercare	17	-	-	-	-	179	163
Borrowings	16	8,000	8,182	7,498	3,500	8,568	4,339
Total non-current liabilities		9,263	9,050	8,366	4,676	10,045	5,713
Net assets		280,062	289,371	290,006	270,504	284,965	275,561
Represented by							
Equity	18	280,062	289,371	290,006	270,504	284,965	275,561

The notes from pages 59 to 107 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 2020

			COUN	CIL		GRO	UP
	NOTE	Actual 2020 \$000	AP 2020 \$000	LTP 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Total equity - opening balance		270,504	269,850	273,976	268,657	275,561	272,594
Net surplus (deficit) for period		3,521	4,448	742	1,847	3,367	2,967
Other comprehensive income		6,037	15,073	15,288	-	6,037	-
Total comprehensive income		9,558	19,521	16,030	1,847	9,404	2,967
Total equity - closing balance		280,062	289,371	290,006	270,504	284,965	275,561
Components of equity							
Ratepayer's equity							
Ratepayer's equity - opening balance		135,156	140,766	144,684	132,248	139,222	135,194
Net surplus/(deficit) for period		3,521	4,448	742	1,847	3,367	2,967
Transfers to restricted reserves		6,547	(7,830)	3,914	6,030	6,547	6,030
Transfers from restricted reserves		(5,846)	8,358	(4,003)	(5,231)	(5,846)	(5,231)
Transfer from revaluation reserve		3,503	-	-	262	3,503	262
Ratepayer's equity - closing balance		142,881	145,742	145,337	135,156	146,793	139,222
Special funds							
Special funds - opening balance		22,076	17,171	17,379	22,875	22,076	22,875
Transfer to ratepayers equity		5,846	(8,358)	4,003	5,231	5,846	5,231
Transfer from ratepayers equity		(6,547)	7,830	(3,914)	(6,030)	(6,547)	(6,030)
Special funds - closing balance		21,375	16,643	17,468	22,076	21,375	22,076
Revaluation reserves				-			
Revaluation reserves - opening balance		113,272	111,913	111,913	113,534	114,263	114,525
Transfer from ratepayer's equity		(3,503)	-	-	(262)	(3,503)	(262)
Transfer to revaluation		6,037	15,073	15,288	-	6,037	-
Revaluation reserves - closing balance		115,806	126,986	127,201	113,272	116,797	114,263
Total equity - closing balance		280,062	289,371	290,006	270,504	284,965	275,561

The notes from pages 59 to 107 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 2020

		COUNCIL				GROUP	
	NOTE	Actual 2020 \$000	AP 2020 \$000	LTP 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Cash flows from operating activities							
Rates received		12,874	13,259	12,162	12,552	12,874	12,552
Other revenue		21,468	18,891	12,810	14,630	37,596	25,070
Investment income		750	959	551	610	406	501
Payments to suppliers and employees		(23,369)	(21,222)	(18,249)	(21,883)	(36,586)	(30,170
Taxation		-	-	-	-	(575)	(159)
Interest paid		(217)	(536)	(602)	(189)	(277)	(307)
Net cash flows from operating activities		11,506	11,351	6,672	5,720	13,421	7,487
Cash flows from investing activities							
Sale of property, plant and equipment		1,158	-	-	285	1,354	801
Insurance proceeds		199	-	=	-	199	-
Sale of financial assets		1,564	1,500	1,250	4,438	1,564	4,438
Purchase of financial assets		(1,655)	-	-	-	(1,655)	-
Purchase of property, plant and equipment		(16,450)	(16,405)	(10,033)	(11,390)	(17,598)	(12,844)
Net cash flows used in investing activities		(15,184)	(14,905)	(8,783)	(6,667)	(16,136)	(7,605)
Cash flows from financing activities							
Loans raised		4,500	1,648	1,037	6,500	5,981	7,014
Borrowings repaid		(500)	-	(75)	(6,512)	(2,421)	(7,673)
Lease repayments		-	-	-	-	112	-
Net cash flows from/(used in) financing activities		4,000	1,648	962	(12)	3,448	(659)
Net increase/(decrease) in cash and cash equivalents		322	(1,906)	(1,149)	(959)	733	(777)
Cash and cash equivalents at beginning of year		2,473	2,316	2,286	3,432	4,372	5,149
Cash and cash equivalents at end of year		2,795	410	1,137	2,473	5,105	4,372
Made up of:							
Cash		6	50	1,137	22	2,316	1,921
Short term deposits		2,789	360	-	2,451	2,789	2,451
Cash and cash equivalents at end of year		2,795	410	1,137	2,473	5,105	4,372

The notes from pages 59 to 107 form part of, and should be read in conjunction with, the financial statements

59

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HE TAUĀKĪ KAUPAPA HERE MÕ TE KAUTE ME NGĀ PITOPITO KÕRERO KI NGA TAUĀKĪ PŪTEA

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

1.	Reporting Entity Statement and Preparation of the Financial Statements	61
2.	Revenue	63
3.	Expenditure	64
4.	Staff and Elected Members' Remuneration	66
5.	Trade and Other Receivables	67
6.	Cash and Cash Equivalents	68
7.	Inventories	68
8.	Financial Assets	69
9.	Income Tax	71
10.	Trade and Other Payables	74
11.	Property, Plant and Equipment	75
12.	Intangible Assets	82
13.	Biological Assets - Forestry	83
14.	Investments in Subsidiary	84
15.	Investment Property	84
16.	Borrowings	84
17.	Landfill and Quarry Aftercare Provisions	86
18.	Equity	87
	Reconciliation of Operating Surplus with Net Cash Flow from Operating Activities	
20.	Transactions with Related Parties	90
21.	Fair Value of Financial Assets and Financial Liabilities	91
22.	Financial Instrument Risk	92
23.	Contingencies	93
	Commitments	
25.	Variances from the Annual Plan	94
26.	Events Subsequent to Balance Date	95
	Standards and Interpretations Issued But Not Yet Effective	
28.	Adoption of Annual Report	96

GLOSSARY OF ABBREVIATIONS USED

The following abbreviations are used throughout the accounting policies and notes:

WDC	Wairoa District Council
QRS Ltd	Quality Roading and Services (Wairoa) Limited
The Council	Wairoa District Council
The Group	The consolidated entity comprising Wairoa District Council and Quality Roading and Services (Wairoa) Limited
LTP	Long Term Plan
AP	Annual Plan
LGFA	NZ Local Government Funding Agency Limited

1. REPORTING ENTITY STATEMENT AND PREPARATION OF THE FINANCIAL STATEMENTS

BASIS OF PREPARATION

The financial statements of WDC are for the year ended 30 June 2020. 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 property is the estimated amount for which 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 t he financial statements of WDC (the Council) and its subsidiary QRS Ltd (collectively the Group) as at 30 June 2020.

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. WDC has a 100% interest in QRS Ltd (2019: 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 GSTinclusive. 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 LTP for 2018-2028 was adopted by Council on 25 September 2018. The budget for the year ended 30 June 2020 is the second 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 2019/20

The AP budget figures included in these financial statements are for the Council as a separate entity. The AP 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 AP process. These figures do not include any additional expenditure subsequently approved by the Council outside the AP process. The AP 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, and 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 2019/20 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 significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

CAPITAL MANAGEMENT

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

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

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

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

In order to achieve this overall objective, the Council has in place asset management plans for major classes of assets, detailing renewals and programmed maintenance to ensure that future generations of ratepayers are not required to meet the costs of deferred renewals and maintenance. An additional objective of capital management is to ensure that the expenditure needs identified in the Council's Long-term Plan and AP 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 AP 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 AP.

No changes were made in the objectives, policies or processes for managing capital during the year (2019: 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 Assets

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

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

To minimise this risk WDC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of WDC's asset management activities, which give WDC further assurance over its useful life estimates. Accredited independent valuers perform Council's infrastructural asset revaluations, refer to Note 11.

4. Classification of Costs

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

5. Impairment of Quarry Asset

QRS Ltd has recognised an impairment of \$358,446 in relation to quarry development costs. Judgement was used in determining future demand, ability to meet market pricing, environmental factors and production forecasts. The Group is satisfied that the impairment is reasonable.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in the accounting policies of the Group in the year ended 30 June 2020, 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.

New and amended standards and interpretations

The Group applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on 1 July 2019, as described below.

PBE Standards on interests in other entities

The Group applied PBE IPSAS 34-38 retrospectively, with the date of initial application of 1 July 2019 and adjusting the comparative information for the period beginning 1 July 2018. The nature and impact of adoption of each standard is as follows.

PBE IPSAS 34 Separate Financial Statements

PBE IPSAS 34 Separate Financial Statements supersedes PBE IPSAS 6 Consolidated and Separate Financial Statements. The standard sets out the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. The requirements of PBE IPSAS 34 are substantially the same as the previous requirements for separate financial statements contained in PBE IPSAS 6. The adoption of the standard does not have any impact on the Council's financial statements.

PBE IPSAS 35 Consolidated Financial Statements

PBE IPSAS 35 Consolidated Financial Statements supersedes PBE IPSAS 6 Consolidated and Separate Financial Statements. The standard introduces a new definition of control that requires both power and exposure to variable benefits. The standard provides detailed guidance on the control principle, including additional guidance on substantive and protective rights and guidance on factors to consider when determining whether an investor has control (is the principal) or is acting as an agent. The mixed group guidance contained in PBE IPSAS 6 has also been incorporated into PBE IPSAS 35, with minimal changes. Upon adoption of PBE IPSAS 35, the Group determined whether it controls any entities. No additional controlled entities were identified, therefore the adoption of the standard does not have any impact on the Council's financial statements.

PBE IPSAS 38 Disclosure of Interests in Other Entities

Item 8.12- Appendix 1

PBE IPSAS 38 Disclosure of Interests in Other Entities sets out the requirements for disclosures relating to an entity's interests in controlled entities, joint arrangements, associates and structured entities. The requirements in PBE IPSAS 38 are more expansive than the previously existing disclosure requirements for controlled entities, for example, where another entity is controlled with less than a majority of voting rights. PBE IPSAS 38 disclosures are provided in Note 1 "basis of consolidation" and Note 14.

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

The amendments change the scope of PBE IPSAS 21 Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 Impairment of Cash-Generating Assets to include assets measured at revalued amounts under the revaluation model in PBE IPSAS 17 Property, Plant and Equipment and PBE IPSAS 31 Intangible Assets ("revalued assets"). As a result of the amendments, revalued assets are subject to the same impairment assessment requirements as assets that are measured using the cost model. The amendments do not have any impact on the Group and Council's financial statements.

2018 Omnibus Amendments to PBE Standards PBE IPSAS 16 Investment Property

The amendments to PBE IPSAS 16 clarify that a change in use of a property occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. The amendments also clarify that a change in management's intentions for the use of a property does not, by itself, provide evidence of a change in use. In addition, the list of examples of evidence of change in use provided in the standard is re-characterised as non-exhaustive. The amendments do not have any impact on the Group and Council's financial statements.

2. REVENUE

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

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

EXCHANGE TRANSACTIONS

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

• Revenue from Water by Meter

Water billing revenue is recognised on an accrual basis. Unbilled usage as a result of unread meters at year end is accrued on an average usage basis.

Provision of Services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Sale of Goods

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

Construction Contracts

Revenue on construction contracts is recognised progressively over the period of each contract. The amount included in the statement of comprehensive revenue and expenditure, and the value of the contract assets or liabilities are established by assessment of the individual contracts taking into account the proportion of work completed, cost analysis and estimated final results. When the contract income cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

Interest Revenue

Interest revenue is recognised on an accrual basis with movements in fair value profits and losses disclosed in the overall income statement as interest on investments.

Dividend Revenue

Dividend revenue is recognised when the right to receive payment is established which is generally when shareholders approve the dividend.

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

	Cou	Council Gro		oup
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Interest on financial assets at fair value through profit and loss	347	422	353	423
Gain / (loss) in market value and sales of bond portfolio	(9)	37	(9)	37
Cash dividends received	369	110	19	-
Rent received on other investments	35	40	35	40
Other income	8	-	8	-
Total investment revenue	750	609	406	500

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 nonexchange 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.

	Cou	ıncil
	2020 \$000	2019 \$000
General rates	3,788	3,490
Water	1,343	1,414
Sewerage	1,157	1,148
Waste management	1,039	886
Stormwater/drainage	429	408
Services	1,353	1,797
Roading	3,485	3,108
Recreation	1,249	1,136
Gross rates levied	13,843	13,387
Penalties charged	273	202
Less remissions	(283)	(445)
Less internal charges	(618)	(628)
Rating revenue received	13,215	12,517

Other Income

The Council received a subvention payment in lieu of final dividend for the year ended 30 June 2020. The subvention payment involves the purchase of tax losses by QRS Ltd from the Council leading to a reduction in tax payable and therefore an ultimate greater cash benefit to the Wairoa District. Refer also note 9.

Other Comprehensive Revenue

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

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Fair value movement – property, plant and equipment	6,039	-	6,039	-
Fair value movement in avai -lable-for-sale investments	(2)	-	(2)	-
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 note 11 for details of the revaluation).

The Council's available-for-sale investment in Civil Finanical Services Limited was reduced in value due to the sale of assets by the entity (refer note 8C for more details on this investment).

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

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.

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		Gro	oup
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
New Zealand Transport Agency roading subsidies	12,925	13,650	12,925	13,650
Ministry of Business, Innovation and Employment	29	379	29	379
Provincial Growth Fund	5,457	-	5,457	-
Other grants	42	41	42	41
Total subsidy and grant revenue	18,453	14,070	18,453	14,070

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised (2019: 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 (2019: 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.

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 \$72.1 million in 2020 (2019: \$69.5 million). These assets are insured under a group policy held in the name of the five Hawke's Bay Councils. 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 \$63.2 million in declared coverage under the LAPP Fund (2019: \$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:

	Cou	ncil	Gro	oup
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Depreciation - Infrastructural assets	7,243	3,785	7,243	3,785
Depreciation - Operational assets	1,217	1,136	2,423	2,211
Amortisation charge - Intangible assets	-	60	26	103
Fees to auditors:			-	
 EY fees for financial statements audit 	110	110	180	171
EY fees for LTP audit	-	17	-	17
EY - other assurance	-	3	-	3
Fees to PWC for taxation advice	10	3	10	3
Interest paid - bank borrowings	217	189	294	307
Mayor and Councillor fees	326	238	326	238
Impairment of receivables (bad debts written off)	29	2	29	2
Impairment of receivables (provision for doubtful debts)	3,362	3,154	3,362	3,154
Impairment of property, plant and equipment*	-	-	358	-
Operating lease expenses	33	32	33	192
Public ceremonies	8	7	8	7
Loss on disposal of Property, Plant, and Equipment	1,243	1,433	1,260	1,595
(Gain) / loss on sale of assets	(714)	(194)	(852)	(387)
Directors fees	-	-	129	119
Donations	-	-	44	28

The impairment of property, plant and equipment relates to the QRS share of quarry development costs under the Tangihanga joint arrangement. Management have assessed the full asset required impairment due to low market demand, an inability to meet market pricing, and current environmental and market restrictions faced by the quarry. The quarry is a group land asset, and the impairment costs has been recognised against this land in note 11.

4. STAFF AND ELECTED MEMBERS' REMUNERATION

CHIEF EXECUTIVE OFFICER'S REMUNERATION

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

The total remuneration (including any non-financial benefits) paid or payable for the year to the CEO was \$214,221 (2019: \$219,976). Under the terms of his agreement, the CEO of the Council chooses how he wishes to take his remuneration package (salary only or a combination of salary and benefits).

ELECTED MEMBERS' REMUNERATION

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

	2020 \$	2019 \$
Craig Little Mayor	101,329	77,825
Hine Flood Councillor (1.7-19.10.2019); Deputy Mayor (from 20.10.2019)	40,076	26,022
Denise Eaglesome-Karekare Deputy Mayor (1.7-19.10.2019); Councillor (from 20.10.2019)	39,386	33,264
Danika Goldsack Councillor (from 20.10.2019)	28,290	-
Jeremy Harker* Councillor	36,970	26,022
Melissa Kaimoana Councillor (from 20.10.2019)	28,290	-
Chaans Tumataroa-Clarke Councillor (from 20.10.2019)	28,290	
Mike Bird Councillor (1.7-19.10.2019)	7,944	24,114
Michael Johansen Councillor (1.7-19.10.2019)	7,944	24,924
Charles Lambert Councillor (1.7-19.10.2019)	7,944	25,702
Total remuneration paid to council members	326,464	237,874

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

KEY MANAGEMENT PERSONNEL REMUNERATION

	Council		
	2020 \$	2019 \$	
Council members			
Remuneration	326,464	237,873	
Chief Executive and senior leadership	team		
Remuneration	869,563	1,099,464	
Total remuneration paid to key man- agement personnel	1,196,027	1,337,337	

As at 30 June 2020, key management personnel comprised 12 individuals: 7 elected members (2019: 7) and 5 executive leaders, comprising the CEO and four senior management personnel (2019: 5 executive leaders). For further disclosure of the remuneration payable to the Mayor, Councillors and the Chief Executive refer above.

Severance Payments

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

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

No severance payments were made in the 2020 year. There were three severance payments of \$7,050, \$300 and \$5,000 paid in the 2019 financial year.

Employee Staffing Levels and Remuneration

The following table identifies the number of full time employees as at the of the reporting period and the full time equivalent (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		
	2020	2019	
Full-time and full-time equivalent employ	/ee numbe	ers	
Number of full time employees	60	55	
Full time equivalent number of all other employees	7.5	9.5	
	67.5	64.5	
Remuneration bands			
The number of employees receiving total annual remuneration of less than \$60,000	41	42	
Of the 41 employees in this band, 16 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	14	12	
\$80,000 - \$99,999	11	10	
\$100,000 - \$119,999*	6	5	
\$120,000 - \$219,999*	5	4	
Total employees	77	73	
*If the number of employees for new bond was E or less th		all and a second	

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

The number of employees in the highest pay bracket includes the CEO's total remuneration (including any non-financial benefits) of \$214,221 (2019: \$219,976). The remaining 4 individuals in this bracket have total remuneration of between \$154,000 and \$171,000 (2019: \$134,000 to \$169,000).

Total annual remuneration has been calculated to include any non-financial benefits and other payments in excess of normal remuneration such as the employer Kiwisaver contribution. Of the 77 (2019: 73) individual employees, 15 (2019: 17) work part-time or casually.

	Cou	ncil	Group		
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	
Employment expenses					
Salaries and wages	4,977	4,756	11,187	11,347	
Employer contributions to Superannuation	144	135	305	317	
Increase (decrease) in employee benefit liabilities	131	15	(55)	(23)	
Total employee benefit expenses	5,252	4,906	11,437	11,641	

5. TRADE AND OTHER RECEIVABLES

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

	Cou	ncil	Group		
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	
Rates receivable	4,338	3,777	4,338	3,777	
Trade receivables	6,188	4,711	7,406	7,604	
GST receivables	141	574	141	574	
Total receivables – gross	10,667	9,062	11,885	11,955	
Less provision for impairment of receivables	(3,362)	(3,154)	(3,362)	(3,154)	
Total receivables – net	7,305	5,908	8,523	8,801	

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

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

	2020 Council			2019 Council		
	Gross \$000	Impairment provision \$000	Net \$000	Gross \$000	Impairment provision \$000	Net \$000
Not past due	5,833	-	5,833	4,296	-	4,296
Past due 30 - 60 days	55	-	55	31	-	31
Past due 60 - 90 days	4	-	4	28	-	28
Past due > 90 days	296	233	63	356	245	111
Total trade receivables	6,188	233	5,955	4,711	245	4,466

	2020 Group			2019 Group		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	5,299	-	5,299	6,601	-	6,601
Past due 30 - 60 days	1,796	-	1,796	618	-	618
Past due 60 - 90 days	15	-	15	29	-	29
Past due > 90 days	296	233	63	356	245	111
Total trade receivables	7,406	233	7,173	7,604	245	7,359

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

	2020 Council and Group			2019 Council and Group		
	Gross \$000	Impairment provision \$000	Net \$000	Gross \$000	Impairment provision \$000	Net \$000
Not past due	545	164	381	363	87	276
Up to 2 years	1,548	901	647	1,299	760	540
2 to 5 years	1,058	911	147	965	919	46
Over 5 years	1,187	1,153	34	1,150	1,143	6
Total rates receivable	4,338	3,129	1,209	3,777	2,909	868

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

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

	Coι	ıncil	Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Opening balance	3,154	3,133	3,154	3,133
Addition to provision	238	3,101	249	3,101
Bad debts written off	(18)	(2)	(29)	(2)
Release of provision	(12)	(3,078)	(12)	(3,078)
Provision for impairment of total receivables – closing balance	3,362	3,154	3,362	3,154

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.

	Cou	ncil	Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Cash at bank and in hand	6	22	2,316	1,921
Short term deposits	2,789	2,451	2,789	2,451
Total cash and cash equivalents	2,795	2,473	5,105	4,372

7. INVENTORIES

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

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

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

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

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

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

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

	Cou	ncil	Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Metal stocks	-	-	502	675
Water reticulation spare parts	-	1	-	1
Water treatment chemicals	65	37	65	37
Other supplies	13	17	13	119
Work in progress	-	-	-	12
Total inventories	78	55	682	844

The write-down of inventories held for distribution amounted to nil (2019: nil), while reversal of write downs amounted to nil (2019: nil.) The carrying amount of inventories pledged as security is nil (2019: nil) and for liabilities is nil (2019: nil.)

8. FINANCIAL ASSETS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are classified, at initial recognition, into the four categories as detailed under A, B and C below. The classification depends on the purpose for which the financial assets were acquired.

Management determines the classification of its financial assets at initial recognition and re-evaluates this classification at each reporting date.

All financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit and loss in which case the transaction costs are recognised in the statement of comprehensive revenue and expenditure.

Purchases and sales of financial assets are recognised on tradedate, the date on which WDC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and WDC has transferred substantially the risks and rewards of ownership. The fair value of financial instruments traded in active markets is based on the quoted market prices at the balance sheet date. The quoted price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. WDC uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

	Cou	ıncil	Group						
	2020 \$000	2019 \$000	2020 \$000	2019 \$000					
Financial assets at fair value through profit and loss - upon initial recognition									
Shares and debentures	5,954	5,917	5,954	5,917					
Financial assets held to maturity									
LGFA borrower notes	148	56	148	56					
Loans and receivables									
Cash and cash equivalents	2,795	2,473	5,105	4,371					
Trade and rates receivables	7,164	5,335	8,382	8,228					
Available for sale financial	assets								
Civic Financial Services Limited	21	37	21	37					
Total financial assets	16,082	13,818	19,610	18,609					

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.

	Cou	ncil	Group		
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	
Shares and debentures	5,954	5,917	5,954	5,917	
Total financial assets at fair value	5,954	5,917	5,954	5,917	
Current	2,072	509	2,072	509	
Non-current	3,882	5,408	3,882	5,408	
Total financial assets at fair value	5,954	5,917	5,954	5,917	

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

Council has classified its investments as financial assets at fair value through profit and loss. The portfolio includes investments in local authority and Government stock, registered bank bills and bonds, and corporate stocks and bonds. The reason for the classification is that the investments were acquired for the purpose of selling and trading in the near term, and they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a pattern of short-term profit-taking. In addition, there is a quoted market price in an active market where fair value can be reliably measured.

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

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

	Cou	ıncil	Group		
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	
One year or less	2,072	509	2,072	509	
Weighted average interest rate	2.93%	4.73%	2.93%	4.73%	
Between one and five years	3,593	5,408	3,593	5,408	
Weighted average interest rate	4.48%	4.79%	4.48%	4.79%	
Over five years	289	-	289	-	
Weighted average interest rate	3.94%	-	3.94%	-	
Total financial assets at fair value	5,954	5,917	5,954	5,917	

The stocks and debentures are local authority stocks, and commercial bonds that are actively traded. The coupon rates vary from 3.94% to 6.00% (2019: 4.20% to 6.00%) with yields from 0.35% to 2.40% (2019: 1.50% to 2.55%). Purchases and sales are accounted for at settlement date. These assets are exposed to cash flow interest rate risk.

8.B. HELD TO MATURITY INVESTMENTS

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

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

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

	Cou	ncil	Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
LGFA borrower notes	148	56	148	56
Total financial assets held to maturity	148	56	148	56

8.C. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

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

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% (2019: 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 2020.

	Cou	ncil	Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Civic Financial Services Limited	21	37	21	37
Total available for sale financial assets	21	37	21	37

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

LOANS AND OTHER RECEIVABLES

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

Impairment of a loan or receivable is established when there is objective evidence that the Group will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired.

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

For term deposits, local authority stock, Government stock and communityloans, impairment losses are recognised directly against the instruments carrying amount. Impairment is established when there is objective evidence that the Group will not be able to collect amounts due to the original terms of the instrument. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

QUOTED AND UNQUOTED EQUITY INVESTMENTS

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

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

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

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

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

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 2020, there was no recognised deferred tax liability (2019: nil) for taxes that would be payable on the unremitted earnings of the Group's controlled entity. The Group has determined that undistributed profits of its controlled entity will not be distributed in the foreseeable future. The parent does not foresee such a consent being given at the reporting date.

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

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

BREAKDOWN OF TAXES AND FURTHER INFORMATION

The major components of taxation expense are:

	Cou	ıncil	Group		
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	
Current tax expense					
Current year income tax change	-	-	247	507	
Adjustments to current tax in prior years	-	-	-	-	
Total current tax expense	-	-	247	507	
Deferred tax expense					
Origination and reversal of temporary differences	-	-	(77)	(63)	
Recognition of previously unrecognised tax losses	-	-	-	-	
Total deferred tax expense	-	-	(77)	(63)	
Income tax expense reported in the statement of financial performance	-	-	170	444	

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

	Cou	ncil	Group		
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	
Surplus / (deficit) for the period before taxation	3,321	1,847	3,937	3,411	
Less: non assessable surplus / (non qualifying deficit)	(3,321)	(1,847)	597	(1,837)	
Assessable profits			601	1,574	
Income tax based on domestic tax rate – 28% (2019: 28%)	-	-	168	441	
Plus taxation effect of permanent differences	-	-	-	-	
Effect of non-deductible expenses	-	-	2	3	
Income tax expense reported in the statement of financial performance	-	-	170	444	

Movement in deferred tax asset:

	Cou	ncil	Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Opening balance	-	-	506	351
Current year charge	-	-	77	155
Use of prior year recognised loss and other movement not recognised	-	-	-	-
Closing balance	-	-	583	506

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 Ltd 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 holds \$374,519 tax losses which have accumulated over a number of years. These losses are primarily due to the "grossing-up" of excess imputation credits attached to dividends received from QRS Ltd. In 2020 \$200,000 of these losses were purchased by QRS Ltd by way of subvention payment in lieu of dividend.

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

		2020 C	ouncil		2019 Council				
		of financial ition		of financial mance	Statement of financial position		Statement of financial performance		
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	2020 \$000	2019 \$000	2020 \$000	2019 \$000	
Deferred tax liabilities									
Contract retentions	-	-	-	-	129	68	(61)	(36)	
Future amortisation	-	-	-	-	22	23	1	-	
Right of use assets	-	-	-	-	26	-	-	-	
Gross deferred tax liabilities	-	-	-	-	177	91	(60)	(36)	
Deferred tax assets									
Doubtful debts	-	-	-	-	-	-	-	-	
Subcontractor retentions	-	-	-	-	85	91	(8)	92	
Provisions									
Annual leave	-	-	-	-	91	92	(1)	(5)	
 Staff gratuities 	-	-	-	-	14	13	1	1	
Sick leave	-	-	-	-	10	8	2	5	
Time in lieu	-	-	-	-	20	32	(12)	(14)	
Long service leave	-	-	-	-	10	10	-	2	
Aftercare	-	-	-	-	50	46	5	2	
Lease asset depreciation	-	-	-	-	-	-	32	-	
Operating lease payments	-	-	-	-	-	-	(34)	-	
Lease interest	-	-	-	-	-	-	3	-	
ACC premiums	-	-	-	-	5	8	(3)	(2)	
Maintenance accruals	-	-	-	-	-	3	(3)	(1)	
Construction accruals	-	-	-	-	-	-	-	(4)	
Corporate accruals	-	-	-	-	29	10	20	10	
Contract liabilities	-	-	-	-	80	65	15	65	
Future depreciation	-	-	-	-	339	219	121	40	
Lease liability	-	-	-	-	27	-	-	-	
Deferred tax assets	-	-	-	-	759	597	138	191	
Net deferred tax assets	-	-			582	506			
Deferred tax income (expense)			-	-			78	155	

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:

	Cou	ıncil	Gro	oup	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	
Current					
Trade payable - exchange transactions	5,240	4,989	6,286	5,892	
Taxes payable	7	-	202	402	
Employee benefits	715	530	1,403	1,244	
Trust funds and deposits	63	53	63	53	
Revenue in advance	1,963	402	1,963	634	
Total current	7,988	5,974	9,917 8,225		
Non-current		i			
Employee benefits	66	120	101	156	
Trade payable - exchange transactions	-	-	-	-	
Total non-current	66	120	101	156	
Total trade and other payables	8,054	6,094	10,018	8,381	

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. Nonexchange payables are classified as either taxes (e.g. PAYE and GST) or transfers payable (e.g. Council grants).

	Cou	ncil	Gro	oup	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	
Exchange transactions					
Trade payables and accruals	5,240	4,989	6,286	5,892	
Total trade payable - exchange transactions	5,240	4,989	6,286	5,892	

	Cou	ıncil	Group			
	2020 \$000	2019 \$000	2020 \$000	2019 \$000		
Taxes payable						
GST	-	-	195	402		
PAYE	7	-	7	-		
Total taxes payable	7	-	202	402		

PROVISIONS

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of comprehensive revenue and expenditure net of any reimbursement. Refer to Note 17 for further information about the recorded landfill and quarry aftercare provision.

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 which 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 2037, 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 2.72% using the Treasury-defined salary inflation rate) as at 30 June 2020, after discounting, is \$65,579 (2019: \$107,144). The discount factor of 1.63% 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 expenditure as incurred.

	Cou	ncil	Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Current				
Short-term benefits				

Total employee benefit liabilities and provisions	781	650	1,504	1,400
Total non-current employee benefits	66	120	101	156
Long service leave	-	-	35	34
Retirement gratuities provision	66	120	66	156
Long-term benefits				
Non-current				•
Total current employee benefits	715	530	1,403	1,244
Holiday leave	557	400	972	848
Payroll accruals	158	130	431	396

TRUST FUNDS AND DEPOSITS

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

	\$000 \$000 \$000 \$0			
				2019 \$000
Deposits	59	49	59	49
Trust funds	4	4	4	4
Total trust fund and deposits	63	53	63	53

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.

PGF funding: 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.

	Cou	ncil	Gro	oup	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	
Exchange transaction	s				
Rental income	-	-		-	
Other	154	154 22			
Taxes	<u>.</u>				
Rates	424	380	424	378	
Transfers					
PGF funding	1,385	-	1,385	-	
Other grants	-	-	-	-	
Total revenue in advance	1,963	402	1,963	634	

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of:

- Operational assets these include land, buildings, library books, furniture, office equipment and motor vehicles
- Restricted assets restricted assets are parks and reserves owned by WDC that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- Infrastructure assets infrastructure assets are the roads, bridges and fixed utility systems owned by WDC. Each asset class includes all items that are required for the network to function; for example, sewer reticulation includes reticulation piping and sewer pump stations.
- Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

INITIAL 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. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment are requirent as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in surplus or deficit as incurred.

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

MEASUREMENT SUBSEQUENT TO INITIAL RECOGNITION

Subsequent to initial recognition, property, plant and equipment are measured using either the cost model or the revaluation model. Roads and 3 waters assets are 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 expenditure, the increase is recognised first in the statement of comprehensive revenue and expenditure to reverse any previous reduction.

Operational land and buildings were valued at fair value effective from 30 June 2005. WDC has elected to use the fair value of operational land and buildings as at 30 June 2005 as deemed cost. Operational land and buildings are no longer revalued.

Restricted land and buildings were valued at fair value effective from 30 June 2005. WDC has elected to use the fair value of restricted land and buildings as at 30 June 2005 as deemed cost. Restricted land and buildings are no longer revalued.

Infrastructure assets (roads, water treatment and reticulation, sewerage treatment and reticulation and stormwater systems) are carried at fair value on a depreciated replacement cost (DRC) basis as assessed by an independent valuer. At balance date WDC assesses the carrying values of its infrastructure assets to ensure that they do not differ materially from the assets' fair value. If there is a material difference, then the off-cycle asset classes are revalued. Any additions since valuation are carried at depreciated cost.

Land under roads was valued on the basis of fair value of adjacent land as at 30 June 2005. WDC has elected to use the fair value of land under roads as at 30 June 2005 as deemed cost.

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

DEPRECIATION

Depreciation is provided on a straight-line basis on all property, plant and equipment for WDC other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

QRS Ltd uses the diminishing value basis for depreciating plant, equipment and motor vehicles, office equipment and furniture, and computer hardware.

The useful lives and associated depreciation rates of major assets have been estimated as follows:

Category	Estimated Life (Years)
Quarries	30-40
Buildings	30-40
Other improvements	10-50
Plant, equipment and vehicles	4-10
Library collection	2-10
Office equipment, furniture & fittings	5-10
Computer equipment	4-5
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

Compliance with Local Government Act 2002

The following policy was consulted on in 1999 and reconfirmed on 30th August 2006 with regards to depreciation. The Local Government Act 2002 requires all territorial local authorities to fund the loss of service potential (i.e. depreciation). WDC has reviewed its assets and advises that the following assets will be depreciated but not funded for replacement.

- 1. Community halls
- 2. Housing
- 3. Camping ground
- 4. Roading (NZTA subsidised portion of roading)
- 5. Community Centre
- Loan-funded assets including the Māhia and Opoutama wastewater systems.

The above assets will be maintained on an ongoing basis at a level that meets the needs of the community. Where appropriate Council will cover each asset with insurance cover for fire, earthquake and natural catastrophe.

The effects of this decision are that:

- 1. The existing assets will be available for many years to come.
- Once an asset or part thereof reaches the point where it is considered unsafe to use then that asset will be removed, and replaced if the Council's LTP provides for this.
- Should any asset under this policy be the subject of an insurance claim then, prior to reinstatement, Council will decide whether reinstatement of the asset should proceed or whether the service should be discontinued at the time of loss.
- 4. By not funding loss of service potential (depreciation) there is a reduction in rates payable by the present ratepayers.

2020 Depreciation not funded (Council only)

	20	20
	Budget \$	Actual \$
Community halls	9,223	9,018
Housing	7,608	5,824
Camping ground	8,590	8,604
Roading (NZTA subsidised portion of roading)	2,309,184	2,056,871
Community Centre	384,433	388,978
Loan-funded assets including the Māhia and Ōpoutama wastewater systems	217,000	399,903
Other assets	131,452	350,471
Total depreciation not funded	3,067,490	3,219,669

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 expenditure.

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

The following assets have specific characteristics for impairment testing:

Intangible assets with indefinite useful life

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Impairment of Non-Cash Generating Assets

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

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

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

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

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

DERECOGNITION

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in surplus or deficit. Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to accumulated comprehensive revenue and expense.

		Council											
	3	0 June 201	19			Curre	nt year			3	0 June 202	0	
	Cost / revaluation \$000	Accumulated deprecia- tion & impairment \$000	Carrying amount \$000	Revaluation \$000	Disposal \$000	Accumulated deprecia- tion on disposals \$000	Additions \$000	Transfers \$000	Depreciation & impair- ment charges \$000	Carrying amount \$000	Cost / revaluation \$000	Accumulated deprecia- tion & 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	(11,025)	(1,039)	(88)	11,985		(3,841)	178,196	178,196		
Land under roads	5,344		5,344	(11,020)	(1,000)	(00)	11,505		(0,041)	5,344	5,344		
Bridges	19,789	1,408	18,381	6,065	(64)	(7)	612	-	(1,401)	26,402	26,402		
Water supply - treatment plant & facilities	6,045	329	5,716	(411)	(2)	-	650	-	(329)	6,282	6,282		
Water supply - other assets	16,172	722	15,450	(1,365)	(17)	(1)	174	-	(721)	14,964	14,964	-	
Sewerage - treatment plant & facilities	7,254	248	7,006	563	(100)	(9)	1,004	-	(239)	8,721	8,721		
Sewerage - other assets	8,548	289	8,259	-	(14)	2	170	-	(291)	8,704	8,704	-	
Stormwater	5,772	373	5,399	964	(15)	(1)	152	-	(372)	6,873	6,873	-	
Parking	363	50	313	(131)	(1)	(1)	20	-	(49)	251	251	-	
Total infrastructural assets	247,562	7,348	240,214	(5,340)	(1,252)	(105)	14,767	-	(7,243)	255,737	255,737	-	
Total assets	274,830	16,776	258,054	(5,340)	(2,186)	(646)	17,775	-	(6,026)	274,975	285,079	10,104	
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	(5,340)	(2,186)	(646)	32,514	(17,656)	(6,026)	280,227	290,331	10,104	

						Gr	oup						
	3	0 June 201	19			Curre	nt year			3	0 June 202	0	
	Cost / revaluation \$000	Accumulated deprecia- tion & impairment \$000	Carrying amount \$000	Revaluation \$000	Disposal \$000	Accumulated deprecia- tion on disposals \$000	Additions \$000	Transfers \$000	Depreciation & impair- ment charges \$000	Carrying amount \$000	Cost / revaluation \$000	Accumulated deprecia- tion & 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	(11,025)	(1,039)	(88)	12,150	-	(3,844)	177,709	177,709	-	
Land under roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-	
Bridges	19,789	1,408	18,381	6,065	(64)	(7)	612	-	(1,401)	26,402	26,402	-	
Water supply - treatment plant & facilities	6,045	329	5,716	(411)	(2)	-	650	-	(329)	6,282	6,282	-	
Water supply - other assets	16,172	722	15,450	(1,365)	(17)	(1)	174	-	(721)	14,964	14,964	-	
Sewerage - treatment plant & facilities	7,254	248	7,006	563	(100)	(9)	1,004	-	(239)	8,721	8,721	-	
Sewerage - other assets	8,548	289	8,259	-	(14)	2	170	-	(291)	8,704	8,704	-	
Stormwater	5,772	373	5,399	964	(15)	(1)	152	-	(372)	6,873	6,873	-	
Parking	363	50	313	(131)	(1)	(1)	20	-	(49)	251	251	=	
Total infrastructural assets	246,910	7,351	239,559	(5,340)	(1,252)	(105)	14,932	-	(7,246)	255,250	255,250	-	
Total assets	289,750	27,458	262,292	(5,340)	(3,226)	(1,610)	19,487	-	(4,580)	279,403	300,671	21,268	
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	(5,340)	(3,226)	(1,610)	34,226	(17,656)	(4,580)	284,655	305,923	21,268	

		Council											
	3	0 June 201	18			Curre	nt year			3	30 June 201	9	
	Cost / revaluation \$000	Accumulated deprecia- tion & impairment \$000	Carrying amount \$000	Revaluation \$000	Disposal \$000	Accumulated deprecia- tion on disposals \$000	Additions \$000	Transfers \$000	Depreciation & impair- ment charges \$000	Carrying amount \$000	Cost / revaluation \$000	Accumulated deprecia- tion & impairment \$000	
Land	4,690	-	4,690	-	(97)	-	-	-	-	4,593	4,593	-	
Buildings	13,125	2,956	10,169	-	(426)	(71)	374	-	389	9,799	13,073	3,274	
Other Improvements	3,929	2,240	1,689	-	(54)	(66)	633	-	177	2,157	4,508	2,351	
Vehicles	808	478	329	-	(204)	(152)	249	-	134	393	853	460	
Furniture and office equipment	3,515	2,428	1,087	-	(11)	-	151	-	380	847	3,655	2,808	
Library collections	551	478	73	-	-	-	35	-	55	51	586	535	
Total non- infrastructural assets	26,618	8,581	18,037	-	(792)	(289)	1,442	-	1,135	17,840	27,268	9,428	
Roading	176,462	1,888	174,574	-	(215)	(9)	2,028	-	2,050	174,346	178,275	3,929	
Land under roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-	
Bridges	18,998	695	18,303	-	(96)	(7)	887	-	720	18,381	19,789	1,408	
Water supply - treatment plant & facilities	6,001	163	5,838	-	(2)	1	46	-	165	5,716	6,045	329	
Water supply - other assets	16,116	358	15,758	-	(6)	-	62	-	364	15,450	16,172	722	
Sewerage - treatment plant & facilities	7,245	123	7,122	-	(1)	-	10	-	125	7,006	7,254	248	
Sewerage - other assets	8,392	142	8,250	-	(14)	2	170	-	145	8,259	8,548	289	
Stormwater	5,745	182	5,563	-	(3)	-	30	-	191	5,399	5,772	373	
Parking	363	25	338	-	-	-	-	-	25	313	363	50	
Total infrastructural assets	244,666	3,576	241,090	-	(337)	(13)	3,233	-	3,785	240,214	247,562	7,348	
Total assets	271,284	12,157	259,127	-	(1,129)	(302)	4,675	-	4,920	258,054	274,830	16,776	
Capital work in progress	1,347	-	1,347	-	-	-	11,499	(4,677)	-	8,169	8,169	-	
Total assets including work in progress	272,631	12,157	260,474	-	(1,129)	(302)	16,174	(4,677)	4,920	266,223	282,999	16,776	

		Group										
	3	0 June 201	18			Currer	nt year			3	30 June 201	9
	Cost / revaluation \$000	Accumulated deprecia- tion & impairment \$000	Carrying amount \$000	Revaluation \$000	Disposal \$000	Accumulated deprecia- tion on disposals \$000	Additions \$000	Transfers \$000	Depreciation & impair- ment charges \$000	Carrying amount \$000	Cost / revaluation \$000	Accumulated deprecia- tion & impairment \$000
Land	5,213	22	5,191	-	(197)	(6)	-	-	10	4,990	5,016	26
Buildings	13,746	3,302	10,444	-	(429)	(73)	434	-	434	10,127	13,790	3,663
Other Improvements	3,929	2,240	1,689	-	(54)	(66)	634	-	177	2,158	4,509	2,351
Vehicles	14,996	10,826	4,170	-	(2,106)	(1,667)	1,550	-	1,063	4,218	14,440	10,222
Furniture and office equipment	4,665	3,192	1,473	-	(373)	(354)	207	-	473	1,188	4,499	3,311
Library collections	551	479	72	-	-	-	35	-	55	52	586	534
Total non- infrastructural assets	43,100	20,061	23,039	-	(3,159)	(2,166)	2,899	-	2,212	22,733	42,840	20,107
Roading	175,709	1,889	173,820	-	(215)	(7)	2,129	-	2,050	173,691	177,623	3,932
Land under roads	5,344	-	5,344	-	-	-	-	-	-	5,344	5,344	-
Bridges	18,998	695	18,303	-	(96)	(7)	887	-	720	18,381	19,789	1,408
Water supply - treatment plant & facilities	6,001	163	5,838	-	(2)	1	46	-	165	5,716	6,045	329
Water supply - other assets	16,116	358	15,758	-	(6)	-	62	-	364	15,450	16,172	722
Sewerage - treatment plant & facilities	7,245	123	7,122	-	(1)	-	10	-	125	7,006	7,254	248
Sewerage - other assets	8,392	142	8,250	-	(14)	2	170	-	145	8,259	8,548	289
Stormwater	5,745	182	5,563	-	(3)	-	30	-	191	5,399	5,772	373
Parking	363	25	338	-	-	-	-	-	25	313	363	50
Total infrastructural assets	243,913	3,577	240,336	-	(337)	(11)	3,334	-	3,785	239,559	246,910	7,351
Total assets	287,013	23,638	263,375	-	(3,496)	(2,177)	6,233	-	5,997	262,292	289,750	27,458
Capital work in progress	1,347	-	1,347	-	-	-	11,499	(4,677)	-	8,169	8,169	-
Total assets including work in progress	288,360	23,638	264,722	-	(3,496)	(2,177)	17,732	(4,677)	5,997	270,461	297,919	27,458

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.

These estimates can be affected by the local conditions (e.g. weather patterns and traffic growth). If useful lives do not reflect the actual consumption of the benefits of the asset, then Wairoa District Council could be over or underestimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructure Asset Valuation Guidelines as well as local conditions and knowledge. The RAMM Asset Valuation Module has been used to complete the valuation. Depreciation applied to the replacement cost of the asset in order to arrive at the depreciated replacement cost is calculated using the straight-line method

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.

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

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

These include:

- Estimating the replacement cost of the asset.
- 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.

Revaluation for Water Networks, Wastewater 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.

12. INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. The cost of intangible assets acquired in a business

combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

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

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

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

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

SOFTWARE ACQUISITION AND DEVELOPMENT

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Staff training costs and costs associated with maintaining computer software are recognised as expenses in surplus or deficit when incurred. Costs that are directly associated with the development of software for internal use by WDC are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

TRADEMARKS

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

AMORTISATION

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use, and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive revenue and expenditure. A summary of the policies applied to the Group's major classes of intangible assets is, as follows:

Item 8.12- Appendix 1

	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 2020. As at 30 June 2020, no impairment loss has been recognised in relation to the trademarks (2019: nil).

	Co	uncil	Gre	oup
	2020 \$000	Council	2020 \$000	2019 \$000
Software				
Cost as at 1 July	813	745	1,107	1,482
Additions	13	68	13	8
Disposals	(31)	-	(31)	(383)
Total cost as at 30 June	795	813	1,089	1,107
Accumulated amortisation and impairment 1 July	756	696	923	1,164
Current year amortisation charge	-	60	26	103
Disposals	14	-	14	(344)
Total accumulated amortisation and impairment at 30 June	770	756	963	923
Software carrying value 30 June	25	57	126	184
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	69	129	196	330
Net carrying value of intangible assets 30 June	37	69	138	196

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	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Balance at 1 July	260	260	260	260
Increases due to purchase	-	-	-	-
Gains / (losses) arising from changes in fair value	(145)	-	(145)	-
Balance at 30 June	115	260	115	260

WDC owns 29.3 hectares (2019: 29.3 hectares) of forest, mostly Pinus radiata, which are at varying stages of maturity ranging from 6 to 33 years. No trees have been harvested during the year (2019: 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 as at 30th June 2020 have been valued by registered valuer Trevor Kitchin of Telfer Young Ltd (Hawke's Bay). 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

WDC's investment in its subsidiary is carried at cost less any impairment charges in WDC'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.

	Cou	ncil	Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Quality Roading and Services (Wairoa) Limited	1,250	1,250	-	-
Total investment in subsidiary	1,250	1,250	-	-

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.

15. INVESTMENT PROPERTY

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Investment property is measured initially at its cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day maintenance of an investment property.

After initial recognition, WDC measures all investment property at cost less accumulated depreciation. Depreciation is provided on a straight-line basis on all investment property for WDC other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The fair value was not determined for the year ended 30 June 2020 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.

	Cou	ıncil	Gro	oup
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Cost as at 1 July	415	-	415	-
Transferred from land and building assets	(22)	415	(22)	415
Total cost at 30 June	393	415	393	415
Accumulated depreciation as at 1 July	(10)	-	(10)	-
Current year depreciation charge	-	(10)	-	(10)
Total accumulated depreciation as at 30 June	(10)	(10)	(10)	(10)
Net carrying value of investment properties 1 July	405	-	405	-
Net carrying value of investment properties 30 June	383	405	383	405

	Council a	nd Group
	2020 \$	2019 \$
Rental revenue	35	41
Direct operating expenses from investment property generating revenue	6	16

16. BORROWINGS

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless WDC or QRS Ltd has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

	Cou	Council		oup
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Current				
Secured loans	1,000	1,500	1,294	1,963
Total current	1,000	1,500	1,294	1,963
Secured Loans	8,000	3,500	8,568	4,339
Total non-current	8,000	3,500	8,568	4,339
Total borrowings	9,000	5,000	9,862	6,302

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		
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	
Less than one year	1,000	1,500	1,294	1,963	
weighted average effective interest rate	2.66%	2.10%	3.20%	3.31%	
Later than one year but less than two years	1,000	3,500	1,241	4,339	
weighted average effective interest rate	2.86%	2.88%	3.29%	3.52%	
Later than two years but less than five years	7,000	-	7,327	-	
weighted average effective interest rate	2.39%	-	2.51%	-	
Later than five years	-	-	-	-	
weighted average effective interest rate	-	-	-	-	
Total borrowings	9,000	5,000	9,862	6,302	

FAIR VALUE OF BORROWINGS

The fair values are based on cash flows discounted using a rate based on the weighted average borrowing rate of 2.47% Council (2019: 2.88%) and 2.70% Group (2019: 3.46%). The carrying amounts of borrowings repayable within one year approximate their fair value. WDC and the Group do not have any floating rate debt.

	Cou	ncil	Group		
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	
Carrying amounts	9,000	5,000	9,862	6,302	
Fair values	8,976	5,000	9,815	6,302	

SECURITY

 $\mathsf{WDC}\xspace's$ loans are secured over either separate or general rates of the district.

QRS Ltd has term loans secured over the carrying value of the companies plant and machinery assets at period end which at 30 June 2020 was \$861,657 (2019: \$3,827,211).

INTERNAL BORROWING

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

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

	01 July 2019 Opening balance \$000	Borrowed in year \$000	Repaid in year \$000	30 June 2020 Closing balance \$000
Water supply	1,980	186	17	2,149
Stormwater and drainage	1,713	81	85	1,709
Wastewater	1,736	3,005	-	4,741
Waste management	834	462	-	1,296
Transport	308	57	391	(26)
Community facilities	2,638	117	74	2,681
Leadership and governance	238	569	367	439
Planning and regulatory	205	136	45	296
Support services	577	326	1,062	(159)
Total internal borrowings	10,229	4,939	2,042	13,127

The Council uses an assumed internal interest rate of 5% (2019: 5%), consistent with its weighted average external borrowing rate, in relation to internal borrowing amounts. Interest charges for the year are:

	Interest	charged
	2020 \$	2019 \$
Water supply	99	95
Stormwater and drainage	86	85
Wastewater	87	71
Waste management	42	36
Transport	15	15
Community facilities	132	115
Leadership and governance	12	12
Planning and regulatory	10	8
Property	23	20
Support services	6	8
Total internal interest charged	512	465

17. LANDFILL AND QUARRY AFTERCARE PROVISIONS

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 a liability exists.

The management of the landfill will influence the timing of recognition of some liabilities. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The cash outflows for landfill post-closure are expected to occur within the next 26 years. 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 WDC in relation to the estimates and uncertainties surrounding the landfill aftercare provision. WDC has assumed that the aftercare provision for Wairoa Landfill is operative until 2045, based upon the resource consent issued by the Hawke's Bay Regional Council which will need to be extended in 2031. There is capacity available for this extension. WDC has a responsibility under the resource consent to provide for ongoing maintenance and monitoring of the landfill site.

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

- Estimated year of closure: 2035
- · Length of post-closure monitoring period: 10 years
- Total expected cash outflow undiscounted: \$1,100,000
- Discount rate: 1.97% (2019: 2.6%)

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

	Council		Gro	oup
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Landfill post closure cost	5			
Opening balance	1,055	751	1,055	751
Movement in provision	142	304	142	304
Amount utilised	-	-	-	-
Landfill post closure costs – closing balance	1,197	1,055	1,197	1,055
Current	-	-	-	-
Non-current	1,197	1,055	1,197	1,055
Landfill post closure costs – closing balance	1,197	1,055	1,197	1,055

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

QUARRY AFTERCARE PROVISION

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

Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset (if applicable) and provision.

It is expected that most of these costs will not be incurred in the next financial year, but 12% will be incurred within 2 years of the balance sheet date.

	Council		Gro	oup
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Quarry post closure costs				
Opening balance	-	-	162	155
Movement in provision	-	-	17	7
Amount utilised	-	-	-	-
Landfill post closure costs – closing balance		-	179	162
Current			7	24
Current	-	-	27	24
Non-current	-	-	152	137
Landfill post closure costs – closing balance	-	-	179	162

Item 8.12- Appendix 1

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.

Restricted funds are those reserves that are subject to specific conditions of use, whether under statute or accepted as binding by the Council, and that may not be revised without reference to the Courts or third parties. Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met. Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to or from these reserves are at the discretion of the Council.

WDC has the following Council created reserves:

- A disaster recovery reserve is held to fund Council's share of any costs relating to a natural disaster or 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 are held for the repayment of debt as it matures.

	Cou	ıncil	Group		
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	
Special fund reserves	21,375	22,076	21,375	22,076	
Revaluation reserves	115,806	113,272	116,797	114,263	
Ratepayer's equity	142,881	135,156	146,793	139,222	
Total equity	280,062	270,504	284,965	275,561	

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 The Act requires the Council to make adequate and effective provision in its LTP and its AP (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 LTP. The Council monitors actual expenditure incurred against the LTP and AP. No changes were made in the equity management objectives, policies or processes for the years ended 30 June 2020 and 2019.

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 included in 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 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		Gro	oup
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Revaluation reserves - opening balance	113,272	113,534	114,263	114,525
Net transfer from asset revaluation reserve on disposal	(762)	(262)	(762)	(262)
Transfer from ratepayer's equity	(2,741)	-	(2,741)	-
Revaluation recognised in other comprehensive revenue and expense	6,037	-	6,037	-
Revaluation reserves - closing balance	115,806	113,272	116,797	114,263

RATEPAYER'S 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		Gro	oup
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Ratepayer's equity - opening balance	135,156	132,248	139,222	135,194
Surplus (deficit) for year	3,521	1,847	3,367	2,967
Transfers to restricted reserves	(5,846)	(5,231)	(5,846)	(5,231)
Transfers from restricted reserves	6,547	6,030	6,547	6,030
Transfers from revaluation reserves	3,503	262	3,503	262
Ratepayer's equity - closing balance	142,881	135,156	14	139,222

SPECIAL RESERVES

	01 July 2019 Opening balance \$000	Transfer to \$000	Transfer from \$000	30 June 2020 Closing balance \$000
Reserves held for emergency purposes				
Disaster recovery reserve	769	15	-	784
Total reserves held for emergency purposes	769	15	-	784
Reserves held for future asset purchases				
District development fund	262	6	-	268
Asset and vehicle depreciation reserve	1,162	824	(711)	1,275
Information systems renewal reserve	502	142	(109)	535
Water production depreciation reserve	1,084	218	(170)	1,132
Nater reticulation depreciation reserve - Wairoa	2,140	438	(234)	2,344
Nater reticulation depreciation reserve - peri urban	131	3	=	134
Nater reticulation depreciation reserve - Tuai	57	1	-	58
Nater reticulation depreciation reserve - Frasertown	49	- 1	-	50
Nater reticulation depreciation reserve - Māhanga	16	(1)	-	15
Sewerage system depreciation reserve - Wairoa	1,800	334	(494)	1,640
Sewerage system depreciation reserve - Tuai	318	5	-	323
Stormwater reticulation depreciation reserve - Wairoa	2,292	255	(138)	2,409
Stormwater reticulation depreciation reserve - Māhia	13	-	-	13
Parking area depreciation reserve	596	27	(12)	611
Bridges depreciation reserve	2,137	3,002	(4,227)	912
Landfill/RTS depreciation reserve	521	139	(4,221)	603
Airport runway depreciation reserve	(1)	1	(31)	
Roading depreciation reserve	(±)	-	619	619
Footpaths depreciation reserve	966	117	(90)	993
ibrary book stocks depreciation reserve	265	5	(30)	240
Pensioner housing depreciation reserve	151	25	(30)	184
Parks and reserves depreciation reserve	92	168		184
			(73)	
Fotal reserves held for future asset purchases	14,553	5,710	(5,718)	14,545
Reserves held for future operational costs	·······			
General purpose fund	1,338	11	(777)	572
Nairoa urban fund	275	5	-	280
Retirement and restructuring reserve	102	2	-	104
Tuai village reserve	229	5	(52)	182
Nater production reserve	438	9	=	447
Nater reticulation reserve - Wairoa	57	2	-	59
Nater reticulation reserve - Wairoa peri urban	338	7	-	345
Nater reticulation reserve - Frasertown	44	-	-	44
Total reserves held for future operational costs	2,821	41	(829)	2,033
Reserves held for repayment of maturing debt	i.			
Loan repayment reserve - external	2,364	49	-	2,413
Loan repayment reserve - internal	1,569	31	-	1,600
Total reserves held for repayment of maturing debt	3,933	80	-	4,013

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

	Cou	ncil	cil Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Net surplus/(deficit) for the period	3,521	1,848	3,767	2,967
Add/(deduct) non-cas	h items:			
Depreciation	6,827	4,582	8,391	5,655
Loss on disposal of assets	536	375	415	382
Amortisation	32	-	58	44
Decrease (increase) in deferred taxation	-	-	(77)	(155)
Increase (decrease) in employee benefit provision	(131)	15	(131)	5
Net increase in bad debts provision	208	22	208	22
Unrealised loss (gain) on investments	25	-	25	-
Increase in landfill aftercare provision	142	305	142	305
Increase in quarry aftercare provision	-	-	16	7
Loss / (gain) on forestry revaluation	145	-	145	-
Total non-cash items	11,305	7,147	12,959	9,232

Rems				
Add/(deduct) movem	ent in wor	king capit	al1:	
(Increase) decrease in rates receivable	(561)	11	(561)	11
(Increase) decrease in trade and other receivables	(1,477)	(2,534)	1,010	(4,856)
Increase (decrease) in trade and other payables	1,829	1,615	(254)	3,153
Increase (decrease) in loans and other receivables	-	45	-	45
(Increase) decrease in GST receivable	433	(558)	433	(558)
Increase (decrease) in taxation payable	-	-	(328)	440
(Increase) / decrease inventories	(23)	(6)	162	20
Total movement in working capital	201	(1,427)	462	(1,745)
Net cashflows from operating activities	11,506	5,720	13,421	7,487

⁴ 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 Executive 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 Ltd for the year were as follows:

	2020 \$	2019 \$
Revenue received by Council for services provided to QRS Ltd	3,149	23,946
Expenditure payments made by Council for services provided by QRS Ltd	13,154,373	10,073,582
Dividend received from QRS Ltd	350,000	110,000
Subvention payment from QRS Ltd	200,000	-
Current receivables and recoverables owing to the Council from QRS Ltd	6,798	625
Current payables owed by the Council to QRS Ltd	2,420,900	1,593,375

The receivable and payable balances are non-interest bearing and are to be settled on normal trading terms and conditions, except for \$345,454 (2019: \$244,076) of contract retentions which are payable at closure of defects liability period.

No related party transactions were forgiven or written off during the period (2019: nil).

Material Related Party Transactions - QRS Directors and CEO

G E Gaddum, a Director of QRS Ltd and Director/Owner of Gaddum Construction Limited, has not purchased any services from QRS on normal trading terms in 2020 (2019: \$27,633).

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 valu		value	
2020	2019	2020	2019
\$000	\$000	\$000	\$000

Financial assets

Other financial assets:				
 AFS financial investments 	21	37	21	37

Financial liabilities

Interest-bearing loans and borrowings:

•	Floating rate borrowings	-	696	-	696
•	Fixed rate borrowings	9,862	5,605	9,815	5,605

Council			
Carrying	Carrying amount Fair value		
2020 \$000	2019 \$000	2020 \$000	2019 \$000

Financial assets

Other financial assets:

 AFS financial investments 	21	37	21	37
Financial liabilities				

Interest-bearing loans and borrowings:

•	Floating rate borrowings	-	-	-	-
•	Fixed rate borrowings	9,000	5,000	8,976	5,000

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 2020.
- 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 nonobservable 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:

		2020						
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Level 1 \$000	Level 2 \$000	Level 3 \$000		
Financial assets ca	Financial assets carried at fair value							
Financial assets at fair value through other comprehensive revenue and expense	5,954	148	-	9,169	56	-		
Financial liabilities	measu	red at a	amortis	ed cost				
Fixed rate borrowings	9,862	-	-	5,605	-	-		

The level 2 equity investments comprise the Group's LGFA borrower notes. 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 Finance Audit and Risk (FAR) Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The FAR Committee provides assurance to the Council that financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. WDC is risk averse and seeks to minimise exposure from its treasury activities. 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 2020. 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 2020.

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

• The sensitivity of the relevant statement of comprehensive revenue and expenditure item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 30 June 2020.

Interest Rate Risk

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

At 30 June 2020, 100% of the Group's borrowings are at a fixed rate of interest (2019: 89%). For the Council, 100% of all borrowings as at 30 June 2020 are at a fixed rate of interest (2019: 100%).

Interest Rate Sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%. The sensitivity has been calculated based on a shift in interest rates of +/-50 bps (2019:+/-50 bps).

	Cou	ncil	Group		
	Increase / (de- crease) in basis points	Effect on surplus before tax \$000	Increase / (de- crease) in basis points	Effect on surplus before tax \$000	
2020	+50	-	+50	-	
	-50	-	-50	-	
2019	+50	-	+50	(3)	
	-50	-	-50	3	

At 30 June 2020 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 the road maintenance and therefore requires a continuous supply of roading metal. This risk is mitigated by the fact that QRS mines its own metal. The risk is further mitigated by Government subsidies relating to roading which offset the costs to Council. If there is an increase in the volatility of the price of the raw materials, the Group will consider entering into various forward commodity purchase contracts in the future.

Equity Price Risk

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

At the reporting date, the exposure to listed equity securities at fair value was \$5,953,576 (2019: \$5,916,981). A decrease of 10% on the NZX market index could have an impact of approximately \$591,680 (2019: \$587,686) on the surplus or equity/net assets attributable to the Group, depending on whether the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact equity/net assets, but would not have an effect on surplus.

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 2020 based on the carrying value of borrowings reflected in the financial statements (2019: 30%). 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.

	Cou	ncil	Gro	oup				
	2020 \$000	2019 \$000	2020 \$000	2019 \$000				
Contractual cashflow	Contractual cashflows of financial liabilities							
0-12 months	9,207	1,501	11,445	10,223				
1-2 years	1,190	1,050	1,455	1,630				
2-5 years	7,299	2,753	7,676	3,136				
More than 5 years	66	-	101	156				
Contractual cashflows of financial liabilities	17,763	5,304	20,677	15,145				
Represented by								
Carrying amount as per the Statement of Financial Position	17,054	5,000	19,880	14,683				
Future interest payable	709	304	797	462				
Contractual cashflows of financial liabilities	17,763	5,304	20,677	15,145				

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:

	Cou	ncil	Group		
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	
Cash and cash equivalents	2,795	2,473	5,105	4,371	
Trade and other receivables	7,164	5,335	8,382	8,228	
Total financial instruments with credit risk	9,959	7,808	13,487	12,599	

Trade Receivable From Exchange Transactions

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

The Group evaluates the concentration of risk with respect to trade receivables as low, the majority of the Group's receivables from non-exchange transactions arise from the Council's statutory functions. There are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Group does not hold collateral as security. The Group is not exposed to a material concentration of credit risk around rates and other receivables from non-exchange transactions as it has a large number of credit customers, mainly ratepayers, and has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively.

Financial Instruments and Cash Deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Group policy. Investments of surplus funds are made in accordance with the Council's Investment and Liability Policy. The Council's FAR Committee reviews investments as required. The Group aims to minimise the concentration of risks and therefore mitigate financial loss resulting from potential counterparty's failure to make payments. The Group's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2020 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 arriving out of council operations that has an inherent factor of uncertainty.

WDC entered into a 30 year targeted capital rating repayment plan for the connections of private individual's properties to a centralised wastewater network owned by the Council in the Māhia and 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 WDC on behalf of the ratepayers for these schemes were recognised as operating costs in the 2014/15 financial year.

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

	Cou	Council		oup
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Balance at 1 July	1,245	1,462	1,245	1,462
Less: Charged through rates this financial year	(106)	(135)	(106)	(135)
Add back: Interest charged in rates	36	84	36	84
Less: Early repayment policy payments	(26)	(166)	(26)	(166)
Balance at 30 June	1,150	1,245	1,150	1,245

CONTINGENT LIABILITIES

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

The Council has identified historical errors in the Fringe Benefit Tax calculations which result in a core liability owing to the Inland Revenue Department. A declaration has been made to the Council's tax advisors. This liability cannot be accurately measured at balance date, but is estimated at \$67,154 net of penalties and interest (if any).

QRS Ltd has a contingent liability relating to a claim brought forward by a subcontractor regarding a contractual dispute. The value of the claim has not yet been determined due to a lack of verifiability in relation to the claimant's proclaimed losses. The claim is disputed and QRS Ltd will look to resolve the matter within twelve months of balance date.

24. COMMITMENTS

FUTURE CONTRACTUAL COMMITMENTS

	Cou	ıncil	Gro	oup
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Capital commitments				
Infrastructural assets - Water system	1,410	3,571	1,410	3,571
Infrastructural assets - Roading network	13,871	25,204	4,457	25,204
Other	-	-	15	818
Total capital commitments	15,281	28,775	5,882	29,593
Operational commitm	nents			
Maintenance and service contracts	6,469	8,089	6,469	8,089
Total operational commitments	6,469	8,089	6,469	8,089
Total contractual commitments	21,750	36,864	12,351	37,682

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 2019/20 to future years.

NON-CANCELLABLE OPERATING LEASE COMMITMENTS

WDC 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 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		Gro	oup				
	2020 \$000	2019 \$000	2020 \$000	2019 \$000				
Office equipment and	Office equipment and vehicles							
Up to one year	34	30	124	181				
Later than one year and not later than five years	126	-	135	191				
Later than five years	-	-	-	-				
Buildings								
Up to one year	32	-	32	-				
Later than one year and not later than five years	117	-	117	-				
Later than five years	-	-	-	-				
Total non- cancellable operating lease commitments as lessee	309	30	408	372				

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.

25. VARIANCES FROM THE ANNUAL PLAN

Explanations for major variances from WDC's estimated figures in the 2019/20 AP are as follows:

	Annual Plan
	\$000
Statement of comprehensive revenue and expense	
2020 plan net surplus	4,448
Higher (lower) NZTA subsidy revenue due to COVID-19 lockdown	(422)
Higher (lower) PGF funding and other grants	2,042
Higher (lower) income from investments	(377)
Higher (lower) income from fees and charges (property leases and rentals, subdivision consent fees, other volumetric regulatory fees)	(17)
Higher (lower) income from rates	(110)
Increase in costs due to COVID-19 response	(196)
Increase in costs due to reclassification of prior year WIP, professional services for Water Supply, waste and ETS levies, desludging of oxidation ponds1	(2,976)
Other	1,129
2020 actual net surplus	3,521

Item 8.12- Appendix 1

	Annual Plan
	\$000
Capital expenditure	
2020 planned expenditure	16,415
Projects deferred or cancelled ²	(12,228)
Additional spend during year ²	12,263
Actual expenditure 2020	16,455

¹ There is \$1.9m of 3 Waters expenditure that has been reclassified from current and previous years budgets from capital expenditure to operating expenditure. Since most of this relates to the wastewater reconsenting programme it can legitimately be funded by borrowing, but cannot be justified as capital expenditure. Therefore this impacts the net surplus in the current year actual figures. Similarly the cost of desludging and disposal from the oxidation ponds amounted to over \$0.6m. This would have been contemplated as capital expenditure in previous budgets, funded by borrowings. These costs combine to a variance of \$2.5 million and are offset by unspent budget on the District Plan of \$0.3 million.

² COVID-19 meant a number of projects, particularly in roading, were deferred to later in the year. However the additional PGF funding received during the year meant other projects were brought forward and therefore resulted in additional spend in other areas during the year. Overall total capital expenditure did not have a significant variance to budget.

26. EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events subsequent to balance date that would have a material effect on the 30 June 2020 Annual Report.

27. 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 Statement of Cash Flows

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

PBEs within the scope of this Standard will need to provide users with:

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

This Standard applies to:

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

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

PBE IPSAS 41 Financial Instruments

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

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

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

a. Classification and measurement

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

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

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

b. Impairment

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

c. Hedge accounting

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

d. Other adjustments

In addition to the adjustments described above, on adoption of PBE IFRS 41, other items of the primary financial

statements such as deferred taxes and investments in the associate and joint venture, will be adjusted as necessary. The impact assessment of the aforementioned other items is currently still ongoing.

28. ADOPTION OF ANNUAL REPORT

Council adopted the Annual Report on 20 October 2020.

The statutory deadline to adopt the Annual Report for the year ended 30 June 2020 was extended to 31 December 2020 due to COVID-19. Council elected not to utilise the extension.

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FINANCIAL PRUDENCE

The government has introduced the Local Government (Financial Reporting and Prudence) Regulations 2014 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 2020 - 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 Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement. Unless prescribed by the regulations the quantified limit for each benchmark is calculated using the financial information from the Council's 2018-28 LTP.

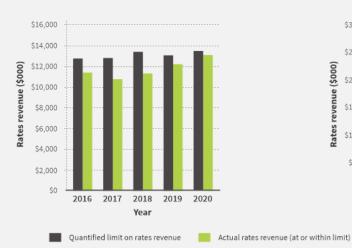
RATES AFFORDABILITY BENCHMARK

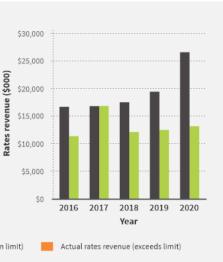
The council meets the rates affordability benchmark if:

- 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.

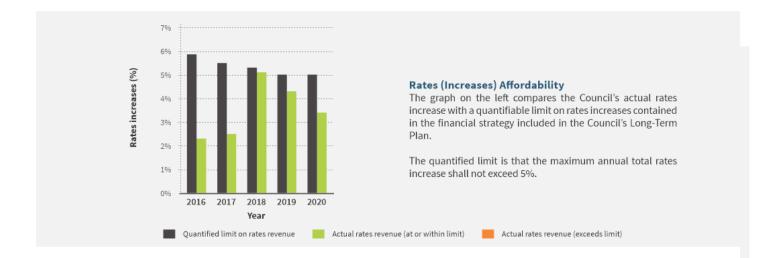




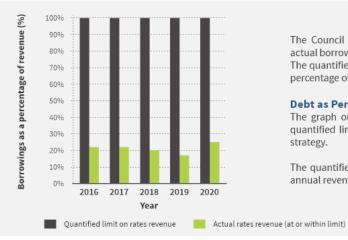
Total Rates as a Percentage of Operating Costs The quantified limits is that total rates (excluding capital contribution rates) will not exceed 60% of operating costs.

Total Rates as a Percentage of Cash Revenue

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



DEBT AFFORDABILITY BENCHMARK



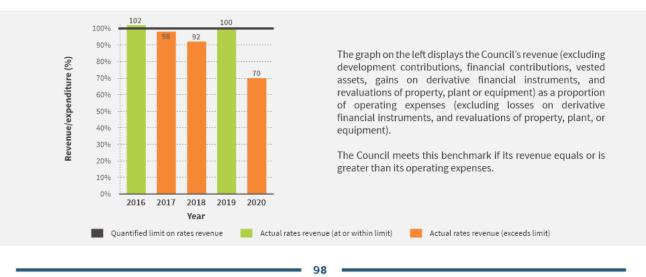
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The quantified limit described in the 2018-28 LTP is debt as a percentage of income.

Debt as Percentage of Income

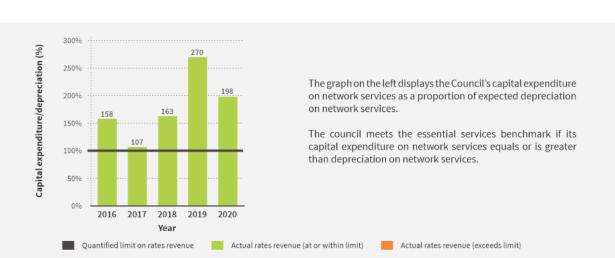
The graph on the left compares the Council's debt with a quantified limit on contained in the relevant LTP's financial strategy.

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

Actual rates revenue (exceeds limit)



BALANCED BUDGET BENCHMARK

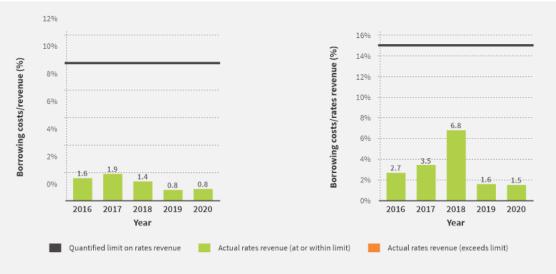


ESSENTIAL SERVICES BENCHMARK

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.



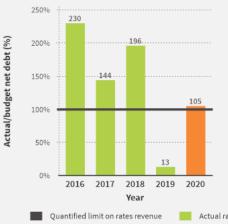
Borrowing Costs as a Percentage of Revenue

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.

Borrowing Costs as a Percentage of Rates Revenue

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

The quantified limit is that 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).

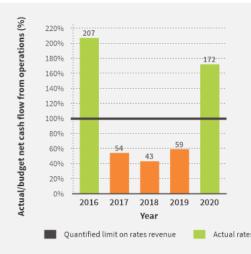
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

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 Councils financial assets exceeded it 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 its hows "benchmark not met" whenever the council is either more indebted or has less net assets than planned.

Actual rates revenue (at or within limit)

Actual rates revenue (exceeds limit)

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.

Actual rates revenue (at or within limit)

Actual rates revenue (exceeds limit)

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FUNDING IMPACT STATEMENTS

Annual report disclosure statement for year ending 30 June 2020

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 LTP.

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 to be used for the 2020/21 financial year, and how this funding is to be applied. Council's sources of operating funding include items such as fees and charges, and its applications of

operating funding include 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 127 and 128.

101

Item 8.12- Appendix 1

FUNDING IMPACT STATEMENT FOR 1 JULY 2019 - 30 JUNE 2020 WHOLE OF COUNCIL

Sources of operating funding 3,648 3,410 General rates, uniform annual general charges, rates penalties 3,648 3,410 Targeted rates (other than a targeted rate for water supply) 9,107 9,107 Subsidies and grants for operating purposes 4,864 8,210 Fees and charges 2,097 2,320 Interest and dividends from investments 825 610 Local authorities fuel tax, fines, infringement fees, and other receipts 85 283 Total operating funding (A) 20,626 23,940 Applications of operating funding 19,102 22,739 Finance costs 707 347 Internal charges and overheads applied - - Other operating funding applications (148) - Total applications of operating funding (B) 19,661 23,086 Surgus (deficit) of operating funding (A - B) 965 854 Sources of capital funding - - Subsidies and grants for capital expenditure 4,702 5,860 Development and financial contributions - - Increase (decrease) in debt - -	2019/20 LTP \$000	2019/20 AP \$000	2019/20 Actual \$000
Targeted rates (other than a targeted rate for water supply)9,1079,107Subsidies and grants for operating purposes4,8648,210Fees and charges2,0972,320Interest and dividends from investments825610Local authorities fuel tax, fines, infringement fees, and other receipts85283Total operating funding (A)20,62623,940Applications of operating funding19,10222,739Finance costs707347Internal charges and overheads appliedOther operating funding applications(148)-Total applications of operating funding (A - B)965854Sources of capital fundingSubsidies and grants for capital expenditure4,7025,860Development and financial contributionsIncrease (decrease) in debtTotal sources of capital fundingOther dedicated capital funding (C)4,8025,951Application of capital funding (C)4,8025,951Application of capital funding (C)Application of capital funding (C)Application of capital funding (C)1,9501,068Increase (decrease) in reserves(6,296)(4,246)Increase (decrease) of investmentsTotal sources of capital funding (C)5,7676,805	-		
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Applications of operating funding Payments to staff and suppliers 19,102 22,739 Finance costs 707 347 Internal charges and overheads applied - - Other operating funding applications (148) - Total applications of operating funding (B) 19,661 23,086 Surplus (deficit) of operating funding (A - B) 965 854 Sources of capital funding - - Subsidies and grants for capital expenditure 4,702 5,860 Development and financial contributions - - Increase (decrease) in debt - - Gross proceeds from sale of assets - - Lump sum contributions 100 91 Other dedicated capital funding - - Total sources of capital funding - - Capital expenditure 1,950 1,068 • to meet additional demand - - • to merprove the level of service 1,950 1,068 • to improve the level of service 1,950 1,068 • t	87	87	75
Payments to staff and suppliers 19,102 22,739 Finance costs 707 347 Internal charges and overheads applied - - Other operating funding applications (148) - Total applications of operating funding (B) 19,661 23,086 Surplus (deficit) of operating funding (A - B) 965 854 Sources of capital funding 4,702 5,860 Development and financial contributions - - Increase (decrease) in debt - - Gross proceeds from sale of assets - - Lump sum contributions 100 91 Other dedicated capital funding - - Capital expenditure 4,802 5,951 Application of capital funding (C) 4,802 5,951 Application of capital funding - - • to improve the level of service 1,950 1,068 • to improve the level of service 1,950 1,068 • to replace existing assets 10,113 9,983 Increase (decrease) in investments - - • to improve the level	21,231	22,134	22,814
Finance costs707347Internal charges and overheads appliedOther operating funding applications(148)-Total applications of operating funding (B)19,66123,086Surplus (deficit) of operating funding (A - B)965854Sources of capital funding965854Subsidies and grants for capital expenditure4,7025,860Development and financial contributionsIncrease (decrease) in debtGross proceeds from sale of assetsLump sum contributions10091Other dedicated capital fundingTotal sources of capital fundingCapital expenditure4,8025,951Capital expenditureApplication of capital funding (C)4,8025,951Application of capital funding• to meet additional demand• to improve the level of service1,9501,068• to replace existing assets10,1139,983Increase (decrease) in reserves(6,296)(4,246)Increase (decrease) of investments• total applications of capital funding (D)5,7676,805			
Internal charges and overheads applied Other operating funding applications (148) - Other operating funding applications (148) - Total applications of operating funding (B) Surplus (deficit) of operating funding (A - B) 965 854 Sources of capital funding Subsidies and grants for capital expenditure 4,702 5,860 Development and financial contributions - Increase (decrease) in debt Gross proceeds from sale of assets Lump sum contributions 100 91 Other dedicated capital funding Capital spenditure . to meet additional demand - to meet additional demand - to improve the level of service 1,950 10,113 9,983 Increase (decrease) in reserves (6,296) (4,246) Increase (decrease) of investments - Total applications of capital funding (D) 5,767 6,805	18,950	22,191	24,820
Other operating funding applications (148) - Total applications of operating funding (B) 19,661 23,086 Surplus (deficit) of operating funding (A - B) 965 854 Sources of capital funding - - Subsidies and grants for capital expenditure 4,702 5,860 Development and financial contributions - - Increase (decrease) in debt - - Gross proceeds from sale of assets - - Lump sum contributions 100 91 Other dedicated capital funding - - Total sources of capital funding (C) 4,802 5,951 Application of capital funding (C) 4,802 5,951 Application of capital funding - - • to improve the level of service 1,950 1,068 • to replace existing assets 10,113 9,983 Increase (decrease) in reserves (6,296) (4,246) Increase (decrease) of investments - -	771	144	475
Total applications of operating funding (B)19,66123,086Surplus (deficit) of operating funding (A - B)965854Sources of capital fundingSubsidies and grants for capital expenditure4,7025,860Development and financial contributionsIncrease (decrease) in debtGross proceeds from sale of assetsLump sum contributions10091Other dedicated capital fundingTotal sources of capital funding (C)4,8025,951Application of capital funding• to meet additional demand• to improve the level of service1,9501,068• to replace existing assets10,1139,983Increase (decrease) of investmentsTotal applications of capital funding (D)5,7676,805	(152)	=	-
Surplus (deficit) of operating funding (A - B)965854Sources of capital fundingSubsidies and grants for capital expenditure4,7025,860Development and financial contributionsIncrease (decrease) in debtGross proceeds from sale of assetsLump sum contributions10091Other dedicated capital fundingTotal sources of capital funding (C)4,8025,951Application of capital funding• to meet additional demand• to replace existing assets10,1139,983Increase (decrease) in reserves(6,296)(4,246)Increase (decrease) of investmentsTotal applications of capital funding (D)5,7676,805	-	-	-
Sources of capital funding Subsidies and grants for capital expenditure 4,702 5,860 Development and financial contributions - - Increase (decrease) in debt - - Gross proceeds from sale of assets - - Lump sum contributions 100 91 Other dedicated capital funding - - Total sources of capital funding - - Application of capital funding - - Capital expenditure - - • to meet additional demand - - • to replace existing assets 10,113 9,983 Increase (decrease) in reserves (6,296) (4,246) Increase (decrease) of investments - -	19,569	22,336	25,295
Subsidies and grants for capital expenditure4,7025,860Development and financial contributionsIncrease (decrease) in debtGross proceeds from sale of assetsLump sum contributions10091Other dedicated capital fundingTotal sources of capital funding (C)4,8025,951Application of capital fundingCapital expenditure• to meet additional demand• to replace existing assets10,1139,983Increase (decrease) in reserves(6,296)(4,246)Increase (decrease) of investmentsTotal applications of capital funding (D)5,7676,805	1,662	(202)	(2,481)
Development and financial contributionsIncrease (decrease) in debtGross proceeds from sale of assetsLump sum contributions10091Other dedicated capital fundingTotal sources of capital funding (C)4,8025,951Application of capital funding• to meet additional demand• to replace existing assets10,1139,983Increase (decrease) in reserves(6,296)(4,246)Increase (decrease) of investmentsTotal applications of capital funding (D)5,7676,805	<u>.</u>		. <u>.</u>
Increase (decrease) in debt - - Gross proceeds from sale of assets - - Lump sum contributions 100 91 Other dedicated capital funding - - Total sources of capital funding (C) 4,802 5,951 Application of capital funding - - Capital expenditure - - • to meet additional demand - - • to replace existing assets 10,113 9,983 Increase (decrease) in reserves (6,296) (4,246) Increase (decrease) of investments - - Total applications of capital funding (D) 5,767 6,805	5,081	10,029	11,745
Gross proceeds from sale of assetsLump sum contributions10091Other dedicated capital fundingTotal sources of capital funding (C)4,8025,951Application of capital fundingCapital expenditure• to meet additional demand• to replace existing assets10,1139,983Increase (decrease) in reserves(6,296)(4,246)Increase (decrease) of investmentsTotal applications of capital funding (D)5,7676,805	-	-	-
Lump sum contributions10091Other dedicated capital fundingTotal sources of capital funding (C)4,8025,951Application of capital fundingCapital expenditure• to meet additional demand• to improve the level of service1,9501,068• to replace existing assets10,1139,983Increase (decrease) in reserves(6,296)(4,246)Increase (decrease) of investmentsTotal applications of capital funding (D)5,7676,805	963	1,880	2,898
Other dedicated capital funding - - Total sources of capital funding (C) 4,802 5,951 Application of capital funding - - Capital expenditure - - • to meet additional demand - - • to improve the level of service 1,950 1,068 • to replace existing assets 10,113 9,983 Increase (decrease) in reserves (6,296) (4,246) Increase (decrease) of investments - - Total applications of capital funding (D) 5,767 6,805	-	31	1,157
Total sources of capital funding (C)4,8025,951Application of capital fundingCapital expenditure• to meet additional demand• to improve the level of service1,9501,068• to replace existing assets10,1139,983Increase (decrease) in reserves(6,296)(4,246)Increase (decrease) of investmentsTotal applications of capital funding (D)5,7676,805	100	-	-
Application of capital funding Capital expenditure • to meet additional demand - • to improve the level of service 1,950 • to replace existing assets 10,113 9,983 Increase (decrease) in reserves (6,296) (4,246) Increase (decrease) of investments - - Total applications of capital funding (D) 5,767 6,805	155	-	-
Capital expenditure - - • to meet additional demand - - • to improve the level of service 1,950 1,068 • to replace existing assets 10,113 9,983 Increase (decrease) in reserves (6,296) (4,246) Increase (decrease) of investments - - Total applications of capital funding (D) 5,767 6,805	6,299	11,939	15,800
• to meet additional demand - - • to improve the level of service 1,950 1,068 • to replace existing assets 10,113 9,983 Increase (decrease) in reserves (6,296) (4,246) Increase (decrease) of investments - - Total applications of capital funding (D) 5,767 6,805			
• to improve the level of service1,9501,068• to replace existing assets10,1139,983Increase (decrease) in reserves(6,296)(4,246)Increase (decrease) of investmentsTotal applications of capital funding (D)5,7676,805			
• to replace existing assets 10,113 9,983 Increase (decrease) in reserves (6,296) (4,246) Increase (decrease) of investments - - Total applications of capital funding (D) 5,767 6,805	-	-	-
Increase (decrease) in reserves (6,296) (4,246) Increase (decrease) of investments Total applications of capital funding (D) 5,767 6,805	1,225	9,776	7,103
Increase (decrease) of investments Total applications of capital funding (D) 5,767 6,805	8,884	6,639	9,347
Total applications of capital funding (D) 5,767 6,805	(2,148)	(4,678)	(3,131)
	-	-	-
Surplus (deficit) of capital funding (C-D) (965) (854)	7,961	11,737	13,319
	(1,662)	202	2,481
Funding balance ((A-B) + (C-D))	-	-	-

FUNDING IMPACT STATEMENT FOR 1 JULY 2019 - 30 JUNE 2020 WATER SUPPLY

Sources of operating funding General rates, uniform annual general charges, rates penalties Targeted rates (other than a targeted rate for water supply) Subsidies and grants for operating purposes Fees and charges 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) Applications of operating funding Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications Total applications of operating funding (B) Surplus (deficit) of operating funding (A - B) Sources of capital funding	159 1,362 - 801 - - 65 - 2,386 1,502	159 1,203 - 317 - - - - - - 1,678	- 1,614 - 828 - - 65 -	- 1,289 - 309 427 65	- 1,289 - 307 535
Targeted rates (other than a targeted rate for water supply) Subsidies and grants for operating purposes Fees and charges 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) Applications of operating funding Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications Total applications of operating funding (B) Surplus (deficit) of operating funding (A - B)	1,362 - 801 - - 65 - 2,386	1,203 - 317 - - - -	- 828 - -	- 309 427	- 307
Subsidies and grants for operating purposes Fees and charges 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) Applications of operating funding Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications Total applications of operating funding (B) Surplus (deficit) of operating funding (A - B)	- 801 - - 65 - 2,386		- 828 - -	- 309 427	- 307
Fees and charges 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) Applications of operating funding Payments to staff and suppliers Finance costs Internal interest charged Other operating funding applications Total applications of operating funding (B)	- - 65 - 2,386	- - -	-	427	
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) Applications of operating funding Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications Total applications of operating funding (B) Surplus (deficit) of operating funding (A - B)	- - 65 - 2,386	- - -	-	427	
Internal interest income Interest and dividends from investments Local authorities fuel tax, fines, infringement fees, and other receipts Total operating funding (A) Applications of operating funding Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications Total applications of operating funding (B) Surplus (deficit) of operating funding (A - B)	- 2,386	- - - 1,678	- - 65 -		535
Interest and dividends from investments Local authorities fuel tax, fines, infringement fees, and other receipts Total operating funding (A) Applications of operating funding Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications Total applications of operating funding (B) Surplus (deficit) of operating funding (A - B)	- 2,386	- - - 1,678	- 65 -	65 -	
Local authorities fuel tax, fines, infringement fees, and other receipts Total operating funding (A) Applications of operating funding Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications Total applications of operating funding (B) Surplus (deficit) of operating funding (A - B)	- 2,386	- - 1,678	65 -	-	-
Total operating funding (A) Applications of operating funding Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications Total applications of operating funding (B) Surplus (deficit) of operating funding (A - B)		- 1,678	-		-
Applications of operating funding Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications Total applications of operating funding (B) Surplus (deficit) of operating funding (A - B)		1,678		-	-
Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications Total applications of operating funding (B) Surplus (deficit) of operating funding (A - B)	1,502		2,507	2,090	2,131
Payments to staff and suppliers Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications Total applications of operating funding (B) Surplus (deficit) of operating funding (A - B)	1,502				
Finance costs Internal charges and overheads applied Internal interest charged Other operating funding applications Total applications of operating funding (B) Surplus (deficit) of operating funding (A - B)		1,131	1,557	1,039	1,315
Internal interest charged Other operating funding applications Total applications of operating funding (B) Surplus (deficit) of operating funding (A - B)	1	95	2	-	-
Other operating funding applications Total applications of operating funding (B) Surplus (deficit) of operating funding (A - B)	349	373	356	833	892
Other operating funding applications Total applications of operating funding (B) Surplus (deficit) of operating funding (A - B)	-	-	-	-	99
Total applications of operating funding (B) Surplus (deficit) of operating funding (A - B)	-	-	-	-	-
	1,852	1,599	1,915	1,872	2,306
Sources of capital funding	534	79	592	219	(175)
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	269	-	(8)	3	169
Gross proceeds from sale of assets	-	-		9	17
Lump sum contributions	-	_	_	-	
Other dedicated capital funding	_	_	_	_	_
Total sources of capital funding (C)	269	-	(8)	12	186
Application of capital funding					
Capital expenditure					
to meet additional demand	_				
to improve the level of service	- 315	- 75	- 11	- 97	- 50
	885	821	324	97 293	
to replace existing assets Increase (decrease) in reserves					(279)
	(398)	(817)	249	(159)	(278)
Increase (decrease) of investments	-	-	-	-	
Total applications of capital funding (D)	803	79	584	231	11
Surplus (deficit) of capital funding (C-D)	(524)	(79)	(592)	(219)	175
Funding balance ((A-B) + (C-D))	(534)				

FUNDING IMPACT STATEMENT FOR 1 JULY 2019 - 30 JUNE 2020 STORMWATER

	2018/19 LTP \$000	2018/19 Actual \$000	2019/20 LTP \$000	2019/20 AP \$000	2019/20 Actual \$000
Sources of operating funding			•		
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	394	394	428	415	415
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	23	-	-	2
Internal charges and overheads recovered	-	-	-	-	-
Internal interest income	-	-	-	39	-
Interest and dividends from investments	34	-	39	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	428	417	467	453	417
Applications of operating funding					
Payments to staff and suppliers	64	178	66	118	105
Finance costs	57	85	70	-	-
Internal charges and overheads applied	135	146	138	159	86
Internal interest charged	-	-	-	55	141
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	256	409	274	331	332
Surplus (deficit) of operating funding (A - B)	172	8	193	122	85
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	275	-	225	231	(4)
Gross proceeds from sale of assets	-	-		-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	275	-	225	231	(4)
Application of capital funding				:	:
Capital expenditure			••••••••••••••••••••••••••••••••••••••	•	
to meet additional demand	-	-	-	-	-
to improve the level of service	275	12	231	386	81
to replace existing assets	110	8	262	108	58
Increase (decrease) in reserves	62	(12)	(75)	(140)	(58)
Increase (decrease) of investments	=	-	-	-	-
Total applications of capital funding (D)	447	8	418	353	81
Surplus (deficit) of capital funding (C-D)	(172)	(8)	(193)	(122)	(85)
Funding balance ((A-B) + (C-D))	-	-	-	-	-

FUNDING IMPACT STATEMENT FOR 1 JULY 2019 - 30 JUNE 2020 WASTEWATER

	2018/19 LTP \$000	2018/19 Actual \$000	2019/20 LTP \$000	2019/20 AP \$000	2019/20 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	898	1,153	1,019	1,163	1,163
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	100	92	103	130	25
Internal charges and overheads recovered	-	-	-	1	-
Internal interest income	-	-	-	64	-
Interest and dividends from investments	80	-	64	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Total operating funding (A)	1,078	1,245	1,186	1,358	1,188
Applications of operating funding			*******		
Payments to staff and suppliers	600	1,093	617	815	3,630
Finance costs	61	256	72	-	-
Internal charges and overheads applied	266	282	271	307	86
Internal interest charged	-	=	-	54	268
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	927	1,631	960	1,177	3,984
Surplus (deficit) of operating funding (A - B)	151	(386)	226	181	(2,796)
Sources of capital funding			- - 		4
Subsidies and grants for capital expenditure	255	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	200	-	142	62	3,005
Gross proceeds from sale of assets	-	=	-	-	-
Lump sum contributions	100	91	100	-	-
Other dedicated capital funding	-	-	154	-	-
Total sources of capital funding (C)	555	91	396	62	3,005
Application of capital funding		*	-		
Capital expenditure		•			
to meet additional demand	-	-	-	-	-
to improve the level of service	140	198	164	-	217
to replace existing assets	1,705	1,209	737	798	222
Increase (decrease) in reserves	(1,140)	(1,703)	(279)	(556)	(230)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	706	(295)	622	243	209
Surplus (deficit) of capital funding (C-D)	(151)	386	(226)	(181)	2,796
Funding balance ((A-B) + (C-D))					

Item 8.12- Appendix 1

FUNDING IMPACT STATEMENT FOR 1 JULY 2019 - 30 JUNE 2020 WASTE MANAGEMENT

	2018/19 LTP \$000	2018/19 Actual \$000	2019/20 LTP \$000	2019/20 AP \$000	2019/20 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	837	837	852	984	984
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	485	502	495	641	635
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)	1,322	1,339	1,347	1,626	1,620
Applications of operating funding					
Payments to staff and suppliers	1,029	1,495	1,021	1,299	1,511
Finance costs	51	50	56	-	21
Internal charges and overheads applied	193	206	197	224	42
Internal interest charged	-	-		58	196
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	1,273	1,751	1,274	1,582	1,770
Surplus (deficit) of operating funding (A - B)	49	(412)	72	44	(150)
Sources of capital funding			-		
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-	-	-	570	462
Gross proceeds from sale of assets		-		-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	570	462
Application of capital funding				•	
Capital expenditure				•	
to meet additional demand	-	-	-	-	-
to improve the level of service	150	133	77	570	312
to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	(101)	(545)	(5)	44	-
Increase (decrease) of investments	-	=	-	-	-
Total applications of capital funding (D)	49	(412)	72	614	312
Surplus (deficit) of capital funding (C-D)	(49)	412	(72)	(44)	150
Funding balance ((A-B) + (C-D))	-	-	-	-	-

FUNDING IMPACT STATEMENT FOR 1 JULY 2019 - 30 JUNE 2020 TRANSPORT

	2018/19 LTP \$000	2018/19 Actual \$000	2019/20 LTP \$000	2019/20 AP \$000	2019/20 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	-	103	-	62	62
Targeted rates (other than a targeted rate for water supply)	3,185	3,082	3,207	3,449	3,449
Subsidies and grants for operating purposes	4,805	7,791	5,170	6,744	6,497
Fees and charges	40	341	41	49	54
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)	8,030	11,317	8,418	10,305	10,062
Applications of operating funding					
Payments to staff and suppliers	5,964	9,192	6,338	8,747	8,254
Finance costs	4	15	8	-	-
Internal charges and overheads applied	1,426	1,503	1,455	1,635	15
Internal interest charged	-	-	-	3	1,410
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	7,394	10,710	7,801	10,385	9,679
Surplus (deficit) of operating funding (A - B)	636	607	617	(80)	383
Sources of capital funding			- - - 		4
Subsidies and grants for capital expenditure	4,702	5,859	5,081	10,029	11,694
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt		-	-	426	(334)
Gross proceeds from sale of assets		=	-	8	7
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	4,702	5,859	5,081	10,463	11,367
Application of capital funding		•			
Capital expenditure					
to meet additional demand	-	-	-	-	-
to improve the level of service	802	102	603	7,882	5,247
to replace existing assets	6,239	7,714	6,862	4,893	8,456
Increase (decrease) in reserves	(1,703)	(1,350)	(1,767)	(2,393)	(1,953)
Increase (decrease) of investments					-
Total applications of capital funding (D)	5,337	6,466	5,698	10,383	11,750
Surplus (deficit) of capital funding (C-D)	(636)	(607)	(617)	80	(383)
Funding balance ((A-B) + (C-D))				-	

FUNDING IMPACT STATEMENT FOR 1 JULY 2019 - 30 JUNE 2020 COMMUNITY FACILITIES

	2018/19 LTP \$000	2018/19 Actual \$000	2019/20 LTP \$000	2019/20 AP \$000	2019/20 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	1,117	738	-	767	767
Targeted rates (other than a targeted rate for water supply)	935	1,391	2,178	1,452	1,452
Subsidies and grants for operating purposes	60	85	-	60	29
Fees and charges	65	70	61	48	66
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)	2,177	2,284	2,239	2,327	2,314
Applications of operating funding				*	
Payments to staff and suppliers	1,722	1,833	1,752	1,737	1,837
Finance costs	26	119	30	-	-
Internal charges and overheads applied	253	275	259	299	134
Internal interest charged	-	-		23	268
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	2,002	2,227	2,041	2,060	2,239
Surplus (deficit) of operating funding (A - B)	175	57	198	267	75
Sources of capital funding			-		
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	195	-	61	127	43
Gross proceeds from sale of assets		-		-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	195	-	61	127	43
Application of capital funding				•	
Capital expenditure				•	
to meet additional demand	-	-	-	-	-
to improve the level of service	251	395	73	121	153
to replace existing assets	225	66	133	230	58
Increase (decrease) in reserves	(106)	(404)	54	44	(93)
Increase (decrease) of investments	•	-	-	-	-
Total applications of capital funding (D)	370	57	260	395	118
Surplus (deficit) of capital funding (C-D)	(175)	(57)	(198)	(267)	(75)
Funding balance ((A-B) + (C-D))	-	-	-	-	-

FUNDING IMPACT STATEMENT FOR 1 JULY 2019 - 30 JUNE 2020 PLANNING & REGULATORY

	2018/19 LTP \$000	2018/19 Actual \$000	2019/20 LTP \$000	2019/20 AP \$000	2019/20 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	114	26	1,334	112	112
Targeted rates (other than a targeted rate for water supply)	1,107	1,107	=	1,084	1,084
Subsidies and grants for operating purposes	-	-	-	-	12
Fees and charges	442	612	430	452	589
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)	1,643	1,745	1,764	1,648	1,797
Applications of operating funding		:	: #	<u>.</u>	
Payments to staff and suppliers	1,677	1,004	1,612	1,560	1,532
Finance costs	22	23	23	18	22
Internal charges and overheads applied	383	447	391	336	10
Internal interest charged	-	=		5	369
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	2,082	1,474	2,027	1,919	1,933
Surplus (deficit) of operating funding (A - B)	(440)	271	(263)	(271)	(136)
Sources of capital funding			A		
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	6	-	-	17	91
Gross proceeds from sale of assets	-	-	-	9	45
Lump sum contributions	-	-		-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	6	-	-	26	136
Application of capital funding					
Capital expenditure		• • • • • • • • • • • • • • • • • • •			
to meet additional demand	-	-	-	-	-
to improve the level of service	141	21	17	62	73
to replace existing assets	85	77	-	-	38
Increase (decrease) in reserves	(660)	173	(280)	(307)	(111)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	(434)	271	(263)	(245)	-
Surplus (deficit) of capital funding (C-D)	440	(271)	263	271	136
Funding balance ((A-B) + (C-D))	-	-	-	-	

FUNDING IMPACT STATEMENT FOR 1 JULY 2019 - 30 JUNE 2020 LEADERSHIP & GOVERNANCE

	2018/19 LTP \$000	2018/19 Actual \$000	2019/20 LTP \$000	2019/20 AP \$000	2019/20 Actual \$000
Sources of operating funding				-	
General rates, uniform annual general charges, rates penalties	2,017	2,176	2,634	2,705	2,705
Targeted rates (other than a targeted rate for water supply)	539	539	-	655	655
Subsidies and grants for operating purposes	-	379	-	-	170
Fees and charges	35	197	62	312	219
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)	2,591	3,290	2,696	3,672	3,749
Applications of operating funding		:		1	
Payments to staff and suppliers	1,308	1,789	1,380	1,817	1,849
Finance costs	6	38	6	1	-
Internal charges and overheads applied	1,271	1,487	1,301	1,630	1,547
Internal interest charged	-	-	-	3	12
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	2,585	3,314	2,687	3,450	3,408
Surplus (deficit) of operating funding (A - B)	6	(23)	9	222	341
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	51
Development and financial contributions	-	-		-	-
Increase (decrease) in debt	-	-	-	6	201
Gross proceeds from sale of assets	-	=		=	26
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	6	278
Application of capital funding				•	
Capital expenditure					
to meet additional demand	-	-	-	-	-
to improve the level of service	-	6	8	11	629
to replace existing assets	-	5	-	11	36
Increase (decrease) in reserves	6	(34)	1	207	(46)
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	6	(23)	9	228	619
Surplus (deficit) of capital funding (C-D)	(6)	23	(9)	(222)	(341)
Funding balance ((A-B) + (C-D))	-	-	-	-	

FUNDING IMPACT STATEMENT FOR 1 JULY 2019 - 30 JUNE 2020 CORPORATE FUNCTIONS

	2018/19 LTP \$000	2018/19 Actual \$000	2019/20 LTP \$000	2019/20 AP \$000	2019/20 Actual \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	188	208	8,503	(56)	(56)
Targeted rates (other than a targeted rate for water supply)	(429)	(599)	(9,298)	(1,469)	(866)
Subsidies and grants for operating purposes	-	-	61	-	
Fees and charges	101	122	753	117	168
Internal charges and overheads recovered	4,585	4,811	4,520	5,119	4,675
Internal interest income	-	-	-	265	511
Interest and dividends from investments	695	610	502	570	750
Local authorities fuel tax, fines, infringement fees, and other receipts	85	283	88	87	75
Total operating funding (A)	5,226	5,436	5,129	4,634	5,257
Applications of operating funding			: #		
Payments to staff and suppliers	4,489	5,117	4,607	5,059	4,786
Finance costs	479	(334)	504	126	432
Internal charges and overheads applied	-	-	-	122	26
Internal interest charged	-	=	=	233	120
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	4,968	4,784	5,111	5,540	5,364
Surplus (deficit) of operating funding (A - B)	257	652	18	(906)	(107)
Sources of capital funding					4
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	120	-	543	437	(736)
Gross proceeds from sale of assets	-	-		5	1,062
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	120	-	543	442	326
Application of capital funding					
Capital expenditure		• • • • • • • • • • • • • • • • • • •			
to meet additional demand	-	-		-	-
to improve the level of service	337	125	41	647	340
to replace existing assets	413	82	566	306	240
Increase (decrease) in reserves	(373)	445	(46)	(1,417)	(361)
Increase (decrease) of investments	-	-		-	-
Total applications of capital funding (D)	377	652	561	(464)	219
Surplus (deficit) of capital funding (C-D)	(257)	(652)	(18)	906	107
Funding balance ((A-B) + (C-D))	-	: <u> </u>	-	-	-

CAPITAL EXPENDITURE BY ACTIVITY

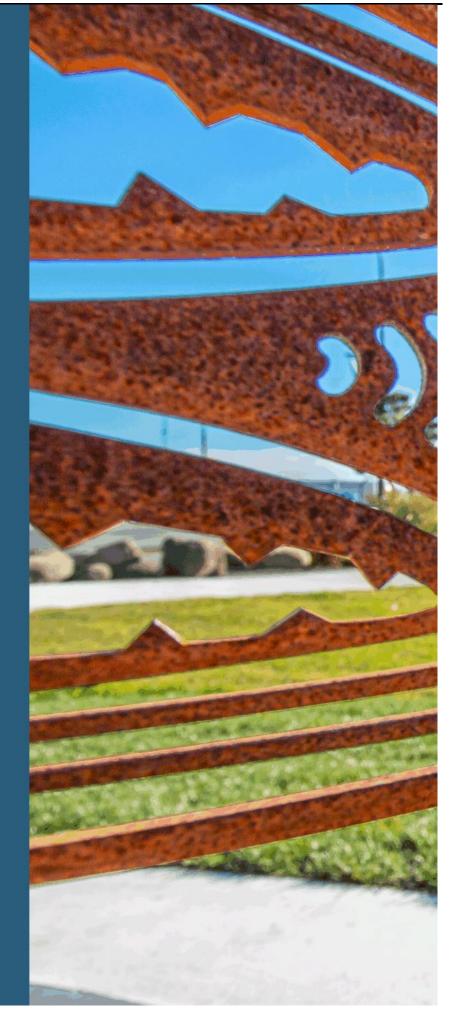
	2018/19 LTP \$000	2018/19 Actual \$000	2019/20 LTP \$000	2019/20 AP \$000	2019/20 Actual \$000
Water Supply					
Capital expenditure					
to meet additional demand	-	-	-	-	-
to improve the level of service	315	75	11	97	50
 to replace existing assets 	885	821	324	293	239
Total water supply	1,200	896	335	390	289
Stormwater					
Capital expenditure					
to meet additional demand	-	-	-	-	-
to improve the level of service	275	12	231	386	81
 to replace existing assets 	110	8	262	108	58
Total stormwater	385	20	493	494	139
Wastewater					
Capital expenditure					
to meet additional demand	-	-	-	-	-
to improve the level of service	140	198	164	-	217
to replace existing assets	1,705	1,209	737	798	222
Total wastewater	1,845	1,407	901	798	439
Waste management					
Capital expenditure					
to meet additional demand	-	-	-	-	-
to improve the level of service	150	133	77	570	312
 to replace existing assets 	-	-	-	-	-
Total waste management	150	133	77	570	312
Transport					
Capital expenditure					
to meet additional demand	_	_		_	
to improve the level of service	802	102	603	7,882	5,248
to replace existing assets	6,239	7,714	6,862	4,893	8,456
Total transport	7,041	7,816	7,465	12,775	13,704
Community facilities					
Community facilities Capital expenditure					
to meet additional demand					
to meet additional demand to improve the level of service	-	-	- 73		153
	251 225	395 66	13	121 230	153 58
 to replace existing assets 	223	. 00	T22	230	56

Item 8.12- Appendix 1

	2018/19 LTP \$000	2018/19 Actual \$000	2019/20 LTP \$000	2019/20 AP \$000	2019/20 Actual \$000
Planning and regulatory					
Capital expenditure				•	
 to meet additional demand 	-	-	-	-	-
 to improve the level of service 	141	21	17	62	73
 to replace existing assets 	85	77	-	-	38
Total planning and regulatory	226	98	17	62 111	
Leadership and Governance					
Capital expenditure					
 to meet additional demand 	-	-	-	-	-
 to improve the level of service 	-	6	8	11	629
 to replace existing assets 	-	5	-	11	36
Total leadership and governance	-	11	8	22	665
Corporate Functions					
Capital expenditure					
 to meet additional demand 	-	-		-	-
 to improve the level of service 	337	125		647	340
 to replace existing assets 	413	82		306	240
Total corporate functions	750	207	-	953	580

115

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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:





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

8.13 INFRASTRUCTURE COMMITTEE TERMS OF REFERENCE

- Author: Courtney Hayward, Kaiurungi Matua Kaupapa Here me te Mana Arahi Senior Policy & Governance Advisor
- Authoriser: Kitea Tipuna, Tumu Whakarae Taupua Interim Chief Executive Officer

Appendices: 1. Infrastructure Committee Terms of Reference 😃

1. PURPOSE

1.1 This report seeks to update the frequency of the Infrastructure Committee from occurring every 12 weeks, to occurring every 6 weeks.

RECOMMENDATION

The Kaiurungi Matua Kaupapa Here me te Mana Arahi Senior Policy & Governance Advisor RECOMMENDS that Council approve the proposed changes to the Infrastructure Committee Terms of Reference

2. BACKGROUND

- 2.1 The Infrastructure Committee provides strategic direction on Council's infrastructure, and related works.
- 2.2 The current Three Waters environment requires Infrastructure Committee guidance more frequently than every 12 weeks. A 6 weekly frequency has been suggested to ensure more regular updates.

3. OPTIONS

- 3.1 The options identified are:
 - a. Status quo: keep the frequency of meeting 12 weekly
 - b. Update Infrastructure Committee ToR to reflect 6 weekly meetings.
- 3.2 Option (b) gives the Infrastructure Committee greater oversight of infrastructure activities but does take up more time of Committee members due to the increased frequency
- 3.3 The preferred option is option (b), this contributes to the following community outcomes

Economic wellbeing	Social and Cultural Wellbeing	Environmental Wellbeing
1. A strong prosperous and thriving economy	3. A community that values and promotes its culture and	
2. A safe and integrated infrastructure	heritage 4. Safe and accessible recreational facilities	8. A lifetime of good health, education and well-being9. An environment that is
	 Supportive, caring and valued communities Strong district leadership 	appreciated, protected and sustained for future generations

and a sense of belonging	

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Signatories

Maynavel	KSZUNO
Author	Approved by
Courtney Hayward	Kitea Tipuna

NGA PAEARU MAHI/TERMS OF REFERENCE: INFRASTRUCTURE COMMITTEE



NGA MEMATANGA/MEMBERSHIP

His Worship the Mayor, 3 councillors, 1 independent member

TE KORAMA/QUORUM

3 committee members

NGA WA HUI/MEETING FREQUENCY

Every 126 weeks and as required

TE KAUPAPA/PURPOSE

To provide strategic direction on Council's ageing infrastructure, and the infrastructure climate change mitigation and adaptation programme of works.

To monitor, understand and mitigate risks.

To provide strategic direction on Council's procurement framework and related documentation and to finalise procurement for contracts over \$100,000

NGA KAWENGA/RESPONSIBILITIES

- Ensure that the work of the Committee is carried out in a way that enhances the social, economic, cultural, and environmental wellbeing of the Wairoa district
- To provide strategic direction on Council's procurement framework and related documentation in order to ensure that contracts are procured to meet the current and future needs of communities in the Wairoa district
- To make a decision on procurement for contracts over \$100,000.
- Monitor the implementation of the Council's Asset Management Plans
- To provide direction on strategic priorities and resourcing on Council's infrastructure climate change mitigation and adaptation programme of works for the current and future needs of communities in the Wairoa district
- To provide direction on strategic priorities and resourcing on Council's ageing infrastructure programme of works for the current and future needs of communities in the Wairoa district

NGA TUKU MANA/DELEGATIONS

All powers necessary to perform the Committee's responsibilities except:

- a. Powers that Council cannot lawfully delegate under the Local Government Act 2002.
- b. Where the Committee's responsibility is limited to making a recommendation only.
- c. Approval of expenditure not contained within approved budgets.
- d. The approval of final policy.
- e. Deciding significant matters for which there is high public interest and which are controversial
- f. The commissioning of reports on new policy where that policy programme of work has not been approved by the Council
- g. Establishing subcommittees
- h. Delegating the Committee's responsibilities, duties or powers

NGA TUKANGA/PROCEDURES

- Minutes are submitted to Council for receipt
- There will be an appropriate induction for new members of the Committee