



Annual Report

For the year ended

30 June 2009

www.waitaki.govt.nz

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Mayor and Chief Executive's Report

Mayor and Chief Executive's Report

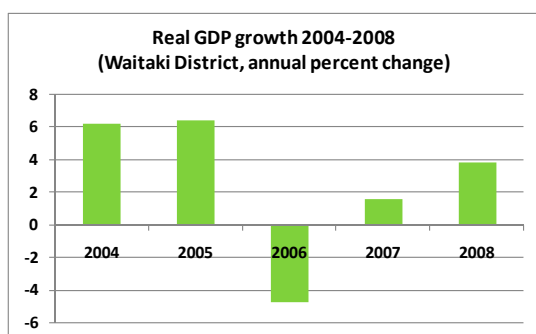
We are pleased to present the Waitaki District Council (WDC) Annual Report for the financial year 2008/09.

Council owns and operates \$667 million of infrastructure, community and property facilities. The full Annual Report informs ratepayers, residents and stakeholders how Council managed these assets and what we achieved over the past financial year. The report includes information on services delivered compared to targets, actual versus budgeted Council expenditure and annual changes in key indicators.

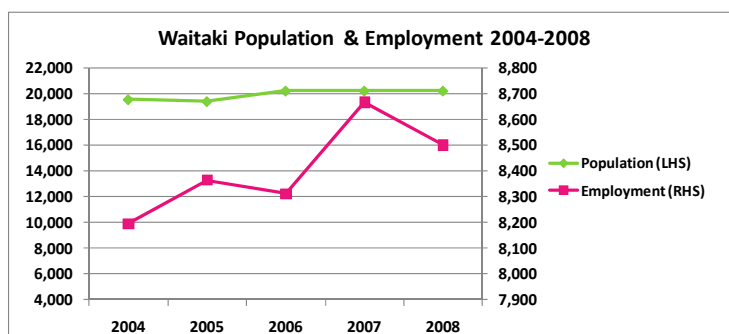
The Economy and Waitaki People

Our report covers the period when the global financial crisis hurt economies throughout the world. New Zealand GDP contracted by 1.8 per cent in 2008/09. Unemployment increased to 6.0 per cent.

Graph 1: Real GDP Growth 2004-2008



Graph 2: Waitaki People 2004 – 2008



Waitaki has weathered the economic storm reasonably well. Graph 1 shows that the Waitaki economy more than doubled its GDP growth rate to 3.8 per cent in 2008. Expansion of gold mining at Macraes and more dairy conversions were the main contributors to growth.

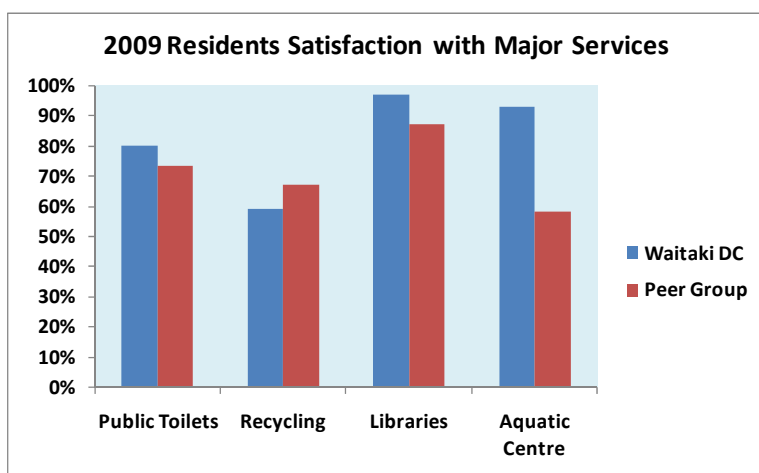
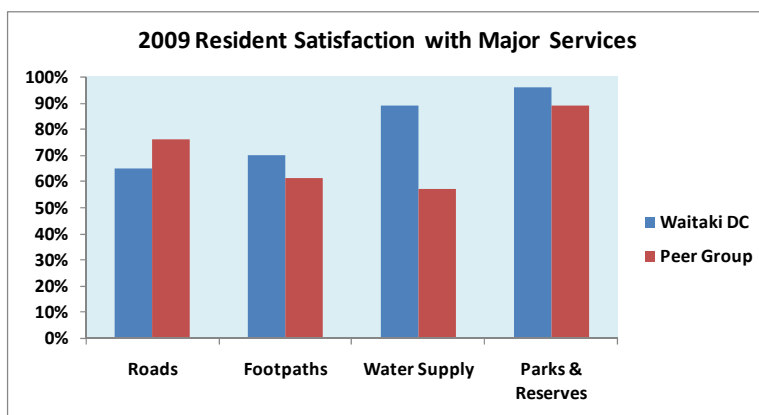
But lack of population growth continues to constrain our longer term prospects. Our large infrastructure costs – particularly roading and water supply – are spread over too few people. Graph 2 shows that the district's population has 'plateaued' at just over 20,000 people since 2006. While full time employment fell to 8,500 people in 2008, employment is higher than in three of the last four years.

How is Council performing in the eyes of the community?

Waitaki residents report high levels of satisfaction with Council services and operations. The Pulse survey in July 2009 showed that six Council units - Forrester Gallery, Library, Parks & Reserves, Community Safety, Aquatic Centre and North Otago Museum - scored user satisfaction over 90 per cent. Overall 12 of 15 Council business units showed higher residents' satisfaction than other comparable councils in New Zealand.

Mayor and Chief Executive's Report

Graph 3: Waitaki Resident Satisfaction with WDC Major Services



The Bottom Line : Financial Performance

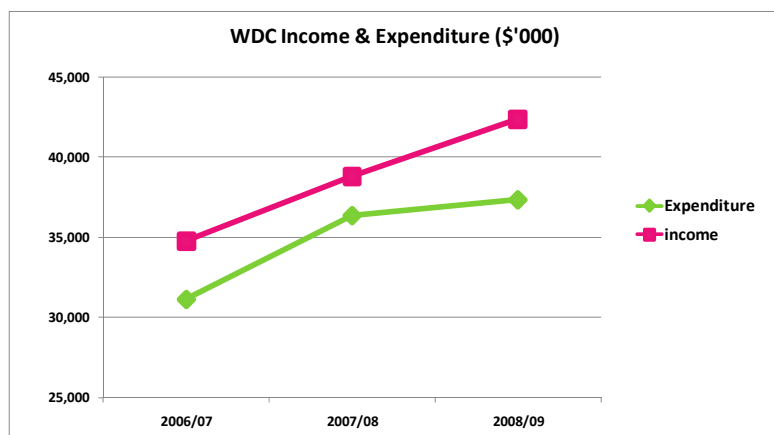
Is Council 'balancing its books' or is it spending more than it earns? Council is charting a prudent financial course.

Graph 4 shows total income and total expenditure for the last three years. Council's financial stance is conservative : income is higher than expenditure. The operating surplus is used to pay for new assets and to repay debt.

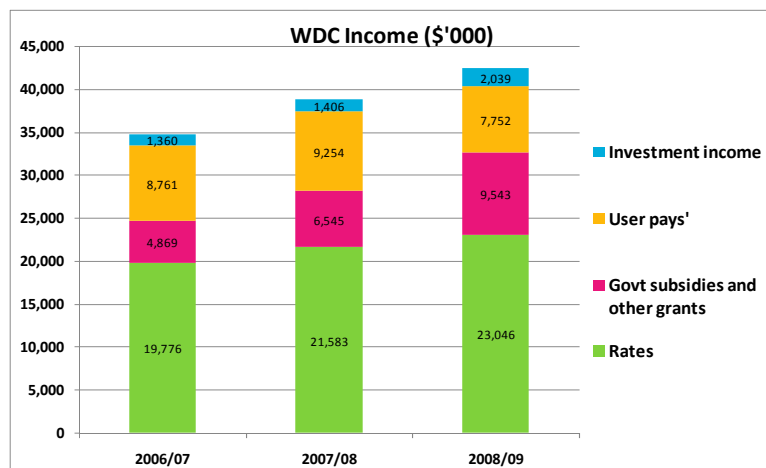
Rates are the largest but not the only source of income. 'User pays' fees and charges contribute towards the cost of running some facilities and activities. Subsidies from the central government are especially important to roading where NZTA monies essentially double funds available for roads.

Mayor and Chief Executive's Report

Graph 4: WDC Income & Expenditure (\$'000)



Graph 5: WDC Income (\$'000)



Graph 5 shows the breakdown of WDC income for the last three years. Rates income increased by 6.8 per cent to \$23.0 million in 2008/09. 'User pays' charges fell to \$7.8 million in 2008/09 compared with \$9.3 million in the previous year. The economic recession caused sharp falls in applications for building consents. Development contributions and Resource Management Act (RMA) contributions paid to Council fell accordingly.

Note that some other councils in New Zealand are spending considerably more than they earn. Latest figures from Statistics New Zealand show an 'operating deficit' among local authorities of \$239 million in 2008/09 compared with a surplus of \$124 million two years ago.

Our Balance Sheet

Council's total assets reached \$676 million by end June 2009, compared with \$620 million a year earlier. More than \$649 million of assets are property, plant and equipment. Roads alone are valued at over \$400 million. Total liabilities fell to \$8.1 million by end June 2009 from \$9.8 million a year earlier. So net assets or 'total public equity' increased to \$666 million by end June 2009, compared with \$610 million a year earlier. Council's balance sheet is strong.

Mayor and Chief Executive's Report

Operational highlights for Council and community in 2008/09:

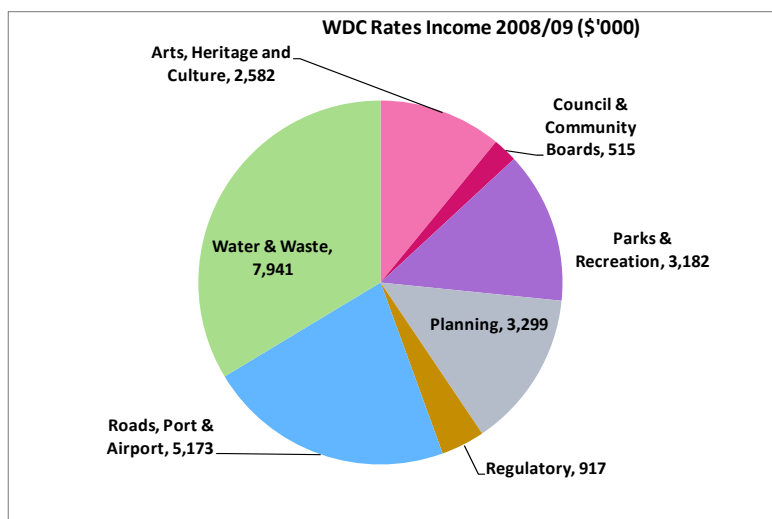
- Council re-opened the refurbished **Oamaru Opera House** with 10 days of celebrations from 22nd February 2009. Council attracted over \$6 million in grants from outside the District to transform the old Edwardian baroque building into a superb state of the art community treasure
- Council's \$12.7 million upgrade of the **Oamaru's Water Treatment Plant** and reticulation network has paid off handsomely with a spectacular lift in drinking water quality. Public Health South recently graded Oamaru water treatment and distribution quality with an 'Aa', the highest possible grade and a stark contrast to the 'Ee' rating in 2000 - the lowest possible
- **Total crime** in Waitaki dropped to 1,885 incidents in calendar 2008 compared with 2,314 incidents in 2007, a reduction of 19 per cent. The Waitaki Guardians worked closely with Oamaru police to deter crime in downtown Oamaru
- Council's **Planning Department** was second fastest in New Zealand for resource consent processing time in 2007/08. 99 per cent of consents were processed within the statutory requirements. The Planning Department has improved its New Zealand ranking sharply over the last four years from four years ago when it ranked 32nd
- **Forrester Gallery** Director Warwick Smith won the individual achievement award at Museums Aotearoa's annual excellence awards. The selection panel said it was delighted to recognise his work and to see the Waitaki District Council supporting the expansion of the Forrester Gallery

Where do my rates go?

Many ratepayers naturally want to know where Council spends the money collected from District ratepayers. Council operates essential services like roading, water, waste water, solid waste and emergency management, as well as community services for culture, recreation and sport.

Graph 6 shows WDC rates collection in 2008/09. Total rates collection in 2008/09 was \$23.0 million compared with \$21.6 million in 2007/08, an increase of 6.8 per cent. The largest proportion of rates went to water & waste (\$7.9 million) followed by roads, port and airport (\$5.2 million).

Graph 6: WDC Rates Income 2008/09

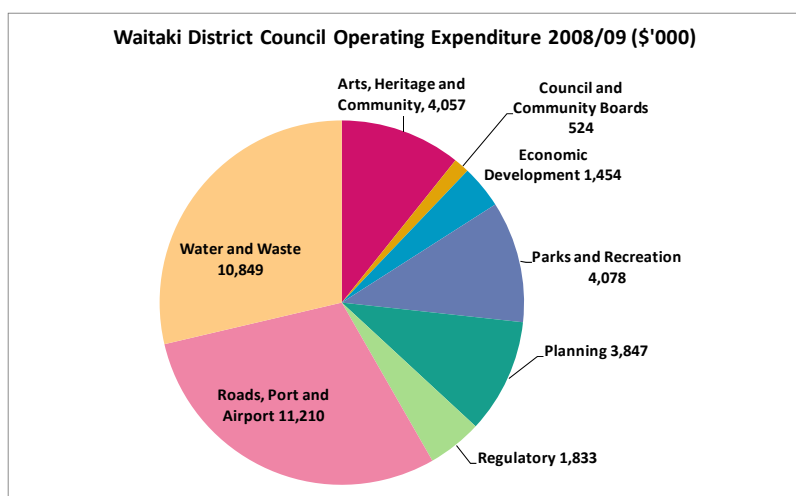


Council's operating expenditure was \$37.8 million in 2008/09 compared with \$36.4 million in 2007/08, an increase of 2.7 per cent. Graph 6 breaks down Council's operating expenditure by 'groups of activities'. The largest 'group' was roads, ports and airports at \$11.2 million in 2008/09, an increase of 4.9 per cent compared to the previous year. 'Water & Waste' was Council's second largest area of expenditure. Expenditure on water & waste was \$10.8 million in 2008/09, an decrease of 1.4 per cent. The largest increase in percentage terms

was expenditure on 'Arts, Heritage and Community' of \$4.1 million in 2008/09, an increase of 21.1 per cent on the previous year.

Mayor and Chief Executive's Report

Graph 7: WDC Operating Expenditure 2008/09 (\$'000)



Graph 7 shows that Council spent more on roads, port and airport than any other activity in 2008/09. Subsidies from the New Zealand Transport Authority (NZTA) of \$4.9 million accounted for about half of roading expenditure. These subsidies from central government are not generally available to cover operating expenses of other activities like culture, recreation and sport.

The dependence of roading on NZTA subsidy creates risk for Council. The district is vulnerable

to cuts in NZTA subsidy. Council is protesting cuts of \$3 million by NZTA over the next three years. We deal with this in detail in the section on 'roads and land transport'.

Roads and Land Transport Network

Waitaki District has one of the largest roading networks in New Zealand (over 1,800 kilometres). Nearly one third of Council's total budget is devoted to this area; most of this money is spent to maintain our current roading assets.

Only 35 per cent of rural roads are sealed. There is a long list of requests for unsealed roads to be upgraded. Not all of these requests can be actioned - the cost of sealing one kilometre of road is around \$150,000.



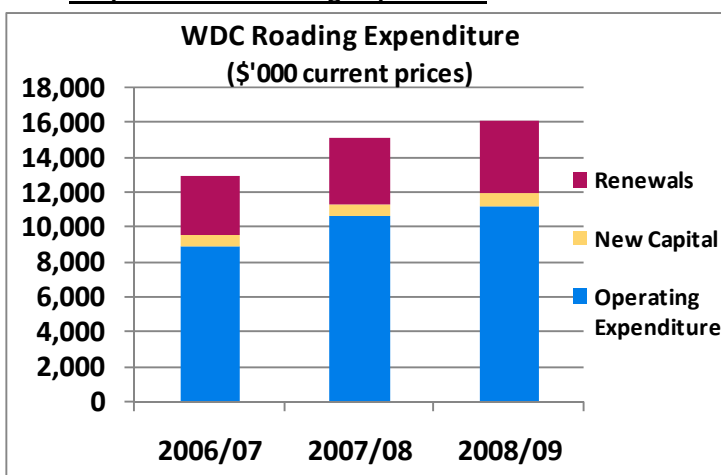
In 2008/09 Council resurfaced 50 km of roads and 12,587m² of footpaths. We worked with NZTA to relocate 'Trooper Jack' Boer War Monument as part of the SH1 improvements.

NZTA recently announced cuts to its subsidy programme to local councils. NZTA will cut \$3 million from funds to Waitaki over the next three years. Because Council leverages NZTA funding the full effect could be Up to \$4.8 million.

Mayor and Chief Executive's Report

We had planned to spend \$201 million on roading over the next ten years by 'leveraging' NZTA subsidies. Council is reassessing our long term expenditure plans in the light of the NZTA cuts.

Graph 8: WDC Roding Expenditure



Water, Wastewater and Stormwater

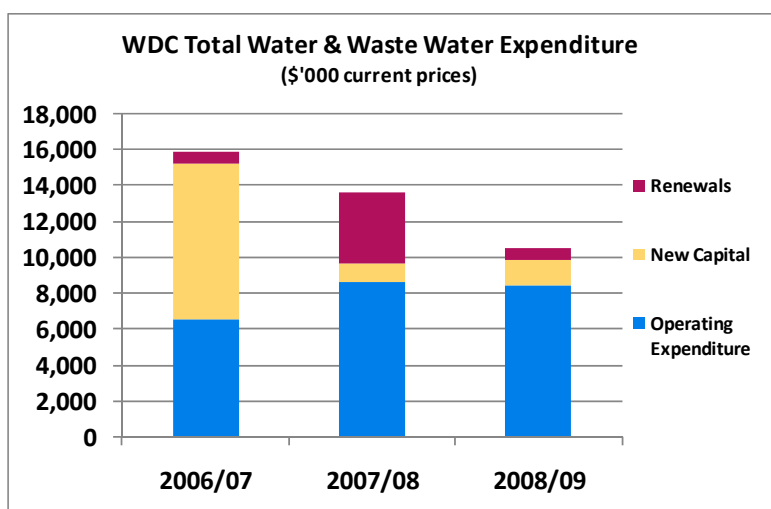


Council spent \$10.6 Million on water and waste water in 2008/09 compared with \$13.7 million in 2007/08. Total expenditure in both years was considerably lower than in 2006/07 when Council invested in the new Oamaru Water Treatment Plant.

Council's \$12.7 million upgrade of the **Oamaru's Water Treatment Plant** and reticulation network has paid off handsomely with a spectacular lift in drinking water quality. Public Health South recently graded Oamaru water treatment and distribution quality with an 'Aa', the highest

possible grade and a stark contrast to the 'Ee' rating in 2000 - the lowest possible. The grading is a major achievement for Oamaru and confirmation of the value of the investment.

Graph 9: WDC Water & Waste Water



The new National Government has decided to extend the timeframe for water schemes to comply with NZ Drinking Water Standards. Council intends to review the implications of this announcement during 2009/10 Council may need to amend the Waitaki Community Plan for 2010/11. There is still considerable resistance in the rural community to the compulsory upgrades given most of their water is for stock and irrigation.

Like roading, subsidies from the central government can make a significant difference to our activity levels. Council took a conservative stance in the Community Plan 2009-19 by not factoring in any subsidy.

Mayor and Chief Executive's Report

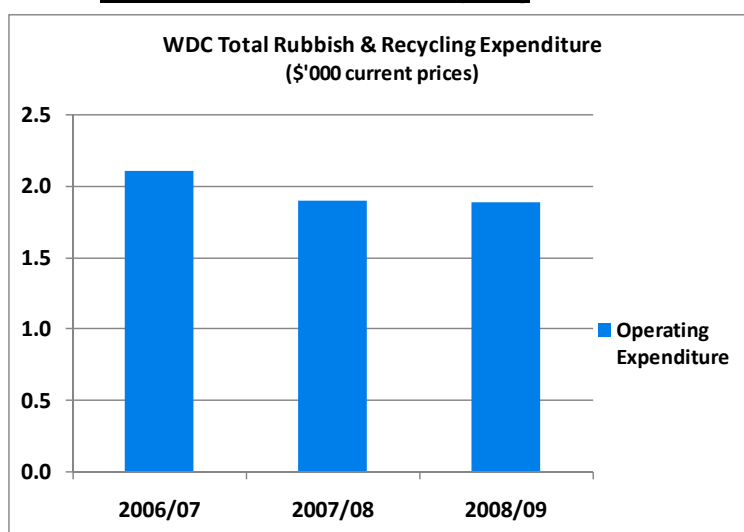
Solid Waste

Waste management looms large as a key issue for our district. Central government continues to tighten environmental regulations. The costs of compliance are rising. The Oamaru landfill on the South Hill is filling up rapidly. Current projections show there will be no more space left by 2013 or 2014. A new landfill that meets all the newer regulations on methane emissions, leachates, etc could cost up to \$20 million. So slowing the rate of landfill is critical both for environmental and financial reasons.

Council spent \$1.9 Million on rubbish & recycling in 2008/09 unchanged from 2007/08.

'Demand management' is becoming more important to our Waste Strategy. Council increased solid waste fees and charges in 2008/09 to cover higher operations cost and to use the 'price mechanism' to incentivize people and businesses to reduce the amount of waste they generate. This 'demand management' strategy is working. Higher charges reduced residual waste sent to the Oamaru landfill to 11,544 tonnes in 2008/09 compared with 12,917 tonnes in 2007/08, a reduction of 10.6 per cent.

Graph 10: WDC Rubbish & Recycling

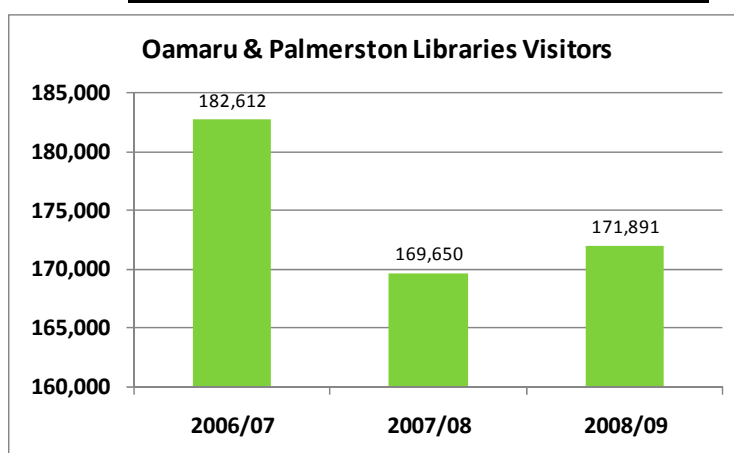


Council officers and Whitestone Contracting Ltd worked together to aggressively manage the amount of daily cover used at Oamaru Landfill. It looks like we can extend the life of Oamaru Landfill to 2014.

Waitaki District Libraries: The total number of visitors to Oamaru and Palmerston libraries was nearly 172,000 in 2008/09, an increase of 1.3 per cent on the previous year but below the 2006/07 result. The catalogue went on-line from July 1, 2009. Residents can now search the catalogue, place reserves and renew their books '24/7' from the convenience of their own home.

The Residents' Survey 2009 showed that 97 per cent of visitors were 'very or fairly satisfied' with library services compared with Council's target of 90 per cent and 94 per cent satisfied in 2008.

Graph 11: Oamaru & Palmerston Libraries Visitors



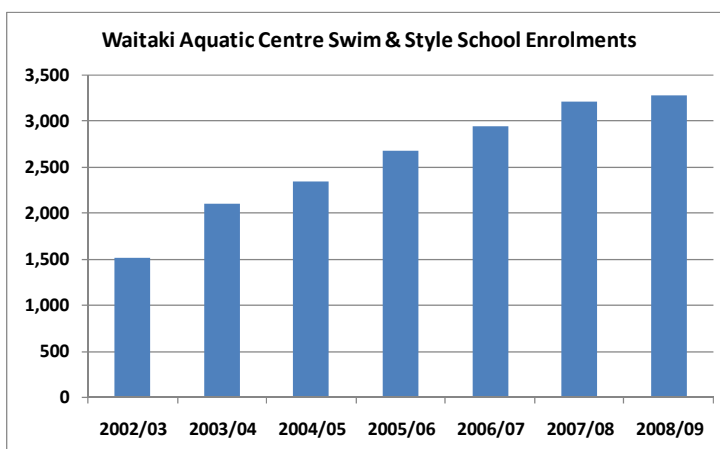
Mayor and Chief Executive's Report

Waitaki District's Community Facilities

Waitaki **Aquatic Centre** Swim School numbers increased yet again to a record 3,271 students in 2008/09. Total visitors to the Waitaki Aquatic Centre were 131,364. Income exceeded budget even with a four week closure for pool repairs. The extensive repairs cost \$1.5 million but will reduce operating costs by \$140,000 per year. Council

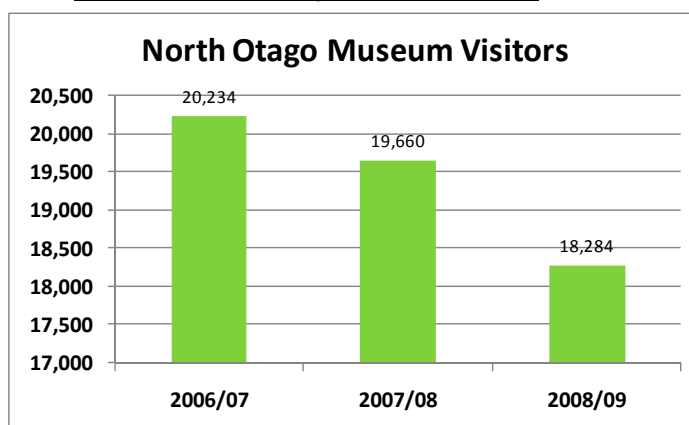
- upgraded to the ventilation, heating and filtration systems
- grouted the pools
- rebuilt the front entrance
- reinstated the public toilets
- installed new lights, acoustic paneling and a new ultra violet disinfectant system for the pools.

Graph 12: Waitaki Aquatic Centre Swim & Style School



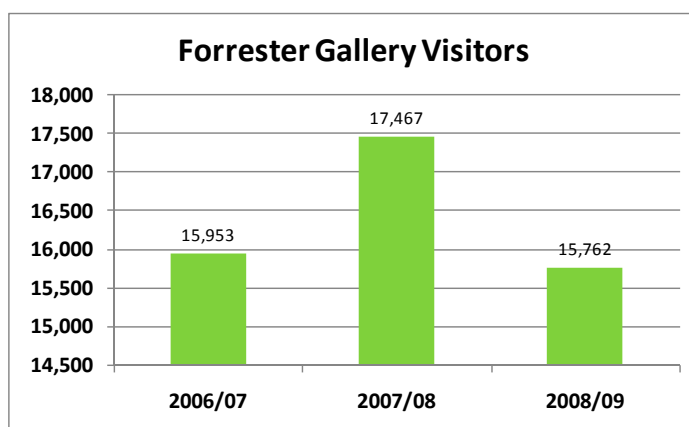
North Otago Museum hosted 18,284 visitors in the past year plus 3,014 people accessed the archives. Museum visitor numbers exceeded targets but fell to 18,284 in 2008/09, a drop of seven per cent on the previous year. The Residents' survey 2009 showed 92 per cent of visitors were 'very or fairly satisfied' with the Museum compared with 88 per cent in 2008. The Museum held a number of exhibitions throughout the year including 'Tea Total' and 'Potions'. Thirty-seven education groups visited comprising 965 students.

Graph 13: North Otago Museum Visitors



Forrester Gallery organized a range of quality exhibitions during the year. The exhibitions were well attended and insightful. Floor talk functions have been held during the year including the very successful Mary Horn 'Pilgrimage' exhibition. A total of 15,762 people visited the gallery in 2008/09 compared with the target of 13,000 and 17,467 visits in 2007/08. The 2009 Residents' Survey showed that 99 per cent of visitors were 'very or fairly satisfied' with the gallery.

Graph 14: Forrester Gallery Visitors



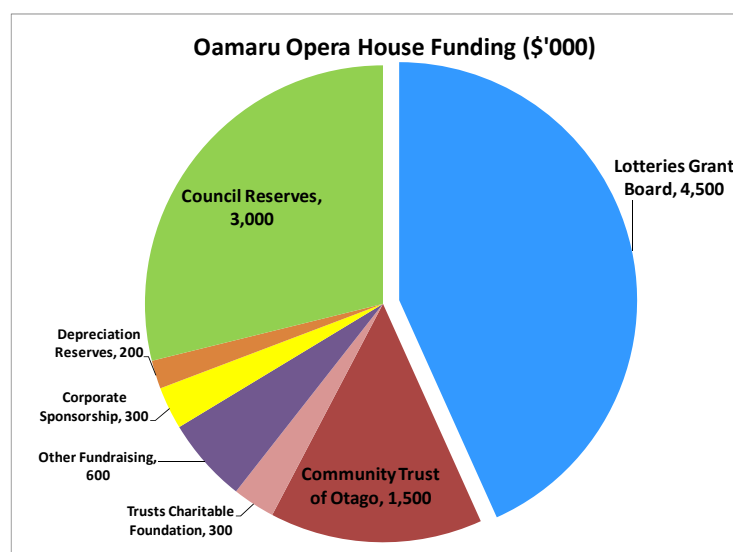
Mayor and Chief Executive's Report

Oamaru Opera House was officially re-opened with a Civic Reception on Sunday, 22 February 2009 followed by a ten day community festival.

Graph 15 shows that Council successfully attracted a large amount of external funding to restore the old Edwardian baroque building. Total funding from outside the district was over \$6 million.

Opera House advanced bookings have been taken up to 2013 and are fairly consistent with projections. Community groups now regularly meet in the Green Room of the Footlights Stage. The Grand Foyer is becoming a popular community gathering space.

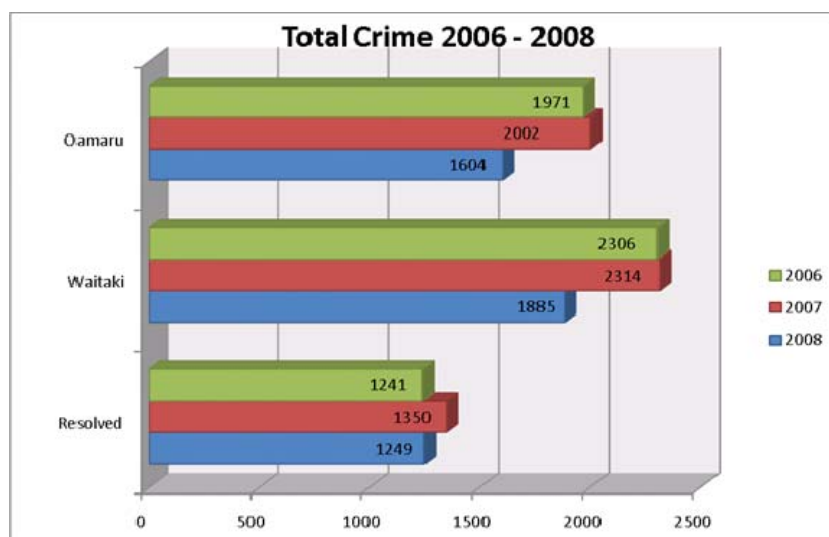
Graph 15: Oamaru Opera House Funding



The Vision for the Oamaru Opera House is a high quality venue for performing arts, functions and conference activities that enhance the commercial, community and cultural growth of the Waitaki District.

Community Safety

Graph 16: Waitaki Crime



Total crime in Waitaki dropped to 1,885 incidents in the 2008 calendar year compared with 2,314 incidents in 2007, a reduction of 19 per cent. Vandalism and intimidation 'vomiting, urinating and litter' were the top categories of crime.

The Waitaki Guardians- with support from Oamaru's Crime Prevention Unit -, has made encouraging progress towards deterring crime in downtown Oamaru. The Guardians have prevented and deterred crime and anti-social behaviour. These

volunteers provide directions, information and assist members of, and visitors to, our community

Waitaki Guardians completed 99 foot patrols, reported and dealt with 446 incidents and issues in 2008.

Alcohol-fuelled crime continues in Waitaki. Oamaru Police indicated that at least 80 per cent of crime in Oamaru involved alcohol. The Community Safety Team completed a high impact CD for the Recidivist Drink Drive Prevention project. Preliminary data from the District Court is encouraging. Council is currently reviewing the Liquor Ban Bylaw.

Mayor and Chief Executive's Report

Long Term Planning and Community Consultation

Assets like roads, bridges, water treatment and reticulation have long economic lives, some more than 50 years. Planning for the maintenance, operation, replacement and expansion of these 'lumpy' high value infrastructure assets is critical. Because long term planning is essential, the central government compels local councils to formulate a ten year LTCCP every three years. Council finalised its 2009-19 LTCCP mid 2009.

The LTCCP is based on asset management plans and operational plans like the 'Culture & Heritage Strategy', the 'Walking & Cycling Strategy' and other documents that set Council's longer term direction.

The Local Government Act (2002) requires council to engage with the community through public consultation, forums, 'roadshows' and inviting written and verbal submissions to the 'draft' LTCCP. Council consulted with key stakeholder groups including the Positive Ageing Forum and the Youth Forum. Council consulted with pupils from Fenwick, Oamaru Intermediate and St. Joseph's schools to facilitate a short film-making project with youth of the District.

The Community made a total of 410 written submissions to the LTCCP 2009-19.

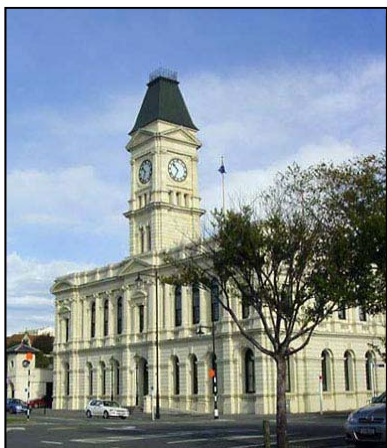
Councillors met on 26 May 2009 to consider all submissions made by members of the community. In response to the submissions, Council made 57 changes to the budgets, projects and policies proposed in the draft LTCCP.

Audit NZ provided an unqualified Audit opinion on the LTCCP. Council adopted the audited Plan on 30 June 2009.

Waitaki District Council was second-equal in New Zealand for consent processing timeframes in 2007/08. 99 per cent of consents were processed within the statutory timeframe. Five years ago Waitaki District Council ranked 32nd for New Zealand consent processing times.

Council received valuable contributions from local Maori. 2008/09 was the first year of implementation of the Memorandum of Understanding (MoU) between Council and Te Runanga o Moeraki (TROM). The MoU identifies the principles of the relationship between the Runanga and Council, and clarifies how the relationship will work.

Council Controlled Organisations (CCO's)



Council holds shares in four Council-Controlled Organisations (CCO's). Each year Council reconsiders its reason for ownership by reviewing each company's Statement of Intent. The four CCOs are particularly diverse in their functions and objectives.

We promote and support economic development and tourism via Waitaki Development Board Ltd., and provide a local hospital through our company – Waitaki District Health Services Ltd. We support one of the world's best gliding centres by owning a 50% share in Omarama Airfield Ltd. This facility brings revenue and people into the District. Whitestone Contracting Limited paid a dividend of \$1.4 million in 2008/09 which enabled Council to fund roading seal extensions, purchase of land for Waianakarua Road realignment, 2009/10 Heritage Celebrations and contribute towards

Sport Otago's 2009/10 annual grant. The remainder of the dividend was added to Council reserves.

Mayor and Chief Executive's Report

Council Controlled Organisations (2008/09 (\$'000))

	Operating Expenses	Total Revenue	Revenue from Council	Council Equity	Return on Equity (%)
Whitestone Contracting	20,729	21,497	9,466	9,952 (100%)	9.1
Waitaki District Health Services	11,152	11,929	-	13,798 (100%)	na
Waitaki Development Board	996	1,020	875	47 (100%)	na
Omarama Airfield	92	116	-	595 (50%)	2.0

The above table summarises the CCO operations in 2008/09. Council has nearly \$10 million equity in Whitestone Contracting and accounts for 44 per cent of Whitestone's revenue. Waitaki District Health Services perform important social functions through the Oamaru Hospital. Omarama Airfield generates all revenue commercially and earns a 2.0 per cent return on equity.

Council, Community Boards, Staff and Volunteers

We would like to take this opportunity to acknowledge and thank those Councillors, Community Board members and staff who contribute their vision, commitment and hard work to our District.

A special mention goes to all volunteers who strengthen the District in so many ways. Hundreds of volunteers serve the community through fire-fighting and civil defence teams. Volunteers work at the Forrester Gallery, North Otago Museum, Libraries, Opera House and other Council and community activities. Council acknowledges the voluntary work of community members serving on water and hall committees. We deeply appreciate all these contributions.

Economic and Funding Outlook

Looking ahead, the District faces a challenging economic environment. The Bank of New Zealand is forecasting that the New Zealand economy will contract by a further 1.0 per cent in 2010. Unemployment will jump to 7.3 per cent. The central government is tightening its belt and has already cut funding to our roading budget by \$3 million over the next three years. The government has signalled tougher conditions for subsidies for the compulsory water quality upgrades. The combined effect of these cuts will be significant over the next few years.

Historically, Council has attracted significant amounts of 'outside' grants from Community Trusts and Foundations to build and refurbish our community assets like the Opera House and Aquatic Centre. These funding organisations have been hit hard by the collapse in global asset prices. Trusts throughout New Zealand are sharply reducing their grants for community projects. Council's plans to redevelop the Forrester Gallery, North Otago Museum and the Oamaru Library rely heavily on the continuation of external funding to minimise burdens to ratepayers. Council may have to delay or even cancel projects if external grants are not available.

Mayor and Chief Executive's Report

But even in difficult economic times, there is potential good news on the radar screen:

- The Waitaki will be boosted if Holcim go ahead with their \$400 million cement plant. As many as 400 jobs will be created
- Dairy processing plants will enable us to add much more value locally
- Meridian's North Bank Tunnel scheme creates further growth prospects
- The 'Alps to Ocean' cycleway would increase tourist arrivals to Waitaki

We invite you to read on to find out more about how Council contributed in 2008/09 towards making the Waitaki a great place to live.



Alex Familton
Mayor



Michael Ross
Chief Executive



Council Only Financial Summary

Financial Statistics

Council Only	Actual 2009	Annual Plan 2009	Actual 2008
Proportion of rates to total income (%)	54%	64%	56%
Average rates per rateable property	\$1,666	\$1,661	\$1,577
Net public debt external (as a percentage of total assets)	0.14%	1.35%	0.27%
Net public debt internal (as a percentage of total assets)	3.72%	4.06%	4.32%
Net public debt external (per rateable property)	\$66	\$641	\$122
Net public debt internal (per rateable property)	\$1,813	\$1,934	\$1,955
Current ratio ¹	1.09	0.69	0.76
Liquid ratio ²	1.19	0.76	0.81
Net public debt per capita external	\$45	\$438	\$83
Net public debt per capita internal	\$1,240	\$1,323	\$1,323
Finance costs (as a percentage of total income)	0.21%	1.63%	0.20%

Five - Year Financial Summary

Council Only	2009 \$000	2008 \$000	2007 \$000	2006 \$000	2005 \$000 (3)
Rates	23,046	21,583	20,096	18,530	17,401
Net surplus/(deficit)	6,905	11,202	4,305	2,613	3,623
Cashflows					
Operating Activities	12,467	10,600	11,319	9,307	8,557
Investing Activities	(11,450)	(12,995)	(17,081)	(12,889)	(6,720)
Financing Activities	(753)	1,647	(11)	(37)	(37)
Net (Decrease) /Increase in cash held	264	(748)	(5,773)	(3,619)	1,800
Net Public Debt – External	900	1,670	23	34	71
Net Public Debt – Internal	25,074	26,745	21,290	10,866	6,442
Total Assets	674,796	620,221	582,564	553,736	396,776

¹ Current ratio is the ratio of current assets to current liabilities

² Liquid ratio is the ratio of current liquid assets (cash and cash equivalents, trade and other receivables, other financial assets) to liquid liabilities (trade and other payables, borrowings)

³ These amounts were prepared under the accounting standards that applied at the time they were originally prepared and have not been adjusted to comply with NZIFRS.

Audit Report and Statement of Compliance

Audit Report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Audit Report

To the readers of Waitaki District Council and group's financial statements and performance information for the year ended 30 June 2009

The Auditor-General is the auditor of Waitaki District Council (the District Council) and group. The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to carry out an audit. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group for the year ended 30 June 2009, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the District Council and group on pages 72 to 111:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect :
 - the District Council and group's financial position as at 30 June 2009; and
 - the results of operations and cash flows for the year ended on that date.
- The service provision information of the District Council and group on pages 20 to 69 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 2 November 2009, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

Audit Report

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, performance information and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council and group as at 30 June 2009. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, performance information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Audit Report

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit and in conducting the audit of the Long Term Council Community Plan, we have no relationship with or interests in the District Council or any of its subsidiaries.



John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Matters Relating to the Electronic Presentation of the Audited Financial Statements, Performance Information and the Other Requirements

This audit report relates to the financial statements, performance information and the other requirements of Waitaki District Council and group for the year ended 30 June 2009 included on Waitaki District Council and group's website. The Waitaki District Council and group's Council is responsible for the maintenance and integrity of Waitaki District Council and group's website. We have not been engaged to report on the integrity of Waitaki District Council and group's website. We accept no responsibility for any changes that may have occurred to the financial statements, performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 2 November 2009 to confirm the information included in the audited summary annual presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Statement of Compliance & Responsibility

Compliance

- Council and management confirm that all the statutory requirements of the Local Government Act 2002, regarding financial management and borrowing, have been complied with.

Responsibility

- Council and management accept responsibility for the preparation of the Annual Report Financial Statements and the judgements used in them.
- Council and management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- In the opinion of Council and management, the Annual Report Financial Statements for the year ended 30 June 2009 fairly reflect the financial position and operations of Waitaki District Council and Group.



Alex Familton
Mayor



Michael Ross
Chief Executive

2 November 2009

Groups of Activities

Roads, Port, Airport

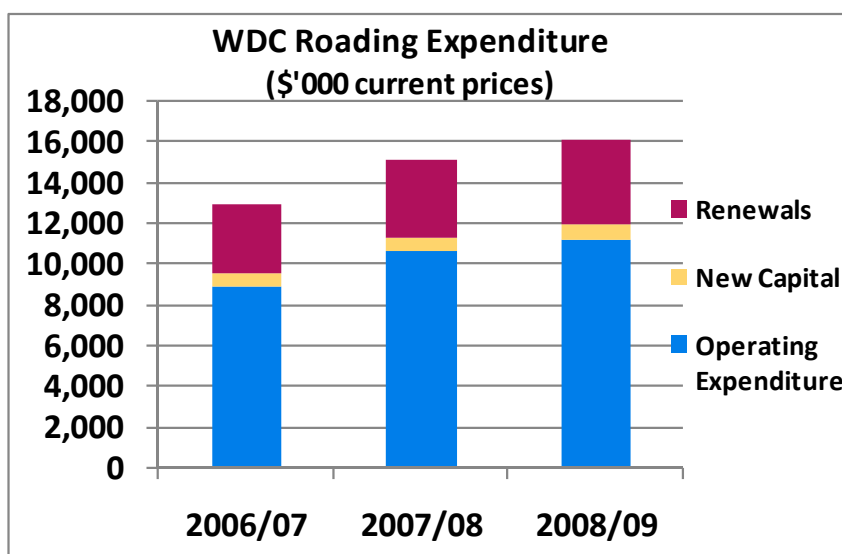


The Roads, Port and Airport group of activities includes:

- Roads throughout the District, excluding state highways
- Oamaru Port
- Oamaru Airport

Roads - What we did

- We resurfaced 50 km of roads and 12,587m² of footpaths and worked with NZTA to relocate 'Trooper Jack' Boer War Monument as part of the SH1 improvements.
- Completed the Severn Street Retaining Wall contract
- Completed Town Centre Improvements in conjunction with the State Highway Safety Improvements
- Upgraded Weston Road at Brookfield Corner
- Completed Loch Laird Road walkway past the Otematata golf course complete
- Renewed the Lake Ohau Road bridge
- Adopted Road Width, Extent of Network, Seal Extension and Road Hierarchy Policies



Roads, Port, Airport

Roads - How we performed

Roads Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Resident satisfaction with footpaths and roads.	Residents survey 2009 recorded: 70% resident satisfaction with footpaths (62% in 2008) and 65% satisfaction with council roads (68% in 2008).	65% footpaths. 70% roads.
Crashes and casualties per 10,000 population	2008: 43 crashes and 62 casualties (injuries) per 10,000 population in Waitaki (compared to 29 crashes and 39 casualties for peer group). Above peer group average since 1999.	At or under peer group average by 2009.
Complete planned roading maintenance and improvements.	Nil pavement rehabilitation completed of 3km. 50km of road resurfacing is complete of 65km. 1.5km of kerb and channelling renewal complete of 2 km 11700 m ² of footpath resurfacing in townships is complete of 9,939m ² 2km of seal extension is complete.	100% completed.
Resident satisfaction with the availability and convenience of parking within the central business area.	Residents survey 2009 recorded: 77% satisfied (79% in 2008).	75%
Average road roughness for sealed roads is surveyed and compared with target roughness measures set by Land Transport NZ. ¹	Urban C: 114 Not achieved Urban D: 119 Achieved Urban E: 125 Achieved Rural C: 63 Achieved Rural D: 69 Achieved Rural E: 93 Achieved Rural F: 88 Achieved This is performed on a two yearly basis. To be updated 2009/10.	Urban C 110 Urban D 120 Urban E 140 Rural C 100 Rural D 110 Rural E 120 Rural F 140

¹ Road roughness measure = counts per kilometre. The higher the counts, the rougher the road.

Roads, Port, Airport

Port – What we did

- Renewed Oamaru Harbour Lighthouse
- Oamaru Harbour dredging was partially completed but does not meet desired standards
- Advanced development plans for the harbour area with the purchase of the railway yard and silo site. Council completed a detailed design of the harbour walking and cycling track.

Port - How we performed

Port Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Maintenance of breakwater, Holmes and Normanby wharves.	Breakwater, Holmes mole and wharf structures all fit for current use.	Maintain to a level that is appropriate for their use.
Depth at port entrance.	Port entrance depths are less than the 4m target, in most tides. Experimental dredging has only partially improved depths in the inner entrance.	≥ 4m
Minimum maritime safety requirements.	Minimum safety requirements met. These include navigation lights for entrance to harbour and are set through the Maritime Safety Authority under the provisions of the Maritime Transport Act.	Meet 100% of minimum safety requirements.

Airport – What we did

- The Oamaru Airport completed its third year of operation since the reinstatement of commercial passenger flights
- Taxiway and Apron resealing completed
- Terminal external drainage upgraded
- CCTV cameras installed on airfield

Airport - How we performed

Airport Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Meet Civil Aviation Authority safety requirements.	All current safety requirements met.	100%

Financial Commentary

- The primary cause of this variance was the increased depreciation following the 1 July 2008 roading revaluation. This added an extra \$900,000 to budgeted expenditure.
- Various harbour projects have not been undertaken as budgeted, particularly the harbour area redevelopment and dredging. This will now progress in the 2009/10 year.
- Spending at the Oamaru Airport had been budgeted for in prior years but was undertaken in the 2008/09 year.

Roads, Port, Airport

Roads, Port and Airport (12mths to 30 June 2009)

		2008/09 Actual \$(000)	2008/09 Budget \$(000)	2007/08 Actual \$(000)
Operating Expenditure				
Roads	(a)	10,428	9,176	9,224
Oamaru Port	(b)	560	701	1,251
Oamaru Airport		222	178	207
Total Operating Expenditure (1)		11,210	10,055	10,682
Operating Revenue				
Roads		5,239	5,239	4,936
Oamaru Port		118	93	126
Oamaru Airport		210	205	185
Activity Revenue		5,567	5,537	5,247
General Rates		161	161	151
District Services Rates		34	34	32
Ward Rates		499	499	482
Separate Activity Rates		4,479	4,472	4,008
Rates Revenue		5,173	5,166	4,673
Total Operating Revenue		10,740	10,703	9,920
Net Surplus (Deficit)		(470)	648	(762)
Remove Effect Depreciation Not Funded		3,008	2,487	2,489
Net "Cash" Surplus (Deficit)		2,538	3,135	1,727
Capital and Reserves Funding Requirements				
<u>New Capital</u>				
Roads	(a)	761	1,249	649
Oamaru Port	(b)	35	553	8
Oamaru Airport	(c)	276	-	18
		1,072	1,802	675
<u>Renewals</u>				
Roads		4,177	4,121	3,836
Oamaru Port		-	-	-
Oamaru Airport		-	-	-
		4,177	4,121	3,836
Transfers to Reserves		441	149	534
		5,690	6,072	5,045
Funded By:				
Operating "Cash" Surplus (Deficit)		2,538	3,135	1,727
Transfer from Reserves		1,034	1,030	1,343
Renewal Funding From Depreciation Reserves		2,118	1,907	1,975
		5,690	6,072	5,045
(1) Specific Expenses Included Above				
Depreciation		5,465	4,469	4,468
External Interest		-	-	-
Internal Interest		151	321	147

Water and Waste



The Water and Waste group of activities includes:

- Water supply schemes
- Waste water reticulation and treatment
- Storm water reticulation and treatment
- Solid Waste collection, recycling and disposal

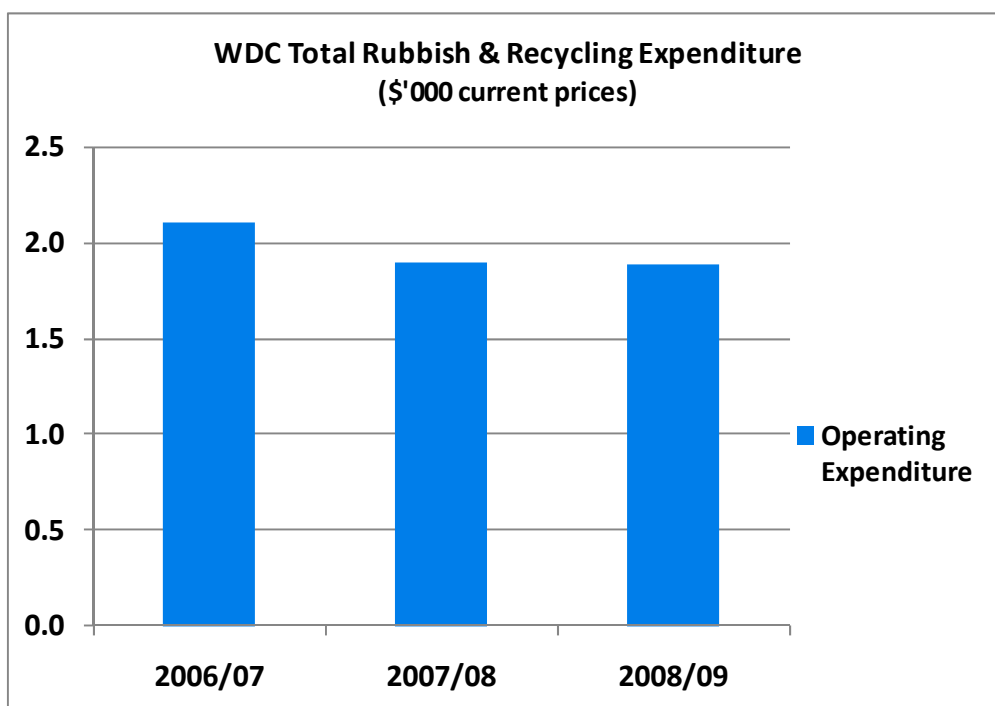
Solid Waste - What we did

- Reduced tonnage of waste going to Oamaru landfill to 11,084 metric tonnes in 2008/09, compared with 12,457 metric tonnes in the previous year
- Increased solid waste fees and charges to cover the increased costs of waste disposal and to act as an incentive to minimise waste.
- Council officers and Whitestone Contracting Ltd worked together to aggressively manage the amount of daily cover used at Oamaru Landfill. Providing this can be maintained, will extend the life of Oamaru Landfill to 2014.
- Established Recycling Drop off Sites at Papakaio and Enfield for the local communities.
- Successfully held a Registration of Interest for the operation of the rural transfer stations, and put the Transfer Station Contract out to tender.
- Undertook a geological report for Hampden Closed Landfill, and obtained the approval of Iwi and the Department of Conservation for remediation works at this site to address the issue of coastal erosion.
- Carried out engineering investigation work at Palmerston Landfill. The investigation identified higher than expected boron leachate volumes and showed that the proposed leachate collection system would not perform as planned. Council is now working with Golders Associates on a way forward for the Boron issue at Palmerston Landfill.
- Analysed solid waste at Oamaru Landfill. The analysis showed that on average 213 tonnes of waste are processed each week at the landfill. The majority of this waste is in the form of putrescibles e.g. food scraps and green waste.

Water and Waste

Solid Waste - How we performed

Rubbish & Recycling Service Level				
Performance Measures	Achievements 2008/09			Targets 2006/09
Annual tonnage of residual waste going to landfill.		2008/09 (MT)	2007/08 (MT)	Decrease by 5% each year.
		% Change		
	Oamaru	11,084	12,457	
	Palmerston	460	460	
	TOTAL	11,544	12,917	-10.6
Annual tonnage of recyclables collected at kerbside.	Council decided not to undertake a kerbside recyclables collection service. Kerbside recycling will be undertaken by private contractors, i.e. TPI and Awamoa Bins & Skips. The figures below relate to public use of Council funded drop-off recycling services.			Increase by 5% each year.
	Recyclables An increase of 15.8% between 2008 and 2009. Largely due to recycling that was previously undertaken by Awamoa Bins now being undertaken by the Resource Recovery Park.			
Residents satisfaction with recycling	Residents Survey 2009 recorded: 59% satisfaction (61% in 2008).			75%



Water and Waste

Water - What we did

- Substantially completed the Thames Highway water main upgrade.
- Significantly advanced planning for compliance with the Health (Drinking Water) Amendment Act.
- Council were on track to apply for the September 2009 round of government funding for the first few drinking water (supply) upgrades. Central government have now put the system on hold until it is reviewed early next year.
- Achieved the highest possible water quality rating. Public Health South (PHS) graded the Oamaru Water Treatment Plant (WTP) and three of the five distribution zones in Oamaru. PHS awarded the Oamaru Water Treatment Plant an 'A' grading and the North End, South Hill and Tower zones were each awarded an 'a' grading. The 'Aa' grading is a major achievement for Oamaru and confirmation of value of the investment in the Oamaru WTP.
- Successfully identified and corrected a major water supply issue on the South Hill which was causing extremely low pressures to hundreds of properties during peak demand periods.
- Pushed Environment Canterbury to finally renew the resource consent for the Otematata water 'take' (after an 8 year process). ECan imposed conditions on efficiency and monitoring of use.
- Sewer Consent renewals and variations are slowly progressing for Palmerston, Moeraki, Kurow, Otematata and Omarama.

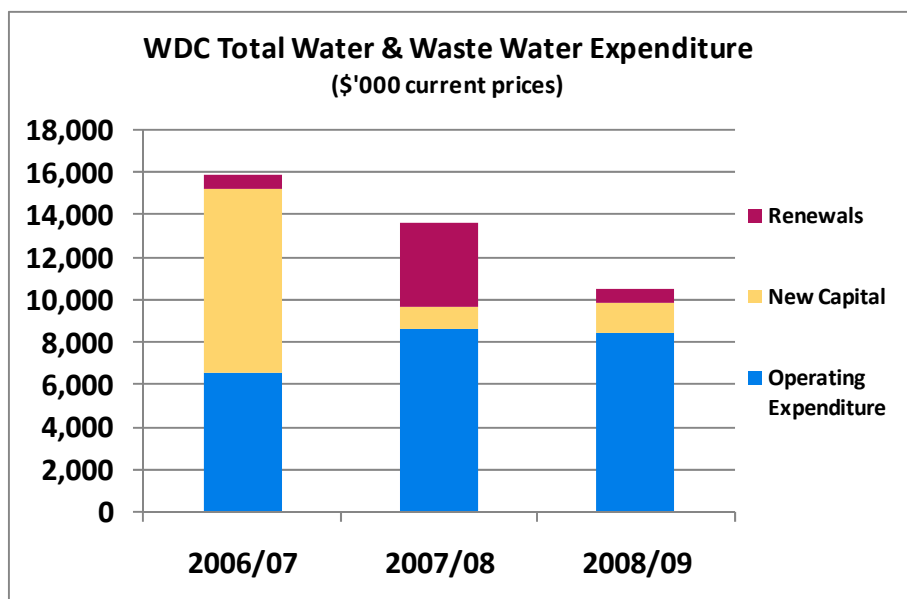
Water - How we performed

Water Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
User satisfaction with water supply.	Resident survey 2009 recorded: 89% user satisfaction (81% in 2008). (Ahuriri Ward 64%; Corriedale Ward 64%; Oamaru Ward 88%; Waihemo Ward 73% - 2009).	≥ 70%
Quality of water supply to schemes.	Of 1017 samples taken from Council-owned, chlorinated supplies, 997 returned complying results for <i>E.coli</i> bacteria (98%). Thus Council met microbiological compliance in 98% of samples.	Meet NZ Drinking Water Standards and meet requirements of Waitaki Rural Water Schemes Bylaw.
Water extraction meets resource consent conditions.	Council received no abatement notices.	Receive no abatement notices.

Water and Waste

Waste Water - How we performed

Waste Water Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Sewerage discharges into the environment are managed to the relevant environmental standards.	No abatement notices received from either Environment Canterbury or Otago Regional Council for failure to comply with resource consents.	No abatement notices received for failure to comply with resource consents.
Response to mains blockages and overflows.	Responded to 16 out of the 17 sewer blockages (95%) within two hours.	Staff on-site within 2 hours of Council notification in 95% of cases.
Odours originating from collection system and treatment plants are managed and reduced.	We received three reported sewer odour complaints.	Fewer than 10 reported incidents annually.
Managing flooding to prevent inundation into dwellings (in accordance with design standards).	No flood events affected habitable floor dwellings.	No habitable floor dwellings constructed are inundated in residential areas by 1% AEP storm event (Annual Exceedance Probability).



Financial Commentary

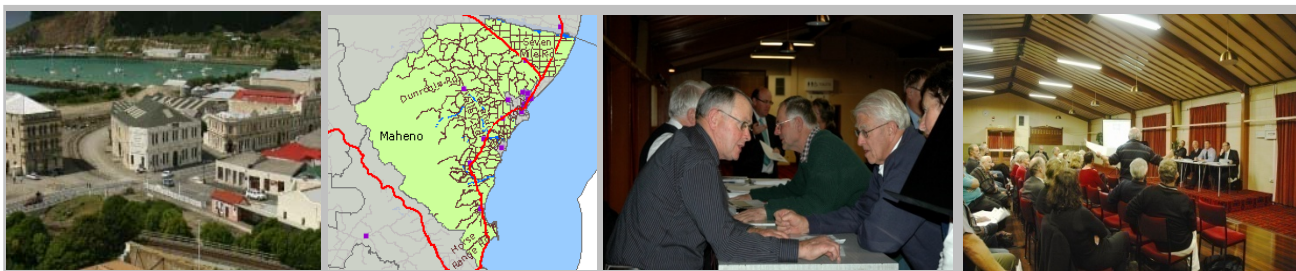
- The main cost change compared to the prior year was reduced power costs. This was close to the budgeted level.
- The expenditure budgeted for waste was to implement a new waste collection system. As this system was not finalised during the year, this was not required. However, the savings this created were offset by the costs accrued to address the issues at the Hampden closed landfill.
- The main impact on revenues was from reduced development contributions for water and sewer, and interest income on separate reserve balances.
- Waste income was boosted by extra landfill charges.
- When the budget was set it was anticipated that projects would have started on the improvement and augmentation of water supplies in the coastal region. However, the best approach to address these needs is still being determined and has delayed the start of this work.

Water and Waste

Water and Waste (12mths to 30 June 2009)

		2008/09 Actual \$(000)	2008/09 Budget \$(000)	2007/08 Actual \$(000)
Operating Expenditure				
Water Supplies	(a)	5,751	5,674	5,943
Rubbish and Recycling	(b)	2,397	2,361	1,944
Waste Water	(a)	2,701	2,723	2,808
Total Operating Expenditure (1)		10,849	10,758	10,695
Operating Revenue				
Water Supplies	(c)	1,150	921	1,822
Rubbish and Recycling	(d)	1,350	1,084	1,202
Waste Water	(c)	570	263	1,032
Activity Revenue		3,070	2,268	4,056
General Rates		-	-	-
District Services Rates		-	-	-
Uniform Annual General Charges		415	413	657
Separate Activity Rates		7,526	7,497	7,393
Rates Revenue		7,941	7,910	8,050
Total Operating Revenue		11,011	10,178	12,106
Net Surplus (Deficit)		162	(580)	1,411
Remove Effect Depreciation Not Funded		396	397	369
Net "Cash" Surplus (Deficit)		558	(183)	1,780
Capital and Reserves Funding Requirements				
<u>New Capital</u>				
Water Supplies	(e)	107	505	81
Rubbish and Recycling		-	-	-
Waste Water		36	-	2
		143	505	83
<u>Renewals</u>				
Water Supplies		576	490	194
Rubbish and Recycling		-	-	-
Waste Water		113	348	176
		689	838	370
Loan Repayments		-	-	-
Transfers to Reserves		1,959	762	3,043
		2,791	2,105	3,496
Funded By:				
Operating "Cash" Surplus (Deficit)		558	(183)	1,780
Transfer from Reserves		1,640	1,415	1,265
Renewal Funding From Depreciation Reserves		593	873	451
		2,791	2,105	3,496
(1) Specific Expenses Included Above				
Depreciation		3,074	3,043	2,972
External Interest		-	-	-
Internal Interest		828	1,093	1,109

Planning



The Planning group of activities includes:

- Community Planning and Consultation
- District Planning

Community Planning – What we did

- The Community Plan's summary document 'The Waitaki Express', was judged the best in New Zealand and Waitaki District Council were presented with this award at a SOLGM Planning Conference held in Rotorua on Friday 14th August 2009. Waitaki won this over 50 other entrants including major city and district councils throughout the country.
- In preparation for the Waitaki Community Plan process 'The Great Debate' was held at the Oamaru Opera House on Sunday 22 February 2009. This was well attended by Councillors, Council Officers and many members of the public along with well-known debaters including MP Rodney Hide, Invercargill Mayor Tim Shadbolt, Labour MP Lianne Dalziel, Dunedin Mayor Peter Chin and Waitaki District Councillor Jim Hopkins. Pertinent issues arising from the draft Community Plan were humorously debated.
- Council consulted widely with youth of the District. In particular pupils from Fenwick, Oamaru Intermediate and St. Joseph's schools undertook school projects based around this process. Pupils from each of the schools put together submissions which included models and posters outlining their thoughts and concerns with matters relating to the Community Plan. Council also facilitated a short film-making project which focused around key issues from the Community Plan.
- Audit New Zealand gave Waitaki Community Plan 2009/19 an unqualified audit opinion. This means that Council could adopt its LTCCP on 30 June 2009.
- Council adopted both the Urban Fire Prevention Bylaw and a Trade Waste Bylaw that came into effect on 1st July 2009.

Community Planning – How we performed

Community Planning		
Performance Measures	Achievements 2008/09	Targets 2006/09
Statutory plans, reports and policies reviewed and adopted.	Council adopted its Annual Report for 2008/09 with an unqualified audit opinion at a meeting on 21 October 2008. Council adopted its Annual Plan for 2008/09 on 30 June 2008. Both of these documents were adopted within the timeframe required under the Local Government Act 2002.	All within statutory timeframes.
Resident satisfaction with consultation.	The 2009 Residents' Survey indicated that 78% of residents were very satisfied or fairly satisfied with how Council had consulted with them over the past 12 months. (47% in 2008).	60%

Planning



District Planning - What we did

- Waitaki District Council's Planning Department was second equal for consent processing timeframes in New Zealand as surveyed for the 2007/08 year. We processed 99% of all consents within the statutory timeframe during this period. Five years ago Waitaki District Council were 32nd.
- Activity Statistics for 2007 - 2008:
 - Land use applications processed:
 - Notified 1
 - Limited Notification 0
 - Non-notified 76
 - Subdivision applications processed:
 - Notified 2
 - Limited Notification 1
 - Non-notified 62
 - Certificates Issued (RMA):
 - Section 139 4
 - Section 223 48
 - Section 224 44
 - Section 226 8
- The Environment Court issued their final decision on the 'Cormorant' appeal against apartments overlooking Oamaru Harbour was on 1 December 2008 disallowing the appeals.
- On 15 December 2008 the Environment Court sat in Dunedin to review all outstanding Waitaki District Council cases before the Court. Appeals against the District Plan by Environment Canterbury and the Department of Conservation were withdrawn. No appeals now remain against the partly operative Waitaki District Plan.
- The Environment Court finished hearing the Holcim appeals in May 2009 and released its decision in August. It upheld Council's decision to grant land use consent for cement manufacturing and associated quarrying of limestone, siltstone, tuff, coal and silica.
- The Environment Court also heard appeals against Variation 4 dealing with the maximum height rule in the Cement Policy Area of the Rural General Zone concurrently with the Holcim appeals.
- The Waiareka Rail Line designation was processed. No appeals were received.
- During the financial year, two designation requirements were processed, all within statutory timeframes.
- Three applications, including a motel, childcare centre and subdivision application, were processed as notified applications.

Planning

District Planning - How we performed

District Planning		
Performance Measures	Achievements 2008/09	Targets 2006/09
Process resource consents within statutory timeframes	133 of 138 (96%) non-notified resource consents were issued within 20 working days (85% in 2008). 4 of 4 (100%) of notified resource consent decisions were issued within 70 working days (89% in 2008).	100% 100%
Notify and implement District Plan variations.	Hearings on Variation 2 ¹ and 3 ² are in progress. Decision on Variation 4 ³ is under appeal. Hearings on Variations 5 ⁴ and 8 ⁵ and Plan Change 4 ⁶ will follow completion of hearings on Variations 2 and 3.	Agree a programme of plan variations and changes each year and notify and process within statutory timeframes.
State of the Environment Reporting.	Work on hold because of compliance monitoring officer role vacancy.	Produce annually.

Financial Commentary:

- (a) The variance is created by two factors. The first being some costs that were recovered that were budgeted on a net basis rather than the expense and recovery being shown separately. The second factor was some higher budgeted cost in relation to the development of the 2009-19 Waitaki Community Plan.

¹ Variation 2 – Landscape and Visual Amenity

² Variation 3 – General Indigenous Vegetation Clearance

³ Variation 4 – Exception to the Building Height Rule for part of the Cement Policy Area/Rural General Zone

⁴ Variation 5 – Controlled Activity Status in the Rural Zone

⁵ Variation 8 – Amendments to the Site Development Standards for Building Coverage (includes Plan Change 3)

⁶ Plan Change 4 - Harbourside

Planning

Planning (12mths to 30 June 2009)

	2008/09 Actual \$(000)	2008/09 Budget \$(000)	2007/08 Actual \$(000)
Operating Expenditure			
District Planning	977	937	996
Community Planning and Consultaion	(a) 2,870	2,648	2,655
Total Operating Expenditure (1)	3,847	3,585	3,651
Operating Revenue			
District Planning	118	156	356
Community Planning and Consultaion	(a) 110	-	103
Activity Revenue	228	156	459
General Rates	1,909	1,904	1,906
District Services Rates	884	881	899
Uniform Annual General Charges	506	504	368
Rates Revenue	3,299	3,289	3,173
Total Operating Revenue	3,527	3,445	3,632
Net Surplus (Deficit)	(320)	(140)	(19)
Remove Effect Depreciation Not Funded	-	-	-
Net "Cash" Surplus (Deficit)	(320)	(140)	(19)
Capital and Resrves Funding Requirements			
<u>New Capital</u>			
District Planning	-	-	-
Community Planning and Consultaion	-	-	-
	-	-	-
<u>Renewals</u>			
District Planning	-	-	-
Community Planning and Consultaion	-	-	-
	-	-	-
Transfers to Reserves	1	-	71
	1	-	71
Funded By:			
Operating "Cash" Surplus (Deficit)	(320)	(140)	(19)
Transfer from Reserves	321	140	90
	1	-	71
(1) Specific Expenses Included Above			
Depreciation	-	-	-
External Interest	-	-	-
Internal Interest	2	-	-

Regulatory



The Regulatory group of activities includes:

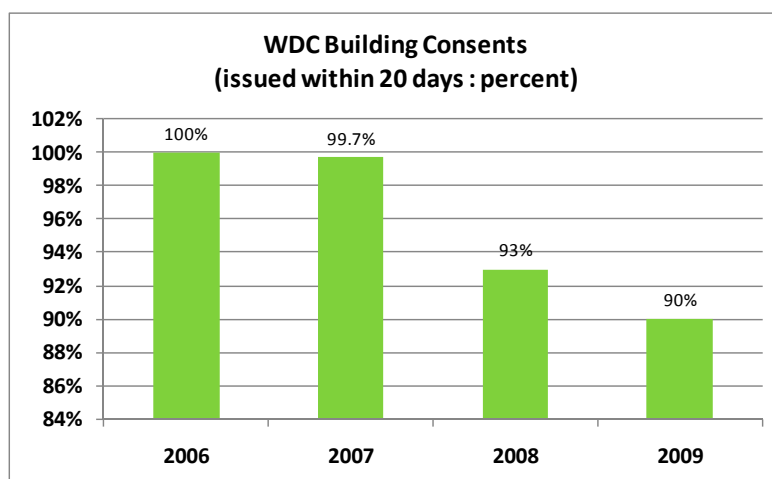
- Building Control
- Animal Control
- Environmental Health
- Emergency Management

Building Control – What we did

- Council's Building Control Unit was awarded accreditation by International Accreditation New Zealand, on behalf of the Department of Building and Housing. This means that Council must have the systems, processes, resources, equipment and improved technical capability in place to meet the exacting standards of the new regulations. Accreditation will mean a significantly improved service to customers in terms of information and certainty throughout the building consent process.

Building Control – How we performed

Building Control Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Processing building consents.	660 out of 731 (90%) issued within the 20 day statutory time frame (93% in 2008).	100% within statutory timeframe.
Auditing Building Warrant of Fitness premises.	64 out of 320 (20%) buildings audited (20% in 2008). 20% is a larger sample than the minimum considered acceptable in the sector*. High risk buildings (hotels) are checked more than once in every five years.	20% of premises audited annually.



Regulatory

Animal Control – What we did

- By end of 2008/09 Animal Control officers classified seven dogs as dangerous and eight as menacing. Dangerous dogs are required to be fenced in with no access to public and owners pay increased registration fees. Menacing dogs must be muzzled in public and neutered and micro chipped.

Animal Control – How we performed

Animal Control Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Resident satisfaction with dog control services.	Residents survey 2009 recorded: 88% satisfaction (72% in 2008).	70%
Registration of known dogs	5295 out of 5295 (100%) known dogs registered (100% in 2008).	100% by 31 December.
Response time for stock control complaints.	83 out of 83 (100%) stock call outs answered within 2 hours (98% in 2008).	Respond within 2 hours.

Environmental Health - What we did

- Workshops held in regard to voluntary food control plans for registered premises.

Environmental Health - How we performed

Environmental Health Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Inspection of liquor licensed premises annually.	115 licensed premises out of 115 (100%) inspected (99% in 2007/08)	100%
Inspection of food registered premises annually.	160 registered premises out of 190 (84%) inspected (83% in 2007/08)	100%
Response time for complaints of excessive noise.	255 (100%) complaints investigated within one hour (98% in 2007/08)	Respond within one hour of receiving complaint.

Regulatory

Emergency Management - What we did

- Bought a new fire engine for the Omarama Fire Station.
- Trained 20 rural fire fighters for entry to the fire ground and 6 others in various other Unit Standards.
- Issued or extended 1,250 fire permits over the last year.
- Several Rural Fire fighters responded to a Civil Defence flooding event during May 2009 at Omarama and Waitaki Bridge settlements. Installed and removed flood barriers and sand bagging.
- Asphalted the front apron of the Hampden Fire station.
- Completed an extension to the Kakanui Fire station.
- Began to recruit new Civil Defence volunteers for Oamaru and Omarama.
- Activated new Civil Defence sector post at Shag Point with radio and first aid capability.
- Partially activated the Emergency Operations Centre dealing with the May 2009 Omarama floods.

Emergency Management - How we performed

Emergency Management Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Response to emergency events.	Rural fire is directly linked to the 111 system. Civil Defence is monitored through Council's Customer Services Unit and the after hours call out system.	100% of responses within 15 minutes.
Response to requests for fire permits.	94% of fire permits were issued within 2 days.	100% of responses within 2 days.
Rural fire audit now called Performance Assessment Criteria (PAC).	Rural fire PAC is due after 2012.	50 PAC recommendations to be introduced prior to 2012

Financial Commentary:

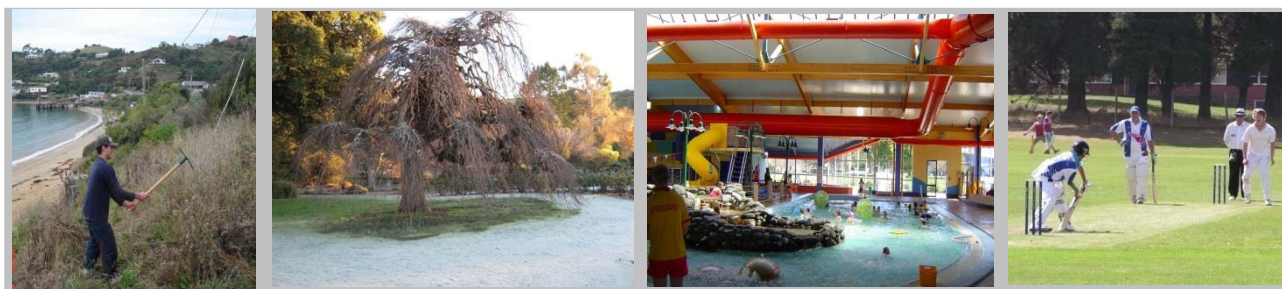
- (a) As noted above, Council and the Omarama community were successful in attracting external funding to help purchase a new fire engine.

Regulatory

Regulatory (12mths to 30 June 2009)

	2008/09 Actual \$(000)	2008/09 Budget \$(000)	2007/08 Actual \$(000)
Operating Expenditure			
Building Control	822	739	793
Environmental Health	390	382	362
Animal Control	94	127	96
Emergency Management	527	478	565
Total Operating Expenditure (1)	1,833	1,726	1,816
Operating Revenue			
Building Control	590	537	591
Environmental Health	152	120	124
Animal Control	122	122	122
Emergency Management	(a) 140	44	133
Activity Revenue	1,004	823	970
General Rates	(16)	(16)	(16)
District Services Rates	251	250	238
Uniform Annual General Charges	577	574	586
Separate Activity Rates	105	105	103
Rates Revenue	917	913	911
Total Operating Revenue	1,921	1,736	1,881
Net Surplus (Deficit)	88	10	65
Remove Effect Depreciation Not Funded	-	-	-
Net "Cash" Surplus (Deficit)	88	10	65
Capital and Reserves Funding Requirements			
<u>New Capital</u>			
Building Control	-	-	2
Environmental Health	-	-	-
Animal Control	-	-	-
Emergency Management	(a) 140	10	194
	140	10	196
<u>Renewals</u>			
Building Control	-	-	-
Environmental Health	-	-	-
Animal Control	-	-	-
Emergency Management	1	55	-
	1	55	-
Transfers to Reserves	3	-	1
	144	65	197
Funded By:			
Operating "Cash" Surplus (Deficit)	88	10	65
Capital Sales	-	-	10
Transfer from Reserves	18	-	50
Renewal Funding From Depreciation Reserves	38	55	72
	144	65	197
(1) Specific Expenses Included Above			
Depreciation	35	33	34
External Interest	-	-	-
Internal Interest	-	-	-

Parks and Recreation



The Parks and Recreation group of activities includes:

- **Gardens and Green Spaces:** public gardens, lakes camping, cemeteries, public toilets
- **Sports and Recreation:** sports fields, playgrounds, grants to sports and recreation
- **The Aquatic Centre** in Oamaru

Gardens and Green Spaces - What we did

- Completed Oamaru Public Gardens Display House full renovation which was officially opened mid November 2008 during Heritage Week.

Gardens and Green Spaces - How we performed

Gardens and Green Spaces Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
User/visitor satisfaction with parks and reserves.	Residents survey 2009 recorded: 96% user/visitor satisfaction (94% in 2008).	≥ 90%
Funeral directors' satisfaction with cemeteries.	No complaints received.	No complaints to be received.
User/visitor satisfaction with public toilets.	Residents survey 2009 recorded: 80% user/visitor satisfaction (67% in 2008).	≥ 70%

Sports and Recreation - What we did

- Play installations included Pump bike track and Clay Cliffs Rock feature installed at Omarama Domain, Moeraki Boulders, a seesaw and skate facility installed at Hampden Beach, a Moon-Slide installed at Holmes Hill.

Sports and Recreation - How we performed

Sports and Recreation Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Sport parks ready to use at agreed standards.	Compliance Standards met.	Fewer than 5 complaints annually regarding unavailability and sport parks quality.
Resident satisfaction with playgrounds.	Residents survey 2009 recorded: 85% resident satisfaction (54% in 2008).	≥ 85%.

Parks and Recreation

Aquatic Centre - What we did

- The Aquatic Centre was closed for a period of 4 weeks until 25 May 2009 to carry out essential works. This consisted of upgrades to the ventilation, heating and filtration systems, grouting the pools, rebuilding the front entrance, reinstating the public toilets, installing new lights and acoustic paneling, repainting, and installing a new U.V. disinfectant system for the pools.
- Swim School numbers continue to grow. In 2007 there were 2,935, 2008 3,209 and 2009 3,271.
- Income has exceeded budget by 4%.

Aquatic Centre - How we performed

Aquatic Centre Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Aquatic Centre: Annual usage level.	131,400 visits Four week closedown period – anticipated a further 11,000 visits would have been achieved. 2007/08 achieved 136,850	115,000 visits (target 2005/06) plus 5% each year until 2014 (133,127), then 2% per year.
Aquatic Centre: User/visitor satisfaction.	Residents survey 2009 recorded: 93% resident satisfaction (88% in 2008).	≥ 80%

Financial Commentary:

- This activity includes additional income from leasing an area at Falstone for a film set.
- This Aquatic Centre redevelopment was budgeted for the prior year but undertaken this year once funding was secured and received.

Parks and Recreation

Parks and Recreation (12mths to 30 June 2009)

	2008/09 Actual \$(000)	2008/09 Budget \$(000)	2007/08 Actual \$(000)
Operating Expenditure			
Gardens and Green Spaces	2,343	2,367	2,193
Sports and Recreation	670	760	731
Aquatic Centre	1,065	1,142	1,329
Total Operating Expenditure (1)	4,078	4,269	4,253
Operating Revenue			
Gardens and Green Spaces	223	295	150
Sports and Recreation (a)	328	156	206
Aquatic Centre	453	434	430
Activity Revenue	1,004	885	786
General Rates	264	264	201
District Services Rates	179	179	128
Uniform Annual General Charges	434	431	378
Ward Rates	1,960	1,957	1,686
Separate Activity Rates	345	344	320
Rates Revenue	3,182	3,175	2,713
Total Operating Revenue	4,186	4,060	3,499
Net Surplus (Deficit)	108	(209)	(754)
Remove Effect Depreciation Not Funded	365	498	458
Net "Cash" Surplus (Deficit)	473	289	(296)
Capital and Reserves Funding Requirements			
<u>New Capital</u>			
Gardens and Green Spaces	93	345	224
Sports and Recreation	49	105	21
Aquatic Centre (b)	1,504	10	3
	1,646	460	248
<u>Renewals</u>			
Gardens and Green Spaces	1	-	9
Sports and Recreation	14	-	-
Aquatic Centre	42	40	61
	57	40	70
Loan Payments	-	-	-
Transfers to Reserves	1,173	67	138
	2,876	567	456
Funded By:			
Operating "Cash" Surplus (Deficit)	473	289	(296)
Transfer from Reserves	1,803	238	682
Renewal Funding From Depreciation Reserves	600	40	70
	2,876	567	456
(1) Specific Expenses Included Above			
Depreciation	627	667	620
External Interest	-	-	-
Internal Interest	49	170	107

Arts, Heritage and Community



The Arts, Heritage and Community group of activities includes:

- Gallery and Museum
- Libraries
- Community Development and Grants
- Opera House
- Community Buildings

Gallery and Museum - What we did

- Museums Aotearoa achievement award and outstanding support of colleagues and senior staff in making this possible.
- *Songs may be Sung* – an exhibition commemorating Waitaki Boys' High School 125th celebration and the exhibitions *Hard Out* (Ewan McDougal) and *Only Make Believe* (Peter Cleverley).
- The Caselberg exhibition *A Legacy of Love* and the successful installation of the technically demanding exhibition *Vanishing Ice*.
- McCoy Wixon Gallery redevelopment presentation and *Councillors' Choice* exhibition.
- Friends of Forrester gift of flat screen display unit.
- Opera House installation of Wheeler *Oamaru panels*.
- *An Acquired Art* -Bob McVie private collection; *Been There (done that) Still Here* – works from the collection selected by present and gallery staff and the collection show, Michael Shepherd's *45 minutes on the Somme*.
- Reinstatement of gallery lunch hour music recitals.
- A number of well attended and insightful gallery floor talk functions including the hugely successful, well-attended and emotive opening of Mary Horn *Pilgrimage* exhibition.

Museum

Exhibitions

- *Tea Total*
- *Potions*
- *Annual Ivy Pollard Embroidery Exhibition* at the NO Art Society, *Breaking Waves* at the Oamaru Whitestone Civic Trust

Education

- Thirty-seven education group visits with 965 students.

Oral History Project

- *North Otago Innovators*-
- George Culmer Hurst, Ian Hurst, Jock Webster – North Otago Irrigation Company, Robert Wilson – Parkside Quarries, Joe Mitchell – Parkside Quarries, John & Kerry Dooley – Dooley's Masonry, Bill Dooley – Dooley's Masonry, Trevor Curry – Dooley's Masonry, Robert Borst, Marian Shore – Waitaki Resource Recovery Park.
- *Waitaki District Knowledge*-
- Doug Appleby, Stan Rusbatch.

Arts, Heritage and Community

Gallery and Museum - How we performed

Gallery and Museum Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Gallery: Annual usage levels.	15,762 visits. (15,049 target for 2008/9). Target exceeded.	13,000 visits plus 5% each year.
Gallery: Visitor satisfaction.	Residents survey 2009 recorded: 99% of visitors are satisfied (96% in 2008).	≥ 90%
Museum: Annual usage levels.	18,284 visits. (19,660 in 2007/08). Archive users 3,014 Volunteer hours 1,758 (9 regular volunteers)	13,000 visits plus 5% each year.
Museum: Visitor satisfaction.	Residents survey 2009 recorded: 92% of visitors are satisfied (88% in 2008).	≥ 80%

Libraries - What we did

- Made the Library Catalogue available on the website so now people can search the catalogue, place reserves and renew their books online.
- Introduced three new monthly activities – ToddlerTime, BookChat and Heritage Radio book interview spot with Jean Rivett
- Waitaki Friends of the Library held a literary evening to celebrate the installation of Heritage book cabinets with guest speakers Kahren Thompson, Dorothy McKenzie and Pamela Gordon.
- 125 children enjoyed Summer Reading Bingo and other Librarians sought permission to use this programme, devised by Alison Sofield, Youth Librarian.
- Oamaru Library, North Otago Museum & Forrester Gallery collaborated for a school holiday treasure hunt combo
- Celebrated May NZ Music month with daily live music performances
- Hosted authors Gavin McLean “Kiwitown Port: the story of Oamaru Harbour”; Ann Thwaite “Passageways”; and author/illustrator David Elliot
- Hosted the LIANZA Otago-Southland Library Assistants’ Day at the Oamaru Opera House.

Libraries - How we performed

Libraries Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Library: Annual usage levels.	171,891 (Palmerston & Oamaru) Above target	170,000 visits per annum.
Library: User/visitor satisfaction.	Residents’ survey 2009 recorded 97% of visitors are satisfied (94% in 2008).	90%
Issues borrowed per capita.	12.3 extrapolated issues per capita (on population 20,223). Just under target of 249,645 total issues this period	13 issues per capita.

Arts, Heritage and Community

Community Development and Grants - What we did

Youth Council

- Two youth representatives attended the 'Involve' Conference in Wellington.
- The Mags and Motors Event was well attended and promoted the positive side of young people and their vehicles.
- Three members attended the Youth and Local Government Conference in Christchurch.



Community Development

- Completed a Mayor's Taskforce for Jobs Youth Career Path tour. Involved all secondary schools in Oamaru.
- Undertook Kids Voting project with Waitaki Girls High School and Oamaru Intermediate to raise awareness of the democratic process. This project finished with a Suffrage Parade with 90 students from Waitaki Girls High School.
- Run Treaty of Waitangi workshops in the community as part of Waitangi Day celebrations.
- Undertook a significant and successful LTCCP engagement process including:
 - Youth Film Submission Project, including a website which had over 3500 hits and a presentation to Councillors and community
 - Production of 3-D models and posters by Oamaru Intermediate and Fenwick Schools
 - Public expos around the district
 - Youth and Older Adults forums hosted by Youth Council and Positive Ageing Forum.

Community Safety

Waitaki Alcohol Harm Reduction project:

- Completed Recidivist Drink Drive Prevention trial.
- Our Community Our problem Parent network and Norm Hewitt presentation: 'Changing the Binge Drinking Culture'

Graffiti Eradication and Prevention project:

- Removed graffiti through partnerships formed in the Waitaki District between Police, Waitaki District Graffiti Eradication Programme and WDC's Community Safety Officer.
- Successful funding for two years to implement the Waitaki Graffiti Prevention project.

Waitaki Community Clean Up/ Community Garden project:

- Successful two year funding application for Youth Worker from the Ministry of Youth Development.
- Implementation of a site Manager for the Community Garden. Site plans, licence to occupy and MoU with the Waitaki Community Garden Trust completed. Garden being established.
- Council reduced its involvement in Community Development to cut costs. Current levels of service that were provided through a dedicated Community Development Advisor may be lower from 1 July 2009.

Community Development and Grants - How we performed

Community Development and Grants Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Community grants accountability.	19 successful applicants (95%) returned their accountability forms within 12 months.	80% of successful applicants return their accountability forms within the agreed period.
Resident perception of safety.	Residents' survey 2009 recorded 95% of residents are satisfied that the Waitaki District is generally a safe place to be.	80% of residents perceive the district to be generally a safe place to live.

Arts, Heritage and Community

Opera House - How we performed

Opera House Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Fundraising for Opera House restoration.	<p>*Final project cost \$10.4 million.</p> <p>External funding targets met:</p> <ul style="list-style-type: none"> • Lotteries Grants Board: \$4.5 million. • Community Trust of Otago: \$1.5 million • Trusts Charitable Foundation: \$0.3 million • Other fundraising: \$0.6 million • Corporate Sponsorship: \$0.3 million • Total external funding of \$7.2 million <p>Balance of funding from internal Council sources</p>	Raise \$7.8m by 2009.
Restoration progress.	Oamaru Opera House re-opened in February 2009.	Completed by 2009/10.

Community Buildings - What we did

- In partnership with Energy, Efficiency and Conservation Authority (EECA) and other stakeholders, installed insulation and heat pumps in 65 Community Housing units in Oamaru.
- Fully renovated Community Housing Units in Reed Street, Usk Street, Exe Street and Swale Street.
- Completed bathroom upgrades at Community Housing units in Swale Street (2 bathrooms upgraded).
- Completed kitchen upgrades (3 at Community Housing units in Reed Street).

Community Buildings - How we performed

Community Buildings Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Community housing occupancy rates.	Actual occupancy 96%.	90%.
Community buildings annual building 'warrant of fitness'.	All operational buildings have warrant of fitness. 100% Target achieved.	100% receive warrant of fitness (1 August each year).

Financial Commentary

- Council was able to gain additional external funding for community safety programmes. This is reflected in both increased revenue and expenditure.
- As noted above, all of the Oamaru Opera House project was budgeted in one year. This year's reports reflect the costs to complete the project and some of the funding, including a grant of \$3.4m from the Lotteries Grants Board. The operating cost was based on a net amount whereas the report shows both the revenue and cost related to events and shows.
- The variance in Community Building relates to the development of the Otematata Hall in the Lakes Centre. The Otematata community secured additional external funding to allow the development of this facility.

Arts, Heritage and Community

Arts, Heritage and Community (12mths to 30 June 2009)

		2008/09 Actual \$(000)	2008/09 Budget \$(000)	2007/08 Actual \$(000)
Operating Expenditure				
Galleries and Museums		844	808	785
Libraries		988	1,028	989
Community Development and Grants	(a)	462	340	467
Opera House	(b)	828	696	306
Community Buildings	(c)	935	633	804
Total Operating Expenditure (1)		4,057	3,505	3,351
Operating Revenue				
Galleries and Museums		88	69	78
Libraries		74	66	63
Community Development and Grants	(a)	280	127	211
Opera House	(b)	4,152	200	1,441
Community Buildings	(c)	642	396	402
Activity Revenue		5,236	858	2,195
General Rates		69	69	156
Uniform Annual General Charges		97	96	129
Ward Rates		2,077	2,070	1,731
Separate Activity Rates		339	337	288
Rates Revenue		2,582	2,572	2,304
Total Operating Revenue		7,818	3,430	4,499
Net Surplus (Deficit)		3,761	(75)	1,148
Remove Effect Depreciation Not Funded		-	-	138
Net "Cash" Surplus (Deficit)		3,761	(75)	1,286
Capital and Reserves Funding Requirements				
<u>New Capital</u>				
Libraries, Gallery and Museum		12	4	230
Community Development and Grants		-	-	-
Opera House	(b)	3,071	-	5,525
Community Buildings	(c)	333	1	137
All Activities		3,416	5	5,892
<u>Renewals</u>				
Libraries, Gallery and Museum		128	105	108
Community Buildings		207	277	202
		335	382	310
Loan Payments		3	3	3
Transfers to Reserves		1,553	92	162
		5,307	482	6,367
Funded By:				
Operating "Cash" Surplus (Deficit)		3,761	(75)	1,286
Capital Sales		-	-	2
Transfer from Reserves		731	175	4,662
Renewal Funding From Depreciation Reserves		815	382	417
		5,307	482	6,367
(1) Specific Expenses Included Above				
Depreciation		858	828	806
External Interest		1	1	1
Internal Interest		210	75	78

Economic Development



The Economic Development group of activities includes:

- Economic Development (including management of Visitor Information Centres (i-Sites) and Oamaru Blue Penguin Colony)
- Tourism promotion

Economic Development - What the Waitaki Development Board (WDB) did on behalf of Council

- The latest year saw a mixed performance for the District. GDP in Waitaki was up 3.8% on the year before, with GDP per capita rising by a similar figure.
- BERL reports labour productivity is up 6% in 2008 which is twice the national average. The growth is partly caused by labour shedding.
- Performance indicators placed Waitaki at 64th out of 72 districts in New Zealand in 2008; down 30 places from 34th in 2007. (This difference was caused by falling population numbers).

Economic Development - What Council did

- Management of Tourism Waitaki, Oamaru i-SITE and Oamaru Blue Penguin Colony
- Assisted with the development and funding application process for 'Inside Victorian Oamaru' living history production
- Assisted Vanished World Duntroon to produce a three year strategic plan

Economic Development - How we performed

Economic Development Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Change in population.	2006 census = 20,223 End March 2008 = 20,190	≤ 0.1% or fewer than 20 people decrease annually.
Gross Domestic Product (GDP)	End March 2007 = \$753 million End March 2008 = \$804 million which equates to 3.8% growth compared to 3.2% growth nationally	Equal or above regional growth of GDP.
Annual returns on investment.	Council's three investment properties provide a 7.6% return on investment. This compares to the average 90 day bill rate of 8.75%.	Exceed the average 90 day bill rate for commercial and cash investments.

Notes: The 2008 BERL Report details Waitaki's economic performance for year ended March 2008.

Economic Development

Waitaki District Long-term Performance, 1998 to 2008

	per cent change 2008	
	Waitaki District	New Zealand
Resident population	0.0	1.0
Real Value Added (GDP)	3.8	3.2
GDP per capita	3.8	2.2
Employment	-1.9	0.8
Labour Productivity	6.0	2.5
Business units	-1.1	1.4
Business size	-0.9	-0.6

Source: BERL Regional Database, Statistics NZ

Waitaki had 8,500 FTEs in 2,800 businesses generating \$804 million in GDP in 2008.

- Waitaki grew strongly, outpacing total New Zealand growth in 2008 up 3.8% on the year before.
- Employment fell 1.9% in Waitaki in 2008, compared with New Zealand employment growth of 0.8%. The main fall in employment was fewer FTEs in the social services sector (down 12.3%) and the retail distribution (down 3.7%) sectors while manufacturing and building showed the strongest rise (at 3.0%).
- Labour productivity in the District grew strongly in 2008, up 6.0%. This growth occurred in all sectors apart from the recreation services sector. Labour productivity in the district stood at \$88,266 in 2008 around 1.0% below the national average.

Over the ten years since 1998, the economic performance of the Waitaki District has been mixed. Per capita GDP and labour productivity growth were higher than the national average, but a slow decline in population numbers has hampered overall employment, and therefore, GDP increases. For the decade, the number of businesses has risen 1.1% per year, while the number of FTEs per business has fallen, albeit at a slower rate than nationally.

Economic Development

Tourism - What Tourism Waitaki did on behalf of Council

- Participated in a joint marketing initiative for the *AA Travel 101 Must Do's* campaign in conjunction with Tourism Dunedin and Tourism Central Otago. For our \$10,000 investment we received total media value of \$80,000.
- Took part in the North Otago Rugby Tour to Japan to promote the region. Visited significant Japanese tourism wholesalers; two of the wholesalers have featured the Waitaki District in their New Zealand itinerary.
- Produced a Waitaki Arts & Crafts brochure.
- Helped produce a tourist map for Hampden, Moeraki and Waianakarua in conjunction with local community representatives.
- Assisted application to Ministry of Economic Development for funding of 'Inside Victorian Oamaru' potential tourist attraction.
- Assisted with concept plans for the development of a cycle trail – Aoraki Mount Cook – MacKenzie to Oamaru.
- Hosted three large familiarisations (famils) to the region from Japan, Australia and i-Sites.
- Attended Tourism NZ Australia in-market operator seminars.
- Assisted with the organising of a major Rugby World Cup 2011 initiative.



Tourism - How we performed

Tourism Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Visitor bed nights purchased.	303,006 bed nights 2008/09 compared with 308,213 bed nights 2007/08.	Increase to 340,000 by 2009.
Average length of stay.	1.55 nights 2008/09 compared with 1.57 nights 2007/08.	Increase to 1.8 nights average by 2009.
Visitors to Oamaru Blue Penguin Colony.	Evening visitor numbers were 38,514, down 3.6% from 2008 figure of 41,560, overall visitor numbers 75,515.	Increase by 5% annually.

Notes:

Tourism in the District economy accounts for around 480 FTEs, producing \$32.7 million in GDP through 156 businesses. The importance of tourism to the local economy in terms of the percentage of the district employment, GDP and business units is similar to that of New Zealand, with slightly fewer FTEs and less GDP, but more businesses.

- Tourism employment in Waitaki declined by -8.8% in 2008.
- Tourism GDP growth was 4.2% while national growth was 2.9%.
- Number of businesses directly attributed to Tourism fell by -1.0%, while nationally grew by 1.2%.
- Over the decade, tourism growth in most indicators has outperformed overall growth in the district, while tourism GDP growth has been greater than the total GDP rise in Waitaki, at 1.9% per annum compared with 1.6% nationally.

Economic Development

Financial Commentary

- (a) The variance to budget was created by additional interest cost in the capital property account due to the delays in realising some sales.
- (b) Treasury includes a credit for interest on internal loans. This is shown as an expense so only the net cost appears in the overall financial statements. Treasury includes Dividends Received, Interest Earned and Rate Penalties. This varies from the budget because of the saving on external interest costs.
- (c) For the purpose of these financial statements Property Sales are excluded from Operating Revenue. These are included in Capital Sales under the “Funded By” section of the report. The variance was due to Catching up with sales that were budgeted in prior years.
- (d) This relates primarily to development expenditure required to progress various subdivision and development projects. These were higher than the base level budget but were progressed as these will produce a net positive return.
- (e) This represents renewal expenditure in support areas and relates mainly to vehicles and information technology. This was in-line with prior years and expectations however, the budget showed some items as net rather than gross amount i.e. net of trade-ins and this created the variance.
- (f) This represents external loan only. This level of borrowing was not required due primarily to the delays with some projects and better than budgeted internal borrowing capacity.

Economic Development

Economic Development (12mths to 30 June 2009)

		2008/09 Actual \$(000)	2008/09 Budget \$(000)	2007/08 Actual \$(000)
Operating Expenditure				
Tourism Development		423	455	449
Penguin Colony		706	646	735
Economic Development		443	491	476
Property	(a)	1,415	891	1,262
Treasury	(b)	(1,522)	(1,198)	(1,636)
Corporate		(11)	(78)	15
Total Operating Expenditure (1)		1,454	1,207	1,301
Operating Revenue				
Tourism Development		-	-	-
Penguin Colony		834	783	868
Economic Development		-	-	-
Property		384	435	410
Treasury	(b)	1,946	1,066	2,120
Corporate		60	27	47
Property Sales	(c)	-	-	-
Activity Revenue		3,224	2,311	3,445
General Rates		(468)	(467)	(607)
District Services Rates		(301)	(300)	(396)
Uniform Annual General Charges		146	145	145
Separate Activity Rates		60	61	66
Rates Revenue		(563)	(561)	(792)
Total Operating Revenue		2,661	1,750	2,653
Net Surplus (Deficit)		1,207	543	1,352
Remove Effect Depreciation Not Funded		107	67	62
Net "Cash" Surplus (Deficit)		1,314	610	1,414
Capital and Reserves Funding Requirements				
<u>New Capital</u>				
Penguin Colony		-	-	6
Property	(d)	921	500	983
Corporate		202	145	87
		1,123	645	1,076
<u>Renewals</u>				
Property		21	20	-
Penguin Colony		-	-	3
Corporate	(e)	201	135	319
		222	155	322
Loan Repayments	(f)	750	-	-
Transfers to Reserves		4,095	5,278	4,484
		6,190	6,078	5,882
Funded By:				
Operating "Cash" Surplus (Deficit)		1,314	610	1,414
Capital Sales	(c)	2,132	671	549
Loans Raised	(f)	-	4,150	1,650
Transfer from Reserves		2,477	462	1,980
Renewal Funding From Depreciation Reserves		267	185	289
		6,190	6,078	5,882
(1) Specific Expenses Included Above				
Depreciation		677	558	624
External Interest		88	590	94
Internal Interest		(1,240)	(1,666)	(1,441)

Council & Community Boards



The Representation group of activities includes:

- Council
- Ahuriri and Waihemo Community Boards

Council & Community Boards – What we did

- After considering 410 public submissions including presentations from youth within the District, Council adopted Waitaki District Council's 2009/19 Waitaki Community Plan on 30 June 2009.
- In April 2009 Waihemo Community Board member. Mayor Alex Familton presented Mr Ken Brown with a Local Government New Zealand (LGNZ) Service Award recognising his 20 years' continuous service to the Waihemo Community Board.
- We noted with sadness the passing of a former Councillor – Rodney Grater on 19 September 2008 and Ken Anderson, former Chair of Ahuriri Community Board on 26 September 2009.

Council & Community Boards – How we performed

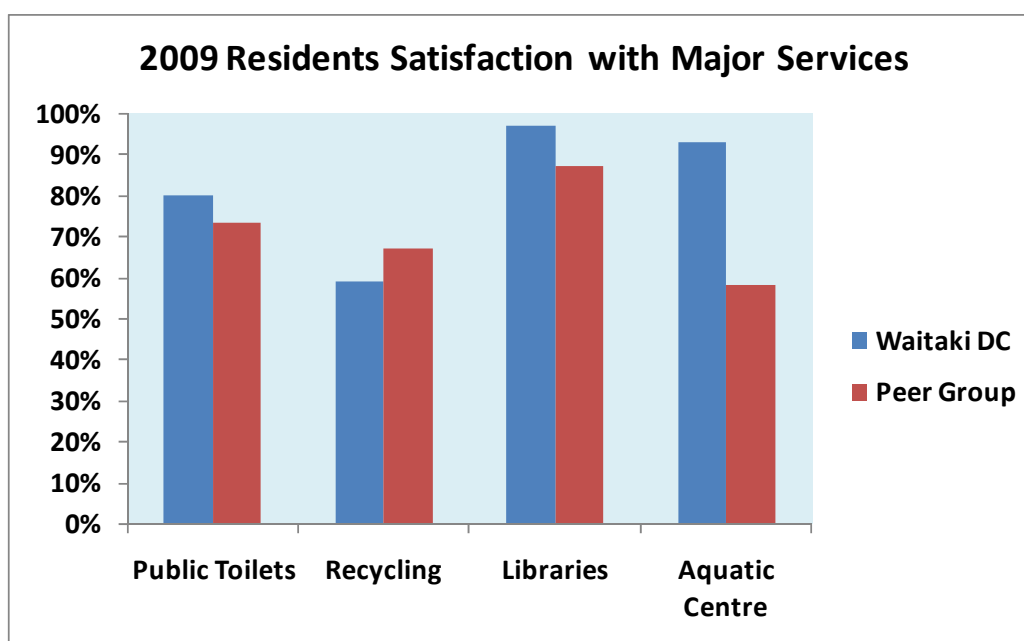
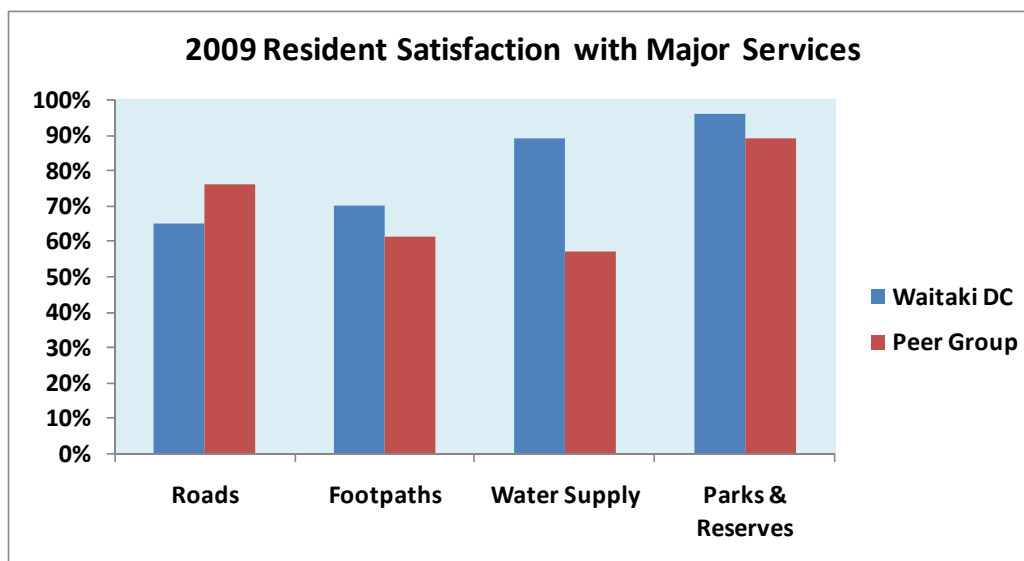
Council and Community Boards Service Level		
Performance Measures	Achievements 2008/09	Targets 2006/09
Resolutions passed in public sessions.	508 items out of 559 items (91%) of Council business were considered in public session (91% previous year). 51 items were considered in public excluded session (9%) (52 in previous year). No items were considered urgent general business (None previous year).	90% or more resolutions are passed in public session. Fewer than 5% of items are considered as urgent general business.
Residents' assessment of performance of Mayor and Councillors.	Residents' Survey 2009 recorded: 82% of residents were very satisfied or fairly satisfied with the performance of Mayor and Councillors (39% in 2008).	60% of residents assess the performance as very good or fairly good.
Residents' assessment of performance of Community Boards'.	Residents' Survey 2009 recorded: 97% of residents in the Waihemo and Ahuriri wards were very satisfied or fairly satisfied with the performance of Community Boards over the past 12 months (74% in 2008).	60% of residents assess the performance as very good or fairly good.

Council & Community Boards

Council and Community Boards (12mths to 30 June 2009)

	2008/09 Actual \$(000)	2008/09 Budget \$(000)	2007/08 Actual \$(000)
Operating Expenditure			
Council	324	295	434
Community Boards	200	193	189
Total Operating Expenditure (1)	524	488	623
Operating Revenue			
Council	1	-	47
Community Boards	-	-	-
Activity Revenue	1	-	47
General Rates	194	194	215
District Services Rates	129	129	144
Ward Rates	192	193	192
Rates Revenue	515	516	551
Total Operating Revenue	516	516	598
Net Surplus (Deficit)	(8)	28	(25)
Remove Effect Depreciation Not Funded	-	-	-
Net "Cash" Surplus (Deficit)	(8)	28	(25)
Capital and Reserves Funding Requirements			
<u>New Capital</u>			
All Activities	-	-	-
<u>Renewals</u>			
All Activities	-	-	-
Transfers to Reserves	32	28	7
	32	28	7
Funded By:			
Operating "Cash" Surplus (Deficit)	(8)	28	(25)
Transfer from Reserves	40	-	32
	32	28	7
(1) Specific Expenses Included Above			
Depreciation	-	1	-
External Interest	-	-	-
Internal Interest	-	-	-

Performance Measure Comparisons



Resident satisfaction is gauged through the annual Waitaki District Council Residents' Survey. These graphs provide a visual presentation of several performance measurements reported on earlier and provide additional information to compare Waitaki resident satisfaction with average resident satisfaction results of other councils (2007/08 peer group results).

The peer group consists of similarly constituted local authorities. The rural peer group has been defined as those territorial authorities where less than 68% of meshblocks¹ belong within an urban area, as classified by Statistics New Zealand's 2006 Census data. Waitaki's peer group are those local authorities comprising a rural area, together with a town(s) or urban component.

¹ Meshblocks are the smallest statistical area units.

Notes on Councils Activities

Performance Measures and Targets

Each group of activities contains performance measures and targets, to assess the actual levels of service provided against benchmarks. The benchmark levels of service, measures and targets were adopted by Council in Volume II of the Waitaki Community Plan 2006/16.

Residents' Survey 2009

A number of performance measures and targets refer to the 'residents' survey'. This is Waitaki District Council's residents' survey which was carried out by an independent local company in August 2009.

All interviewing was conducted by telephone, with 400 calls being made between 4.30pm and 8.30pm on weekdays and 9.30am and 8.30pm weekends.

The survey was carried out to monitor the satisfaction of residents aged 18 years and over with Council Services.

The survey was designed so that it is representative of the actual ward, gender and age groups in the District as of the 2006 Census.

Council Controlled Organisations

Omarama Airfield Limited

Omarama Airfield Limited was formed in 1993 to develop and operate the Omarama Airfield, which is renowned for its suitability for gliding activities. Council and Omarama Soaring Centre Inc. jointly own the Company with each shareholder owning 50% of the shares issued by the Company. Under the provisions of the Local Government Act 2002 the Company is deemed to be a Council Controlled Trading Organisation.



Council's primary objective for continued ownership is to maintain public access to the airfield for its transport and recreational facilities while encouraging the gliding facilities and activities which make use of the world class gliding environment of the Omarama area.

Objectives

The principal objective of the Company is to provide airfield facilities to support flying activities and opportunities in the Omarama area. The principal objective is advanced through:

- Public access to airfield facilities;
- Recreational flying activities;
- Commercial operations, and
- Competitions and events.

Shareholder Expectations

The Shareholders expect that in conducting the affairs of the Company, the directors shall ensure:

- Business activities are conducted in an efficient and effective manner.
- Assets and liabilities are prudently managed.
- Overall performance support Shareholders reasons for continued ownership.
- Appropriate decisions are made that enhance the achievement of the Company's long term needs and objectives.
- The Company acts as a good employer and as an environmentally conscious and responsible citizen.
- Transparent and collaborative relations are maintained with its shareholders.

Information to be reported to shareholders

Within two months after the end of each financial year, the Directors shall deliver to the shareholders an annual report that will include:

- A report on the operations of the Company to enable an informed assessment of the Company's performance, including variations from the business plan and achievements against performance targets.
- Audited financial statements as required under the Financial Reporting Act 1993.
- A report on performance against the Corporate Governance Statement.

Omarama Airfield Limited

Performance Measures

Performance measures for Omarama Airfield Limited are described in the Statement of Intent and are summarised as follows:

Measure	Target	Achievement at 30 June 2009
Financial Performance	Operate and provide planned services within budgeted income	Actual income was \$116,239 in 2008/09, compared with budget of \$92,200, a variance of 26.1 per cent. Actual income in 2008/09 increased by 3.9 per cent compared with 2007/08.
Financial Performance Cont'd	Achieve a breakeven or better result after prudent provision for assets depreciation and replacement, and for future trading requirements	Operating profit was \$23,608 in 2008/09 compared with \$26,619 in 2007/08, a decrease of 11.3 per cent (Profile was budgeted at \$7,200 for 2008/09). Operating surplus has allowed repayment of debentures to build the terminal building. Ongoing profits will allow ultimate repayment of remaining debentures and land purchase for the airfield runway extension.
	Update the Company's business plan on an annual basis	The Company's business plan is completed in two phases. Annual budgets and long term projects.
Social / Community Impact Performance	Measure the economic benefits to Omarama and the Ahuriri community arising from the operation and development of the Airfield	The Omarama Soaring Centre has promoted and enabled the building of five new chalets during the 2009 winter. These will bring further aviators to Omarama, increase the use of local services and generate extra rate income for Council.

Omarama Airfield Limited

Financial Performance	2009 \$000	2008 \$000
Revenues		
Operating Revenue	98	88
Rental Income	15	14
Other Income	3	10
Total Revenue	116	112
Expenditure		
Operating Expenditure	65	59
Audit Fees	7	7
Depreciation	20	19
Directors Fees	-	-
Total Expenditure	92	85
Net Surplus / (Deficit) Before Taxation	24	27
Provision for Taxation	-	-
Net Result After Taxation	24	27
Gain on Disposal	-	-
Net Surplus / (Deficit) for the Year	\$24	\$27

Financial Position	2009 \$000	2008 \$000
Shareholders Funds	\$1,191	\$1,167
<u>Represented By</u>		
Non-current Assets	614	617
Current Assets	609	637
Current Liabilities	(32)	(82)
Non-current Liabilities	(0)	(5)
<u>Net Assets</u>	\$1,191	\$1,167

The Company received an unqualified audit report for the year ended 30 June 2008 on 30 September 2009.

The above information is summarised from the Company's Annual Report and is provided to indicate the performance of Council's investment. A full copy of the Company's Annual Report is available at the Company's offices.

Waitaki Development Board Limited



Waitaki Development Board Limited was established in December 1996 and is 100% owned by Council. Under the provisions of the Local Government Act 2002 it is deemed to be a Council Controlled Organisation.

Council's primary objective for continued ownership and control of the Waitaki Development Board is to advance economic development within the district by fostering a strong, diverse, sustainable and growing economy.

Objectives

The principal objective of Waitaki Development Board Limited is to provide an environment conducive to the growth of the local economy, while having regard to social, environmental and cultural outcomes.

Other specific objectives include the attraction of grant funding, growth of the infant tourism industry within the district, management of a commercial enterprise i.e. the Oamaru Blue Penguin Colony and facilitating investment in the district, especially sustainable infrastructure investment.

Shareholder Expectations

Council expects that in conducting the affairs of the Company, the directors shall ensure:

- Business activities are conducted in an efficient and effective manner.
- Assets and liabilities are prudently managed.
- Overall performance supports Council's reasons for continued ownership.
- Decisions are based on the achievement of long term strategic needs and objectives, not short term expediencies.
- The Company acts as a good employer and as an environmentally conscious and responsible citizen.
- The Company in its consultative practices, has due regard for Maori.
- Transparent and collaborative relations are maintained with the shareholder.

Information to Be Reported To Shareholders

Within three months after the end of each financial year, the Directors shall deliver to the shareholders an annual report and audited financial statements, with respect to the financial year, containing the following information as a minimum:

- A report on the operations of the Company to enable an informed assessment of the Company's performance including:
 - Performance against targets in the Statement of Intent.
 - Performance against the Corporate Governance Statement.
 - Audited financial statements as required under the Financial Reporting Act 1993.
 - A report on compliance with the Company's Tendering Policy.
 - Any grants awarded by the Waitaki Development Board to another party, including information measuring the effectiveness of the grant.

Waitaki Development Board Limited

Performance Measures

Performance measures for Waitaki Development Board Limited are described in the Statement of Intent, and summarised in the following table.

Measure	Targets	Achievements for Year Ending 30 June 2009
Overall performance against contracts and plans	Population numbers to decrease less than 0.1% (or by fewer than 20 people) annually	Census 2006 = 20,223 BERL report June 2008 = 20,225 Waitaki's population is holding with only a small decrease being recognized. Complete records will be available at the next census in 2010.
Measuring economic growth	Labour capacity to be increased and measured – 95% of advertised jobs to be filled within 3 months	This performance target has not been measured for 2008/09.
Tourism growth	<p>Increase visitor bed nights purchased to 340,000 by 2009/10</p> <p>Increase average length of stay to 1.8 nights by 2009/10</p> <p>Increase visitor numbers at the OBPC by 5% annually</p> <p>Maintain resident satisfaction with the Company's efforts to attract tourists to the District above the nation average</p>	<p>303,006 bed nights July 08-June 09; down 2% from same period last year.</p> <p>Average 1.55 nights July 08-June 09; down from 1.6 nights on the same period last year.</p> <p>Evening visitor numbers for 2008/09 were 38,514, down 3.6% from 2007/08 figure of 41,560.</p> <p>This performance target has not been measured for 2008/09.</p>

Waitaki Development Board Limited

Financial Performance	2009 \$000	2008 \$000
Revenues		
Waitaki District Council	875	857
Other Income and Grants	146	204
Total Revenue	1,021	1,061
Expenditure		
Operating Expenditure	935	1,029
Audit Fees	11	11
Depreciation	11	12
Directors' Fees	40	41
Total Expenditure	997	1,093
Net (Deficit)/Surplus Before Taxation	24	(32)
Provision for Taxation	7	-
Net (Deficit)/Surplus After Taxation	\$17	\$(32)

Financial Position	2009 \$000	2008 \$000
Shareholder's Funds	\$47	\$30
<u>Represented By</u>		
Non Current Assets	42	47
Current Assets	165	89
Current Liabilities	(160)	(160)
<u>Net Assets</u>	\$47	\$30

The Company received an unqualified audit report for the year ended 30 June 2009 on 29 September 2009.

The above information is summarised from the Company's Annual Report and is provided to indicate the performance of Council's investment. A full copy of the Company's Annual Report is available from the Company's offices.

Waitaki District Health Services Limited

Waitaki District Health Services was established in 1997 for the charitable purpose of providing health services to the community and is 100% owned by Council. Under the provisions of the Local Government Act 2002, it is deemed to be a Council Controlled Organisation.



Council's primary objective for continued ownership and control is to ensure the healthcare needs and interests of the District are met through the provision of quality, locally based healthcare services (Oamaru Hospital).

Objectives

The principal objective of the Company is to operate a successful healthcare business by providing services to meet the healthcare needs of the District's community.

Shareholder Expectations

Council expects that in conducting the affairs of the Company, the directors shall ensure:

- That the company shall ensure that Government responsibility for funding of health services for the District is maintained at all times and that no call will be made on Council to fund health services to the District.
- Business activities are conducted in an efficient and effective manner.
- Assets and liabilities are prudently managed.
- Overall performance supports Council's reasons for continued ownership.
- Expedient short-term decisions that may adversely impact on the achievement of future long term needs and objectives are avoided.
- The Company acts as a good employer and as an environmentally conscious and responsible citizen.
- Transparent and collaborative relations are maintained with the shareholder.
- Pursue all avenues of funding that may be available from time to time for Waitaki District Health Services funding.

Information to be Reported to Shareholders

Within three months after the end of each financial year, the Directors shall deliver to the shareholder an annual report and audited financial statements in respect of the financial year, containing the following information as a minimum:

- A report on the operations of the Company to enable an informed assessment of the Company's performance, including variations from the business plan and achievements against performance targets.
- Performance against the Corporate Governance Statement.
- Audited financial statements as required under the Financial Reporting Act 1993.
- A report on compliance with the Company's Tendering Policy.
- Activity statistics, with comparable figures for previous year.
- A report on service delivery issues and achievements.

Waitaki District Health Services Limited

Measure	Statement of Intent Target	Achievements at 30 June 2009
Efficient and effective management	Operate and provide planned services within budgeted income including services contract with District Health Board.	Net operating surplus before interest revenue, depreciation, taxation expense and GST payment. All planned services were provided. Budget \$561,479 Actual \$1,940,264
Prudent management of assets and liabilities	Achieve a break-even or better result after prudent provision for assets depreciation and replacement and for future trading requirements.	Net surplus/(deficit) after depreciation expense, interest revenue and taxation expense, and before GST payment. Budget \$49,226 Actual \$1,332,630
Long-term planning	Update the Company's business plan annually.	The business plan is updated annually.
Loan repayment	Repay loan monies required to establish hospital and services within a ten-year period from loan commencement.	The Hospital has repaid all principal amounts.
Service performance	Meet and observe performance targets and service standards required under the Ministry of Health contractual arrangements with the Company.	Each department of the hospital has met their requirements under the Ministry of Health contract.

Waitaki District Health Services Limited

Measure	Statement of Intent Target	Achievements at 30 June 2009
Professional standards and transparent and collaborative relations with the shareholder	<p>Meet and observe adequate professional and technical standards in the delivery of Waitaki District Health Services and investigate, identify and implement appropriate measurement standards to ensure this is achieved.</p> <p>Implement and maintain a Quality Assurance Programme to ensure adequate standards of care and services are maintained to the Company's patients.</p> <p>Undertake ongoing monitoring of the Quality Assurance Programme to ensure an adequate performance in provision of health care services and adherence to all the applicable statutory and industry imposed regulations by the company.</p> <p>Establish, where appropriate, strategic alliances with business partners and community groups in order to achieve desired outcomes for health services.</p> <p>Report regularly to Council and to the Community through the Waitaki District Health Forum on community health achievements and outcomes.</p> <p>Maintain the Waitaki District Health Forum in accordance with a community approved protocol for the Forum's operation and objectives as a means of liaison and communication between the hospital and community related health groups.</p> <p>Enhance and develop good community health services outcomes, particularly with regard to the elderly.</p>	<p>The company has met all professional and technical standards. The hospital continues to implement and operate both a quality assurance programme and an accreditation programme to ensure that these standards continue to be met in future. Compliance is confirmed regularly by independent audits.</p> <p>The company continues to implement and operate both a quality assurance programme and an accreditation programme to ensure that these standards continue to be met in the future.</p> <p>The company has achieved 3 year certification under Health & Disability sector standards, Infection Control Standards, and Restraint & Minimisation Standards. Achieving these standards has enabled certification for the 3 years until 2010.</p> <p>Ongoing community health forum has been undertaken within the financial year. Forum participants include health related and other community organisations within the Waitaki District. GP forums and staff forums have also been undertaken.</p> <p>Community health forum meetings have been undertaken 3 times in the last year and minutes record the achievements in health service delivery. The Hospital reports 6-monthly and annually to the Council.</p> <p>Completion of Community Care Unit which has a strong focus on assessment, treatment and rehabilitation for the elderly.</p>

Waitaki District Health Services Limited

Measure	Statement of Intent Target	Achievements at 30 June 2009
	Work with all parties having a professional or business interest in health care in the Waitaki District to maintain and improve the range and quality of health care services in the District.	GP and staff forums held on a day to day basis and as required. Working in partnership and maintaining a close link with other health organisations such as Asthma Society, Stroke Support, Diabetes Society and St Johns. Supporting medical and nursing backup for Kurow. Partnership programme with Parent Centre for antenatal classes. Undertaken pandemic disaster planning with Civil Defence.

Waitaki District Health Services Limited

Financial Performance (Group)	2009 \$000	2008 \$000
Revenues		
Total Revenue	11,929	10,514
Expenditure		
Operating Expenditure	10,283	9,099
Audit Fees	21	22
Depreciation	750	729
Directors' Fees	98	93
Total Expenditure	11,152	9,943
Net Surplus Before Taxation	777	571
Provision for Taxation	-	(193)
Net Surplus After Taxation	\$777	\$764

Financial Performance (Group)	2009 \$000	2008 \$000
Total Equity	\$13,799	\$12,233
Represented By		
Non Current Assets	10,695	10,591
Current Assets	5,192	3,724
Non Current Liabilities	(8)	(2,083)
Current Liabilities	(2,080)	(2,081)
Net Assets	\$13,799	\$12,233

The Group comprises Waitaki District Health Services Limited and Waitaki District Health Services Trust.

Financial performance of the company exceeded expectations for the year under review. Factors which significantly impacted on the favourable result were:

- Maternity revenue was higher than expected due to a one off bonus payment from the Ministry of Health.
- Specialists' clinic costs were lower than anticipated due to the targeted level of clinics not being met due to the unavailability of specialists to conduct clinics.
- Interest revenue relating to the Trust was higher than budgeted.
- Overall the reported result is higher than budgeted because revenue is higher than expected and overhead expenses were lower.

The Company received an unqualified audit report for the year ended 30 June 2009 on 30 September 2009.

The above information is summarised from the Company's Annual Report and is provided to indicate the performance of Council's investment. A full copy of the Company's Annual Report is available at the Company's offices.

Whitestone Contracting Limited

Whitestone Contracting Limited (formerly Whitestone Limited) was established in 1991 and 100% owned by Council. Under the provisions of the Local Government Act 2002, it is deemed to be a Council Controlled Trading Organisation.



Council objectives for continued ownership and control and the Companies objectives were reviewed in the final months of 2007 and the Company's Statement of Intent was updated accordingly. These objectives became effective as of 1 July 2007 and are included in this report.

Council objectives for continued ownership and control include:

- Stimulating a competitive contracting sector in our district
- Supporting local opportunities for a diverse labour market
- Obtaining a good return on investment commensurate with the business risks of Whitestone Contracting Limited and the risk appetite of Council
- Providing emergency services support

Objectives

The principal objective of the Company is to operate as a successful business and the Company has a vision to be the contracting company of choice in the region.

In general, the Company is focused on continual improvement of our systems and processes to improve the way we operate and seeks to support local employment, the environment and the community while at the same time maximising profit and performance in a way that is sustainable and reflects Council's objectives for ownership.

In pursuing the principal objective the Company and directors shall:

- Manage the Company's business activities in an efficient and effective manner
- Ensure assets and liabilities are prudently managed consistent with the nature of a contracting business
- Maximise the long term viability and profitability consistent with Council's objectives for ownership
- Manage the business with the objective of achieving agreed business growth
- Consolidate, and when financially advantageous, expand the Company operations in to the private and public sectors using the skill, abilities and management techniques that are available within the Company
- Maintain a diversified portfolio of work and clients to ensure continuity of returns to the shareholder
- Continue to review the Company structure to ensure the most efficient structure is in place to enhance profitability
- Be customer focussed and ensure good customer contract results as measured against contract specifications
- Be a good employer by:
 - Providing a work environment that recruits, fosters and maintains safe, competent, motivated, committed and productive employees
 - Recognising and rewarding excellent performance of any staff
- Act in an environmentally and socially responsible manner and implement sustainable business practices
- Ensure transparent and informed relationships are maintained with the shareholder within the spirit of 'no surprises'

Whitestone Contracting Limited

Information to be reported to Shareholders

Within two months after the end of each financial year, the Directors shall deliver to the shareholder an annual report and audited financial statements in respect of the financial year, containing the following information as a minimum:

- A report on the operations of the Company to enable an informed assessment of the Company's performance including: Performance against targets in this Statement of Intent
- Performance against the Corporate Governance Statement
- Audited financial statements as required under the Financial Reporting Act 1993

Performance measures for Whitestone Contracting Limited are described in the Statement of Intent, and summarised in the following table:

Measure	Target	Achievement at 30 June 2009
Profitability and return to shareholder	Achieve a before income tax return on opening shareholders' funds that is better than 10%.	Achieved. Actual return 9.14%
Long term viability and profitability	Continue to diversify the portfolio of work and clients.	The company increased its number of clients spending over \$10,000 from 109 clients to 120 clients. The top 10 clients made up 78% of revenue in 2008 and this percentage remained the same for 2009.
Efficient and effective management	Continue to review the Company structure to ensure the most efficient structure is in place to enhance profitability. Continue to maintain a diversified portfolio of work and clients to ensure continuity of returns to the shareholder.	The company has significant contracts out of the Waitaki District and continues to work towards this target. The percentage revenue from the Waitaki District Council is 44% (2008 - 45%).
Acting as a good employer	Maintain a high standard of health and safety in relation to the Company's employees and the public, as measured by achieving ACC workplace safety management accreditation.	Maintained.

Whitestone Contracting Limited

Measure	Target	Achievement at 30 June 2009
Quality standards	<p>Maintain ISO 9001 registration and related quality assurance progresses.</p> <p>Obtain ISO 14001 Standard to ensure we have systems in place to environmental, legislative and regulatory requirements.</p>	<p>Maintained</p> <p>Maintained</p>
Responsibility and compliance	No major non compliance with Council and regulatory requirements.	Achieved. The company has complied with its tendering Policy during the period.
	Increase the percentage of revenue obtained from sources other than the Waitaki District Council.	The percentage of revenue from the Waitaki District Council is 44% (2008: 45%)
	Maintain a ratio of consolidated shareholder funds to total assets. In the range of 60% - 80%.	The current ratio is within the range. The ratio at 30 June 2009 is 68%.

Whitestone Contracting Limited

Financial Performance	2009 \$000	2008 \$000
Revenues		
Operating Revenue	21,496	20,301
Expenditure		
Operating Expenditure	19,469	18,037
Audit Fees	22	21
Depreciation (net)	1,090	1,121
Directors Fees	86	79
Interest Expense	61	110
Total Expenditure	20,728	19,368
Net Profit Before Taxation	768	933
Subvention Payment	1,145	300
Provision for Taxation	(66)	99
Net Profit After Taxation	<u>\$311</u>	<u>\$534</u>

Financial Position	2009 \$000	2008 \$000
Shareholders Funds	<u>\$9,552</u>	<u>\$9,863</u>
<u>Represented By</u>		
Non Current Assets	9,340	8,605
Current Assets	4,763	5,034
Non Current Liabilities	(1,157)	(410)
Current Liabilities	(3,394)	(3,366)
<u>Net Assets</u>	<u>\$9,552</u>	<u>\$9,863</u>

The Company received an unqualified audit report for the year ended 30 June 2009 on 28 August 2009.

The above information is summarised from the Company Annual Report and is provided to indicate the performance of Council's investment. A full copy of the Company's Annual Report is available from the Company offices, or website www.whitestone.co.nz.

Financial Statements

Consolidated Income Statement

For the year ended 30 June 2009

Income Statement						
	Note	Consolidated		Council Only		
		2009	2008	2009	2009 Budget	2008
		\$000	\$000	\$000	\$000	\$000
Income						
Rates Revenue	1	23,046	21,583	23,046	22,980	21,583
Other Revenue	2	42,136	38,529	19,334	12,838	17,205
Other Gains / (Losses)	3	2,413	8,802	2,377	-	8,786
Total Income		67,595	68,914	44,757	35,818	47,574
Expenditure						
Activity Expenditure		60,104	56,367	37,763	35,002	36,277
Finance Cost		150	206	89	591	95
Total Expenditure	4	60,254	56,573	37,852	35,593	36,372
Surplus Before Taxation		7,341	12,341	6,905	225	11,202
Income Tax (Expense)/Refund	5	59	13	-	-	-
Net Surplus After Taxation		\$ 7,400	\$ 12,354	\$ 6,905	\$ 225	\$ 11,202

The accompanying notes form part of these financial statements.

Statement of Movements in Equity

For the year ended 30 June 2009

Statement of Movement in Equity						
	Note	Consolidated		Council Only		
		2009 \$000	2008 \$000	2009 \$000	2009 Budget \$000	2008 \$000
Public Equity at 1 July		628,777	590,405	610,447	611,352	575,747
Net Surplus for the Year		7,400	12,354	6,905	225	11,202
Increase in Roothing Revaluation Reserve	6	50,468	-	50,468	32,172	-
Increase / (Decrease) in Property Revaluation Reserve	6	709	25,922	-	-	23,498
Other	6	156	96	-	-	-
Total Recognised Income / (Expense) for the Year		58,733	38,372	57,373	32,397	34,700
Public Equity at 30 June		\$687,510	\$628,777	\$667,820	\$ 643,749	\$610,447

The accompanying notes form part of these financial statements.

Balance Sheet

As at 30 June 2009

Balance Sheet						
	Note	Consolidated		Council Only		
		2009	2008	2009	2009 Budget	2008
		\$000	\$000	\$000	\$000	\$000
Public Equity						
Ratepayers Equity	6	301,370	291,972	301,370	309,843	291,972
Revaluation Reserve	6	347,922	297,067	342,593	324,415	292,447
Operating Reserve	6	28,965	30,298	14,604	2,060	16,588
Other Reserves	6	9,253	9,440	9,253	7,431	9,440
Total Public Equity		\$ 687,510	\$ 628,777	\$ 667,820	\$ 643,749	\$ 610,447
Represented By:						
Non-Current Assets						
Property, Plant & Equipment	7	669,192	613,717	649,178	635,783	594,523
Intangible Assets	8	264	227	149	192	198
Investment Property	9	-	1,675	-	1,500	1,675
Forestry	10	710	650	710	426	650
Other Financial Assets	11	12,895	12,085	16,953	17,034	16,143
Trade & Other Receivables	13	65	77	65	46	77
		683,126	628,431	667,055	654,981	613,266
Current Assets						
Cash and Cash Equivalents	12	6,259	3,278	941	275	677
Trade & Other Receivables	13	10,051	8,481	7,178	3,625	5,773
Inventories	14	746	870	62	54	59
Work in Progress	15	74	686	-	-	-
Non-Current Assets Held for Sale	16	445	445	445	-	445
Other Financial Assets	11	-	20	768	-	-
Provision Tax Paid In Advance		25	24	1	1	1
		17,600	13,804	9,395	3,955	6,955
Total Assets		700,726	642,235	676,450	658,936	620,221
Non-Current Liabilities						
Provisions	20	682	584	682	602	584
Employee Entitlement Liabilities	18	54	49	3	14	7
Borrowings	17	434	477	14	8,864	17
Deferred Tax Liability	5	(46)	(47)	-	-	-
		1,124	1,063	699	9,480	608
Current Liabilities						
Short Term Borrowing	17	900	1,650	900	-	1,650
Trade & Other Payables	19	7,666	7,264	6,034	4,841	6,552
Provisions	20	265	298	256	284	291
Employee Entitlement Liabilities	18	3,251	2,843	738	579	670
Provision for Taxation'		(3)	101	-	-	-
Current Portion Borrowings	17	13	239	3	3	3
		12,092	12,395	7,931	5,707	9,166
Total Liabilities		13,216	13,458	8,630	15,187	9,774
Net Assets		\$ 687,510	\$ 628,777	\$ 667,820	\$ 643,749	\$ 610,447

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2009

	Note	Consolidated		Council Only		
		2009	2008	2009	2009 Budget	2008
		\$000	\$000	\$000	\$000	\$000
Cash Fows from Operating Activities						
Receipts from Rates Revenue		22,916	21,575	22,916	22,980	21,575
Interest Received		257	290	76	-	79
Dividends / Subventions Received		8	8	1,153	150	363
Receipts from Other Revenues		40,642	35,195	16,259	11,798	13,887
Payments to Suppliers & Employees		(46,365)	(43,065)	(27,720)	(25,405)	(25,028)
Interest Paid		(153)	(203)	(92)	(591)	(92)
Income Tax Paid		(46)	567	-	-	-
GST Net		(691)	(188)	(125)	-	(184)
Net Cash from Operating Activities	28	16,568	14,179	12,467	8,932	10,600
Cash Flows from Investing Activities						
Proceeds from Sale of P.P. & E.		2,248	646	2,136	671	562
Current Accounts Repaid		-	-	-	-	-
Proceeds from Sale of Investments		-	-	-	7	-
Purchase of P.P. & E.		(14,824)	(16,609)	(12,818)	(13,818)	(13,557)
Acquisition of Investments		(768)	(1)	(768)	-	-
Net Cash from Investing Activities		(13,344)	(15,964)	(11,450)	(13,140)	(12,995)
Cash Flows from Financing Activities						
Proceeds from Borrowing		510	1,650	-	4,150	1,650
Repayment of Borrowings		(753)	(289)	(753)	(3)	(3)
Net Cash from Financing Activities		(243)	1,361	(753)	4,147	1,647
Net Increase / (Decrease) in Cash		\$ 2,981	\$ (424)	\$ 264	\$ (61)	\$ (748)
Total Cash Resources 1 July		3,278	3,702	677	336	1,425
Total Cash Resources 30 June	12	\$ 6,259	\$ 3,278	\$ 941	\$ 275	\$ 677

The accompanying notes form part of these financial statements.

Statement of Accounting Policies

Reporting Entity

These financial statements of the Waitaki District Council are for the year ended 30 June 2009 and were authorised for issue by Council on 2 November 2009.

The Waitaki District Council (Council) is a territorial local authority governed by the provisions of the Local Government Act 2002.

Council's financial statements are for the Waitaki District Council as a separate entity. The Waitaki District Council group consists of the Waitaki District Council and its subsidiaries Whitestone Contracting Limited (100% owned), Waitaki District Health Services Limited (100% owned) and Waitaki Development Board Limited (100% owned). The investment in Omarama Airfield Limited (50% owned) is treated as a joint venture. All companies are incorporated in New Zealand.

The primary objective of Council is to provide services or goods for the community for social benefit rather than making a financial return. Accordingly, Council has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Reporting Standards (NZ IFRS).

Basis of Preparation

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and the requirements of the Local Government Act 2002. These statements are produced under Section 98, Part 6, and Part 3 of Schedule 10 of the Act. They comply with NZ IFRS, and other applicable Financial Reporting Standards as appropriate for Public Benefit Entities.

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

The financial statements have been prepared on an historical cost basis, modified by the revaluation of certain property, plant and equipment: land and buildings, certain infrastructural assets, investment property and biological assets.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Council and the group is New Zealand dollars.

Basis of Consolidation

Council consolidates as subsidiaries in the group financial statements all entities where Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where Council controls the majority voting power of the governing body or where such policies have been irreversibly predetermined by Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

Council measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized exceeds the cost of the business combination, the difference will be recognized immediately in the income statement.

Statement of Accounting Policies

The following entities are consolidated and the bases of their inclusion for consolidation in these financial statements are as follows:

Whitestone Contracting Limited, Waitaki Development Board Limited, Waitaki District Health Services Limited

These companies are Council Controlled Organisations, as defined by Part 5 of the Local Government Act 2002, with Whitestone Contracting Limited being a Council Controlled Trading Organisation. Council holds 100% of the shares. The companies' balance dates are 30 June. The accounts have been consolidated using the purchase method on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation. Whitestone Contracting Limited has two fully owned subsidiaries: Whitestone Quarries and Landfill Limited and Contract Cultivation (2006) Limited.

Council's investment in its subsidiaries is carried at cost in the Council's own "parent entity" financial statements.

Omarama Airfield Limited

This company is a Council Controlled Trading Organisation as defined by Part 5 of the Local Government Act 2002. The company's balance date is 30 June. Council holds 50% of the shares. The company is treated as a jointly controlled entity. Council's share of income and expenses, and its share of assets and liabilities have been incorporated using the proportionate method on a line-by-line basis.

Specific Accounting Policies

The following specific accounting policies that significantly affect the measurement of operating results, cash flows and financial position have been applied:

Income Recognition

Revenue is measured at the fair value of consideration received.

- Rates are recognised when set.
- Water billing revenue is recognised when invoices are issued.
- Government grants and subsidies are recognised when eligibility has been established.
- Operating revenues represent the gross revenue from commercial operations in the ordinary course of business and are recognised when earned.
- Fees and charges are recognised when invoiced.
- Rebates are recognised when received.
- Interest income is recognised when earned.
- Dividends are recognised when received.
- Vested Infrastructural Assets are recognised when Council accepts transfer from the subdivider. The value recognised is based on certified engineers' certificates.
- Development and financial contributions are recognised at the later of invoicing or the event that will give rise to a requirement for a development or financial contribution under the relevant legislation.
- Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

Construction Contracts

Profits on contracts are recognised progressively over the period of each contract. The amount included in the Income Statement and the value of contract work in progress are established by assessment of individual contracts taking into account the proportion of work completed, cost analysis and estimated final results. Foreseeable losses on a contract are recognised immediately. The method used to determine the proportion of the work completed is the proportion of the contract cost incurred for work performed to date in relation to the estimated total contract costs.

If payments received from customers exceed the income recognised, then the difference is presented as prepaid income in the balance sheet.

Statement of Accounting Policies

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred. No borrowing costs are capitalised.

Leases

Finance Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. The leased assets and corresponding liabilities are recognised and the leased assets are depreciated over the period benefit is expected from their use.

Operating Leases:

Operating leases are all other leases, i.e. a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. These are charged on a straight-line basis over the term of the lease.

Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method, less any provision for impairment.

Goods and Services Tax

These accounts have been prepared on a GST exclusive basis and any net GST due or owing at balance date is included in debtors or creditors (as appropriate). Debtors and creditors are stated inclusive of GST. Where GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. The carrying value of cash at bank and term deposits with maturities less than 3 months approximate fair value. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

Statement of Accounting Policies

Inventories

Inventories, comprising materials and work-in-progress, are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. The write down from cost to net realisable value is recognised in the income statement.

Work in Progress

Work-in-progress includes materials and labour costs accumulated against jobs, but not invoiced as at balance date.

Financial Assets

Council classified its financial assets into the following four categories: financial assets at fair value through the income statement, held to maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through the income statement in which case the transaction costs are recognised in the income statement.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market 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. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Techniques, such as discounted expected cash flows, are used to determine fair value for the remaining financial instruments.

Of the four categories of financial assets, only two are relevant to Council.

- **Loans and receivables.**
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the income statement. Loans and receivables are classified as 'trade and other receivables' and "other financial assets" as appropriate in the balance sheet.
- **Available-for-sale financial assets.**
Available-for-sale financial assets are those that are designated as available-for-sale or are not classified in any of the other categories above.

This category encompasses:

- investments that Council intends to hold long-term but which may be realised before maturity; and
- shareholdings that Council holds for strategic purposes. Council's investments in its subsidiary are not included in this category as they are held at cost (as allowed by NZ IAS 27 Consolidated and Separate Financial Statements and NZ IAS 28 Investments in Associates) whereas this category is to be measured at fair value.

After initial recognition these investments are measured at their fair value.

Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the income statement. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in income statement even though the asset has not been de-recognised. On de-recognition, the cumulative gain or loss previously recognised in equity is recognised in the income statement.

Statement of Accounting Policies

Impairment of Financial Assets

At each balance date Council 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 income statement.

A provision for impairment of receivables is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Financial Liabilities

Interest bearing borrowings are classified as other non-derivative financial instruments and are initially recognized at their fair value. After initial recognition, all borrowings are measured at amortized cost using the effective interest rate method.

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.

Investment Properties

Investment Properties are properties held to earn income or for capital appreciation. These do not include properties held for strategic purposes or to provide a social service. Initially, investment properties are measured at cost including transaction costs unless acquired at less than fair value when they are recognised at fair value.

Investment Properties were valued at fair value as at 30 June 2008 by Warwick Scott, LNZI, SPINZ, Registered Valuer, and are valued annually. Mr Scott is an independent valuer with extensive market knowledge in the types of investment properties owned by Council. The values were based on open market evidence. Gains or losses arising from a change in fair value between periods are recognised in the income statement in the year they arise.

There is no depreciation on investment properties. Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Gains or losses on de-recognition are recognised in the income statement in the year of de-recognition.

Non-current Assets Held for Sale

Non-current assets held for sale are separately recognised as a current asset when the sale of an asset is highly probable and management are committed to a plan to sell the asset, and that sale is expected to occur within one year. Non-current assets held for sale are valued at lower of the carrying value and the fair value less disposal costs.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the income statement.

Any increase in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated while they are classified as held for sale.

Forestry

Forestry is the estimated worth of the maturing tree stocks in Council's forests as at date of valuation. The valuation method adopted is Net Present Value based on the age and condition of the trees. Council's forests were last re-valued in June 2009 by Allan Laurie of Laurie Forestry Ltd.

The costs to maintain the forestry assets are included in the income statement.

Property, Plant and Equipment

Property, Plant and Equipment consists of:

Statement of Accounting Policies

Operational assets – these include land, buildings, landfill (post closure), library books, plant and equipment, furniture and fittings, and motor vehicles.

Restricted assets – restricted assets are parks and reserves owned by Council which 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 fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the income statement. When re-valued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

Re-valuations

Certain classes of assets, as detailed below, are re-valued. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.

Land and Buildings:

Council contracted Quotable Value New Zealand to value all its property assets with effect as at 1 July 2007. Council has a policy to revalue every three years as a minimum.

Infrastructural Assets:

Infrastructural assets are utility assets that provide a continuing service to the community. They are recorded at valuation, based on optimised depreciated replacement cost, with subsequent additions recorded at cost until the next revaluation. Valuations are performed on a three yearly basis as a minimum.

At balance date Council assesses the carrying values of its infrastructural assets to ensure they do not differ materially from the assets fair values.

The roading network, including bridges, retaining structures and land under roads was valued as at 1 July 2008 by Wayne Hatcher, BE Civil (Hons) of Opus International Consultants Ltd. The water, waste and drainage assets were valued as at 1 July 2006 by Council. The valuation was peer reviewed by John Vessey, BE (Civil) FIPENZ of Opus International Consultants Limited.

Vested Infrastructural Assets are initially recorded at valuation based on engineers' certificates.

Harbour Assets:

Harbour wharves and structures and Oamaru Harbour Breakwater are valued at deemed cost. These assets are not re-valued. These assets were valued by Royds Garden Limited, Consulting Engineers as at June 1992. They are recorded at valuation based on depreciated replacement cost.

Statement of Accounting Policies

Library Collection:

Library collections are carried at depreciated replacement cost. Valuations are performed annually by the Head Librarian and are not subject to independent review because they are based on readily available market prices.

Cultural and Heritage Assets:

These assets provide a cultural or heritage service to the community. These include the Museum artefacts, Forrester Gallery art collection and the Libraries resources. They are recorded at valuation, based on net current value, with subsequent additions recorded at cost.

Accounting for Revaluations:

The results of revaluations of property, plant and equipment are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the income statement. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the income statement will be recognised first in the income statement up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Depreciation

General:

Unless otherwise stated, all Council fixed assets are depreciated on a straight-line basis at rates that will write-off their cost or valuation, less any estimated realisable value, over their expected useful lives. Some members of the Group assets are depreciated on a diminishing value basis where this is considered the most appropriate method for that business.

Land:

Land is not depreciated.

Buildings:

Buildings are depreciated over their expected lives of 2 to 100 years, dependent on the method of construction.

Cultural and Heritage Assets:

Other than Library resources, Cultural and Heritage assets are not depreciated. Library resources are depreciated over their expected lives of 7 years.

Infrastructural Assets:

Depreciation has been calculated on a straight line basis as follows:

<u>Asset</u>	<u>Depreciation Base</u>
Infrastructural:	
- roading	
- formation, base course	not depreciated
- pavement structure	2 - 70 years
- surfacing	2 - 15 years
- drainage, footpaths	2 - 50 years
- bridges, retaining structures	2 - 100 years
- streetlights, railings	2 - 35 years
- water schemes	
- head works	2 - 75 years
- reservoirs	2 - 150 years
- pumps	2 - 20 years
- reticulation	2 - 80 years
- sewerage schemes	
- reticulation	2 - 80 years
- pumps	2 - 20 years
- treatment works	2 - 100 years
- stormwater reticulation	2 - 80 years
- transfer stations and landfill developments	2 - 20 years
Harbour Assets:	
Wharves and Breakwater	40 – 100 years

Statement of Accounting Policies

Other Assets:

Other assets are depreciated over their expected useful lives:

<u>Asset Category</u>	<u>Depreciation Base</u>
Motor vehicles	2 - 8 years
Office equipment	2 - 5 years
Office furniture and fittings	2 - 10 years

Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance. The main categories of intangible assets are:

Software:

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring into use. Costs associated with maintaining computer software are recognised as an expense when incurred. The useful life of software is 3 to 5 years and is amortised on a straight line basis.

Other:

These are other intangible assets with an identifiable useful life of 25 years. These are amortised on a straight line basis.

Impairment of Property, Plant and Equipment, and Intangible Assets:

Intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indication 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.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For re-valued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Income Statement.

For assets not carried at a re-valued amount, the total impairment loss is recognised in the Income Statement.

Employee Entitlements

Short-term benefits:

Employee benefits that Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months.

Council recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long service leave:

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave; have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows. A discount rate of 6.5% and an inflation factor of 3.0% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long term increase in remuneration for employees.

Statement of Accounting Policies

Superannuation Schemes:

Defined contribution schemes:

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the income statement as incurred.

Multi-employer defined benefit schemes:

Council belongs to a Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Provisions

Council recognises a provision for future expenditure of uncertain amount of timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

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.

The most significant provisions relate to landfill post closure costs. Council owns Oamaru and Palmerston operational landfills. Council is also responsible for a number of closed landfills throughout the Waitaki District. Council has a legal obligation to apply for resource consents when the landfills reach the end of their operating life and are to be closed.

These resource consents will set out the closure requirements and the requirements for ongoing maintenance and monitoring at the landfill site after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured on the present value of future cash flows expected, taking into account future events, including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure. The discount rate used is a rate that reflects the current market assessments of the time value of money and the risks specific to Council. The estimated future costs of meeting this obligation have been accrued and charged. The calculations assume no change in the legislative requirements for post-closure treatment.

Amounts provided for landfill post closure are capitalised to the landfill assets where they give rise to future economic benefits. The capitalised landfill asset is depreciated over the life of the landfill based on the anticipated capacity used.

Financial Instruments

The Group is party to financial instrument arrangements as part of everyday operations. These financial instruments include bank overdraft facilities and draw-down facilities, short-term deposits, investments, debtors and creditors.

All financial instruments are recognised in the Balance Sheet. Income and expenditures in relation to all financial instruments are recognised in the Income Statement.

Equity

Equity is the Community's interest in the Council as measured by total assets less total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that Council makes of its accumulated surpluses.

Statement of Accounting Policies

The components of equity are:

- Ratepayers Equity
- Restricted reserves (Special Funds)
- Operating Reserves
- Asset Revaluation Reserves

Reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which the Council may not revise without reference to the Courts or third parties. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Operating reserves are reserves established by Council decision. The Council may alter them without reference to any third parties or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Asset revaluation reserves represent unrealised gains on assets owned by Council. The gains are held in the reserve until such time as the gain is realised and a transfer can be made to operating reserves.

Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires 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's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principal 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 and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTCCP.

Budget Figures

The budget figures are those approved by Council at the beginning of the year in the Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council for the preparation of these financial statements.

Groups of Activities

The Groups of Activities, as provided in the Annual Plan, report the net cost of services for significant activities of the Council, and are represented by the costs of providing the service less all revenue that can be allocated to these activities:

Cost Allocation:

Council has derived the net cost of service for each significant activity of the Council, using the cost allocation system outlined below.

Cost Allocation Policy:

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

Statement of Accounting Policies

Criteria for Direct and Indirect Costs:

“Direct Costs” are those costs directly attributable to a significant activity. “Indirect Costs” are those costs that cannot be attributed in an economically feasible manner to a specific significant activity.

Cost Drivers for Allocation of Indirect Costs:

The cost of internal services that are not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers, and floor area.

Critical accounting estimates and assumptions

In preparing these financial statements Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. 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 below:

Infrastructural Assets:

There are a number of assumptions and estimates used with the performing of depreciated replacement cost valuations of 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; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be affected 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 Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of financial performance. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Critical judgements in applying Council's accounting policies:

Management has exercised the following critical judgements in applying Council's accounting policies for the period ended 30 June 2009:

Classification of Property:

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

Council currently has unoccupied land in its ownership. Given the uncertainty over the future intended use of the land, Council in applying its judgement has not classified the property as investment property.

Investment Property:

The critical judgements applied to Investment Properties are detailed in Note 9.

Forestry:

The critical judgements applied to Forestry are detailed in Note 10.

Statement of Accounting Policies

New standards and interpretations adopted and not yet adopted

A number of new interpretations and standards are not yet effective for the year ended 30 June 2009, and have not been applied in preparing these financial statements:

- NZ IAS 1 *Presentation of Financial Statements (revised 2007)* replaces NZ IAS 1 *Presentation of Financial Statements (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives Council the option of presenting items of income and expense and components of other comprehensive income whether in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). Council intends to adopt this standard for the year ending 30 June 2010, and will present this in a manner consistent with the approach adopted in the 2009-19 Long Term Council Community Plan.
- NZ IAS 23 *Borrowing Costs (revised 2007)* replaces NZ IAS 23 *Borrowing Costs (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2009. The Financial Reporting Standards Board is currently reviewing proposals that will not require public benefit entities to comply with this Standard.
- NZ IFRS 3 *Business Combinations (revised 2008)* and the amended NZ IAS 27 *Consolidated and Separate Financial Statements* are effective for reporting periods beginning on or after 1 July 2009 and must be applied prospectively from that date. The main changes the revised NZ IFRS 3 and amended NZ IAS 27 will make to existing requirements or practice are:
 - Partial acquisitions – Non-controlling interests are measured either as their proportionate interest in the net identifiable assets (which is the original NZ IFRS 3 requirement) or at fair value.
 - Step acquisitions – The requirement to measure at fair value every asset and liability at each step for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired.
 - Acquisitions – related costs – Acquisition-related costs are generally recognised as expenses (rather than included in the cost of acquisition).
 - Contingent consideration – Contingent consideration must be recognised and measured at fair value at the acquisition date. Subsequent changes in fair value are recognised in accordance with other NZ IFRSs, usually in the Statement of Comprehensive Income (rather than by adjusting the cost of acquisition).

Council will adopt the revised NZ IFRS 3 and amended NZ IAS 27 for the year ended 30 June 2010, which will impact on business combinations that occur on or after 1 July 2009.

Notes to the Financial Statements

	Consolidated			Council Only	
	2009	2008	2009	2009 Budget	2008
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 1: Rates Revenue

General Rates	2,112	2,006	2,112	2,109	2,006
District Services Rate	1,177	1,045	1,177	1,173	1,045
Uniform Annual General Charge	2,175	2,263	2,175	2,163	2,263
Ward Rates	4,728	4,091	4,728	4,719	4,091
Separate Rates	12,854	12,178	12,854	12,816	12,178
Total	<u>\$23,046</u>	<u>\$21,583</u>	<u>\$23,046</u>	<u>\$22,980</u>	<u>\$21,583</u>

Council granted remissions of \$110,000 (2008 \$107,000). These remissions were primarily under Council's Bare Land Policy and these were budgeted at \$105,000 for the year.

Note 2: Other Revenue

By Groups of Activities:

Arts, Heritage and Community	5,236	2,195	5,236	858	2,195
Council and Community Boards	1	47	1	-	47
Economic Development (a)	2,079	3,090	3,224	2,311	3,445
Parks and Recreation	1,004	786	1,004	885	786
Planning	228	459	228	156	459
Regulatory	1,004	970	1,004	823	970
Roads, Port and Airport	5,567	5,247	5,567	5,537	5,247
Water and Waste	3,070	4,056	3,070	2,268	4,056
	<u>18,189</u>	<u>16,850</u>	<u>19,334</u>	<u>12,838</u>	<u>17,205</u>

Other Entities	<u>23,947</u>	<u>21,679</u>	<u>-</u>	<u>-</u>	<u>-</u>
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Total	<u>42,136</u>	<u>\$38,529</u>	<u>\$19,334</u>	<u>\$12,838</u>	<u>\$17,205</u>
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By Revenue Type:

Government Grants and Subsidies	17,656	14,801	8,565	5,147	6,004
Other Grants and Donations	1,987	541	978	251	541
User Charges	17,390	15,994	5,610	4,648	5,027
Regulatory Revenue	953	1,139	953	901	1,139
Infringements & Fines	44	25	44	28	25
Petrol Tax	211	202	211	190	202
Interest Income	1,067	1,255	886	890	1,043
Dividend / Subvention Payment	8	8	1,153	150	363
Rents from Investment Properties	41	132	41	132	132
Development & RMA Contributions	471	2,343	471	260	2,343
Penalties	358	351	358	240	351
Other	1,950	1,738	64	1	35

Total	<u>42,136</u>	<u>\$38,529</u>	<u>\$19,334</u>	<u>\$12,838</u>	<u>\$17,205</u>
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(a) The total shown in the Group of Activity Statement on page 50 also includes the income disclosed in note 3.

Notes to the Financial Statements

	Consolidated			Council Only	
	2009	2008	2009	2009	2008
				Budget	
	\$000	\$000	\$000	\$000	\$000

Note 3: Other Gains / (Losses)

Gain on Forestry Asset	60	224	60	-	224
Gain on Investment Properties	-	175	-	-	175
Gain / (Loss) on Disposal of Property, Plant & Equipment	(594)	(595)	(630)	-	(611)
Vested Assets and Parks Valuation	2,947	8,998	2,947	-	8,998
Total	\$2,413	\$8,802	\$2,377	\$-	\$8,786

Note 4: Operating Expenditure

By Groups of Activities:

Arts, Heritage and Community	4,057	3,351	4,057	3,505	3,351
Council and Community Boards	524	623	524	488	623
Economic Development	1,454	1,301	1,454	1,207	1,301
Parks and Recreation	4,078	4,253	4,078	4,269	4,253
Planning	3,847	3,651	3,847	3,585	3,651
Regulatory	1,833	1,816	1,833	1,726	1,816
Roads, Port and Airport	11,210	10,682	11,210	10,055	10,682
Water and Waste	10,849	10,695	10,849	10,758	10,695
Council Controlled Organisations	22,402	20,201	-	-	-
Total	\$60,254	\$56,573	\$37,852	\$35,593	\$36,372

By Type

Audit fees and expenses					
Audit New Zealand					
- for auditing the 2009 Annual Report	129	124	94	80	97
- for auditing prior to Annual Reports	30	-	30	-	-
- for audit LTCCP and NZIFRS	73	-	73	45	-
Auditors of Other Entities					
- for auditing the Annual Report	22	21	-	-	-
- for other services	10	14	-	-	-
Directors fees	224	213	-	-	-
Depreciation and Amortisation	12,654	11,398	10,742	9,602	9,527
Donation	3	32	-	-	-
Employee Benefit Expenses					
- Salaries & Wages	21,973	20,736	6,581	6,610	6,046
- Superannuation Contributions	153	139	93	98	83
- Change in Liability	344	241	-	-	-
Financing Costs	150	206	89	584	95
Investment Properties Direct Costs	9	16	9	16	16
Impairment of Receivables					
- written off	84	98	60	50	90
- recoveries	-	-	-	-	-
- changes in prov. for doubtful debt	142	221	112	-	213
Leasing & Renting	239	253	87	87	78
Other	24,015	22,862	19,882	18,421	20,127
Total	\$60,254	\$56,573	\$37,852	\$35,593	\$36,372

Notes to the Financial Statements

	Consolidated		Council Only	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Note 5: Taxation				
Relationship between tax expense and accounting profit				
Net surplus before taxation	7,341	12,341	6,905	11,202
Less: net income not subject to taxation	(6,049)	10,640	(5,273)	(10,996)
Net Taxable Income	1,292	1,701	1,632	206
Prima facie taxation at 30% (2008:33%)	381	560	490	68
Plus/(Less):				
- tax effect of temporary differences current	(26)	173	-	-
- tax effect of temporary differences deferred	73	(182)	-	-
- permanent differences	3	(564)	-	-
- loss not recognised	(490)	-	(490)	(68)
- prior period adjustment				
Income tax expense	\$(59)	\$(13)	\$0	\$0
This is represented by:				
Current taxation	211	168	-	-
Current taxation prior year adjustment	(279)	-	-	-
Deferred taxation liability/(benefit)	9	(181)	-	-
Deferred tax liability/(benefit) prior year adjustment	-	-	-	-
Income tax expense	\$(59)	\$(13)	\$0	\$0
<u>Deferred Taxation liability/(benefit)</u>				
Opening balance	(47)	681	-	-
Deferred position current year	1	(728)	-	-
Prior year adjustment	-	-	-	-
	\$(46)	\$(47)	\$-	\$-
<u>Deferred Taxation Asset Comprises</u>				
Short term temporary differences	(46)	(47)	-	-
Taxation losses carried forward		-	-	-
	\$(46)	\$(47)	\$-	\$-

Council has not recognised a deferred tax asset in relation to unused tax losses of \$180,000. These are available to carry forward and offset against future taxable income (2008, \$1,448,000).

Whitestone Contracting Limited has imputation credits of \$1,443,000 (2008, \$1,413,000). These can be used to impute dividend payments to Council. These amounts are not recorded in the financial statements.

The temporary differences are generated primarily from changes in accruals and tax versus accounting depreciation rates.

Notes to the Financial Statements

	Consolidated		Council Only	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000

Note 6: Public Equity

Public equity represents the net worth of the Council as measured by the difference between the total assets of the Council and its total liabilities. It comprises both revenue and capital reserves: The Ratepayers Equity, Revaluation Reserves, Operating Reserves, and Restricted Reserves.

Ratepayers Equity

Balance at 1 July	291,972	287,986	291,972	287,986
Transfer from Operating Reserves	9,398	3,986	9,398	3,986
Balance at 30 June	<u>\$301,370</u>	<u>\$291,972</u>	<u>\$301,370</u>	<u>\$291,972</u>

The transfer from Operating Reserves represents rates raised for capital purposes.

Revaluation Reserves

Balance at 1 July	297,067	271,388	292,447	269,192
Roading Increase	50,468		50,468	-
Roading Disposals (to operating reserve)	(71)		(71)	-
Water & Waste Disposals (to operating reserve)	(79)	(54)	(79)	(54)
Council Property Increase	-	23,498	-	23,498
Property Disposals (to operating reserve)	(172)	(189)	(172)	(189)
WDHSL Property Movement	709	952	-	-
WCL Property Movement	-	1,472	-	-
Balance at 30 June	<u>\$347,922</u>	<u>\$297,067</u>	<u>\$342,593</u>	<u>\$292,447</u>

Represented by

Infrastructural Assets	299,433	249,115	299,433	249,115
Council Property	43,035	43,207	43,035	43,207
Council Other (Museum)	125	125	125	125
WDHSL	3,857	3,148	-	-
WCL	1,472	1,472	-	-
Balance at 30 June	<u>\$347,922</u>	<u>\$297,067</u>	<u>\$342,593</u>	<u>\$292,447</u>

Revaluation Reserves represent the difference between the re-valued assets and the value of those assets originally incorporated in the Council's or other entities' financial statements.

Operating Reserves

Balance at 1 July	30,298	23,676	16,588	11,214
Net surplus	7,400	12,354	6,905	11,202
Transfer from Revaluation Reserves	322	243	322	243
Transfer from Other Reserves	2,361	986	2,361	986
Transfer to Other Reserves	(2,174)	(3,071)	(2,174)	(3,071)
Transfer to Equity	(9,398)	(3,986)	(9,398)	(3,986)
Other	156	96	-	-
Balance at 30 June	<u>\$28,965</u>	<u>\$30,298</u>	<u>\$14,604</u>	<u>\$16,588</u>

Operating Reserves represent the un-appropriated surpluses of the entities and as such are "paper" transactions and not totally represented by cash funds.

Notes to the Financial Statements

	Consolidated		Council Only	
	2009	2008	2009	2008
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 6: Public Equity (Continued)

Other Reserves

These consist of Reserves and Trust Funds that have been created or received by Council under terms that restrict the use of these funds. All such funds are available only for the purpose specified.

Restricted Reserves

Balance at 1 July	9,439	7,352	9,439	7,352
Deposits and Interest	2,148	3,045	2,148	3,045
To Operating Reserves to meet disbursements	(2,337)	(958)	(2,337)	(958)

Balance at 30 June	<u>\$9,250</u>	<u>\$9,439</u>	<u>\$9,250</u>	<u>\$9,439</u>
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Represented by

Special Funds	7,268	7,779	7,268	7,779
Trust Funds	1,981	1,659	1,981	1,659
Loan Funds	1	1	1	1

	<u>\$9,250</u>	<u>\$9,439</u>	<u>\$9,250</u>	<u>\$9,439</u>
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Trust Funds

Balance at 1 July	1	3	1	3
Deposits and Interest	26	26	26	26
To Operating Reserves to meet disbursements	(24)	(28)	(24)	(28)

Balance at 30 June	<u>\$3</u>	<u>\$1</u>	<u>\$3</u>	<u>\$1</u>
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Represented by

SPARC Commission Funds	2	1	2	1
Creative Communities Fund	1	-	1	-

	<u>\$3</u>	<u>\$1</u>	<u>\$3</u>	<u>\$1</u>
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Total	<u>\$9,253</u>	<u>\$9,440</u>	<u>\$9,253</u>	<u>\$9,440</u>
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Notes to the Financial Statements

Note 7: Property, Plant and Equipment (Council Only)

2009	Cost/ Valuation 1-Jul-08	Current Year Additions	Current Year Disposals	Reval	Cost/ Valuation 30-Jun-09	Accum Depn & Impairment Charges 1-Jul-08	Current Year Depn	Current Year Disposals	Reval	Current Yr Impairment & Charges	Accum Depn & Impairment Charges 30-Jun-09	Book Value 1-Jul-08	Book Value 30-Jun-09
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	45,010	1,920	-466		46,464							45,010	46,464
Buildings and Improvements	31,855	11,463	-390		42,928	1,840	1,629	-103			3,366	30,015	39,562
Infrastructural Assets	396,085	3,573	-96		430,591	10,987	4,493		-10,913		4,577	385,088	426,014
- Roading													
- Bridges	11,930	1,293			20,749	999	528		-999		528	10,931	20,221
- Water Supply Schemes	46,925	895	-65		47,755	2,649	1,658	-12			4,295	44,276	43,460
- Waste Schemes	31,898	254	-73		32,079	2,665	1,055	-3			3,717	29,233	28,362
- Drainage Schemes	7,060	349	-1		7,408	590	299				889	6,470	6,519
- Oamaru Harbour	32,457	23			32,480	2,357	337				2,694	30,100	29,786
Total Infrastructural Assets	526,355	6,387	-235		571,062	20,257	8,370	-15	-11,912		16,700	506,098	554,362
Operational Assets	1,895	358	-61		2,192	911	227	-44			1,094	984	1,098
- Plant, Equipment and Vehicles													
- Office Equipment and Fittings	3,181	618	-209		3,590	2,284	346	-195			2,435	897	1,155
Total Operational Assets	5,076	976	-270		5,782	3,195	573	-239			3,529	1,881	2,253
Collections	2,403	111	-93		2,421	956	94	-67			983	1,447	1,438
Capital Works in Progress	10,072	4,270	-9,243		5,099							10,072	5,099
	620,771	25,127	-10,697		673,756	26,248	10,666	-424	-11,912		24,578	594,523	649,178

Note:

Accum = Accumulated
Adj = Adjusted
Depn = Depreciation
Reval = Revaluation

Notes to the Financial Statements

Note 7: Property, Plant and Equipment (Council Only) - continued

2008	Cost/ Valuation 1-Jul-07	Current Year Additions	Current Year Disposals	Reval	Cost/ Valuation 30-Jun-08	Accum Depn & Impairment Charges 1-Jul-07	Current Year Depn.	Current Year Disposals	Reval	Current Year Impairment Charges	Accum Depn & Impairment Charges 30-Jun-08	Book Value 1-Jul-07	Book Value 30-Jun-08
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land													
Buildings and Improvements													
Infrastructure Assets													
- Roading	25,437	173	-217	19,617	45,010							25,437	45,010
- Bridges	22,225	9,614	-1,008	1,024	31,855	3,230	1,595	-99	-2,886	1,840		18,995	30,015
- Water Supply Schemes	391,933	4,152			396,085	7,309	3,688			10,997		384,624	385,088
- Waste Schemes	11,930				11,930	663	336			999		11,267	10,931
- Drainage Schemes	33,872	13,114	-61		46,925	1,099	1,560	-10		2,649		32,773	44,276
- Oamaru Harbour	31,843	81	-26		31,898	1,612	1,057	-4		2,665		30,231	29,233
	7,060				7,060	295	295			590		6,765	6,470
	32,457				32,457	2,020	337			2,357		30,437	30,100
Total Infrastructure Assets	509,095	17,347	-87		526,355	12,998	7,273	-14		20,257		496,097	506,098
Operational Assets													
- Plant, Equipment & Vehicles	1,676	272	-53		1,895	744	201	-34		911		932	984
- Office Equipment & Fittings	2,963	464	-246		3,181	2,226	301	-243		2,284		737	897
Total Operational Assets	4,639	736	-299		5,076	2,970	502	-277		3,195		1,669	1,881
Collections	2,364	157	-118		2,403	963	92	-99		956		1,401	1,447
Capital Works in Progress	16,020	7,318	-13,266		10,072							16,020	10,072
	579,780	35,345	-14,995	20,641	620,771	20,161	9,462	-489	-2,886	26,248		559,619	594,523

Note:

Accum = Accumulated

Adj = Adjusted

Depn = Depreciation

Reval = Revaluation

Notes to the Financial Statements

Note 7: Property, Plant and Equipment (Consolidated)

2009 Consolidated	Cost/ Valuation 1-Jul-08	Current Year Additions	Current Year Disposals	Reval	Cost/ Valuation 30-Jun-09	Accum Depn & Impairment Charges 1-Jul-08	Current Year Depn	Current Year Disposals	Reval	Current Yr Impairment & Charges	Accum Depn & Impairment Charges 30-Jun-09	Book Value 1-Jul-08	Book Value 30-Jun-09
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	47,054	1,932	-383		48,603	49					49	47,005	48,554
Buildings and Improvements	44,931	11,526	-390	-2,509	53,558	4,824	2,124	-103	-3,298		3,547	40,107	50,011
Infrastructural Assets													
- Roading	396,085	3,573	-96	31,029	430,591	10,997	4,493		-10,913		4,577	385,088	426,014
- Bridges	11,930	1,293		7,526	20,749	999	528		-999		528	10,931	20,221
- Water Supply Schemes	46,925	895	-65	47,755		2,649	1,658	-12			4,295	44,276	43,460
- Waste Schemes	31,898	254	-73	32,079		2,665	1,055	-3			3,717	29,233	28,362
- Drainage Schemes	7,060	349	-1	7,408		590	299				889	6,470	6,519
- Oamaru Harbour	32,457	23		32,480		2,357	337				2,694	30,100	29,786
Total Infrastructural Assets	526,355	6,387	-235	38,555	571,062	20,257	8,370	-15	-11,912		16,700	506,098	554,362
Operational Assets													
- Plant, Equipment and Vehicles	19,800	2,065	-147	21,718		11,925	1,519	-74		1	13,371	7,875	8,347
- Office Equipment and Fittings	4,173	682	-209	4,646		3,064	418	-195		3	3,290	1,109	1,356
Total Operational Assets	23,973	2,747	-356	26,364		14,989	1,937	-269		4	16,661	8,984	9,703
Collections	2,403	111	-93	2,421		956	94	-67			983	1,447	1,438
Capital Works in Progress	10,072	4,295	-9,243	5,124								10,072	5,124
	654,788	26,998	-10,700	36,046	707,132	41,075	12,525	-454	-15,210	4	37,940	613,713	669,192

Note:

Accum = Accumulated

Adj = Adjusted

Depn = Depreciation

Reval = Revaluation

Notes to the Financial Statements

Note 7: Property, Plant and Equipment (Consolidated) – continued

2008 Consolidated	Cost/ Valuation 1-Jul-07	Current Year Additions	Current Year Disposals	Reval	Cost/ Valuation 30-Jun-08	Accum Depn & Impairment Charges 1-Jul-07	Current Year Depn.	Current Year Disposals	Reval	Current Year Impairment Charges	Accum Depn & Impairment Charges 30-Jun-08	Book Value 1-Jul-07	Book Value 30-Jun-08
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	26,014	552	-148	20,636	47,054	49	49				49	25,965	47,005
Buildings and Improvements	34,800	9,948	-1,008	1,191	44,931	5,925	2,169	-99	-3,171		4,824	28,875	40,107
Infrastructural Assets	391,933	4,152			396,085	7,309	3,688				10,997	384,624	385,088
- Roading													
- Bridges	11,930				11,930	663	336				999	11,267	10,931
- Water Supply Schemes	33,872	13,114	-61		46,925	1,099	1,560	-10			2,649	32,773	44,276
- Waste Schemes	31,843	81	-26		31,898	1,612	1,057	-4			2,665	30,231	29,233
- Drainage Schemes	7,060				7,060	295	295				590	6,765	6,470
- Oamaru Harbour	32,457				32,457	2,020	337				2,357	30,437	30,100
Total Infrastructural Assets	509,095	17,347	-87		526,355	12,998	7,273	-14			20,257	496,097	506,098
Operational Assets													
- Plant, Equipment and Vehicles	17,366	2,570	-136		19,800	10,544	1,425	-50		6	11,925	6,822	7,875
- Office Equipment and Fittings	3,888	537	-246		4,179	2,935	374	-243			3,066	953	1,113
Total Operational Assets	21,254	3,107	-382		23,979	13,479	1,799	-293		6	14,991	7,775	8,988
Collections	2,364	157	-118		2,403	963	92	-99			956	1,401	1,447
Capital Works in Progress	16,020	7,318	-13,266		10,072							16,020	10,072
	609,547	38,429	-15,009	21,827	654,794	33,414	11,333	-505	-3,171	6	41,077	576,133	613,717

Note:

Accum = Accumulated

Adj = Adjusted

Depn = Depreciation

Reval = Revaluation

Notes to the Financial Statements

	Consolidated		Council Only	
	2009	2008	2009	2008
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 7: Property, Plant and Equipment - continued

Fair Values

Council considers the latest valuation for land and buildings to be an indication of fair values. The latest valuations of land and buildings show the following amounts.

Land	46,957	46,957	45,009	45,009
Buildings – 1 July 2007	23,146	23,146	21,654	21,654
– 30 June 2006	10,085	10,085	-	-

Oamaru Harbour

Oamaru Harbour includes the breakwater structure and wharves. Royds Garden Limited, Consulting Engineers of Dunedin valued these assets in 1992. Council brought these into its balance sheet for the first time at \$32m and deemed that value to be cost price. Since that time Council has not revalued these assets. The structures are depreciated in accordance with the stated accounting policies.

Council is required to assess at year end whether the value of these assets has been impaired. To make this assessment Council engaged Gary Teear, a Registered Engineer, of OCEL Consultants NZ Ltd, to perform a revaluation of the breakwater as at 30 June 2007. This exercise showed the value to be \$36.5m, so no adjustment has been made to the carrying value.

Note 8: Intangible Assets

Council Only

	Other	2009 Software	Total	Other	2008 Software	Total
Balance at 1 July						
Cost	165	705	870	165	644	809
Accumulated Amortisation	(89)	(583)	(672)	(83)	(524)	(607)
Opening Balance	\$76	\$122	\$198	\$82	\$120	\$202
Movement for the Year						
Additions	-	24	24	-	64	64
Disposals	-	(11)	(11)	-	(3)	(3)
Amortisation Charge	(6)	(56)	(62)	(6)	(59)	(65)
Net movement for year	\$(6)	\$(43)	\$(49)	\$(6)	\$2	\$(4)
Balance at 30 June						
Cost	165	718	883	165	705	870
Accumulated Amortisation	(95)	(639)	(734)	(89)	(583)	(672)
Closing Balance	\$70	\$79	\$149	\$76	\$122	\$198

Notes to the Financial Statements

	Consolidated		Council Only	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000

Note 8: Intangible Assets (continued)

Consolidated

	Other	2009 Software	Total	Other	2008 Software	Total
Balance at 1 July						
Cost	194	705	899	276	644	920
Accumulated Amortisation	(89)	(583)	(672)	(83)	(524)	(607)
Opening Balance	\$105	\$122	\$227	\$193	\$120	\$313
Movement for the Year						
Additions	135	24	159	-	64	64
Disposals	-	(11)	(11)	(82)	(3)	(85)
Amortisation Charge	(55)	(56)	(111)	(6)	(59)	(65)
Net movement for year	\$80	\$(43)	\$37	\$(88)	\$(2)	\$(86)
Balance at 30 June						
Cost	329	718	1,047	194	705	899
Accumulated Amortisation	(144)	(639)	(783)	(89)	(583)	(672)
Closing Balance	\$185	\$79	\$264	\$105	\$122	\$227

Note 9: Investment Properties

Balance at 1 July	1,675	1,500	1,675	1,500
Disposals	(1,675)	-	(1,675)	-
Fair Value Gains / (Losses) on Valuation	-	175	-	175
Balance at 30 June	\$-	\$1,675	\$-	\$1,675

On September 2008 Council resolved to dispose of the four properties in this class of asset. These were then all sold over the following four month. These were no investment properties at 30 June 2009.

These properties were last re-valued at 30 June 2008 at fair value as described in the accounting policies section.

Note 10: Forestry Assets

Balance at 1 July	650	426	650	426
Gains / (losses) arising from changes in fair value less estimated point of sale costs	60	224	60	224
Balance at 30 June	\$710	\$650	\$710	\$650

Notes to the Financial Statements

	Consolidated		Council Only	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000

Note 10: Forestry Assets (continued)

Council owns 140.1ha of primarily pinus radiata in nine blocks in the Waitaki District. These are at varying stages of maturity mainly from 20 – 30 years. As stated in Councils Investment Policy, its involvement in forestry is primarily to meet aesthetic and land protection requirements.

During 2008 a complete review of the forestry holdings was undertaken. This included a check of the stocked areas using GIS technology. This highlighted variations in both the area and location of the blocks that were to be covered by this valuation and those that had previously been valued.

The valuation was performed by Alan Laurie, MNZIF, of Laurie Forestry Limited, a registered forestry consultant and was dated 30 June 2009. A pre-tax discount rate of 8.5% has been used in discounting the present value of expected cash flows. All costs and prices used were based on current market information.

Council is exposed to financial risks arising from changes in timber prices. Council is a long term forest owner and has therefore not taken any measures to manage this risk.

Note 11: Other Financial Assets

Non-Current

Available for sale

Shares in other companies (see below)	90	90	90	90
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Investments Carried at Cost

Shares in Subsidiaries	-	-	4,058	4,058
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Loans and Receivables

Mortgages and Secured Loans	12,805	11,995	12,805	11,995
Total Non-Current Other Financial Assets	<u>\$12,895</u>	<u>\$12,085</u>	<u>\$16,953</u>	<u>\$16,143</u>

Current

Investments	-	20	768	-
Land Deposit	-	-	-	-
Total Current Other Financial Assets	<u>\$-</u>	<u>\$20</u>	<u>\$768</u>	<u>-</u>

Maturity Profile

Within one year	-	20	768	-
One to two years	-	-	-	-
Two to five years	-	-	-	-
Five years and over	12,895	12,085	16,953	16,143
	<u>\$12,895</u>	<u>\$12,105</u>	<u>\$17,721</u>	<u>\$16,143</u>

The effective interest rate on loans at year end was 3.70% (2008: 8.82%).

Loans and Receivables

This balance is primarily made up of a loan to the North Otago Irrigation Company Limited.

- The interest on this loan is based on the 90 day bill rate and is reviewed quarterly.
- This was for a maximum period of 10 years from its start date in January 2006.
- The collateral for this loan is provided by a General Security Agreement between the Company and Council. This agreement covers all of the Company's assets and includes the Water Supply Contracts and Memorandum of Encumbrances between the Company and the Irrigators.

Notes to the Financial Statements

	Consolidated		Council Only	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000

Note 11: Other Financial Assets (continued)

Shares in Other Companies Carried at Cost

Council holds shares in the following unlisted companies (latest date of published accounts in brackets):

New Zealand Local Government Insurance Co Limited (31 December)

Shares held	59	59
Percentage of Issued Shares	0.92%	0.92%
Book Value	59	59

Lower Waitaki Irrigation Co Limited (31 December)

Shares held	3	3
Percentage of Issued Shares	13.53%	13.53%
Book Value	31	31

As there is no market for shares in either of these companies, or any like market or shares for sale, no fair value can be accurately estimated for these holdings.

Note 12: Cash and Cash Equivalents

Cash at bank and in hand	4,853	2,841	639	340
Deposits with maturities of 3 months or less	1,406	437	302	337
Cash Equivalents	<u>\$6,259</u>	<u>\$3,278</u>	<u>\$941</u>	<u>\$677</u>

Note 13: Trade and Other Receivables

Rates	1,250	1,083	1,250	1,083
Government Funding	4,897	2,281	4,897	2,281
Inter-company	-	-	30	317
Sundry	4,531	5,707	1,661	2,657
Community Loans	76	88	76	88
Prepayments	278	187	186	169
	11,032	9,346	8,100	6,595
Less Provision for Impairment	(916)	(788)	(857)	(745)
	<u>\$10,116</u>	<u>\$8,558</u>	<u>\$7,243</u>	<u>\$5,850</u>
Less Non-Current Portion				
Community Loans	(65)	(77)	(65)	(77)
Total Non-Current	<u>(\$65)</u>	<u>(\$77)</u>	<u>\$(\$65)</u>	<u>(\$77)</u>
Total Current Portion	<u>\$10,051</u>	<u>\$8,481</u>	<u>\$7,178</u>	<u>\$5,773</u>

Amounts shown are GST inclusive if applicable. The face value of trade and other receivables approximates their fair value.

Notes to the Financial Statements

	Consolidated		Council Only	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000

Note 13: Trade and Other Receivables (continued)

There is no concentration of credit risk outside of the group other than New Zealand Transport Agency and the New Zealand Lotteries Grants Board. However, given the nature of these organisations this is assessed as very low.

As of 30 June, all overdue receivables have been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over general receivables. The impairment provision has been calculated based on expected losses for Council's pool of debtors. The expected losses are based on experience and a review of specific debtors.

Receivables Analysis

Not yet overdue	9,381	7,171	6,763	5,244
Overdue 0-30 Days	351	856	213	288
Overdue 31-60 Days	64	87	33	63
Overdue more than 61 Days	1,236	1,232	1,091	1,000
Total	<u>\$11,032</u>	<u>\$9,346</u>	<u>\$8,100</u>	<u>\$6,595</u>

Impairment Provision

At 1 July	788	574	745	532
Additional Provision Made During the Year	212	312	172	303
Receivables Written Off	(84)	(98)	(60)	(90)
Closing Balance	<u>\$916</u>	<u>\$788</u>	<u>\$857</u>	<u>\$745</u>

Note 14: Inventories

Retail inventories	98	91	62	59
Metal and Soil Stocks	203	272	-	-
Other Supplies	465	527	-	-
Provision for Obsolescence	766	890	62	59
	(20)	(20)	-	-
Total	<u>\$746</u>	<u>\$870</u>	<u>\$62</u>	<u>\$59</u>

Note 15: Work in Progress

Cost	3,477	1,834	-	-
Profit Recognised to Date	87	303	-	-
Gross Construction WIP	3,564	2,137	-	-
Progress Billings	(3,616)	(1,821)	(-)	(-)
Net Construction WIP	(52)	316	-	-
Other Contracts	126	370	-	-
Total	<u>\$74</u>	<u>\$686</u>	<u>\$-</u>	<u>\$-</u>

Notes to the Financial Statements

	Consolidated		Council Only	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000

Note 16: Non-current Assets Held for Sale

Council has an agreement in place to sell a piece of land to Omarama Airfield Limited during the coming year. It was expected that this transaction would have taken place before balance date, however, it was subject to a number of conditions that were not satisfied. Progress has been made meeting those conditions since year end and this is now likely to occur in the near future.

Land	445	445	445	445
Total	<u>\$445</u>	<u>\$445</u>	<u>\$445</u>	<u>\$445</u>

Note 17: Borrowings

Non-Current Borrowing

Public Debt - secured	14	17	14	17
Other secured loans and debentures	420	460	-	-
Total	<u>\$434</u>	<u>\$477</u>	<u>\$14</u>	<u>\$17</u>

Current Borrowing

Overdraft	-	-	-	-
Committed Cash Facility (90 days or less)	900	1,650	900	1,650
Public Debt - secured	3	3	3	3
Public Debt - unsecured	-	-	-	-
Other secured loans and debentures	10	236	-	-
Total	<u>\$913</u>	<u>\$1,889</u>	<u>\$903</u>	<u>\$1,653</u>
Total Borrowings	<u>\$1,347</u>	<u>\$2,366</u>	<u>\$917</u>	<u>\$1,670</u>

Financing Costs

The fixed interest rate on public debt is 3.5% with maturities ranging to July 2015 with an average cost of borrowings for the ensuing 12 months of 3.5%.

The Committed Cash Facility can be drawn down for periods between 1 and 90 day and the costs are based on the 90-day rate plus a margin. This margin is consistent with that charged to similar organisations.

Security

Public debt recorded as secured relates to debt issued prior to 30 June 1999 and is secured by rates.

Whitestone Contracting Limited loans are secured against company assets.

Repayment Terms

The following is a maturity analysis of total debt.

Payable no later than one year	913	1,889	903	1,653
Later than one, not later than five years	162	242	12	12
Later than five years	272	235	2	5
	<u>\$1,347</u>	<u>\$2,366</u>	<u>\$917</u>	<u>\$1,670</u>

Notes to the Financial Statements

	Consolidated		Council Only	
	2009	2008	2009	2008
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 17: Borrowings (continued)

Internal Loans (Council Only)

Under Council's Liability, Management and Investment Policy, Council maintains an internal loan system where Council's cash reserves are used to fund loan funded activities prior to raising external debt. Using this policy Council has repaid almost all of its external debt. Council does however consider the internal loans as part of its ratepayer debt, as at some future date, when cash is required for the purpose for which it has been collected, external loans may be required. The internal loan balances at 30 June 2009 was \$25,074,000 (2008: \$26,745,000).

Note 18: Employee Entitlements

Accrued Pay	1,068	894	227	186
Annual Leave	1,935	1,789	497	475
Long Service Leave	95	89	17	16
Sick Leave	82	34	-	-
Continuing Medical Entitlements	125	86	-	-
	<u>\$3,305</u>	<u>\$2,892</u>	<u>\$741</u>	<u>\$677</u>
Analysed:				
Non-Current	54	49	3	7
Current	3,251	2,843	738	670
	<u>\$3,305</u>	<u>\$2,892</u>	<u>\$741</u>	<u>\$677</u>

Note 19: Trade and Other Payables

Sundry Creditors	5,545	5,712	2,867	3,645
Accruals	1,241	697	601	59
Owing to Subsidiaries	-	-	1,705	2,000
Prepaid Income	606	586	587	579
Deposits	274	269	274	269
	<u>\$7,666</u>	<u>\$7,264</u>	<u>\$6,034</u>	<u>\$6,552</u>
Analysed:				
Non-Current	-	-	-	-
Current	7,666	7,264	6,034	6,552
	<u>\$7,666</u>	<u>\$7,264</u>	<u>\$6,034</u>	<u>\$6,552</u>

Note 20: Provisions

Aftercare and Site Restoration				
Opening	882	892	875	886
Additions	113	90	111	89
Applied	(48)	(100)	(48)	(100)
	<u>\$947</u>	<u>\$882</u>	<u>\$938</u>	<u>\$875</u>

Notes to the Financial Statements

	Consolidated		Council Only	
	2009	2008	2009	2008
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 20: Provisions (continued)

Analysed:

Non-Current

Current

682	584	682	584
265	298	256	291
<u>\$947</u>	<u>\$882</u>	<u>\$938</u>	<u>\$875</u>

Landfill Aftercare

Council operates landfills in Oamaru and Palmerston. Council is required by the consent conditions to provide ongoing maintenance and monitoring of landfills after they are closed. This also includes provision to undertake clean up work at other potentially contaminated sites.

The calculation of this provision is based on the remaining expected life of the landfill based on expected volumes and the cost based on current methods and technologies. The costs are expected to be incurred over the next 30 years and are discounted back to a present value costs using a discount rate of 7.5%.

Site Restoration

This is to allow for the restoration of land used as part of the quarrying and other processes.

Note 21: Commitments

Capital Commitments

Council	-	1,744	-	1,744
Whitestone Contracting Limited	347	103	-	-
	<u>\$347</u>	<u>\$1,847</u>	<u>\$-</u>	<u>\$1,744</u>

Contractual Commitments

Council has long-term contractual commitments with the following payment profile:

not later than one year	3,986	818	3,936	5,151
later than one year and not later than two	463	450	413	3,919
later than two years	540	833	420	789
	<u>\$4,989</u>	<u>\$2,101</u>	<u>\$4,769</u>	<u>\$9,859</u>

Operating Leases

Council has the following future commitments with respect to non-cancellable operating leases:

Not later than one year	100	187	14	14
Later than one year and not later than five	109	543	-	-
Later than five years	80	362	-	-
	<u>\$289</u>	<u>\$1,092</u>	<u>\$14</u>	<u>\$14</u>

The lease cost for Council was \$34,200 (2008, \$34,200). These lease commitments relate to parking meters in the Oamaru Business Area, which were extended for 12 months during the year.

Notes to the Financial Statements

Note 22: Guarantees and Contingencies

Council and Consolidated

On 16 November 2004 Council resolved to provide a guarantee on a \$4 million loan being raised by Benmore Irrigation Company. This guarantee was made to facilitate the development of the Company's irrigation scheme in the Ahuriri area. This guarantee was in place at year end and has an expiry date of 31 March 2010. As there is no evidence that this guarantee will need to be exercised before the expiry date, the fair value of this has been assessed as \$Nil (2008 \$Nil).

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect to the issue of building consents and inspection of work done. At the date of this report, one matter under that Act with a potential liability that is still to be determined had been brought to the Council's attention (2008: 1). Council is defending this claim.

Council has one personal grievance claim outstanding (2008: 1)

Council owns and manages a number of closed landfills throughout the District. The contents of these landfills are unknown. Closed landfill resource consents require regular monitoring of these landfills. With the exception of Hampden there are no known defects that could give rise to a claim. An amount has been accrued to address the known deficits at Hampden. Changes in environmental conditions or land use may change this position.

Council is a participating employer in the DBP Contributors Scheme (the Scheme) which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the Scheme, Council could be responsible for the entire deficit of the Scheme. Similarly, if a number of employers ceased to participate in the Scheme, Council could be responsible for an increased share of the deficit.

Insufficient information is available to use defined benefit accounting as it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation. The Actuary of the Scheme has recommended the employer contribution continues at 1.0 times contributors' contributions. The 1.0 is inclusive of Specified Superannuation Contribution Withholding Tax.

Note 23: Financial Instruments

Interest Rate Risk

Council is party to financial instruments as part of its everyday operations. These include instruments such as bank balances, investments, accounts receivable, trade creditors and loans. Council, Whitestone Contracting Limited and Waitaki District Health Services have a series of policies providing risk management for interest rates and the concentration of credit. They are all risk averse and seek to minimise exposure from their treasury activities. Their policies do not allow any transaction which are speculative in nature to be entered into.

Financial Instrument Risks

Council has policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. The Company has established borrowing and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

Fair value interest rate risk

Fair value interest rate risks the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Council's exposure to fair value interest rate risk is limited to its borrowing, short-term bank deposits and short-term and term investments in other entities, particularly Whitestone Contracting Limited and North Otago Irrigation Company Limited.

Notes to the Financial Statements

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowing and investments issued at variable interest rates expose Council to cash flow interest rate risk.

The Council's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to currency risk, as it does not enter into foreign currency transactions.

Credit Risk

Credit risk is the risk that a third party will default on its obligation causing Council to incur a loss.

Due to the timing of its cash inflows and outflows Council invests surplus cash with registered banks. Council's investment policy limits the amount of credit exposure to any one institution.

Council's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents, trade receivables and loans and receivables. There is no collateral held as security against cash equivalents and some short-term loans. Further details in Note 13.

In the normal course of business the Group incurs credit risk from debtors and financial institutions. NZTA owed 25% (2008: 25%) of debtors due to Council at balance date. The Otago District Health Board is the major debtor of Waitaki District Health Services. Council also has a significant concentration of credit risk in the Waitaki District of New Zealand. There are no other significant concentrations of credit risk. The Group does not require any collateral or security to support financial instruments of the financial institutions dealt with.

The Group has total bank overdraft and Letter of Credit facilities of \$2,100,000 (2008: \$2,100,000). In addition the Group has committed draw-down facilities of \$15,200,000 (2008: \$15,200,000) and Council has uncommitted facilities of \$10,000,000 for the purposes of meeting borrowing needs. Of these, \$Nil of the bank overdraft facility, \$Nil of the Letter of Credit facility and \$900,000 of the committed draw-down facilities have been borrowed by the Group at balance date. Subject to the continuance of satisfactory credit ratings, the facilities may be drawn down at any time.

Liquidity Risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Company maintains a target level of investments that must mature within specified timeframes.

Council manages its borrowings in accordance with its Borrowing Policy.

Purchases and sales of financial assets are accounted for at trade date.

Other Matters

Council performed a sensitivity analysis and it was estimated an increase of 1% in interest rates would increase Council's surplus by approximately \$120,000 (2008: \$110,000).

Maximum credit exposure for each class of financial instrument is consistent with the amounts disclosed in Note 24.

Notes to the Financial Statements

Credit Quality of financial assets that are neither past due nor impaired can be assessed by reference to credit rating or historic information about default rates.

	Consolidated		Council Only	
	2009	2008	2009	2008
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
Cash or at Standard & Poor's AA rated institutions	2,968	1,431	941	677
Other entities with no default history	3,291	1,847	-	-
Total Cash and Cash Equivalents	<u>\$6,259</u>	<u>\$3,278</u>	<u>\$941</u>	<u>\$677</u>

All other amounts are with entities with no default history. See Note 11 for further details.

Fair Values

The fair value of financial instruments is approximately equivalent to the carrying amount disclosed in the Balance Sheet. This is consistent with Councils Liability Management and Investment Policy.

Note 24: Categories of Financial Assets and Liabilities

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	Consolidated		Council Only	
	2009	2008	2009	2008
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
Financial Assets				
Secured Loans (note 11)	12,805	11,995	12,805	11,995
Short Term Loans	-	-	768	-
Cash and Cash Equivalent (note 12)	6,259	3,278	941	677
Trade and other receivables (note 13)	10,116	8,558	7,243	5,850
	<u>\$29,180</u>	<u>\$23,831</u>	<u>\$21,757</u>	<u>\$18,522</u>
Financial liabilities measured at amortised cost				
Short term borrowing (note 17)	900	1,650	900	1,650
Trade and other payables (note 19)	7,666	7,264	5,854	6,552
Borrowings (note 17)	447	716	17	20
	<u>\$9,013</u>	<u>\$9,630</u>	<u>\$6,771</u>	<u>\$8,222</u>

Note 25: Members' Interest Transactions

There are no transactions.

Note 26: Remuneration and Severance Payments

Remuneration of the Chief Executive

The total remuneration paid to the Chief Executive during the year to 30 June 2009 was \$227,843 (2008 \$212,893)

Michael Ross is also a Director of the Waitaki Development Board (appointed by Council). He received director's fees of \$8,296 (2008 \$8,296), in addition to the above.

Key Management Personnel Compensation

In addition to the Chief Executive, Council had 5 and the Group had 14 employees who received remuneration of over \$100,000 per annum.

Notes to the Financial Statements

Note 26: Remuneration and Severance Payments (continued)

The key management personnel for Council are the Chief Executive and the four Group Managers. The other key personnel in the Group are described in the individual annual reports but are generally the Chief Executive, Directors and senior managers.

	Consolidated		Council Only	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Salaries and other short term benefits	1,865	1,722	755	717
Post-employment benefits	23	23	23	23
Other benefits	-	-	-	-
	<u>\$1,888</u>	<u>\$1,745</u>	<u>\$778</u>	<u>\$740</u>

Severance Payments

The Local Government Act 2002 requires disclosure of the number and cost of any severance payments made during the year. There was one severance payment of \$21,000 made during the year (2008 – Nil).

Members Remuneration

The total remuneration including travel allowances, received by elected members was as follows:

	2009	2008
	\$000	\$000
Mayor Alex Familton (from October 2007)	69	51
Mayor Alan McLay (until October 2007)		21
Councillors		
Rod Bidois	18	17
Kathy Dennison	18	5
Peter Garvan	18	12
Jim Hopkins	17	12
Gary Kircher	23	23
Alistair Mavor	21	23
Struan Munro	36	41
Pam Spite	23	23
Helen Stead	17	17
Peter Twiss	21	21
Alex Familton (until October 2007)		6
Rodney Grater (until October 2007)		6
Max Moore (until October 2007)		6
Total	<u>\$281</u>	<u>\$284</u>

Note 27: Related Party Transactions

2009	2008
\$000	\$000

Council is the ultimate parent of the Group and controls four entities, being Whitestone Contracting Limited, Waitaki District Health Services Limited, Waitaki Development Board Limited and Omarama Airfield Limited. Through shared Directorships and other relationships there are a number of other related parties.

Waitaki District Health Services Limited

The Company purchased services from Council	51	44
Amount outstanding at year end	3	3

Notes to the Financial Statements

	2009 \$000	2008 \$000
Note 27: Related Party Transactions (continued)		
Waitaki Development Board Limited		
The Company purchased services from Council	36	36
Services provided to Council (operating grants from Council)	875	901
At balance date the company owed Council the following amounts	-	-
Waitaki Development Board Limited manages the Oamaru Blue Penguin Colony on Council's behalf. These transactions are included in the Economic Development activity.		
Whitestone Limited Group of Companies		
Services provided to Council	9,466	9,199
Balance outstanding from Council at year end	1,136	1,715
Services provided by Council during the year	105	102
Amounts outstanding to Council at year end	20	14
Amounts paid in advance by Council at year end	-	-
Dividends provided to Council	-	55
Subvention payment provided to Council	1,146	300
The group performs various works for Council either by preferential right pursuant to Establishment Plans, non-public tendered contracts or by public tender		
All transactions between the parties are payable under normal contract terms or in the month following supply		
Directors and councillors have purchased goods and services from the company on a normal commercial basis		
The company transacted with Waitaki Development Board Limited and Waitaki District Health Services Limited on a normal commercial basis. These transactions were not considered material by the company.		
Omarama Airfield Limited		
Services provided by Council during the year	12	12
Interest paid to Council during the year	-	-
Assets sold to Council (see below)	-	-
Balance receivable from Council	569	569
All directors of the company paid landing fees for use of the airfield		
On 5 June 2007, the Company and Council completed the transfer a 3.8ha block of land to Council in exchange for the repayment of the \$140,000 loan, payment of runway designation costs of \$100,000 and agreed to transfer to the company a 16ha block of land at a price of \$568,919, to allow for the extension of the runway / flight path to Prohibition Road.		
North Otago Irrigation Company Limited		
Services provided to Council during the year	-	-
Interest charged by Council during the year	810	-
Loan from Council	12,805	-
Councils Chief Executive Michael Ross, is a Director of North Otago Irrigation Company Limited.		
Network Waitaki Limited (including Network Waitaki Contracting Limited)		
Services provided by Council during the year	120	-
Balance outstanding from Council at year end	57	-
Services provided to Council during the year	27	-
Amounts outstanding to Council at year end	-	-

Notes to the Financial Statements

Note 27: Related Party Transactions (continued)

Councillor Peter Garvan is a Director of Network Waitaki Limited.

Council

During the year councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates and purchase of rubbish bags)

No provision has been required, nor any expense recognised for impairment of any loans or other receivables to related parties (2008 \$Nil).

Note 28: Reconciliation of Net Operating Surplus to Cash Flows from Operating Activities

	Consolidated		Council Only	
	2009	2008	2009	2008
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
Net operating surplus after Taxation	7,400	12,354	6,905	11,202
<u>Add/(less) non-cash items</u>				
Depreciation / Amortisation	12,654	11,465	10,742	9,530
Interest Compounded	(810)	(964)	(810)	(964)
(Decrease)/Increase in Doubtful Debts Provision	122	214	112	213
(Decrease)/Increase in Landfill Closure & Other Provisions	64	(13)	64	(13)
Net (profit)/loss on Sale of Assets	570	218	570	212
Vested Assets	(2,947)	(8,998)	(2,947)	(8,998)
Adjustments to Assets	(30)	-	-	-
(Decrease)/Increase in Deferred Tax Provision	1	(727)	-	-
Taxation Adjustment	-	953	-	-
	17,024	2,148	14,636	(20)
<u>Add/(less) Movements in Other Working Capital Items</u>				
Decrease/(Increase) in Trade & Other Receivables	(1,391)	(2,604)	(1,505)	(2,379)
Decrease/(Increase) in Inventories	124	(123)	(3)	(5)
Decrease/(Increase) in Work in Progress	613	(543)	-	-
(Decrease)/Increase in Trade & Other Payables	5	2,494	(724)	1,716
(Decrease)/Increase in Employee Entitlements	298	126	63	86
(Decrease)/Increase in Provision for Taxation	(105)	327	-	-
	(456)	(323)	(2,169)	(582)
Net Cash Inflow from Operating Activities	<u>\$16,568</u>	<u>\$14,179</u>	<u>\$12,467</u>	<u>\$10,600</u>

Note 29: Explanation of Major Variances Against Budget

Explanations for major variations from the estimated figures in the 2008/2009 Annual Plan are as follows:

The variances in income and expenditure to the prior year and to budget are covered in detailed in the financial commentary in each activity area. The causes of the largest variances were the timing mismatch between budget and actual for the Oamaru Opera House redevelopment, particularly the receipt of funding from Lotteries. The main expenditure variance was the impact on depreciation of the roading revaluation.

There were a number of movements and variances in the Balance Sheet.

Notes to the Financial Statements

Note 29: Explanation of Major Variances Against Budget (continued)

The major movements in assets was a result of the roading revaluation. This is just part of the revaluation cycle and reflects the increased cost Council has faced over the last three years. The other major asset movement was in receivables. The major movement was in Government Grants, where the final lotteries grant for the Oamaru Opera House was not received and banked until early July. This is shown in more detail in note 13.

The last major variance was the variation between the level of expected external debt versus actual external debt. It was expected that Council would have required borrowings of \$8.8million by the end of the year. However, due to good cashflows during the year, including the Whitestone dividend and a significant number of projects being behind plan, this level of borrowing was not required to “balance the books”.

Note 30: Events Subsequent To Balance Date

Previously Council had disclosed a contingent liability in respect of uncertain liabilities for closed landfills.

In September Council approved a plan to address issues at the Hampden closed landfill. It was decided to remove some material from the site and then put measures in place to protect the site from erosion. This has been included as an accrued cost as at 30 June 2009.

In September Council received advice from the North Otago Irrigation Company Ltd (NOICL) that the first shares of Stage II of this project had sold. This will mean that part of the investment referred to in Note 11 will now be repaid in the 2009/10 financial year. The investment will still be treated as term as no reliable estimate can be made of the current portion.

In September 2009 Council gave approval for the amount currently advanced to Whitestone Contracting Limited to be converted to paid up capital. This will increase Council's equity investment in the company by \$768,000.

Council has received a request from Benmore Irrigation Company to extend the guarantee described in Note 22 for a further five years. Council is still considering this request.

In October 2009 Eagle Airways announced that the regularly scheduled Oamaru flights would cease in December 2009. Council is currently considering the implications of this decision in relation to utilisation of the Oamaru Airport facilities.

In July 2009 Council received \$3.4 million (GST excl) committed to the Oamaru Opera House development by NZ Lotteries Board.

There were no other events arising since balance date relating to Council activities that require adjustment to these financial statements or inclusion in this Annual Report.

Outcomes, Policies, Plans and Statements

Community Outcomes

Community Outcomes

In 2005 Council facilitated a process of gauging community outcomes, i.e. residents' aspirations for the District's future. These aspirations, which we call Community Outcomes build the base for and have been included in the Waitaki Community Plan 2009/19.

Waitaki people are safe and healthy

- We feel safe in our homes and on our streets.
- We work together to protect people and property.
- We support policing, particularly in small and rural communities.
- We enjoy secure access to primary health services.
- Our existing Waitaki hospital services are retained and improved while out-of-District hospital services are easily accessed.
- Our people have easy access to social services and advice in times of need
- We have active, healthy lifestyles supported by easy access to a wide variety of physical recreation and health education.
- We promote hauora and holistic wellbeing for all our communities.
- We encourage and promote cycling and walking for health and commuting purposes by providing safe cycleways and walkways.

Waitaki rivers and water are managed for the future

- Workable plans for Waitaki catchments are in place.
- We have quality drinking water.
- We protect our water supplies and water bodies from pollution and contamination.
- We have reliable water supply for homes, farms and industries.
- We recognize the social and recreational values associated with our waterways.
- We recognize mana whenua values associated with our waterways, including respecting the mauri of waterways and ensuring access to mahika kai.

Waitaki's distinctive natural environment is valued and protected

- We enjoy access to our beaches, lakes and rivers, while respecting and upholding the rights of property owners.
- All land use is managed sustainably and sensitively, with particular attention to coastal and other areas of environmental and cultural significance.
- We maintain the integrity of our natural and cultural landscapes including waahi tapu and waahi taoka.
- We manage our waste stream to minimize residual waste to landfill.

Waitaki people have access to life-long learning

- Our pre-school children have access to a range of quality early childhood education and childcare facilities.
- We retain a network of quality primary and secondary schools enabling access for children within reasonable travelling distances.
- Schools remain an integral part of our communities.
- Our secondary, tertiary and employment training providers address the social, cultural and economic needs of the District.
- Our small and rural communities can access interactive distance learning.
- Our education system promotes learning of Maori culture and identity with the support and guidance of mana whenua.

Community Outcomes

Waitaki has a diverse, sustainable and growing economy

- Our economic development is in balance with social, cultural, environmental and mana whenua aspirations.
- We have low compliance costs for businesses.
- We provide support and advice for new and existing enterprises, especially small and medium-sized businesses.
- Our infrastructure enables and responds to economic growth.
- Sustainable well-paid employment provides whanau with a greater degree of self-determination.
- Our cultural and natural heritage and landscapes contribute significantly to economic diversity and success.

Waitaki's unique culture and heritage are preserved and celebrated

- All our communities share their culture and heritage with growing numbers of visitors.
- Our development in lower Thames Street and the Oamaru Harbourside area provides an attractive pedestrian-friendly destination that is sympathetic to the built heritage.
- A range of easily accessed facilities and events enable participation and enjoyment of sporting and cultural activity by all members of the community.
- We celebrate the unique heritage and culture of the mana whenua.

Waitaki is served by responsive and efficient government

- We can be involved in decisions that affect us.
- Central government enables more freedom for local decision-making.
- Our local and central governments demonstrate efficient and effective use of resources.
- We consider rates to be fair.
- We ensure that our communities' values and cultural imperatives are recognized and catered for.

Waitaki has strong and proud communities

- We have strong, well-supported community groups and recognize and value our volunteers.
- We value parenting and whanau and encourage strong, healthy relationships.
- We value cultural diversity.
- New residents are attracted and welcomed to the District.
- We ensure that our communities' values, including mana whenua values, are recognized and catered for.

Waitaki has essential transport networks and services

- We have affordable, reliable and accessible transport services that meet the needs of the community.
- We have a safe and affordable roading network.
- Regular air services are available at Oamaru airport.
- We respect cultural heritage and landscape values in our construction and maintenance of transport networks.

Community Outcomes Monitoring



Full Monitoring Every 3 Years

After selecting 47 indicators to monitor progress on community outcomes, the Waitaki Tomorrow partners published them in the Waitaki Community Plan 2006/16 in July 2006. They included results from 2004/05 which will be used as a baseline for the first complete community outcome monitoring report due in 2009. *[Note that data for 13 of 47 measures was not available at the time the Waitaki Community Plan 2006/16 was published].*

Annual Monitoring

Council must report the results of any measurement undertaken during the year of progress towards the achievement of community outcomes in the Annual Report and to describe any effects that Council's activities have had on the social, economic, environmental or cultural wellbeing of the community. To that purpose, current results for 28 of the 47 outcome indicators are reported in this Annual Report. The rest of the measures can only be reported on by partners other than Council and will be monitored every three years.

The 28 indicators reported against have been grouped into Council's eight groups of activities.

They show how the Council contributed in 2007/08 towards achieving community outcomes.

Several indicators such as resident satisfaction ratings serve as both outcome indicators and performance measures. Those have been marked "performance measure" and refer to the page they can be found on in this Annual Report to avoid duplication.

Community Outcomes Monitoring



Roads, Port and Airport Group of Activities

- We resurfaced 50 km of roads and 12,587m² of footpaths and worked with NZTA to relocate 'Trooper Jack' Boer War Monument as part of the SH1 improvements. Waitaki District has one of the largest roading networks in New Zealand (over 1,800 kilometres). Almost half of Council's total budget is devoted to this area; most of this money is spent just to maintain our current roading assets.
- Successful completion and participation in the 2009/12 Regional Land Transport Safety Improvements.
- Council is developing a strategy to respond to erosion of roads.
- Updated the Activity Management Plan and Audit NZ result.
- Successful completion and participation in the 2009/12 Regional Land Transport Programme.
- Adopted Road Width, Extent of Network, Seal Extension and Road Hierarchy Policies.
- Completed the Severn Street Retaining Wall contract.
- Completed Town Centre Improvements in conjunction with the State Highway Safety Improvements.
- Upgraded Weston Road at Brookfield Corner.
- Loch Laird Road walkway past the Otematata golf course complete.
- Renewed the Lake Ohau Road bridge.

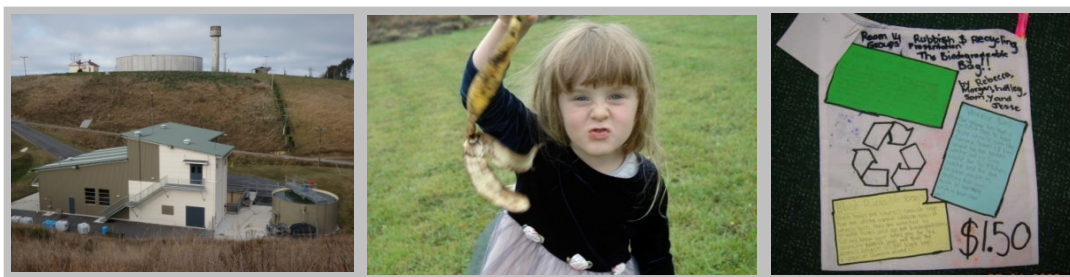
Roads, Port and Airport Group - Contribution to Community Outcomes

Joint Lead Agency: Waitaki has essential transport networks and services
 Lead Agency: Waitaki's unique culture and heritage are preserved and celebrated
 Support Agency: Waitaki people are safe and healthy, Waitaki has a diverse, sustainable and growing economy

Contributes to economic and social wellbeing

Outcome Indicator Selection	Outcome Snapshot Performance 2008/09
2.+ 44 Crashes / Casualties per 10,000 population	2008: 43 crashes and 62 casualties (injuries) per 10,000 population in Waitaki (compared to 29 crashes and 39 casualties for peer group). Above peer group average since 1999.
43. Resident satisfaction with roads and footpaths	Residents survey 2009 recorded: 70% resident satisfaction with footpaths (62% in 2008) and 65% satisfaction with council roads (68% in 2008).
45. Narrative indicator on developments at Oamaru Airport	<ul style="list-style-type: none"> • The Oamaru Airport completed its third year of operation since the reinstatement of commercial passenger flights. • Taxiway and Apron resealing completed. • Terminal external drainage upgraded. • CCTV cameras installed on airfield.

Community Outcomes Monitoring



Water and Waste Group - Contribution to Community Outcomes

Support Agency: Waitaki people are safe and healthy
 Waitaki rivers and water are managed for the future
 Waitaki's distinctive natural environment is valued and protected
 Waitaki has a diverse, sustainable and growing economy

Contributes to social, environmental and economic wellbeing.

Outcome Indicator Selection	Outcome Snapshot Performance 2008/09																
11. Drinking water quality (A, B, C, D, E grades; from A= completely satisfactory to E= unacceptable level of risk; according to the Ministry of Health drinking water grading system)	Achieved the highest possible water quality rating. Public Health South (PHS) graded the Oamaru Water Treatment Plant (WTP) and three of the five distribution zones in Oamaru. PHS awarded the Oamaru Water Treatment Plant an 'A' grading and the North End, South Hill and Tower zones were each awarded an 'a' grading. The 'Aa' grading is a major achievement for Oamaru and confirmation of value of the investment in the Oamaru WTP.																
17. Annual tonnage of residual waste disposed of at landfill	<table><tr><th></th><th>2008/09 (MT)</th><th>2007/08 (MT)</th><th>% Change</th></tr><tr><td>Oamaru</td><td>11,084</td><td>12,457</td><td>-11</td></tr><tr><td>Palmerston</td><td>460</td><td>460</td><td>0.0</td></tr><tr><td>TOTAL</td><td>11,544</td><td>12,917</td><td>-10.6</td></tr></table>		2008/09 (MT)	2007/08 (MT)	% Change	Oamaru	11,084	12,457	-11	Palmerston	460	460	0.0	TOTAL	11,544	12,917	-10.6
	2008/09 (MT)	2007/08 (MT)	% Change														
Oamaru	11,084	12,457	-11														
Palmerston	460	460	0.0														
TOTAL	11,544	12,917	-10.6														
18. Resident use of satisfaction with Council's recycling services	Residents Survey 2009 recorded: 59% satisfaction (61% in 2008).																

Community Outcomes Monitoring



Planning Group – Contribution to Community Outcomes

Lead Agency: Waitaki is served by responsive and efficient government
 Support Agency: Waitaki's distinctive natural environment is valued and protected
 Waitaki has a diverse, sustainable and growing economy

Contributes to environmental, economic and social wellbeing

Outcome Indicator Selection	Outcome Snapshot Performance 2008/09
15. Narrative indicator on District Plan achievements	Performance measure – page 31
32. Resident satisfaction with level of consultation.	Performance measure – page 32.

Community Outcomes Monitoring



Regulatory Group - Contribution to Community Outcomes

Support Agency: Waitaki people are safe and healthy

Contributes to social wellbeing

Outcome Indicator Selection

Outcome Snapshot Performance 2008/09

None of the outcome indicators/measures directly relate to these council activities. For information on how council performed in these areas, please see performance measures on pages 34 and 35.

Council also contributes to the first half of the outcome “Our existing Waitaki hospital services are retained and improved while out-of-district hospital services are easily accessed”, as Council operates the Oamaru Hospital through its 100% council-controlled organisation Waitaki District Health Services Limited (WDHSL). WDHSL produce its own annual report, a summary of which can be found on pages 63 - 67 in this report.

Community Outcomes Monitoring



Parks & Recreation - Contribution to Community Outcomes

Support Agency: Waitaki people are safe and healthy, Waitaki's distinctive natural environment is valued and protected
 Lead Agency: Waitaki has strong and proud communities

Contributes to social wellbeing.

Outcome Indicator Selection

Outcome Snapshot Performance 2008/09

None of the outcome indicators/measures directly relate to these council activities. For information on how council performed in these areas, please see performance measures on pages 38 and 39.

Community Outcomes Monitoring



Arts, Heritage & Community Contribution to Community Outcomes

Lead Agency:	Waitaki's unique culture and heritage are preserved and celebrated Waitaki has strong and proud communities
Support Agency:	Waitaki people are safe and healthy Waitaki has a diverse, sustainable and growing economy Waitaki people have access to life-long learning

Contributes to social and economic wellbeing.

Outcome Indicator Selection	Outcome Snapshot Performance 2008/09
1. Perception of Safety	Residents' survey 2009 recorded 95% of residents are satisfied that the Waitaki District is generally a safe place to be.
3. Community involvement in crime reduction activities	<p><i>Waitaki Alcohol Harm Reduction project:</i></p> <ul style="list-style-type: none"> Completed Recidivist Drink Drive Prevention trial and project evaluated. Our Community Our problem Parent network and Norm Hewitt presentation: 'Changing the Binge Drinking Culture' <p><i>Graffiti Eradication and Prevention project:</i></p> <ul style="list-style-type: none"> Removed graffiti through partnerships formed in the Waitaki District between Police, Waitaki District Graffiti Eradication Programme and WDC's Community Safety Officer. Successful funding for two years to implement the Waitaki Graffiti Prevention project. <p><i>Waitaki Community Clean Up/ Community Garden project:</i></p> <ul style="list-style-type: none"> Successful two year funding application for Youth Worker from the Ministry of Youth Development. Implementation of a Site Manager for the Community Garden. Site plans, licence to occupy and MoU with the Waitaki Community Garden Trust completed. Garden being established. Twelve community groups and volunteers successfully established.

Community Outcomes Monitoring

Outcome Indicator Selection	Outcome Snapshot Performance 2008/09
30. Narrative indicator: Which parts of the Culture & Heritage Strategy have been implemented?	<p>The Culture and Heritage Implementation Group was disestablished and the responsibility for implementing the Culture and Heritage Strategy was allocated to the Harbour and Heritage Sub-committee. The focus has continued to be on 3 key areas:</p> <ul style="list-style-type: none"> • World Heritage Status – promoting the bid for Oamaru's place on the NZ nomination list. • Branding/Signage – through the Waitaki Development Board representative, supporting new district branding and funding support for new signage • Product Development – financial support to Clarks Mill, Living History New Zealand, Oamaru Ordinary Cycle Club, Friends of Oamaru Library and Sumpter Wharf Action Group. <p>Progress was also made towards achieving outcomes in Council's three cultural facilities:</p> <ul style="list-style-type: none"> • North Otago Museum – several minor building projects, new computer system for collection management, support for other heritage providers/activities • Forrester Gallery – refinement of architectural brief for major redevelopment, improvements to artwork storage • Waitaki District Libraries – completion of the Oamaru library upgrade complete, scoping of the branch cataloguing project.

Community Outcomes Monitoring

Outcome Indicator Selection	Outcome Snapshot Performance 2008/09
39. Narrative indicator on community development	<p>Youth Council</p> <ul style="list-style-type: none"> • Two youth representatives attended the 'Involve' Conference in Wellington. • The Mags and Motors Event was well attended and promoted the positive side of young people and their vehicles. • Three members attended the Youth and Local Government Conference in Christchurch. • Hosted a youth forum as part of the LTCCP consultation process. <p>Community Development</p> <ul style="list-style-type: none"> • Completed a Mayors Taskforce for Jobs Youth Career Path tour. Involved all secondary schools in Oamaru. • Undertook Kids Voting project with Waitaki Girls High School and Oamaru Intermediate to raise awareness of the democratic process. This project finished with a Suffrage Parade with 90 students from Waitaki Girls High School. • Received funding from the Ministry of Culture and Heritage to run Treaty of Waitangi workshops in the community as part of Waitangi Day celebrations. • Undertook a significant and successful LTCCP engagement process including: <ul style="list-style-type: none"> ○ Youth Film Submission Project, including a website which had over 3500 hits and a presentation to Councillors and community ○ Production of 3-D models and posters by Oamaru Intermediate and Fenwick Schools ○ Public expos around the district ○ Youth and Older Adults forums hosted by Youth Council and Positive Ageing Forum. <p>In the LTCCP, Council reduced its involvement in Community Development. This means current levels of service that have been provided through a dedicated Community Development Advisor were discontinued from 1 July 2009.</p>

Community Outcomes Monitoring



Economic Development Group – Contribution to Community Outcomes

Support Agency: Waitaki has a diverse, sustainable and growing economy (Lead Agency: Waitaki Development Board)
 Lead Agency: Waitaki's unique culture and heritage are preserved and celebrated

Contributes to economic wellbeing.

Outcome Indicator Selection	Outcome Snapshot Performance 2008/09
27. Guest nights: percentage change annually	Performance measures – page 61.

Council and Community Boards Group - Contribution to Community Outcomes

Lead Agency: Waitaki is served by responsive and efficient government

Contributes to all four wellbeings.

Outcome Indicator Selection	Outcome Snapshot Performance 2008/09
Only one of the outcome indicators is determined by these council activities. For information on how council performed in these areas, please see performance measures on page 51	

Managing Our People

Managing our People

Recruitment and Retention

The economic climate over 2008/09 has had a flow-on effect for recruitment and retention. There has been a slow-down of staff turnover and an increase in skilled applicants seeking work at Council. Some technical vacancies are still proving difficult to fill, pressure on remuneration continued, especially for civil engineering roles.

Employee Workplace Survey

The Unlimited Best Places to Work staff survey was undertaken again at the end of 2008. This survey continues to be an important source of information on how we can improve and enhance working life at Council, and to improve employee retention and productivity. We continue to identify and act upon improvement measures identified through the survey.

Training and Development

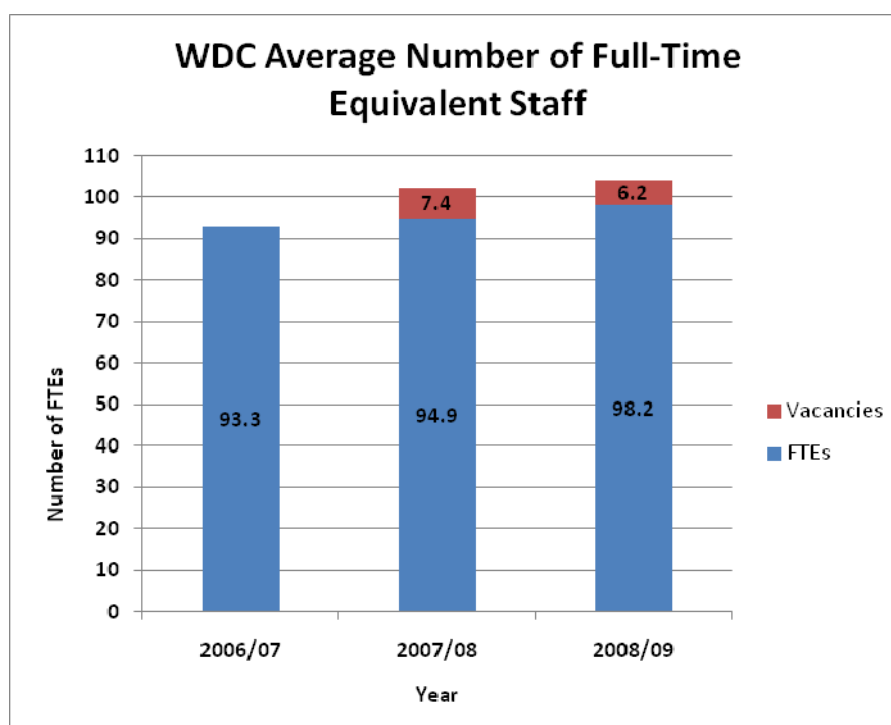
The HR Unit has embarked on a Council-wide training needs assessment and analysed areas where cost savings could be made through pooling resources, and arranged in-house training where appropriate. Some of these initiatives were actioned during the 2008/09 year, with good results.

Employee Headcount and Turnover

The employee headcount continues to be recorded, with information for preceding years providing trends. Information is provided in graphs below.

Total employee turnover was 10.5%, down significantly from the 2007/08 year (19.7%). Full-time employee turnover was 9.8% (2007/08: 11.6%), while part-time turnover was 11.6% (2007/08: 19.7%). It is probable that the current economic climate is contributing to the lower staff turnover, and this is expected to continue through 2009/10.

The 2008/09 year saw an average of 98.2 FTE staff employed, with an average of 6.2 FTE vacancies over the period (average 7.4 vacancies during 2007/08). The total average full time equivalent staff (including vacant positions) for the year was 104.4 (102.3 for 2007/08).



Data excludes vacant positions for 2006/07 (information not available)

Governance Statement

When the Local Government Act 2002 was passed, it became the legal duty of every Council in New Zealand to publish a Governance Statement. The Governance Statement must explain the roles in Council of elected members and staff and how these roles are different. The Governance Statement should also tell people how the Council operates so people are able to deal more effectively with Council. Those facts, and others, can be found below in the Waitaki District Council's Governance Statement.

Waitaki District Council Governance Statement

Council exists so that local, democratic decision-making can happen. The Local Government Act 2002 states that the purpose of that local, democratic decision-making is to promote the social, economic, environmental and cultural well-being of the District today and in the future.

In order to promote the social, economic, environment and cultural well-being of the District, the Council has a number of roles:

- Finding (or helping to find) workable solutions for local needs
- Speaking on behalf of the local community to central government as well as other local authorities and agencies
- Developing local resources
- Building, maintaining and monitoring important local infrastructure (for example, roads, footpaths, water supplies, sewage plants, pipes, drains and rubbish dumps) as well as other community assets like parks, gardens, libraries and museums
- Looking after the environment by using the Resource Management Act to ensure the adverse effects of any developments are avoided, remedied or mitigated
- Making plans for the future growth (and needs) of the District
- Encouraging economic development

To help it perform this role, the Central Government has given Council clear powers and responsibilities. These are spelt out in various Acts of Parliament such as the Local Government Act 2002 and the Resource Management Act 1991, as well as some very specific local laws:

- The Oamaru Town Management Ordinance, 1872 and
- The Oamaru Town Hall, Gasworks Sites and Recreation Reserves Act, 1875

Electoral System

Every three years, the Council has to review its system for voting.

This review of the voting system comes down to a choice between FPP (First Past the Post) and STV (Single Transferable Voting). In 2005, the Council decided to use FPP voting in the 2007 elections and this was not challenged or disputed by local people. The process a Council must follow when it chooses a voting system is laid out in the Local Electoral Act 2001.

Council Numbers

At least once every 6 years, Council also has to review its own size.

Council must decide how many Councillors and Community Board members there should be and how many Wards are needed to serve different communities. Deciding how many Councillors should come from each Ward is another part of this process. In 2006/07, Council suggested some changes which the community supported. As a result, in the 2007 election, the Mayor was elected by voters throughout the District and 10 Councillors were elected in 4 different Wards:

Governance Statement

- Ahuriri Ward..... 1 Councillor
- Corriedale Ward..... 2 Councillors
- Oamaru Ward..... 6 Councillors
- Waihemo Ward..... 1 Councillor

The District has two Community Boards - for Ahuriri Ward and Waihemo Ward. Each Board has five elected members and one member appointed by Council. The Board chooses the Chairperson at its first post election meeting.

The two Community Boards:

- Represent the interests of their communities.
- Consider any issues referred to them by Council and then give a report. (The Boards can also consider any issues of interest or concern to them).
- Give Council a submission each year on spending in their area.
- Monitor the range and quality of services provided by Council for their communities.
- Talk with and listen to community associations and groups.
- Do whatever extra tasks Council may request.

Members' Roles and Conduct

Waitaki's Mayor and Councillors:

- Decide what policies Council will adopt. These Policies become the rules that Council staff must follow.
- Oversee Council's performance, which includes checking finances and the progress of projects.
- Try to work in the best interest of the District. When elected, every Councillor makes a formal declaration that they will "perform their duties faithfully and impartially, and according to their best skill and judgment, in the best interests of the District".
- Hire the Chief Executive and oversee his or her work. The Local Government Act states that Council employs the Chief Executive *but* the Chief Executive employs all other Council staff.

The Mayor is elected by voters throughout the District - unlike the other councillors who are elected in four separate Wards (Ahuriri, Corriedale, Oamaru and Waihemo). The Mayor has the responsibilities of a Councillors, and additional duties to perform:

- Chairperson of Council meetings. It is the Mayor's job to ensure that meetings run properly and smoothly. The Mayor relies on his or her personal skill as a Chairperson and 'Standing Orders' - rules that set out how meetings will be run.
- Advocate and champion for the District and its communities. This may involve promoting the District or promoting activities that will enhance it and being a strong and effective positive voice whenever an opportunity arises. This role as an advocate and champion is most successful with Council support.
- The leadership role within Council, promoting ideas and giving feedback and suggestions to other councillors.
- Ceremonial leader of Council, attending functions, making speeches, greeting official visitors and representing the District at important events.

Governance Statement

The Deputy Mayor is elected by all Councillors at their first Council post election meeting. Because Councillors elect the Deputy Mayor, he or she can be removed by a majority Council vote. The Deputy Mayor has the same responsibilities as the other Councillors but also has a number of other duties to perform:-

- If the Mayor is absent or ill or for any other reason unable to carry on, the Deputy Mayor must perform all the Mayor's roles and duties with the authority and powers of the Mayor.
- The same applies if the Mayor has resigned, died or for any other reason left office.

Council can create committees to oversee different activities and operations. Each committee has a Chairperson who runs meetings and ensures the Committee acts within the powers given by Council. These powers are called Delegations and are set out in a Delegations Manual. All Councillors, committee members and Council staff know their authority limits. A committee Chairperson is elected by Council vote and may be removed from office the same way.

Over the years, various Governments have passed laws which lay down very clear rules that all Councillors and Community Board members must follow. These rules can be found in the following pieces of legislation:-

- Schedule 7 of the Local Government Act 2002 which makes it clear that Councillors "*must*" act as good employers when hiring and dealing with a Chief Executive and must also behave according to the rules spelt out in the current Code of Conduct and Standing Orders.
- The Local Authorities (Members' Interests) Act 1968 makes clear how elected members should behave in any situation where there is, or where there could be, a conflict of interest between their duties as an elected member and their private financial interest (either direct or indirect).
- The Secret Commissions Act 1910 which clearly bans elected members from accepting any gift or reward that could be seen to influence them in any way while carrying out their Council duties.
- The Crimes Act 1961 which makes it clear that elected members must not accept gifts of any sort as a reward for acting in a certain way and also bars elected members from using official information for their own private profit.

Every elected member's behaviour must meet the standards set out in a Code of Conduct. One of the requirements of the Local Government Act 2002 is that all Councils must adopt a Code of Conduct. Once a Code has been adopted, any change must be given a 75% vote of support. The Code of Conduct spells out how the Mayor and Councillors will behave when dealing with each other, with Council staff, the media and with the public. There are also rules about sharing information that Councillors receive, because there are times when this should remain confidential to protect the Council and its ratepayers. The Code also makes clear what actions can be taken if an elected member breaks its rules. You can collect a copy of the Waitaki District Council's Code of Conduct as well as its Standing Orders from the Council's offices.

Governance Statement

Council Structures

After each three yearly local body election, Council discusses and reviews its own organisation and decides how many committees it wants to set up. The Waitaki District Council did this in December 2007 and again in June 2008. As a result, the following Committees and subcommittees, listed in alphabetical order, are currently overseeing particular parts of Council's operations:-

Council Committees

- The Assets Committee (Chairperson: Alistair Mavor)
- The Community Service Committee (Chairperson: Pam Spite)
- The Corporate Services Committee:(Chairperson: Peter Twiss)
- The Executive Committee (Chairperson: Alex Familton)
- The Hearings Committee (Chairperson: Struan Munro)
- The Property Committee (Chairperson: Peter Twiss)
- The Strategy Committee (Chairperson: Struan Munro)

Council subcommittees

- Grants and Awards (Chairperson: Rod Bidois)
- Harbour (Chairperson: Gary Kircher)
- Opera House and Opera House Sponsorship (Chairperson: Peter Garvan)
- Rural Water Schemes (Various Chairpersons)
- Waitaki Water (Chairperson: Alistair Mavor)
- Youth Council (Chairperson: Jared Fox)

The committees hold their own meetings, usually in weeks when there is no full Council meeting. More information about the Council's committees, including the areas they deal with, the powers they have and the times of their meetings is available at the Council's offices.

Meetings

All Council and Council committee meetings must be open to the public - unless there are confidential issues which need to be considered in a Public Excluded session. There are strict rules about what can and cannot be discussed in a Public Excluded session and the Local Government Official Information and Meetings Act 1987 sets out the circumstances where Councils may consider items with the public excluded. These circumstances usually involve protecting someone's personal privacy or ensuring that commercially sensitive or professionally privileged information stays confidential. The need to maintain public health, safety and order is another reason to consider items in a Public Excluded session.

Except for any Public Excluded sessions, every other part of any Council or Council committee meeting is open to the public. Any person has the right to attend but that does not mean members of the public have speaking rights at a meeting unless it has previously been agreed they would have such rights.

The legal requirements that councils must follow when holding a meeting are set out in the Local Government Act 2002 and the Local Government Official Information and Meetings Act 1987.

Governance Statement

At any meeting, it is the Mayor or Chairperson's job to maintain order. If the Mayor or Chairperson considers any member of the public is behaving in a disorderly fashion, they have the authority to order the removal of that person from the Council Chamber or meeting room. The Mayor or Chairperson can also order the removal of any elected member who does not follow the rules set out in Standing Orders.

As already explained, the Mayor and Councillors must follow the rules in Standing Orders when at meetings although, if 75% of those present vote to do so, Standing Orders can be suspended.

Council must keep Minutes of its meetings so there is a record of what took place. These Minutes must also be available to the public, as indicated in the Local Government Official Information and Meetings Act 1987.

The public (and elected members) must be given at least 14 days notice of the time and place at which any ordinary meeting of Council will be held. Extraordinary meetings can generally be called with 3 working days notice.

Consultation

Every decision Council makes affects its residents and ratepayers. So people need to have opportunities to make their views known before decisions are made. Council has a moral and a legal duty to consult with the public when making important decisions. There are clear principles and processes of consultation - set out in the Local Government Act 2002 - which the Council must follow. The principles, as well as the details of a **Special Consultative Procedure** can be found in Sections 82-90 of the Local Government Act 2002.

It is important to note that Council does not rely only on this Special Consultative Procedure. It can and does consult with the public in other ways. For example, when it is adopting its Long Term Council Community Plan, its Annual Plan or its District Plan, the Council does hold formal and informal meetings with community groups, interested parties and members of the public. At these meetings, the Council seeks views on a range of important matters and also notes the issues of concern to the community.

Like every other local authority in the country, the Waitaki District Council now has a statutory responsibility to consult with Maori. The Waitaki Community Plan includes a statement which explains how the Council is meeting this responsibility. There is also a report on this matter in the Council's Annual Plan.

Council Organisations and Council-controlled Organisations

Council chooses and appoints the trustees and directors of several companies and trusts. Generally if the number of representatives appointed by Council to an organisation is less than half the total number of people on the governing body, then that organisation is called a Council Organisation or CO. If Council appoints more than half the directors or trustees of an organisation, it becomes a Council-controlled Organisation, or CCO.

Because the Council is always accountable to the public, it uses good policies and sound processes to make sure it chooses people with the right skills and abilities whenever it appoints trustees or directors to CO's and CCO's, which are listed below:

Council Organisations (in alphabetical order)

The Donald and Nellye Malcolm Trust

The Oamaru Whitestone Civic Trust

Governance Statement

The Waitaki Community Recreation Centre Trust
The Waitaki District Community House Trust

Council-Controlled Organisations (in alphabetical order)

Omarama Airfield Limited
Waitaki Development Board Limited
Waitaki District Health Services Limited
Whitestone Contracting Limited

The Chief Executive

As mentioned earlier, Council's Chief Executive is the *only* person who is hired by the Mayor and Councillors. This is made clear in the Local Government Act 2002. Once Council has employed a Chief Executive, it becomes the Chief Executive's responsibility to employ all other Council staff as well as advise Council and implement its decisions.

The Chief Executive is appointed by Council with terms and conditions that are set out in Section 42 and Clauses 33 and 34 of Schedule 7 of the Local Government Act 2002. The Chief Executive has to put Council's policies into action, manage all the work that is done as part of putting those policies into action and also stay within any of the financial limits set in Council's budgets. Section 42 of the Local Government Act 2002 spells out the Chief Executive's responsibilities:-

- To implement Council's decisions.
- To give advice to Council and Community boards.
- To make sure that all responsibilities, duties and powers delegated to the Chief Executive or to any person employed by the Chief Executive or imposed or conferred by any Act, regulation or bylaw are properly performed or exercised.
- To manage the activities of Council effectively and efficiently.
- To maintain systems that enable effective planning and accurate reporting of the financial and service performance of Council.
- To provide leadership for the staff of Council.
- To employ staff - including negotiation of the terms of employment for staff.

Management Structure

As explained above, Council employs its Chief Executive and the Chief Executive then employs all other Council staff. It is made clear in the Local Government Act 2002 that the Chief Executive is the only person who has the legal right to give instructions to a Council staff member so any complaints about individual Council staff members should first be made to the Chief Executive and not to the Mayor or Councillors.

The management structure is described on page 144 of this Annual Report.

Equal Employment Opportunities

Council is committed to being an equal opportunities employer. The key principles of equal employment opportunities (EEO) are:-

- Every current employee and every future employee will be given an equal opportunity to enjoy the benefits of employment in a job that suits their level of skill.
- Nobody will be discriminated against.

As part of its commitment to EEO, Council's goals are:-

- To create an equal employment opportunity environment.
- To make equal employment opportunity best practice the norm in the workplace.
- To provide a workplace that is free of harassment.
- Wherever possible, to have a labour force profile (different groups and ages) which matches the greater labour market.

Governance Statement

Key Planning and Policy Documents

The Waitaki Community Plan (WCP) gives people general information about Council's plans, activities, projects and services for the next 10 years. It also gives detailed information about any activities, projects and services planned for the next 3 years. The WCP shows the expected cost of those activities, projects and services and explains how they will be paid for. It also includes a number of statutory policies.

The Revenue and Financing Policy is part of the WCP and explains who will pay for Council's activities and services and what the nature of those payments will be.

The Funding Impact Statement is also part of the WCP and tells people what type of rates or rating systems will be used by Council to fund its activities.

The Annual Plan gives people information about what changes or variations to the WCP will be made in any particular year.

The District Plan is prepared by Council as a key part of the role it has to perform under the Resource Management Act 1991. The District Plan is the document which gives detailed information about how the District's natural and physical resources will be used, developed and protected now and in the future.

Other key plans include Bylaws, Asset Management Plans (including Water, Roads and Solid Waste), the Culture and Heritage Strategy 2005, the Economic Development Strategy 2005 and the Tourism Strategy 2006.

Council also has a **Policy on Significance** which must be considered when issues are being discussed or decisions made. The Policy on Significance ranks issues and decisions in terms of their importance to the community and sets out what kind of consultation, if any, should occur in each case. It also makes clear when the Special Consultative Procedure should be used.

All of these key planning and policy documents can be reviewed and amended, sometimes because new Parliamentary legislation means that councils must change the way they carry out their role. Any review of or change to a key planning or policy document is likely to involve a Special Consultative Procedure.

Official Information Requests

It is made clear in the Local Government Official Information and Meetings Act 1987 that any person can ask for information from the Council. All requests for information are regarded as requests made under the Local Government Official Information and Meetings Act. People do not have to mention the Act when they make a request.

When a request for information is made, the Council must supply that information unless there is a legitimate reason not to do so. The Local Government Official Information and Meetings Act 1987 say that information can only be withheld if its release would:-

- Endanger the safety of any person.
- Prejudice the maintenance of the law.
- Compromise the privacy of any person.
- Reveal confidential or commercially sensitive information.

Governance Statement

- Cause offence to Tikunga Maori or disclose the location of waahi tapu.
- Prejudice public health or safety.
- Compromise legal professional privilege.
- Disadvantage the local authority while it is carrying out negotiations or commercial activities.
- Allow information to be used for improper gain or advantage.

In most cases, Council must reply to requests for information within 20 working days but there are some situations where this time-frame can be extended. Council can charge for information it provides but if it does it must follow guidelines set down by the Ministry of Justice.

Public Access to Council and its Elected Members

Council has its own website - www.waitaki.govt.nz

All emails to the Council should be addressed - service@waitaki.govt.nz

Council's main customer service centre is at 20 Thames Street, Oamaru. Free phone 0800 108 081, Ph (03) 433 0300, Fax (03) 433 0301.

Council also has a customer service centre at 54 Tiverton Street, Palmerston, Ph (03) 465 1106.

Contact details for the Mayor and Councillors

Please refer to the list on page 141 of this Annual Report.

Opportunities for Maori to Contribute to the Decision Making Process

2008/09 was the first year of implementation of the Memorandum of Understanding (MoU) between Council and Te Runanga o Moeraki (TROM). The Memorandum of Understanding identifies the principles of the relationship between the Runanga and Council, and clarifies how this will work at an operational level.

The test for the MoU was how it was going to work for Council staff who wanted to engage with TROM on specific projects or issues, and there were a number of times when this consultation was undertaken. Some examples are:

- Opportunity for input into the library signage translation into Te Reo Maori
- Representation at the 2 day workshop with StoryInc on the Museum concept plan
- Input into walking and cycling track priorities including an audit of the tracks in Moeraki
- Participation in the Opera House opening
- Discussion regarding the consent application for the closed landfill at Hampden
- Advice on a facilitator to deliver Treaty workshops to Council staff and the voluntary sector
- Early consultation on the right debate topics for the LTCCP and the wording for the Statement of Maori Contribution to Decision-making
- A heads up on the Lighthouse Road issue with DoC
- Discussion regarding the establishment of a Multicultural Society for the district
- Input into community safety programmes
- Liaison on the resource consent for carparks at the Maori Rock Art sites.

It has been identified that sometimes Council staff are not aware of the appropriate tikanga and kawa (customs and procedures) for liaising with Tangata Whenua, and to address this TROM will be working in partnership with Council to provide workshops for staff next year.

TROM have representation on the Harbour and Heritage Sub-committee, the Physical Activity and Walking & Cycling Strategy Implementation Group, the North Otago Museum Advisory Group, the Grants and Awards Sub-committee, and the Culture and Heritage Group.

TROM are a key partner in the community outcomes process and as a result of their involvement in identifying community outcomes in 2005, mana whenua values have been incorporated into the outcome statements, which are valid until the next community outcomes process is due in 2011.

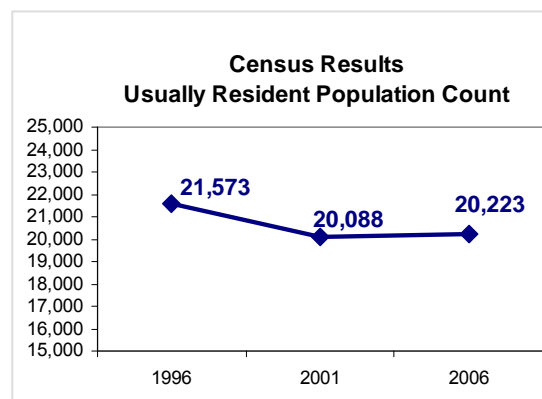
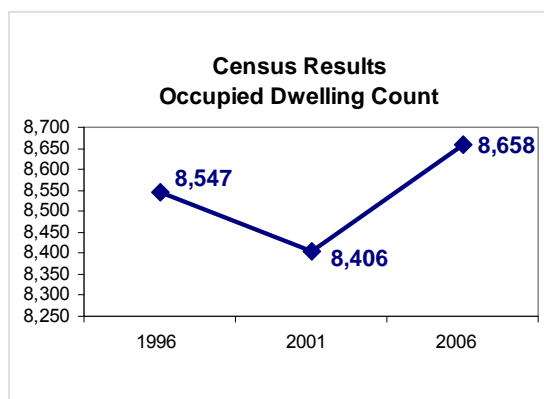
General Information

Overview

The Waitaki District Council was established in 1989. Council's operations extend over a total area of 8,990km². The northern-western portion of the District, 4,315km² lies in the Canterbury Region. The remaining 4,675km² lies in Otago. The population density (people per square kilometre) is very low in Waitaki at 2.8 (NZ 15)¹¹.

People

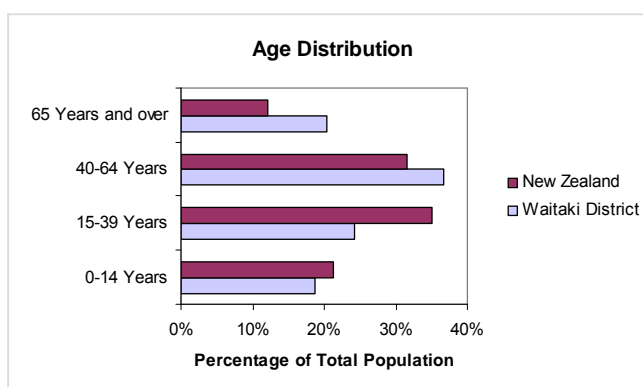
The District population (as at 2006 census) was 20,223¹² (estimated to be 20,700 as at 30 June 2007), with about 12,600 people living in Oamaru. The District's total population has been fairly stable since 2001 whereas the number of dwellings has increased.



The ethnic breakdown of the District is 97.2% New Zealander and European (NZ: 67.6%), 5.5% Maori (NZ: 14.6%), 1.8% Asian (NZ: 9.2%) and Pacific peoples 1.1% (NZ: 6.9%). Percentages do not add up to 100%, as some people identify with more than one ethnic group.

The Waitaki population is older compared to the national distribution of age groups: The census 2006 results show that 17.2% of Waitaki people are aged 60 to 74 and 9.4% are aged over 75. The age distribution (estimated as at 30 June 2006) is as follows: 0-14 Years 18.8% (NZ 21.2%); 15-39 Years 24.2% (NZ 35%); 40-64 Years 36.7% (NZ 31.6%); 65 Years and over 20.3% (NZ 12.2%).

The next national census is will be undertaken by Statistics NZ in 2011.



¹¹ NZ = New Zealand averages.

¹² All data from Statistics New Zealand 2006 Census if not stated otherwise.

Overview

Economy

The following economic analysis is based on a report to 'Waitaki Development Board – Waitaki District Economic Performance 1998 to 2008' which was published in March 2009, using the ten year period ending 31 March 2009. This report is produced annually and will next be published in March 2010 for the year ending 31 March 2008.

In 2008, Waitaki District had 8,500 full-time equivalent employees (FTEs) in 2,800 businesses generating \$804 million in GDP. Employment fell 1.9% in Waitaki in 2008, compared with New Zealand employment growth of 0.8%. The fall in Waitaki employment, coupled with strong GDP growth, led to a large productivity increase of 0.6% in the latest year, more than double the national average.

The strong growth is all the more impressive, given the District's falling population and related decline in employment, which generally makes it difficult to achieve GDP growth. The three sectors accounting for the bulk of employment and GDP were manufacturing and building, primary, and retail and distribution.

The manufacturing and building sector was the largest employer in the District in 2008, with 32% of all FTEs. This was followed by the retail and distribution sector, at 23%, and the primary sector, at 22%. Tourism in the District economy accounts for around 480 FTEs, producing \$32.7 million in GDP through 156 businesses.

The dairy industry in the District continued to grow in 2008. Four new herds and an additional 5,700 cows were added to the industry in Waitaki. Sheep numbers also grew, following little growth over the past few years.

In the year to March 2008, the total number of business units in the Waitaki District fell to 2,811, down 30 businesses from 2007. Over the long-term, the number of businesses grew 1.1% per annum, up almost 300 units in ten years. The 1.1% fall in the number of business units in the District in 2008 was the first fall recorded since 2000. Growth has been largely led by the growing property services industry and to a lesser degree the business services industry.

The District has followed the national trend of falling house sales, which is particularly noticeable in the June 2008 year when they fell by 32%. That said houses have kept their value, while house prices are far lower than the national average in Waitaki, average prices in the District have continued to show positive growth, at a faster rate than nationally over the past two years.

The following table presents average house prices for the Waitaki District and New Zealand for the four years to June 2008.

Year ending					%pa change			
House prices	Jun-05	Jun-06	Jun-07	Jun-08	2005 to 2006	2006 to 2007	2007 to 2008	2005 to 2008
Waitaki District	159,975	169,926	196,335	215,911	6.2	15.5	10.0	10.5
New Zealand	308,788	340,978	389,564	404,084	10.4	14.2	3.7	9.4

House prices grew strongly throughout New Zealand over the three years to June 2008, achieving 9.4% pa during that time. However, house prices in Waitaki rose even faster, from around \$160,000 in 2005 to \$216,000 in 2008, an average of 10.5% pa.

Overview

Waitaki District Long-term Performance, 1998 to 2008

	%pa for 1998-2008	
	Waitaki District	New Zealand
Resident population growth	-0.4	1.2
Real Value Added (GDP) growth	1.6	3.3
GDP per capita growth	2.0	2.0
Employment growth	0.6	2.4
Productivity growth	1.1	1.0
Business units growth	1.1	3.0
Business size growth	-0.5	-0.6

Source: BERL Regional Database, Statistics NZ

Waitaki District Economic Performance, 2008

	Waitaki District	New Zealand
Resident population growth	0.0	1.0
Real Value Added (GDP) growth	3.8	3.2
GDP per capita growth	3.8	2.2
Employment growth	-1.9	0.8
Productivity growth	6.0	2.5
Business units growth	-1.1	1.4
Business size growth	-0.9	-0.6

Source: BERL Regional Database, Statistics NZ

Composition of Waitaki District Economy in 2008

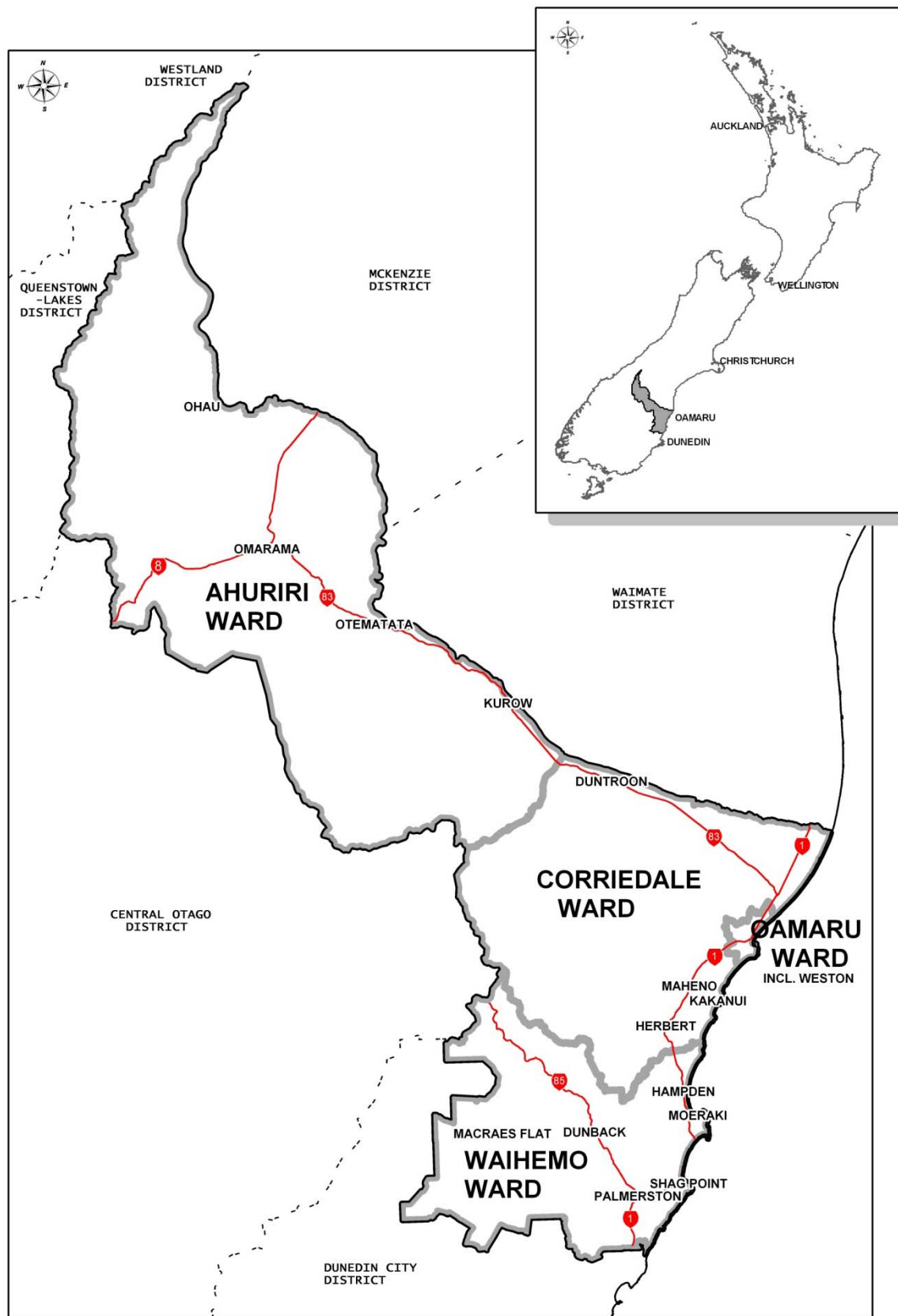
Sectors (2008)	FTEs		GDP (2008\$m)		Business Units	
		%		%		%
Manufacturing and Building	2,713	31.9%	275	34.2%	325	11.6%
Primary	1,924	22.6%	180	22.4%	1,037	36.9%
Retail and Distributions	1,883	22.2%	117	14.6%	489	17.4%
Business Services	614	7.2%	151	18.8%	678	24.1%
Recreation Services	298	3.5%	15	1.9%	145	5.2%
Social Services	1,067	12.6%	67	8.3%	137	4.9%
TOTALS	8,500	100.0%	804	100.0%	2,811	100.0%

Source: BERL Regional Database, Statistics NZ

Further information on the Waitaki District can be found at the following websites:

Waitaki District Council www.waitaki.govt.nz
 Statistics New Zealand www.stats.govt.nz
 Tourism www.visitoamaru.co.nz
 Economic Development www.wdb.co.nz

Map of the Waitaki District



Mayor and Councillors

Mayor

Alex Familton

1 R D
Palmerston
Ph (03) 465 1512

Oamaru Ward

Gary Kircher

326 Homestead Road
R D 1 C
Oamaru
Ph (03) 434-5057

Rod Bidois

145 Eden Street
Oamaru
Ph (03) 434-8613

Peter Garvan

PO Box 453
Oamaru
Ph (03) 434 8717

Helen Stead

15 Wharfe Street
Oamaru
Ph (03) 434-1173

Peter Twiss

19 Dee Street
Oamaru
Ph (03) 434-5332

Jim Hopkins

14 Tay Street
Oamaru
Ph (03) 437-0863

Corriedale Ward

Alistair Mavor

22 North Ridge Drive
Oamaru
Ph (03) 437-1976

Pam Spite

Stamford
26 Station Road
7 D R D
Oamaru
Ph (03) 434-5276

Ahuriri Ward

Struan Munro

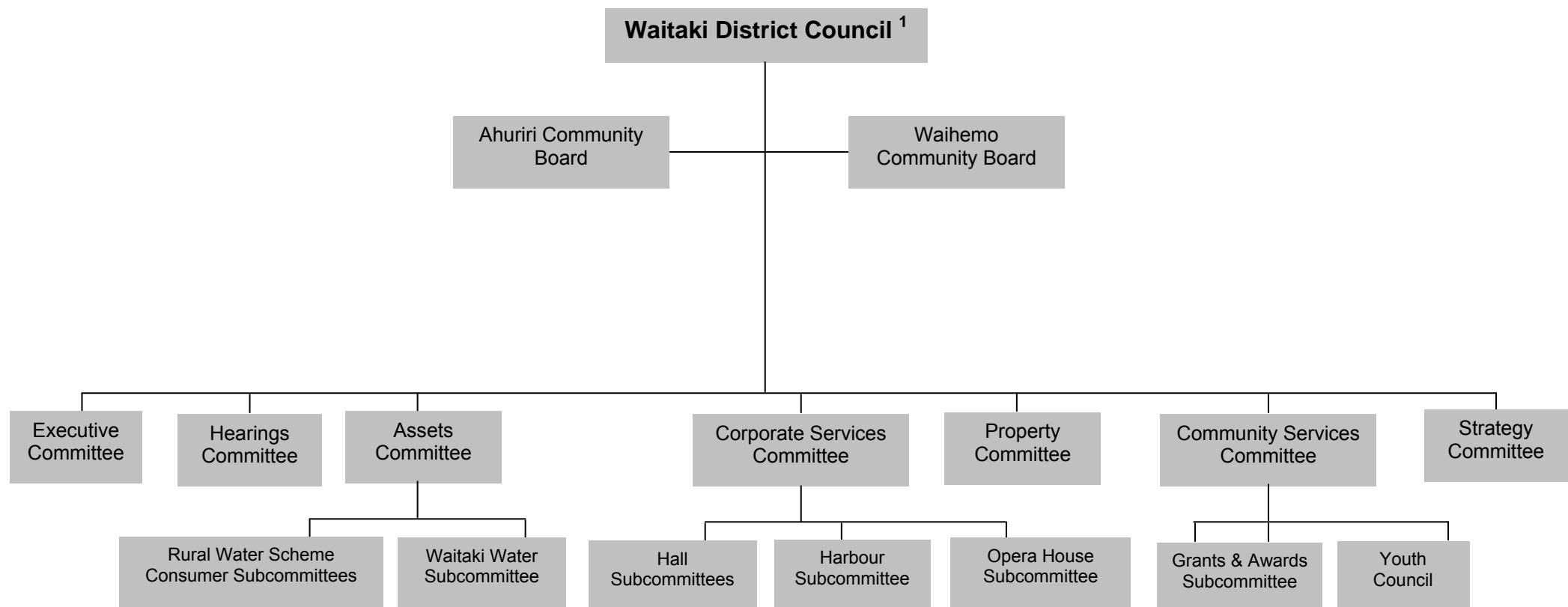
Rugged Ridges
Kurow
Ph (03) 438-7814

Waihemo Ward

Kathy Dennison

563 Horse Range Road
2 R D
Palmerston
Ph (03) 465-1213

Structure of Council, Community Boards, Committees and Sub-Committees



¹ Council is also represented on Otago Forward, the Otago Emergency Management Group and the Waitaki Lakes Shoreline Authority

Community Board Members

Community Boards are responsible for:

- Local decision making, assessing and responding to local needs.
- Input to Council Strategic and Annual Plans.
- Communication with community organisations and special interest groups within the community.
- Overview of local road works, water and wastewater, stormwater, drainage, parks, recreational facilities, community activities, and traffic management within the community.

Ahuriri Community Board

Craig Dawson Chair

PO Box 65
Omarama
Ph (03) 438-9755

Cathy Ferguson

Sierra Motels
Omarama
Ph (03) 438-9785

James Meehan

Waihakamea
Main Road
1 RD
Kurow
Ph (03) 436-0461

Graham Sullivan

Willowbridge
10 RD
Waimate
Ph (03) 689-9870

Michael Blackstock

PO Box 5
Omarama
Ph (03) 438-9481

Cr Struan Munro

Waihemo Community Board

Rod Philip Chair

Bushey Road
2 R D
Palmerston
Ph (03) 465-1278

Ken Brown

107 District Road
Palmerston
Ph (03) 465-1177

Diane Curtis

31 District Road
Palmerston
(03) 465-1238

Rick Haaima

98 District Road
Palmerston
Ph (03) 465-1985

Ken Wheeler

Hillgrove
RD 2
Palmerston
Ph (03) 439-4855

Cr Kathy Dennison

Management Structure



This diagram shows the management structure and management team at 30 June 2009.

Principal Professional Advisors

Auditors

Audit New Zealand - for and on behalf of the Controller & Auditor General
Moray Place
Dunedin

Bankers

Bank of New Zealand
Thames Street
Oamaru

ANZ Bank
George Street
Dunedin

National Bank of New Zealand Limited
Thames Street
Oamaru

Insurance Brokers

Jardine Lloyd Thompson
PO Box 13 501
Christchurch

Planners

Davie Lovell-Smith & Partners
Hereford Street
Christchurch

Andrew Purvis Planning Consultant
22 Cashmere View Street
Spreydon
Christchurch

Solicitors

Anderson Lloyd
Princes Street
Dunedin

Dean and Associates
Wear Street
Oamaru

Simpson Grierson
The Terrace
Wellington

Valuers

Quotable Value NZ
Princes Street
Dunedin

Professional Engineers

BECA Consultants
Christchurch & Dunedin

David Hamilton & Associates
Dunedin

Duffill Watts
Princes Street
Dunedin

OCEL Consultants
Antigua Street
Christchurch

Opus Consultants
Rattray Street
Dunedin

Waugh Consultants
Woolcombe Street
Timaru

Glossary of Terms

These definitions are intended to define the terms used in the Annual Report. For legal definitions see the Local Government Act 2002.

Annual Plan

A plan that describes what activities the Council will do, the reasons for doing them, the performance measures used and how much revenue and expenditure it needs to undertake each activity.

Activities

All the things that the Council does.

Bequest Values

Values that attach to the fact that leaving some facility in place for future generations may be of considerable and (inestimable) value to them and in itself an act to be valued. (Examples are collections of Art Gallery and Museum).

BERL

Business and Economic Research Limited

Black water

Black water is water contaminated by human or animal wastes such as toilet water.

Building Act

Building Act 2004

Burials and Cremation Act

Burials and Cremation Act 1964 (and amendments)

Capital Expenditure

Expenditure that will increase the value of Council's assets.

Capital Value

Market value of the land plus improvements at the time of valuation.

Civil Defence Act

Civil Defence Act 1983

Community Boards

Local elected bodies set up under the Local Government Act 2002. Community Boards are consulted by the Council and can represent community concerns to the Council. Waitaki District Council has two Community Boards, Ahuriri and Waihemo.

Community Centres

Public halls, community halls. Any facility or group of facilities for social, recreational, cultural or educational purposes or for the physical or intellectual wellbeing and enjoyment of the residents of the district, or any group or section of them, whether alone or together with other persons.

Community Outcomes

A set of statements owned and developed by the community with Waitaki District Council assistance, found in the Waitaki Tomorrow - Community Outcomes document. They exist to guide decisions made by the Council and to engage with other agencies about how they will invest in the community's future.

CV

Capital Value

Development Contributions (Dev. Con.) {DC}

A development contribution / financial contribution is a charge that is levied against sub-dividers and developers to help pay the cost of the new, upgraded, or extended water supply infrastructure that has to be provided to service their new sub-divisions or developments. Such contributions are payable in addition to the requirement that the owners reticulate all of the new sections or buildings at their cost.

Depr

Depreciation

Differential Rates

Council may make and levy rates based on differentials. This means that rates on specified types or groups of property may vary from rates on other types or groups of properties. Differentials can be based on:

- Property use or uses.
- Activities that are permitted, controlled or discretionary under an Operative District Plan.
- Activities that are permitted, controlled or discretionary under a Proposed District Plan.
- Land area.

Glossary of Terms

- Where land is situated.
- Such other distinctions as the local authority thinks fit.

Dog Control Act

Dog Control Act 1996 and Dog Control Amendment Act 2003.

Economic Allocation

Deciding the percentage of public good for an activity by applying economic theory.

Efficiency

A test of whether a system of funding tool uses a reasonable amount of resources to allocate costs.

Exacerbator

An entity that directly causes negative effects that cost money to control.

Excludability

Benefits are to particular users; others can be excluded. An excludable function is likely to be a private good.

Existence Values

Values that relate to the fact that values can be attached to the mere existence of certain facilities even if the person who values them may never contemplate seeing or using them personally.

Fire fighting capabilities

There is no public fire fighting capabilities available within the rural water schemes. Council will continue to advise and encourage storage facilities on private properties within the rural schemes. Private water storage for fire fighting will be addressed in the Rural Fire Activity Management Plan.

Fire Service Act

Fire Service Act 1975

Food Act

Food Act 1981

General Rates

A rate levied for the general purpose of the local authority. Council may make and levy a general rate on every rateable property. This may be:

- A uniform rate in the dollar of property value on all properties; or
- A differential rate in the dollar of property value on all properties;

and

- A uniform annual general charge per separately rateable property.

GR

General Rates

Grey water

Grey water is water contaminated by household processes such as dishwashing, laundry and bathing

Health Act

Health Act 1956

Impounding Act

Impounding Act 1955

Indicator

Flag or signal. Summary data that represent an issue of concern or which measure progress toward achieving an objective or outcome.

Infrastructure

Roads, bridges, water supplies, drainage systems, buildings, landfills and transfer stations.

Intergenerational Equity

The idea that the cost of a service should be fairly spread over the life of the assets, so that all people who benefit contribute a fair share.

Land Transport Management Act

Land Transport Management Act 1998

Land Value

Market value of the land at time of valuation.

LN

Loan

The Litter Act

The Litter Act 1979

Local Electoral Act

Local Electoral Act 2001

Glossary of Terms

Local Government Act 1974

Several sections of the LGA 1974 still apply although the LGA 2002 is in force.

Local Government Act 2002 (LGA)

The law that defines the powers and responsibilities of territorial local authorities like Waitaki District Council.

Local Government Commission

A body appointed by Government to decide on proposals to reorganise councils or to change their basis of election.

LTCCP

Long Term Council Community Plan. The Waitaki LTCCP is called Waitaki Community Plan (see also WCP).

LV

Land Value.

Non-excludability

Benefits may be to particular users, but it is not possible or practicable to identify and charge them. This is a practicable reason for public good funding.

Non-rivalness

Once a benefit is provided a large number of people can use it at little or no extra cost. Non-rivalness is an indicator of public good.

NZ GAAP and NZ IFRS

A set of accounting standards that Council is required to observe in its public reports

NZTA

New Zealand Transport Agency

OBPC

Oamaru Blue Penguin Colony

Operating Expenditure

Expenditure for the normal services of the Council.

Option Values

Values that relate to the value that non-users put on the availability of a service. For instance, people can value the fact that they have the option of using a recreation centre even if they never actually make use of it.

Outcome

A desired state of affairs.

People-based benefit

A benefit that people can enjoy without owning property.

PPE

Property, Plant and Equipment

Practicability

A test of whether a funding tool is lawful and whether it will allocate costs in the desired way.

Prestige Values

Values that attach to the fact that some object or function may contribute to a sense of civic pride felt by individuals whether or not the facility is ever seen or used by them. (Stadiums or civic centres are potential examples).

Private Good

The extent to which a service directly benefits individuals rather than the community as a whole. Private good is an indicator that users should pay.

Property-based benefit

A benefit that accrues to people because they own property. It may be a service to property or an activity that benefits property values.

Public Good

The extent to which a service benefits the community as a whole rather than individuals. Public good is an indicator that ratepayers should pay.

Rates

Funds collected by the Council from levies on property. These are based on capital value or land value of the property but the term is often used to include Targeted Rates.

Reserves Act

Reserves Act 1977

Reticulated Services

Water supplies, sewerage systems and stormwater drainage systems.

Glossary of Terms

Rivalness

Rivalness exists where consumption of a service by an individual reduces the amount of service available to others and the service provider needs to produce more outputs to satisfy other users. Rivalness is an indicator of private good.

RMA

Resource Management Act 1991 and RMA Amendment Act 1993.

Targeted Rates (TR)

A rate levied for undertaking a specified function or for providing any specified service for the benefit of all or part of the district. Targeted Rates must be applied only for the purpose for which they are levied. Targeted Rates may be in the form of:

- A uniform rate in the dollar of property value on all properties
- A differential rate in the dollar of property value on all properties

A Targeted Rate per separately rateable property (TR)

Sale of Liquor Act

Sale of Liquor Act 1989

Separately Used or Inhabited Part (SUIP)

Each part of the Rating Unit that has a separate use (i.e. each dwelling or business).

Social and equity modification

Changing the economic allocation of costs for reasons of fairness, or to implement another policy, or to avoid sudden changes to the allocation of costs.

Solid Waste Disposal

Disposal of waste at landfills and transfer stations.

Stormwater

Stormwater is rain water and snow melt that does not soak into the ground and become surface runoff.

STP

Sewer Treatment Plant

Transparency

A test of whether people who pay for activities can see where their money is allocated.

TR

Targeted Rate.

UAGC

Uniform annual general charge.

Uniform Annual General Charge (UAGC)

Income to the Council for general use by a levy of an equal amount on each rateable property (this charge does not vary with value of the property).

User Charges

Income to the Council by fees paid by those who use specific services provided by the Council.

User Recoveries

Income to the Council by user charges and volunteer contributions.

Utilities

Telecommunication lines, power lines, water and sewer pipes.

Wastewater

Wastewater is a combination of liquid wastes which may include chemicals, house wastes, laundry wastes, toilet wastes, animal and vegetable matter in suspension or solution and other wastes discharged from residential, business and industrial establishments.

WCP

Waitaki Community Plan (see also LTCCP)

Council Contact Information

FOR ALL GENERAL ENQUIRIES

Contact **CUSTOMER SERVICES** for all general enquiries or for enquiries regarding the following departments:

Regulatory Services:

- Health
- Building Services
- Subdivisions
- Plumbing
- Planning Enquiries
- Nuisance Concerns
- Animal Control
- Hazardous Substances
- Dangerous Goods

Infrastructure Services:

- Roads and Footpaths
- Water Supply
- Wastewater and Stormwater
- Rubbish Collection & Recycling

WAITAKI DISTRICT COUNCIL

20 Thames Street, Oamaru

Phone: (03) 433 0300

Freephone **0800 108 081** (*within the district*)

Fax (03) 433 0301

Email service@waitaki.govt.nz

Website www.waitaki.govt.nz

WAIHEMO SERVICE CENTRE

54 Tiverton Street, Palmerston

Phone (03) 465 1106

Fax (03) 465 1111

AFTER HOURS

EMERGENCY CONTACTS

CIVIL DEFENCE & RURAL FIRE

24-Hour Emergency Contact

Phone **(03) 434 6400**

OTHER DEPARTMENTS

- Animal Control
- Noise Control
- Wastewater
- Stormwater
- Water Supply
- Hazardous Substances
- Dangerous Goods

24-Hour After Hours Phone

Phone **(03) 433 0300**

OTHER CONTACTS

FORRESTER GALLERY

Thames Street, Oamaru

Phone (03) 434 1653

Email info@forrestergallery.com

NORTH OTAGO MUSEUM

Thames Street, Oamaru

Phone (03) 434 1652

Email museum@waitaki.govt.nz

OAMARU PUBLIC LIBRARY

Thames Street, Oamaru

Phone (03) 434 1650

Email oamlibrary@waitaki.govt.nz

AQUATIC CENTRE

Steward Street, Oamaru

Phone (03) 434 9940

Email aquaticcentre@waitaki.govt.nz

OAMARU OPERA HOUSE

90 Thames Street, Oamaru

Phone (03) 433 0779

Email

oamaruoperahoue@waitaki.govt.nz