



Annual Report

For the year ended

30 June 2011

www.waitaki.govt.nz

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Chief Executive Report

KEY ISSUES – THE LONG TERM VIEW

Local government is full of surprises.

This year was no exception. We can only deal with these kinds of surprises with a good team! 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.

The Annual Report reports on our progress towards the longer term direction set through the 2009-19 Long Term Council Community Plan (LTCCP). The direction turns on a number of key issues Council identified during the LTCCP community consultations:

- **Investment in infrastructure** (what is the ‘right’ level of road and water infrastructure for our low population but geographically large District?);
- **Waste minimization, rubbish and recycling** (how can Council extend the operational life of the Oamaru Landfill and should Council compete against private rubbish collectors?);
- **Development of Community Assets** (The last 2009/19 LTCCP signaled an intention to upgrade the Museum/Library and Forrester Gallery with funding largely from outside the District);
- **Service Level Reductions** (elected members want to set annual rates increases at or near consumer price inflation. What service levels should be cut to achieve low rate increases?);
- **How we pay – changes to rates and charges** (surveys of Waitaki residents show a strong preference for more ‘user pays’ over general rates).

The purpose of this report is to inform you about our progress on these key issues in 2010/11. The ‘Year In Review’ section details what we did on these key issues as well as the ‘business as usual’ matters.

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. Even in difficult economic times, there is potential good news on the radar screen:

- Oceana Gold Ltd, our largest employer, recently applied to extend its consent for a further 10 years;
- The Waitaki will be boosted if Holcim go ahead with their \$400 million cement plant. As many as 400 jobs will be created. Despite it being recently put on hold, the Holcim project has the potential, if confirmed, to contribute significantly to our local economy;
- We have water consented for more irrigation potential. Stage II of the North Otago Irrigation Company is being progressed;
- The ‘Alps to Ocean’ cycleway will increase tourist arrivals to Waitaki;
- Meridian’s North Bank Tunnel scheme creates further growth prospects.

Chief Executive Report

Work is well underway on our next 2012-22 Long Term Plan (LTP). At this stage we would like to alert the community that we face considerable challenges ahead as a result of additional costs flowing from the significant increases in our insurance levies, a reduction in our road subsidy and with the impacts of our programme of water upgrades. These will drive increases even before we start to factor in the effects of inflation. We raise these issues simply as a precautionary note. We will endeavour as always to contain our costs, however, the effects of these matters will have an impact in the first year of the new plan.

We invite you to read on to find out more about how Council contributed in 2010/11 towards making the Waitaki District a great place to live.



Alex Familton
Mayor



Michael Ross
Chief Executive



Council Only Financial Summary

Financial Statistics

Council Only	Actual 2011	Annual Plan 2011	Actual 2010
Proportion of rates to total income (%)	59%	61%	62%
Average rates per rateable property ¹	\$2,044	\$2,038	\$1,714
Net public debt external (as a percentage of total assets)	0.0%	0.0%	0.0%
Net public debt internal (as a percentage of total assets)	3.6%	3.8%	3.4%
Net public debt external (per rateable property) ¹	\$1	\$1	\$1
Net public debt internal (per rateable property) ¹	\$1,953	\$2,000	\$1,785
Current ratio ²	1.54	1.51	1.67
Liquid ratio ³	1.61	1.50	1.77
Finance costs (as a percentage of total income)	0.07%	0.02%	0.11%

Five Year Financial Summary (\$'000)

Council Only	2011	2010	2009	2008	2007
Rates	24,465	23,884	23,046	21,583	20,096
Net surplus/(deficit)	(451)	(352)	6,905	11,202	4,305
Cashflows					
Operating Activities	10,464	14,283	12,467	10,600	11,319
Investing Activities	(9619)	(12,690)	(11,450)	(12,995)	(17,081)
Financing Activities	(3)	(903)	(753)	1,647	(11)
Net (Decrease) /Increase in cash held	842	690	264	(748)	(5,773)
Net Public Debt – External	11	14	917	1,670	23
Net Public Debt – Internal	25,103	24,441	25,074	26,745	21,290
Total Assets	690,162	689,705	676,450	620,221	582,564

¹ Number of rateable properties 12,887 (2010: 12,795)

² Current ratio is the ratio of current assets to current liabilities.

³ 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).

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, that 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

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 20 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 20 indicators reported against have been grouped into Council's eight groups of activities.

They show how the Council contributed in 2010/11 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

- Resurfaced 57km of roads and 10,796m² of footpaths.
- Sealed Grants Road.
- Reviews of procedures for a wide range of roading activities e.g. stock underpasses, extent of network, vehicle crossings, Oamaru Town Centre parking etc. are either complete or nearing completion.
- Completed the Lower Thames Street Road Reconstruction.

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 2010/11
2.+ 44. Crashes / Casualties per 10,000 population	10 year moving average (tyma) reduction on: Number of Crashes: 2010 (tyma) 200.6, 2009 (tyma) 196.6 (not achieved) Number of fatal crashes: 2010 (tyma) – 3.3, 2009 (tyma) 2.6 (not achieved) Number of severe injury crashes: 2010 (tyma) 23.2, 2009 (tyma) – 23.2 (achieved) Number of minor injury crashes: 2010 (tyma) 62.8, 2009 (tyma) 62.5 (not achieved)
43. Resident satisfaction with roads and footpaths	Residents Survey 2011 recorded: 55% resident satisfaction with footpaths (72% in 2010) and 57% satisfaction with Council roads (68% in 2010)
45. Narrative indicator on developments at Oamaru Airport	Eagle Air ceased all commercial flights from the airport in December 2009. Council continues to maintain the terminal buildings

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 2010/11
<p>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)</p> <p>2009/10 LTCCP: User satisfaction with water supply – Residents Survey recorded 79% user satisfaction – planned performance Annual Survey >70% satisfaction</p>	<ul style="list-style-type: none"> Work progressed on various Drinking Water Standard Upgrades namely – securing Weston and Enfield reservoirs via roof replacement, design of the 'Waihemo' water treatment upgrade including pump station and pipelines to Dunback and Goodwood, design and construction of the Lower Waitaki water treatment upgrade. Preliminary work was also completed on Hampden Moeraki, Herbert/Waianakarua and Otematata water supplies Residents Survey 2011 reported 79% of residents are 'satisfied' or 'very satisfied' with the water supply provided by the Waitaki District Council
<p>17. Annual tonnage of residual waste disposed of at landfill</p>	<p>Reduced tonnage of waste going to Oamaru Landfill to 9,203 metric tonnes in 2010/11 compared to 9,440 metric tonnes the previous year. Due to waste being diverted out of the district we expect this to reduce even further next year</p>

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 2010/11
15. Narrative indicator on District Plan achievements	Performance measure – page 45
32. Resident satisfaction with advice	Performance measure – page 44

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 2010/11

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 48- 53

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 88 - 91 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 2010/11
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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 54 - 59

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 2010/11
1. Perception of Safety	Residents Survey 2011 recorded 96% of residents perceive the Waitaki District is generally a safe place to live compared with the target of 90%
3. Community involvement in crime reduction activities	<p><i>Waitaki Alcohol Harm Reduction Project:</i></p> <ul style="list-style-type: none"> Funding from NZ Transport Agency to continue and evaluate the Recidivist Drink Drive Prevention programme <p><i>Graffiti Eradication and Prevention project:</i></p> <ul style="list-style-type: none"> A continuing decline in graffiti vandalism although some spikes still occurring during holiday periods <p><i>Road Safety:</i></p> <ul style="list-style-type: none"> An increase in fatal and injury crashes in Waitaki during the reporting period Successful 2 year funding from NZ Transport Agency for Waitaki Road Safety activities SADD (Students Against Drinking and Driving) participated in a number of activities including Otematata Youth Camp, SADD Week, SADD Conference and Mocktails Drive 2 Survive was very successful in 2011 with over 150 year 12 students from all three secondary schools participating in a comprehensive programme which was coordinated by Waitaki District Council and jointly facilitated by Police, St Johns, Fire Service, SADD, Motor Trade and Hospital Services School based programmes continue to be very successful with high levels of participation in Streetsmart activities

Community Outcomes Monitoring

Outcome Indicator Selection	Outcome Snapshot Performance 2010/11
30. Narrative indicator: Which parts of the Culture & Heritage Strategy have been implemented?	<p>Progress was 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. Due to external funding difficulties, the redevelopment is behind schedule and could be cancelled if funding problems persist • Oamaru Opera House - the 2010/11 year saw the Opera House present a diverse range of cultural, commercial and community events spanning theatre, conferences, meetings and social engagements. The facility had good patronage and received very positive feedback from users

Outcome Indicator Selection	Outcome Snapshot Performance 2010/11
39. Narrative indicator on community development	<p>Youth Council Three members attended a Youth Council Forum in Dunedin</p> <p>Community Development In the LTCCP, Council reduced its involvement in Community Development. This means previous levels of service 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 2010/11
27. Guest nights: percentage change annually	Performance measures – page 72

Council and Community Boards Group - Contribution to Community Outcomes

Lead Agency:	Waitaki is served by responsive and efficient government
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Contributes to all four wellbeings

Outcome Indicator Selection	Outcome Snapshot Performance 2010/11
For information on how Council performed in these areas, please see performance measures on page 77-78	

Audit Report and Statement of Compliance

Audit Report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

**Independent Auditor's Report
To the readers of
Waitaki District Council and group's
Annual report
for the year ended 30 June 2011**

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 the audit of the financial statements, groups of activity statements and compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 99 to 140, that comprise the balance sheet as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the groups of activity statements of the District Council and group on pages 29 to 97 and
- the District Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (other Schedule 10 information).

Opinion on the financial statements, groups of activity statements and other Schedule 10 information

In our opinion:

- The financial statements of the District Council and group on pages 99 to 140:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's and group's financial position as at 30 June 2011; and
 - the financial performance and cash flows for the year ended on that date.
- The groups of activity statements of the District Council and group on pages 29 to 97:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the District Council's and group's levels of service for the year ended 30 June 2011, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- The District Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Our audit was completed on 6 December 2011. This is the date at which our opinion is expressed.

Audit Report

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

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, groups of activity statements and other Schedule 10 information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, groups of activity statements and other Schedule 10 information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, groups of activity statements and other Schedule 10 information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, groups of activity statements and other Schedule 10 information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council's and group's financial statements, groups of activity statements and other Schedule 10 information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council's and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council and group;
- the adequacy of all disclosures in the financial statements and groups of activity statements;
- determining the appropriateness of the reported groups of activity statements within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, groups of activity statements and other Schedule 10 information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, groups of activity statements and other Schedule 10 information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and groups of activity statements that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council and group's financial position, financial performance and cash flows;

Audit Report

- fairly reflect its service performance, including achievements compared to its forecast; and
- other information required by Schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, groups of activity statements and other Schedule 10 information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, groups of activity statements and compliance with the other Schedule 10 information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

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

Other than the audit, 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, service performance information and the other requirements

This audit report relates to the financial statements, service performance information and the other requirements of Waitaki District Council and group for the year ended 30 June 2011 included on Waitaki District Council's website. The Council is responsible for the maintenance and integrity of Waitaki District Council's website. We have not been engaged to report on the integrity of Waitaki District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, service performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, service 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, service 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, service performance information and the other requirements as well as the related audit report dated 6 December 2011 to confirm the information included in the audited financial statements, service performance information and the other requirements 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, with the exception of:
 - i. Breach of legislation
The Council did not comply with section 98 of the Local Government Act 2002, which requires the Local Authority to complete and adopt an annual report, by resolution, within 4 months after the end of the financial year to which it relates.

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 2011 fairly reflect the financial position and operations of Waitaki District Council and Group.



Michael Ross
Chief Executive

6 December 2011



Alex FAMILTON
Mayor of Waitaki

6 December 2011

The Year In Review

How did Council move the key issues forward in 2010/11?

Investment in infrastructure:

- **Roading:** As with the previous year Council maintained the policy of no new unsubsidised seal extensions. Council did however resurface nearly 60km of roading and 11km of footpath pavements during 2010/11. The pavement rehabilitation completion rate was lower than expected, however significant work was undertaken on lower Thames Street in Oamaru, with the replacement of roading and footpaths, drainage and utilities. In addition, works were undertaken on Ouse Street and work commenced on the replacement of the Humber Street Bridge. The result of the Resident's Satisfaction Survey was lower this year when compared with 2009/10 given the scale of the work undertaken during this period.
- One area of focus for Council has been the development of a Code of Practice for Stock Underpass Crossings. This was a significant area of policy work for the Roding Unit during 2010/11 which has resulted in greater clarity for ratepayers (particularly rural) on the conditions, requirements, roles and responsibilities for the installation of stock underpasses in the District.
- **Water:** Council continued to progress on drinking water standard upgrades during the 2010/11 year which included securing Weston and Enfield reservoirs as well as design work for the Waihemo water treatment upgrade and Lower Waitaki. A number of resource consents were secured for the amalgamation of water supplies, water sources from the Waitaki and waste water discharge at Palmerston. Residents in Reservoir Road and Eden Street are also experiencing an improved level of service for water pressure as the result of the replacement of pumps. Waitaki residents appear to value the investment in water upgrades, with nearly 80% of respondents in this year's Resident's Survey indicating they are either 'satisfied' or 'very satisfied' with the water supply provided by Council.
- **Oamaru Port:** Harbour dredging and work on Holmes Wharf, Marine Parade, parking at Wansbeck Street continued during 2010/11. Dredging remained a challenge for Council and even though 4000³m of gravel was removed from the harbour entrance, the depth remained less than 4 metres, below the 2010/11 target, during most tides. Significant planning was also undertaken for the development of Friendly Bay in the harbour area which was considered during the 2011/12 Annual Plan process.

Waste Minimization, Rubbish and Recycling:

- Council continued to meet all of the resource consent conditions for landfill and work started on piecing together the waste minimization and management plan.

Development of Community Assets:

- Council did not progress the development of physical cultural assets during this period. This will be further considered during the 2012-22 Long Term Plan (LTP). While this did not occur a good level of service was generally maintained and strengthened across both cultural and community assets such as community housing.
- **Gallery:** Over 25,000 people visited the Forrester Gallery during 2010/11, exceeding both last year's actual performance (approximately 21,000) and the target of 16,000 set within in the 2009-19 LTCCP.
- **Libraries:** The Oamaru and Palmerston libraries saw a 15% increase in visitor numbers last year when compared with 2009/10 and target set in the Long Term Council Community Plan (LTCCP). The Resident's Survey also indicated 92.5 per cent of visitors were either 'very' or 'fairly satisfied' with library services. This was against a target of 92 per cent.

The Year In Review

- **Museum:** The North Otago Museum experienced an 18% drop in visitor numbers last year when compared with 2009/10. In addition the 2011 Resident's Survey indicated that 80% of visitors were either 'very satisfied' or 'fairly satisfied' with their experience compared to 91% the previous year.
- **Opera House:** 2010/11 year saw the Oamaru Opera House present a diverse range of cultural, commercial and community events spanning theatre, conferences, meetings and social engagements. Arguably patronage has been reduced given the loss of the South Island's only anchor city as a result of the two Canterbury earthquakes. However, the 2010/11 Resident's Survey still indicates 94% of the community are either 'satisfied' or 'very satisfied' with the venue.
- **Community Buildings:** Community housing occupancy rates (96%) continued to exceed the occupancy (utilisation target of 90%) established in the 2009-19 LTCCP. In addition, all operational community buildings received their "warrant of fitness" consistent with the previous year.

Service Level Reductions:

- 2010/11 represents the second to last year of the 2009-19 LTCCP. Council turned its attention to the development of the next 2012/22 Long Term Plan (LTP) and the choices, options and service level trade-offs which the community may wish to consider in the future.

How We Pay

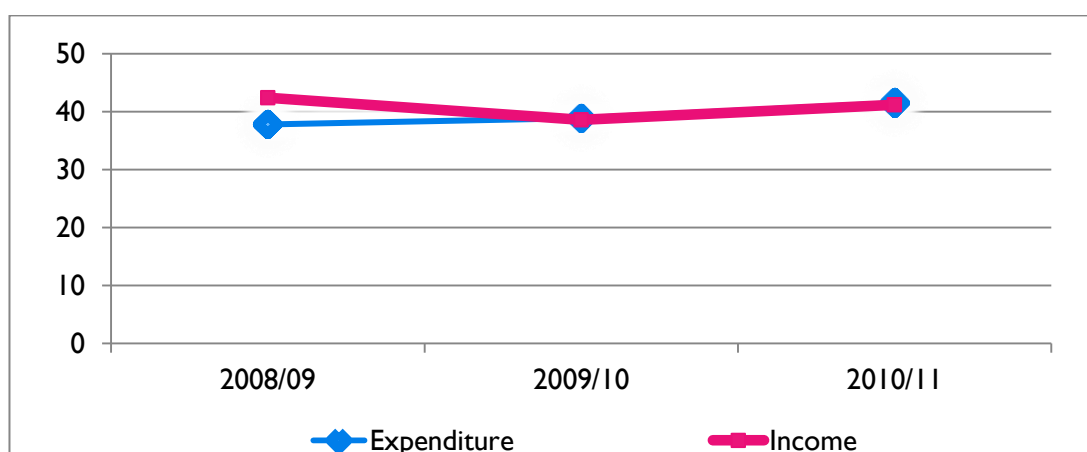
- As with possible service level reductions, Council has started looking at the options for residents to consider how they will pay for future services as part of the 2012-22 LTP.

THE BOTTOM LINE: FINANCIAL PERFORMANCE

Council continued the theme of fiscal restraint that it started last year. This process started with reduction in budgets compared to year 2 of the 2009-19 LTCCP. These changes were reflected in the 2010/12 Annual Plan. Not all of this change was due to fiscal restraint alone, which was partly a response to the Global Economic Crisis. Some reflected a change of priorities.

The effect of these proposed changes was overwhelmed by local events and international factors. These had a major impact on the overall result. The most significant of these events were the continued response to the floods that occurred in May 2010, the change in the local waste disposal environment and slower than expected progress on the water upgrade projects, support provided to Canterbury in the wake of the Christchurch Earthquake. All of these had an impact on the timing and amount of expenditure required.

Graph 1: Council Income & Expenditure (\$ million)



The Year In Review

Council's operating expenditure was significantly higher than what was spent in 2009/10 and what was budgeted in the 2010/11 Annual Plan. Activity income was also well ahead of budget but not to the same degree as expenditure. This means that Council is recording a small deficit for the year.

It is important to note that this deficit is not the same as a "loss" just as a surplus is not a "profit". Some of the expenditure will be funded from previously saved amounts or reserves, while others are true deficits which may need to be funded. The following is an explanation of the major items

Two factors in the Roads, Port and Airport group caused major variations. The first was in the roading activity where there were significant amounts of additional income and expenditure. This reflects the costs of repairing flood damage and the increased revenue from the New Zealand Transport Agency (NZTA) to help fund these flood repairs. The second was in the Port activity where Council had to treat the expenditure on the coastal protection project as an operating rather than capital cost. This was still funded from a loan.

The next major area of variance is grouped under the heading of Economic Development. This covers a number of activities including general property, the Oamaru Blue Penguin Colony (OBPC) and Council's treasury function. Both property and the OBPC had higher revenue and expenditure with the differences generally affecting specific reserves rather than the true bottom line.

The treasury function has a real impact. The interest rates achieved were substantially less than were budgeted for. This reflected the world economic conditions and the very low rates being charged and received. Although this had a positive impact on the activities that had internal loans, as a net investor (i.e. we invest more than we borrow) Council earned less net interest than was expected. The impact of this change going forward will be considered in the development of the 2012-22 LTP.

The Water and Waste Group of activities had variance of a different kind. This includes water supply, waste water, storm water, and rubbish and recycling. The variations in this area are set out on page 40. These were mainly a combination of cost savings, especially on power, and changed timings which led to savings. A major variance was in the waste disposal area, due to one of the major users of the Oamaru Landfill changing to an alternate disposal site. This led to a drop in revenue that Council responded to by reducing expenditure where ever possible.

The last major variance is the Arts, Heritage and Community Groups, in particular community building. This increase in expenditure related to cost incurred in relation to the redevelopment of the Weston Hall. This is treated as operating costs as the Hall is not owned by Council and so it could not be treated as capital. This was funded from revenue and reserves.

So, overall Council had mixed success in controlling costs and improving revenue. The following compares the actual surplus / (deficit) to the budgeted amount for each group of activities:

The Year In Review

Operating Surplus / (Deficit)

	2010/11 Actual	2010/11 Budget	Variance
Arts, Heritage and Community	(443)	270	(713)
Council and Community Boards	116	(50)	166
Economic Development	(333)	518	(851)
Parks and Recreation	(241)	(206)	(35)
Planning	271	(19)	290
Regulatory	33	53	(20)
Roads, Port and Airport	(743)	(11)	(732)
Water and Waste	1,119	512	607
Operating Surplus / (deficit) (prior depreciation add back)	(221)	1,067	(1,288)

OUR BALANCE SHEET

Council's total assets have stayed at \$690 million. Council's property assets were revalued during the year. Although there were movements both up and down, in general the value of these assets was maintained; a positive sign in the current economic environment.

There was some movement in the other types of assets; however no movements were significant enough to need specific explanations.

Council still has almost no external debt, with the only loans outstanding being historic loans with very low interest rates. Council does use internal loans or borrowing between activities, to fund major projects. Council's internal debt grew from \$24.22m to \$25.10m. This growth was due to the following:

Council raised new internal loans for the following major items:

• Weston / Enfield Drinking Water Standard Improvements	296,000
• Lower Waitaki Drinking Water Standard Improvements	320,000
• Oamaru Coastal Protection Improvements	780,000
• Weston Hall	50,000
• Additions to Existing Loans (primarily compounded interest)	476,000
Total	\$1,922,000

Council compounds the interest on some loans because it will repay them from sources other than operating income, including rates. The majority of these types of loans relate to land developments that will be repaid when the land is sold.

Council repaid \$1.04m or 4.2% of its debt during the year. As most Council loans are for 20 years it would be expected that this repayment would be closer to 5%. However, this level is also affected by the property loans noted above. All other loans are being repaid over the term agreed to when the project was approved.

Overall Council is in a strong financial position and is still well within the borrowing limits set out in the Liability Management and Investment Policy.

	Actual	Policy
Interest expense as a percentage of general revenues	2.4%	20%
Net Debt per Rateable Property	\$1,953	\$4,000

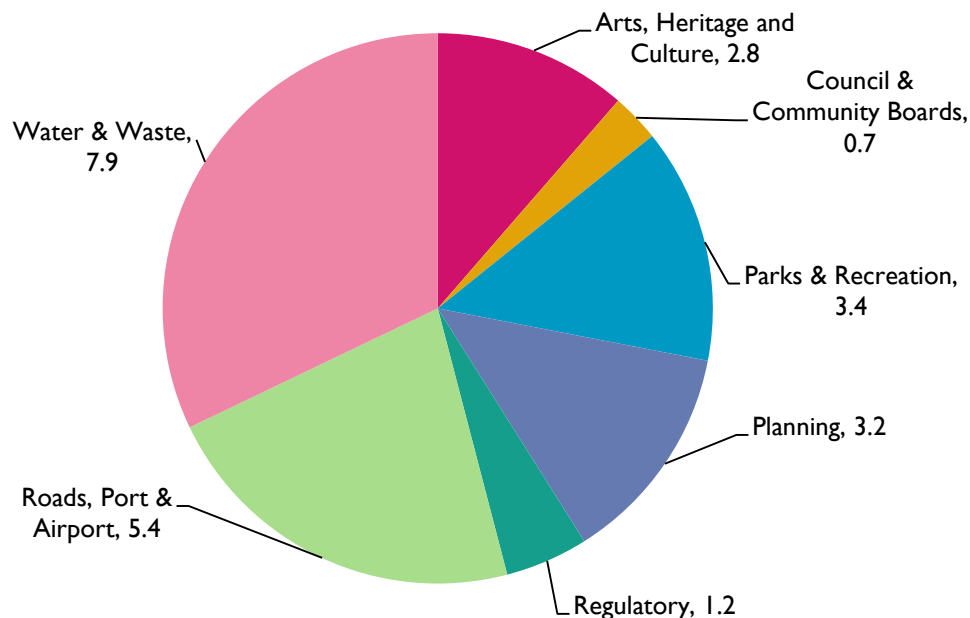
The Year In Review

WHERE DO MY RATES GO?

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

Graph 2 shows Council rates allocation in 2010/11. Total rates allocation in 2010/11 was \$24.465 million compared with \$23.884 million in 2009/10, an increase of 2.4%. The largest proportion of rates went to Water & Waste (\$7.9 million) followed by Roads, Port and Airport (\$5.4 million). Planning and Regulatory combined were funded by \$4.4 million of rates revenue.

Graph 2: Council Rates Allocation 2010/11 (\$ million)

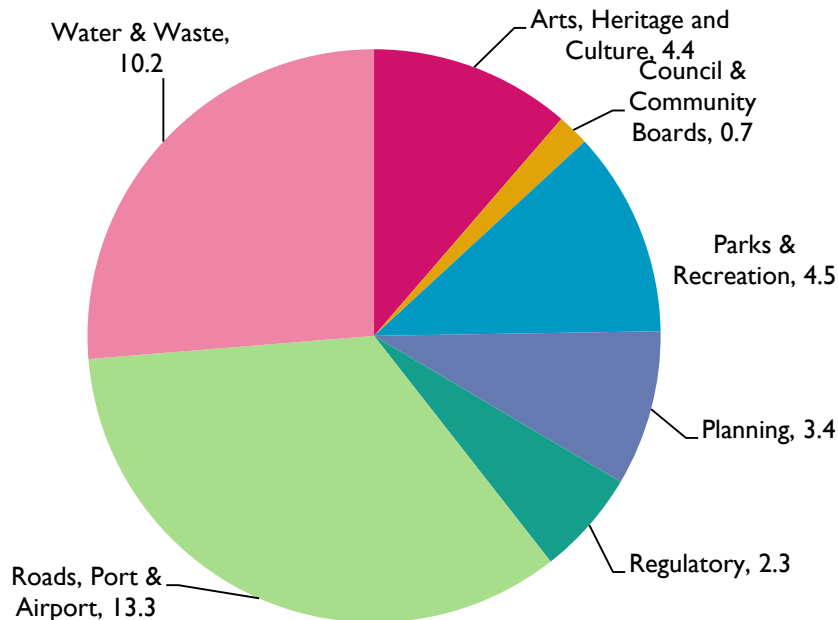


Council funds expenditure by a combination of rates, user fees and charges, government subsidies and depreciation and other reserves. The 'mix' differs between Council 'business units' or 'groups of activities'.

The main driver of Council expenditure remains unchanged: the continuous requirement to maintain and invest in long term 'core' infrastructure (roads and water) is now valued at \$564 million. The typical residential ratepayer now sees 37% of their rates going into depreciation reserves, which in turn fund long term asset replacement and renewal.

The Year In Review

Graph 3: Council Operating Expenditure 2010/11 (\$ million)



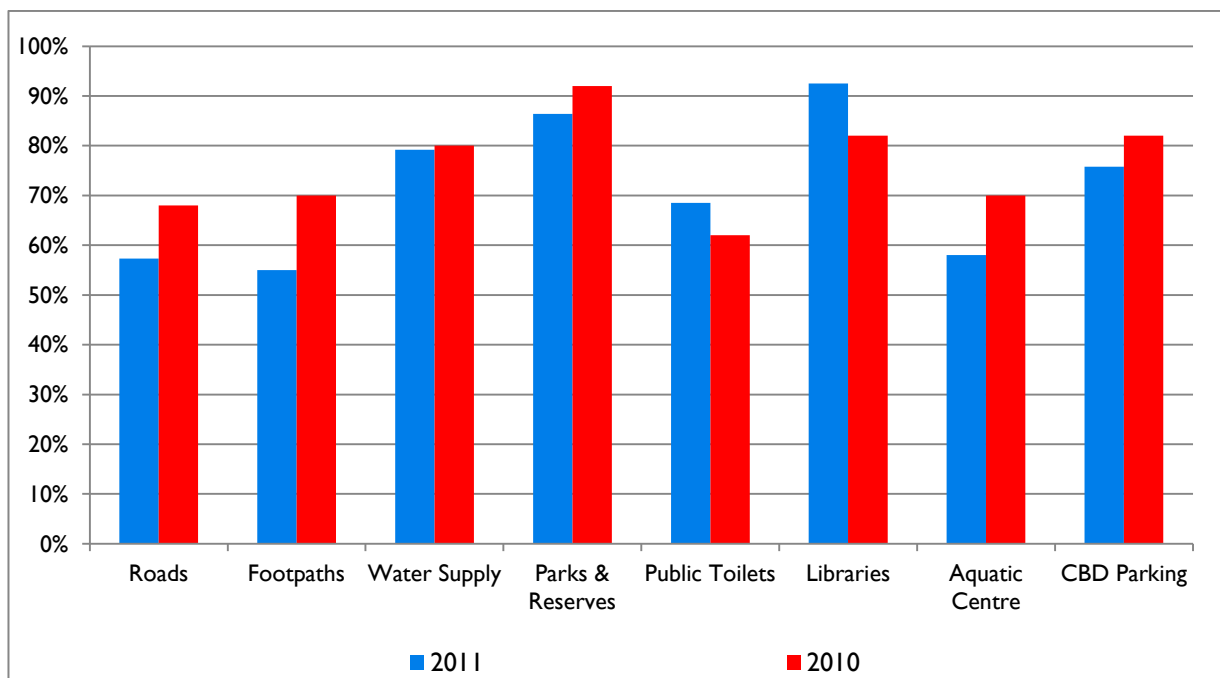
Graph 3 breaks down Council operating expenditure by 'groups of activities'. The largest 'group' was Roads, Port & Airport at \$13.3 million in 2010/11, an increase of 15.1 per cent compared to the previous year. The reasons for this are covered earlier in this section. 'Water and Waste' was Council's second largest area of expenditure. Expenditure on Water and Waste was \$10.2 million in 2010/11, which was consistent with the prior year.

The Year In Review

HOW IS COUNCIL PERFORMING IN THE EYES OF THE COMMUNITY?

Levels of satisfaction with Council services and operations were lower than the 2009/10 year. This was particularly apparent in the areas of roading and footpaths (due to significant works). The Aquatic Centre also recorded lower levels of residents satisfaction that the previous year. However, we believe this may be the result of different methodologies used by Communitrak in the 2009/10 Annual Report and Pulse Business Solutions in the 2010/11 Annual Report. The Pulse Business Solutions Residents Survey carried out in September 2011 showed that visitor satisfaction with the Oamaru Opera House (93.7% satisfied or very satisfied), Oamaru Library (92.5% satisfied or very satisfied), Forrester Gallery (92.5% satisfied or very satisfied), North Otago Museum (80% satisfied or very satisfied) and Parks and Reserves (86.4% satisfied or very satisfied) with services over the past 12 months.

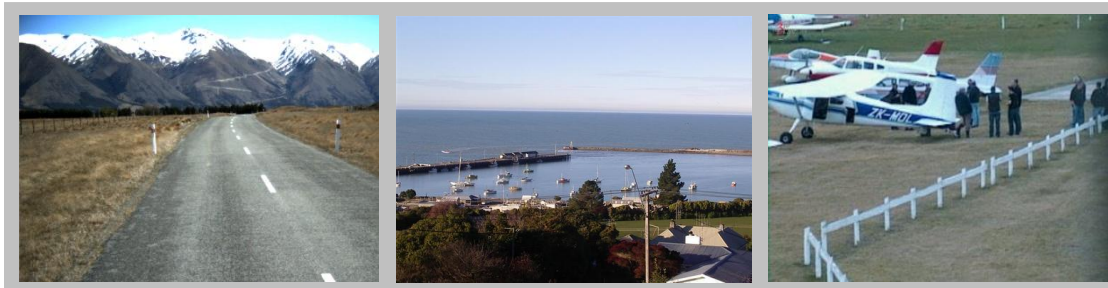
Graph 4: Waitaki Residents Satisfaction with Council Services 2010/11



Council changed the way the Residents Satisfaction Survey was undertaken in 2010/11. This has changed some of the responses and our ability to directly relate the satisfaction rating to that previously measured.

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 and Land Transport Network

Waitaki District has one of the largest roading networks in New Zealand (over 1,800 kilometres). Nearly one fifth of Council's total budget is devoted to roading with most spent on maintaining the roading network.

The 2011 Residents Survey showed that 57% of respondents are 'satisfied' or 'very satisfied' with Waitaki's roading network. During the past year several major roads in the District have been upgraded and work has commenced on the replacement of the Humber Street Bridge.

Thirty-five 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 as the cost of sealing one kilometre of road is around \$150,000.

The New Zealand Transport Agency (NZTA) will only subsidise Council's cost if the safety benefits are increased by 50% and a high level of efficiency is achieved.

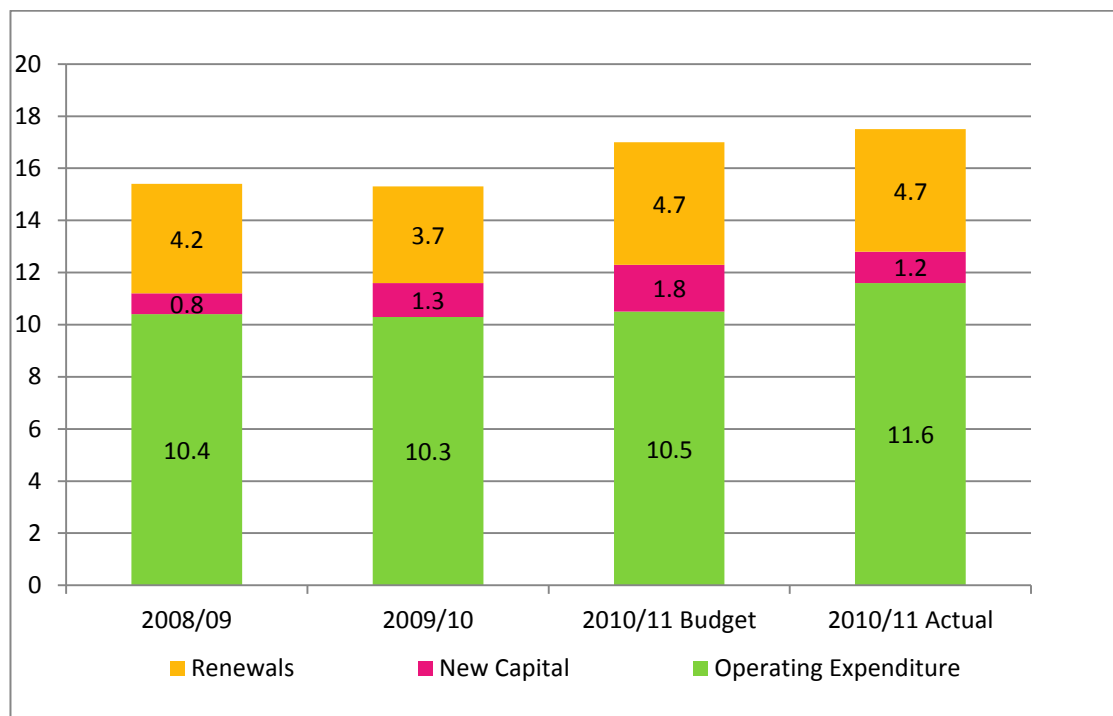
Financial Performance

The actual results and spending for the year were significantly different from budget and the prior year. The main reason for the variance, the impact of the May 2010 flood was covered in the year in review. This extra expenditure and the subsidy received added significantly to the size of this activity. It also had an impact some of the other work that was undertaken as time and resources were moved to address these higher priority issues.

As noted in the last Annual Report, NZTA made changes to the subsidised roading programme after the adoption of the 2009-19 LTCCP. These change had an impact across the first three years of the Plan including this year. Council has had to make a number of changes to what it planned to do to accommodate this. This meant that in particular some renewal and improvement work has had to be reconsidered and in some cases delayed.

Roads, Port, Airport

Graph 5: Council Roading Expenditure (\$ million)



Graph 5 shows that Council spent \$17.5 million on roads in 2010/11, compared with \$15.3 million in 2009/10. Although Council had budgeted total outlays of \$17.0 million in 2010/11 the actual areas it was spent in varied due to the reasons noted earlier.

Roads - What we did

- Resurfaced 57km of roads and 10,796m² of footpaths
- Sealed Grants Road
- Reviews of procedures for a wide range of roading activities e.g. stock underpasses, extent of network, vehicle crossings, Oamaru Town Centre parking etc, are either complete or nearing completion
- Completed the Lower Thames Street Road reconstruction

Roads, Port, Airport

Roads - How we performed

Roads Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Resident satisfaction with footpaths and roads	Residents Survey 2011 recorded: 55% ¹ residents are 'satisfied' or 'very satisfied' with footpaths in the Waitaki District (70% in 2010) and 57.3% ² residents are 'satisfied' or 'very satisfied' with Council roads (67% in 2010)	65% resident satisfaction with footpaths. 70% resident satisfaction with roads
Resident satisfaction with cycleways	Residents Survey 2011 recorded: 34% ³ residents are 'satisfied' or 'very satisfied' with cycleways in the Waitaki District (60% in 2010)	65% resident satisfaction with cycleways
Incidence and severity of road crashes is declining	10 year moving average (tyma) reduction on: Number of Crashes: 2010 (tyma) 200.6, 2009 (tyma) 196.6 (not achieved) Number of fatal crashes: 2010 (tyma) – 3.3, 2009 (tyma) 2.6 (not achieved). Number of severe injury crashes: 2010 (tyma) 23.2, 2009 (tyma) – 23.2 (achieved) Number of minor injury crashes: 2010 (tyma) 62.8, 2009 (tyma) 62.5 (not achieved)	10 Year moving average reduction on: Number of crashes Number of fatal crashes Number of severe Injury crashes Number of minor injury crashes
Complete planned roading maintenance and improvements	2km pavement rehabilitation completed of 3km planned 57km of road resurfacing is complete of 65km planned 1.4km of kerb and channelling renewal complete of 2 km planned 18,122m ² of footpath resurfacing in townships is complete of 9,939m ² planned 4.5km seal extension completed as planned	100% completed

¹ The 2011 Residents Survey reported a 55% resident satisfaction of 'satisfied' or 'very satisfied' with footpaths in the Waitaki District. Reasons for this variance may be upgrading of footpaths within the District, work on Lower Thames Street, commencement of the replacement of the Humber Street Bridge and work on Ouse Street.

² The 2011 Residents Survey reported 57.3% of residents were 'satisfied' or 'very satisfied' with local roads in the Waitaki District. As advised with 'footpaths' a number of large roading projects were carried out in the District over the past 12 months.

³ The 2011 Residents Survey reported 34% of residents are 'satisfied' or 'very satisfied' with cycle ways in the Waitaki District. Of the 17% respondents who were dissatisfied or very dissatisfied 65% commented there were no/not enough cycle ways in the district. It is expected that the new Alps2Ocean Cycleway and submissions agreed under the 2010/11 Annual Plan will alleviate some residents' concerns.

Roads, Port, Airport

Roads Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Resident satisfaction with the availability and convenience of parking within the central business area	Residents Survey 2011 recorded: 75.8% 'satisfied' or 'very satisfied' (84% in 2010)	80%
Average road roughness for sealed roads is surveyed and compared with target roughness measures set by NZTA ¹	Urban C: 120 Not achieved Urban D: 130 Not achieved Urban E: 122 Achieved Rural C: 72 Achieved Rural D: 75 Achieved Rural E: 84 Achieved Rural F: 91 Achieved 2010 results. This is performed on a two yearly basis as per NZTA requirements. To be updated 2011/12	Urban C 110 Urban D 120 Urban E 140 Rural C 100 Rural D 110 Rural E 120 Rural F 140

Notes to snapshot performance:

NZTA have not provided data on total number of crashes. Council are working with NZTA to access data. The two 'not achieved' measures Council officers believe are statistical anomalies. The increase in the 'tyma' reflects very low results in 1999 dropping out of the 2009 tyma and increasing the 2009 'tyma'. In fact, the 'single year' data for 2009 and 2008 show both severe and minor injury crashes declining. All data includes crashes on State Highways with most fatalities occurring on State Highway 1.

Length of pavement rehabilitation completed was lower than planned. Completion of this type of road renewal works in an urban area is more expensive than a similar length in a rural area. This accounted for a shorter length completed than planned.

Footpath resurfacing was completed higher than planned because of very favourable quotes 'at the tender box' from contractors looking for work. A fixed dollar budget, with lower than budgeted quotes from contractors, meant that some work was brought forward to take advantage of lower prices. The recent volatility in crude oil prices has affected contractor pricing and pushed work in and out of time periods.

Road resurfacing was lower than planned because of variances in the actual deterioration of specific roads compared to the forecast deterioration of those roads. In other words, the Asset Management Plans assume a certain "economic life" of roads. The actual life of those roads will be longer or shorter than forecast. So actual road resurfacing will vary depending on the condition of the roads as Council engineers evaluate them road-by-road.

Council has not achieved Urban C and D road roughness measures and believe that the quality of "road reinstatement" by utility providers like water and electricity has slipped. Roading engineers have been working with the utility providers for a better finish of road reinstatement. Once the finish improves, Council expect Urban C and D measures to improve. Council also plans to complete more urban road renewal works which will result in smoother roads. Results will be available in 2011/12.

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

Roads, Port, Airport

Port – What we did

- Oamaru Harbour dredging has been carried out to a satisfactory level.
- Repairs were carried out to Holmes Wharf at the western end to enable vehicles to park safely.
- Marine Parade redevelopment has been substantially completed.
- Carnival Area cleared and opened up.
- Car park developed to the North of Wansbeck Street extension.
- Land between Wansbeck Street extension and Oamaru Creek cleared and maintenance programme put in place.

Port - How we performed

Port Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Maintain wharves to a level that is appropriate for their use. As set out in the Harbour Development Plan	Breakwater, Holmes Mole and Normanby Wharf structures all fit for current use	Holmes and Normanby Wharves remain operational
Depth at port entrance $\geq 4\text{m}$	Harbour entrance depth is less than 4m in most tides	$\geq 4\text{m}$
Meet 100% of minimum 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	Harbour entrance lights and markers are maintained
Increase resident usage and satisfaction with Harbour area	We did not have available resources to establish benchmark	Year one establish benchmark Years 2 and 3 increase usage and satisfaction by 5% annually
Implement Harbour Development Plan	Walking and cycling track completed. Wansbeck extension completed	Roading, Walking and cycling infrastructure completed

Airport – What we did

- No commercial flights at present.
- The Waitaki Development Board is working on a possible solution for future use of the airport.
- Basic maintenance of the terminal building is being kept up to date.

Airport - How we performed

Airport Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Meet Civil Aviation Authority safety requirements	All current safety requirements met	100%
Satisfaction of users with facilities as monitored through a biennial survey	No commercial flights. Therefore we did not measure user satisfaction	User satisfaction $> 80\%$

Roads, Port, Airport

	2010/11 Actual \$(000)	2010/11 Budget \$(000)	2009/10 Actual \$(000)
Operating Expenditure			
Roads	11,609	10,507	10,255
Oamaru Port	1,532	720	1,036
Oamaru Airport	179	174	280
Total Operating Expenditure (Note 1)	13,320	11,401	11,571
Operating Revenue			
Roads	6,814	5,561	5,494
Oamaru Port	128	243	107
Oamaru Airport	243	236	256
Activity Revenue	7,185	6,040	5,857
General Rates	191	191	185
District Services Rates	54	42	44
Ward Rates	531	529	520
Separate Activity Rates	4,616	4,588	4,913
Rates Revenue	5,392	5,350	5,662
Total Operating Revenue	12,577	11,390	11,519
Net Surplus (Deficit)	(743)	(11)	(52)
Adjust for Depreciation Not Funded	3,099	3,070	3,043
Net "Funded" Surplus / (Deficit) available for capital payments	2,356	3,059	2,991
Capital and Reserves Funding Requirements			
<u>New Capital</u>			
Roads	1,242	1,800	1,262
Oamaru Port	258	950	42
Oamaru Airport	2	-	-
	1,502	2,750	1,304
<u>Renewals</u>			
Roads	4,681	4,705	3,657
Oamaru Port	75	-	10
Oamaru Airport	12	-	32
	4,768	4,705	3,699
Loan Repayments	-	-	-
Transfers to Reserves	818	667	1,284
	7,088	8,122	6,287
Movements in Capital and Reserves Funded By:			
Net "Funded" Surplus / (Deficit) available for capital payments	2,356	3,059	2,991
Transfer from Reserves	2,049	2,693	1,153
Renewal Funding From Depreciation Reserves	2,683	2,370	2,143
	7,088	8,122	6,287
Note (1) - Operating Expenditure includes:			
Depreciation	5,668	5,557	5,550
External Interest	-	-	-
Internal Interest	114	183	61

Roads, Port, Airport

Roads, Ports and Airport Financial Commentary

(a) Roads – Operating Expenditure

The reasons for this variance are discussed in detail on pages 29-32.

(b) Oamaru Port - Operating

The major cause of the variance between actual and budget is the spending during the year on protecting the coast from Oamaru Creek north. This project was budgeted for as a capital item but due to its nature is treated as an expense in this report. This added \$780k to the expenditure line. This was still however, funded from a loan. More was also spent compared to budget as there were a number of issues that arose during the year that had to be resolved for further progress to be made in developing the Harbour area. This involved such matters as the underlying status of some land and verification of property boundaries. These required input from a variety of advisors which led to increased costs in the activity.

(c) Roads – Operating Income

This is a reflection of the revised approach and funding that was available from NZTA. Much of the flood work undertaken received a higher level of subsidy than routine matters.

(d) Roads – New Capital

The variance in the new capital compared to budget was because the budget included an amount to improve the roads in the Oamaru Harbour area. This expenditure was delayed as the need and priority of this spending was reconsidered.

(e) Oamaru Port – New Capital

There were two major items budgeted in this area, the coastal protection from Oamaru Creek North and the start of the Marine Parade / Harbour Area Improvements. The coastal protection project is discussed in Operating area. Marine Parade was started but not completed during the year. This is funded from reserves.

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

Water - What we did

- Work progressed on various Drinking Water Standard Upgrades namely – securing Weston and Enfield reservoirs via roof replacement, design of the ‘Waihemo’ water treatment upgrade including pump station and pipelines to Dunback and Goodwood, design and construction of the Lower Waitaki water treatment upgrade. Preliminary work was also completed on Hampden Moeraki, Herbert/Waianakarua and Otematata water supplies.
- Successfully completed construction of the pipe line from the Oamaru Water Treatment Plant to the Weston Reservoir. This in turn will facilitate the Weston and Enfield rural water supplies becoming a water supply zone of and receive water from, the Oamaru Water Supply.
- Resource consent for the amalgamation of the four water supply takes to Palmerston was attained with appropriate conditions.
- Resource consent for the new Lower Waitaki bore water take was attained providing a ‘cleaner’ raw water source which will reduce the treatment upgrading costs required to meet the Drinking Water Standards. Subsequently bores were drilled; pumps and raw water delivery pipes were installed.
- Exploratory drilling on the eastern side of the Otematata River was successfully completed. Ground water will provide consistently high quality water which will be easier to treat to meet the Drinking Water Standards.
- Replacement pumps supplying water to Reservoir Road and Eden Street area have been successfully commissioned. This has allowed the water pressure in this area to be lifted slightly to a more acceptable consumer level.
- Resource consent for the renewal of the wastewater discharge at Palmerston was attained, ending many years of negotiations. The consent requires a change in the disposal method, (via spray irrigation and grass harvesting) but will allow for a sustainable disposal method for the life of the consent – 35 years. Council is required to alter the disposal method to comply with the consent within 3 years, but can continue to dispose to the current border dyke system for the life of the consent, in emergency conditions.
- Installation of soakage trenches for effluent discharge at Otematata Waste Water Treatment plant was completed. This work was a requirement of the resource consent and the plant is now fully compliant with consent conditions.
- Completed the first stage of the stormwater infiltration survey in Oamaru and Weston.
- Completed replacement of the stormwater intakes in Slade and Alt Street to reduce surface flooding in extreme events.



Water and Waste

Solid Waste - What we did

- Successfully gained an amended consent for the Palmerston Landfill for leachate, following site investigations confirming the leachate had no adverse effects on the environment. This was a considerable saving for the community.
- Changed the operating procedures and costs structure where possible to adapt to the changes brought on by Transpacific Industries starting to take refuse they collected in the District to their own private landfill in Dunedin.
- The Solid Waste Bylaw 2010 was publicly consulted on and adopted.
- The cloth nappy initiative was successfully undertaken.
- Site investigations into the potential contaminated sites at the Oamaru foreshore and old Freezer Building on Humber Street were undertaken, confirming some remedial work being required. Further testing to confirm the extent of work will be part of an application to Central Government Ministry for the Environment (MfE) for grant funding.

Council has been successful at diverting waste from landfill. Oamaru landfill now has enough space to dispose of refuse up to the expiry of its consent in 2016.

Leaving the day to day management of waste to the private market is diverting about one third of the waste stream from landfill.

- Council also provided the following Waste Grants:
 - \$290,000 value to the Waitaki Resource Recovery Trust (made up of \$240,000 cash \$40,000 value lease and \$10,000 ground maintenance)
 - \$7,500 to the Waihemo Waste Busters
- Second and final year of Waste Education Programme.
- Large Waste Disposer Waste Minimisation Incentive Education programme.

Water and Waste

Solid Waste - How we performed

Rubbish & Recycling Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Facilities are open at the agreed time	<ol style="list-style-type: none"> 97% of residents are within 25 km of a transfer station or landfill Oamaru Landfill open 6 days/week Palmerston Landfill open 3 days/week Resource Recovery Park open 7 days/week Omarama T/Station Summer – 16 hrs/week Winter – 12 hrs/week Otematata T/ Station Summer – 12 hrs/week Winter -4 hrs/week Kurow T/ Station Summer – 16 hrs/week Winter -12 hrs/week Hampden T/ Station Summer – 12 hrs/week Winter -12 hrs/week Herbert/Papakaio & Enfield Recycling Drop-off Facility operational 	<ol style="list-style-type: none"> 97% of residents are within 25 km of a transfer station or landfill Oamaru Landfill open 5 days/week Palmerston Landfill open 3 days/week Resource Recovery Park open 7 days/week Omarama T/ Station Summer – 12 hrs/week Winter – 09 hrs/week Otematata T/ Station Summer – 12 hrs/week Winter -6 hrs/week Kurow T/ Station Summer – 12 hrs/week Winter -9 hrs/week Hampden T/ Station Summer – 9 hrs/week Winter -9 hrs/week
Lower cost alternatives are available e.g. greenwaste and recycling drop off	Lower cost drop off available at landfills, transfer stations and rural recycling drop off points	Lower cost drop off available at landfills, transfer stations, Resource Recovery Park and rural recycling drop off points
Number of businesses that are provided support to develop waste minimisation programmes	25 businesses have been visited. The Mini Mizer series has been continued in the newspapers, however the frequency of the articles has been reduced due to a shortfall in income from Oamaru landfill	5 businesses per annum
Bylaw rules in place to prevent the disposal of greenwaste and recyclables (for which there is a ready market) at landfill from 2010	Bylaw rules to prevent the disposal of greenwaste and recyclables (for which there is a ready market) at landfill are not considered practical	Solid Waste Analysis Protocol shows decreasing levels of greenwaste over 3 year average from 2010 onwards
All resource consent conditions for landfills are met	All resource consent conditions for landfills met	100% compliance for resource consents

Notes to Performance Measures

Reducing green waste going to the Oamaru Landfill is important. Council considered an outright ban on green waste at landfill then asked the Bylaw Working Party to look at the workability of a ban. The Working Party determined that a ban was unworkable. Council could not hold contractors responsible for “wheelie bin” green waste generated by households. Council initiated “Green waste Saturdays” to get bulky green waste out of landfill and onto the landfill cover. Public response is encouraging and the community has diverted 2400 tonnes or 17% of the total waste stream. This shows the process and options in place are working effectively.

Water and Waste

Water - How we performed

Water Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Annual Survey	Residents Survey 2011 recorded: 79% 'satisfied' or 'very satisfied' with water supply provided (80% in 2010) ¹	≥ 70%
Compliance with the Drinking Water Standard NZ2005 in accordance with the timeframes of the Health (Drinking Water) Amendment Act 2007 Sampling to satisfy the DWSNZ 2005 requirements	The Oamaru Water Treatment Plant complies with the Drinking Water Standards 2005 for the Oamaru Water Supply Of 1130 samples taken from Council's chlorinated supplies 1121 returned complying results = 99.2% Of 155 samples taken from Council's untreated supplies 113 returned complying results = 73%	Compliance with the Drinking Water Standards 2005 criteria (11 current water supplies comply at the end of the third year of the plan) Compliance with the Drinking Water Standards 2005 criteria for E.coli bacteria 98% of the time
Develop and implement upgrades, testing and monitoring as required	No abatement notices were served on Council during the first quarter	Compliance with resource consents. Develop and implement upgrades, testing and monitoring as required
Urban fire hydrant flows >12.5 l/s	Of the 121 fire hydrants that were tested, 118 (97.5%) met the target of 12.5 L/sec	Of the fire hydrants that are annually tested >90% meet target

Notes to Performance Measures

Rural water supply quality: Three percent of rural water samples do not comply with E.coli standards. How does Council respond to the non-compliance? Council issued temporary 'boil water' notices to some schemes. Other schemes are on permanent boil water notices.

Council expects the rural water user satisfaction to increase over the next few years as we implement planned water treatment upgrades.

¹ Council undertakes a Communitrak Survey bi-annually. Ahuriri, Corriedale, Oamaru and Waihemo Wards are all surveyed on resident satisfaction with their water supplies during this review. Pulse Business Solutions undertook the 2011 Waitaki Residents Survey - information on specific Wards was not gathered.

Water and Waste

Waste Water - How we performed

Waste Water Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Quick and efficient response to notified blockages and complaints	No abatement notices were served on Council	No abatement notices received for failure to comply with resource consents
95% of complaints are responded to within 2 hours	Of the 40 reported blockages or overflows attended, Council responded to 40 (100%) within the 2 hours	Staff on-site within 2 hours of Council notification in 95% of cases

Storm Water - How we performed

Waste Water Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Response to mains blockages and overflows	One incident recorded and responded to within 2 hour target	Staff on-site within 2 hours of Council notification in 95% of cases
Managing flooding to prevent inundation into dwellings (in accordance with design standards)	No 'Requests for Service' regarding flooding of habitable floors were received	No habitable floor dwellings constructed are inundated in residential areas by 1% AEP storm event (Annual Exceedance Probability)

Water and Waste

	2010/11 Actual \$(000)	2010/11 Budget \$(000)	2009/10 Actual \$(000)
Operating Expenditure			
Water Supplies	5,243	5,700	5,185
Rubbish and Recycling	1,832	2,624	2,080
Waste Water	3,167	3,084	3,012
Total Operating Expenditure (Note 1)	10,242	11,408	10,277
Operating Revenue			
Water Supplies	1,203	1,460	1,029
Rubbish and Recycling	1,599	1,890	1,459
Waste Water	651	702	443
Activity Revenue	3,453	4,052	2,931
Uniform Annual General Charges	479	477	555
Separate Activity Rates	7,430	7,391	7,009
Rates Revenue	7,909	7,868	7,564
Total Operating Revenue	11,362	11,920	10,495
Net Surplus (Deficit)	1,120	512	218
Adjust for Depreciation Not Funded	479	445	488
Net "Funded" Surplus / (Deficit) available for capital payments	1,599	957	706
Capital and Reserves Funding Requirements			
<u>New Capital</u>			
Water Supplies	155	4,862	201
Waste Water	-	-	31
	155	4,862	232
<u>Renewals</u>			
Water Supplies	2,292	200	911
Rubbish and Recycling	4	-	-
Waste Water	689	48	536
	2,985	248	1,447
Transfers to Reserves	1,774	1,401	2,047
	4,914	6,511	3,726
Movements in Capital and Reserves Funded By:			
Net "Funded" Surplus / (Deficit) available for capital payments	1,599	957	706
Capital Sales	-	-	2
Transfer from Reserves	750	4,496	1,474
Renewal Funding From Depreciation Reserves	2,565	1,058	1,544
	4,914	6,511	3,726
Note (1) - Operating Expenditure includes:			
Depreciation	3,503	3,521	3,521
External Interest	-	-	-
Internal Interest	485	675	328

Water and Waste

Water and Waste Financial Commentary

(a) **Water Supplies – Operating**

There were three costs that created the variances from budget. Interest costs are discussed in detail in the Treasury commentary. Power and contractors reflected market conditions. Some of the water treatment upgrades had less of a cost than was expected due to changed timing and more cost effective solutions.

Some schemes are net investors of funds. These schemes had less interest income due to reduced market rates.

(b) **Rubbish & Recycling – Operating Expenditure**

Council's approach to waste management continues to evolve. The major change in the current year was the decision by a private contractor that had previously used the Oamaru landfill as its disposal point, to set up a transfer station in Oamaru and dispose of waste elsewhere. This type of changing environment is why Council is limiting its spending wherever possible.

(c) **Rubbish & Recycling – Operating Revenue**

Council's efforts to reduce waste to landfill have been successful however; this has had a negative impact on landfill revenue. In addition to this general decline, the change in disposal site noted in (b) also had an impact on income received.

(d) **Water Supplies – New Capital**

The planned new capital all relates to the work required to meet the Drinking Water Standards. Progress on these projects is described elsewhere in the report.

(e) **Water Supplies - Renewals**

Council has a policy in relation to renewal expenditure that allows expenditure to take place in addition to what has been budgeted for if it is required and can be fully funded from available depreciation reserves.

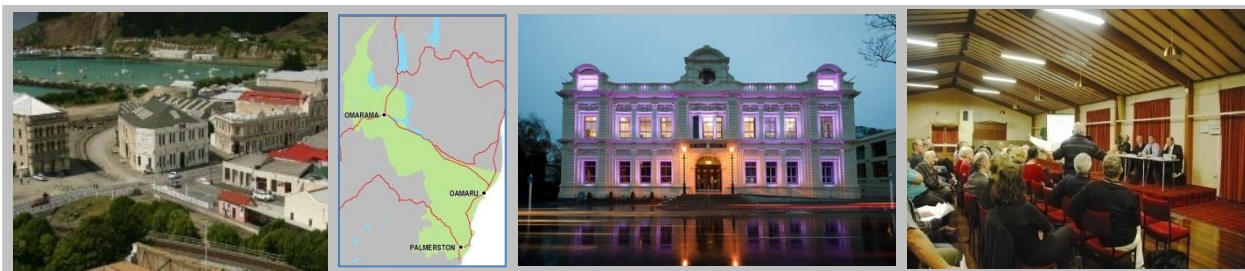
(f) **Waste Water - Renewals**

The level of work can vary significantly from year to year. The major projects this year related to the work required as part of the consent compliance processes for Otematata and Omarama.

(g) **Transfer to Reserves**

The main transfers to reserves were additional principal repayments of internal loans. These were treated as table loans therefore any interest saving was used to make additional repayments.

Planning



The Planning group of activities includes:

- Community Planning and Consultation
- District Planning

Community Planning – What we did

- Council consulted widely with the community on the Draft 2011/12 Annual Plan. Four public meetings were held across the District and a second issue of the award winning 'Waitaki Express' was produced to summarize the 2011/12 Draft Annual Plan;
- Radio, Television and New Media particularly *YouTube* was used to highlight the key issues on the Draft Annual Plan. This subsequently resulted in Council hearing 56 oral submissions and 132 written submissions on over 300 issues.
- In May, Council consulted on the adoption of a Freedom Camping Bylaw which saw nineteen submissions. Council eventually resolved to implement the as-right-access to instant fines under the legislation;
- Council adopted the 2011/12 Annual Plan on 21 June 2011.

Community Planning – How we performed

Community Planning		
Performance Measures	Achievements 2010/11	Targets 2009-12
Statutory plans, reports and policies reviewed and adopted with legal timeframes	<p>Council received another unqualified audit opinion (from Audit NZ) on the 2009/10 Annual Report</p> <p>Council reviewed the Class 4 Gambling Venues Policy</p>	All within statutory timeframes
Waitaki Community Plans are adopted with unqualified audit reports	Next audit planned for February/March 2012 for Draft 2012-22 Long Term Plan	Year 1 establish benchmark level of satisfaction

Planning

Community Planning		
Performance Measures	Achievements 2010/11	Targets 2009-12
70% of residents have read the Waitaki Link ¹	Performance measure not recorded in 2010/11	70% of residents have read the Waitaki Link
65% of residents say the Waitaki Link provides useful and informative information about Council activities	62% of residents are satisfied or very satisfied with the Waitaki Link as a useful source of information	65% of residents say the Waitaki Link provides useful and informative information about Council activities
51% of residents 'satisfied' or 'very satisfied' with Council consultation. Target to meet or improve on benchmark	2011 Residents Survey recorded 46% residents were 'satisfied' or 'very satisfied' with how Council consulted over the past 12 months	2010 Annual Report established 51% benchmark for community 'satisfaction' with Council consultation

¹ This question was not asked in the 2011 Residents' Survey

Planning



District Planning - What we did

- Four appeals on Plan Changes 7 and 8 were mediated and two were resolved by mediation, the other two are still unresolved.
- Private Plan Change 6 (Residential 1 Zone) was approved and no appeals lodged. Subsequent resource consents for subdivision have been issued.

Major Consent Matters

- The Hearing Panel issued a decision to approve a 2,000 unit pig farm which was appealed but resolved by mediation.
- Council successfully defended a declaration lodged to the Environment Court by Hay and McNab to various operations of Oceana Gold at Macraes.
- An application by NZTA to replace the SH82 single lane bridges at Kurow was approved by Council, along with related resource consents.
- An application by NZTA to realign SH1 north of Hampden was approved by Council, along with a related outline plan for the works.
- Oceana Gold lodged resource consent for the MP III expansion project, which was publicly notified in June 2011, with submissions closing in August 2011.

Other Matters

- David Campbell, Planning Manager, presented at the Future of the Mackenzie Country Symposium in Twizel.

Planning

District Planning - How we performed

District Planning		
Performance Measures	Achievements 2010/11	Targets 2009-12
Process resource consents within statutory timeframes	115 of 118 (97%) non-notified resource consents were issued within 20 working days (138 of 138 (100%) in 2010) 1 of 1 (100%) of notified resource consent decisions were issued within 70 working days (2 of 3 (67%) in 2010)	Notified: 100% Non –notified: 100%
Notify and implement District Plan variations	<ul style="list-style-type: none"> Plan change 4 and variation 9 withdrawn by Council Four appeals on Variations 2 and 3¹ were received, two of which (Holcim and Federated Farmers) have been resolved without a hearing in the Environment Court Plan change 6 (Private Plan Change Saleyards Road) was made operative Ecological Study commenced 	Complete (in priority order): <ul style="list-style-type: none"> Variation 9 and plan change 4 – Harbourside Zone and Plan Change 5 – Heritage Related Policies Variations 2 and 3 – Landscape and Visual Amenity as General Indigenous Vegetation Clearance North Oamaru Industrial Park and Business 4 Zone Plan Change
State of the Environment Reporting	No reports completed, however three have been started. Council has an Environmental Monitoring Strategy. This requires that two topics per year are monitored. There are thirteen topics. Council considers this approach meets the requirements of the RMA, which does not require annual monitoring of all topics	Produce annually
Monitor resource consents	100% of subdivision consents monitored through s224 RMA certification process 78% of notified landuse consents have been monitored (18 of 23) 2% of non-notified landuse consents monitored. The limited resources available for this function were put into consents that were considered higher risk	100% of subdivision consents 100% of notified land use consents 25% of non-notified land use consents
Advice to public at counter	100% of the public were satisfied with advice given at the counter	80% of public satisfied with advice given at the counter

¹ District Plan Variations: 1 Omarama Airfield, 2 & Plan Change 2 Landscapes and Visual Amenity, 3 General Indigenous Vegetation Clearance Rule.

Planning

	2010/11 Actual \$(000)	2010/11 Budget \$(000)	2009/10 Actual \$(000)
Operating Expenditure			
District Planning	971	996	830
Community Planning and Consultation	2,404	2,623	2,466
Total Operating Expenditure (Note 1)	3,375	3,619	3,296
Operating Revenue			
District Planning	391	188	171
Community Planning and Consultation	1	-	7
Activity Revenue	392	188	178
Rates Revenue			
General Rates	1,501	1,599	1,575
District Services Rates	634	700	688
Uniform Annual General Charges	1,119	1,113	1,068
Rates Revenue	3,254	3,412	3,331
Total Operating Revenue	3,646	3,600	3,509
Net "Funded" Surplus / (Deficit) available for capital payments	271	(19)	213
Capital and Reserves Funding Requirements			
New Capital			
Community Planning and Consultation	-	-	1
	-	-	1
Transfers to Reserves	350	26	216
	350	26	217
Movements in Capital and Reserves Funded By:			
Net "Funded" Surplus / (Deficit) available for capital payments	271	(19)	213
Transfer from Reserves	79	45	4
	350	26	217
Note (1) - Operating Expenditure includes:			
Depreciation	-	1	-
External Interest	-	-	-
Internal Interest	5	5	3

Planning Financial Commentary:

(a) District Planning - Operating

Work on some major consents resulted in more recoverable time during the year. This had a net positive effect on the net cost of the activity.

Regulatory



The Regulatory group of activities includes:

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

The Regulatory Group contains four activities that compel people to act in certain ways: restaurant and bar owners and managers, dog owners, builders and other groups and individuals. Broadly, the Regulatory Group helps achieve one of the nine “high level” community outcomes – that “Waitaki people are safe and healthy”. Balanced against this ‘risk management’ are other high level community outcomes: “Waitaki has a diverse sustainable and growing economy” (we have low compliance costs for business) and “Waitaki is served by responsive and efficient government” (central government enables more freedom for local decision making).

Many of our activities enforce central government legislation in building codes, health and liquor Acts and other statutes. There is an element of compulsion that cuts across the desired community outcome of ‘more freedom for local decision making’.

Building Control – What we did

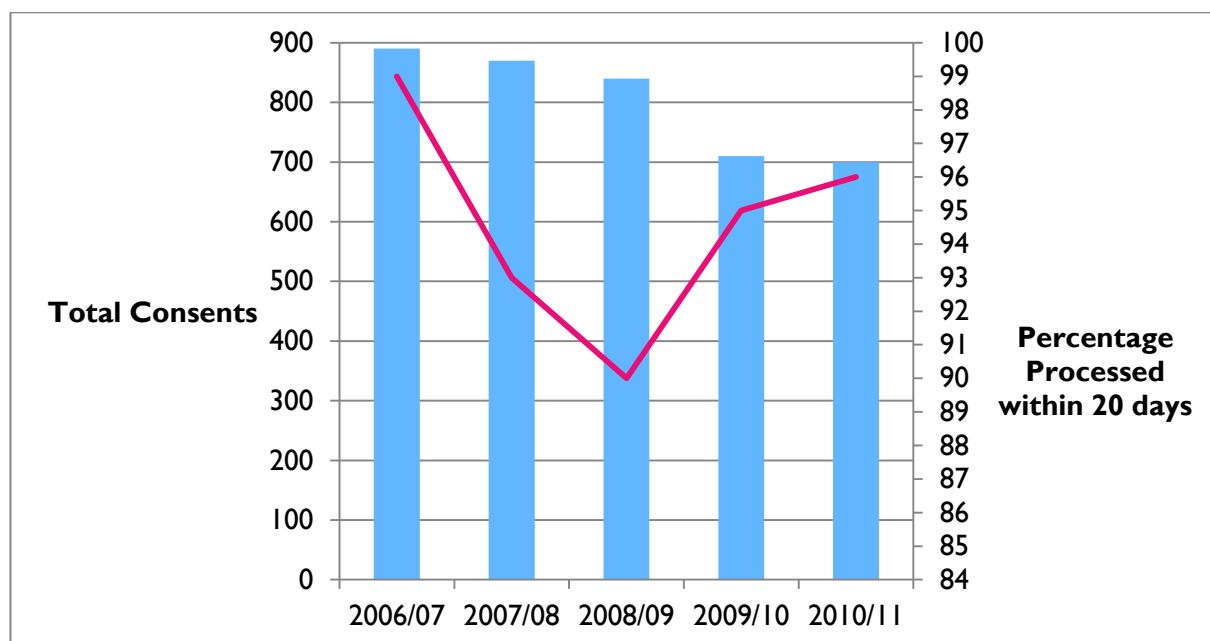
- Waitaki’s Building Control Authority extended its accreditation cover by satisfying International Accreditation New Zealand as to its processes, procedures and technical capability. It also gained accreditation under Regulation 17 of the Building Act Accreditation Regulations for its Quality Assurance Programme. A further assessment was undertaken by IANZ in June 2011 and several corrective actions are currently being worked through.

Regulatory

Building Control – How we performed

Building Control Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Processing building consents	550 out of 572 (96%) issued within the 20 day statutory time frame (95% in 2010)	95% within statutory timeframe
Auditing Building Warrant of Fitness premises	50 out of 320 (16%) buildings audited. 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
Maintain registration as a Building Consent Authority and introduce Quality Assurance Systems as required by Building Accreditation Regulations	IANZ accreditation assessment undertaken in June 2011 8 Corrective Actions to be worked through	Maintain registration

Graph 6: Building Consents Processed Within 20 Days



Animal Control – What we did

- By end of 2010/11 Animal Control officers classified nine dogs as dangerous and thirteen as menacing. Council requires dog owners to fence in dangerous dogs with no access to the public. Owners must pay increased registration fees. In addition, the dog must be muzzled in public, neutered and micro-chipped. Owners who breach the dangerous or menacing requirements can be either prosecuted or issued an infringement fine for each breach (\$300).

Regulatory

Animal Control – How we performed

Animal Control Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Resident satisfaction with dog control services	Residents Survey 2011 recorded: 60.5% satisfied or very satisfied with Dog Control services over the past 12 months (75% in 2010)	70%
Registration of known dogs	5239 dogs registered as at 30 June 2011 (100% in 2010)	100% by 31 December
Response time for stock control complaints	67 stock call outs answered within 2 hours (100% in 2010)	Responded within 2 hours
Minimise road accidents where dogs or wandering stock are a contributing factor	Regulatory have been working with Police to get statistics however Police do not compile statistics to this level	Establish a benchmark in Year 1. Maintain or better this benchmark in Years 2 and 3
Complainants satisfied with complaint resolution process for animal control	Four complaints received. All resolved	Survey once every three years

Environmental Health - What we did

- The Food Bill is before Parliament and it is likely to become law in mid-2012. In anticipation of this 50% of premises are now registered under the VIP (Voluntary Implementation Programme) introduced by the NZ Food Safety Authority, a MAF controlled national food agency.
- Introduced a dedicated Liquor Licensing Officer to improve implementation of the Sale of Liquor Act and integration with NZ Police and Public Health South.

Environmental Health - How we performed

Environmental Health Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Inspection of liquor licensed premises annually	89 licensed premises out of 115 (77%) inspected. More complicated inspection processes, the need to clear accumulated leave balances and unexpected sick leave saw regulatory miss this target	95% of licensed premises to be inspected annually
Inspection of food registered premises annually	89% of Category 1 businesses inspected and 60% of Category 2 and 3 inspected. A small number of premises close during the winter season and are not included in this audit round	Full inspection annually of 100% of Category 1 premises (high risk food businesses) 50% of Category 2 and 3 premises inspected annually
Response time for complaints of excessive noise	354 complaints received for the year. 98% were responded to within one hour. A small number of complaints outside of the Oamaru urban area exceeded the one hour time frame. Ways to improve service to more remote areas have been implemented	100% of incidents responded to within one hour of receiving complaint

Regulatory

Emergency Management - What we did

- Sent rural fire officers away to specialist fire management courses.
- Community/Council/Department of Conservation Fire Evacuation Plan developed for Shag Point.
- Fire sirens installation almost complete at Shag Point.
- Issued or extended 1,470 fire permits in 2010/11 (1,049 in 2009/2010).
- The Rural Fire Authority attended 131 calls in 2010/11 compared with 161 calls in 2009/10.
- New water tanker in Waitaki unit.
- A new tank and repaint for Weston Tanker.
- A shelter was erected for Weston Tanker.
- 25 lengths of new hose were purchased for distribution around units.
- Waitaki Civil Defence responded to the Christchurch earthquakes by sending staff north to help in Christchurch during September 2010 and also activated a welfare centre in Oamaru to manage displaced Christchurch residents in February 2011.
- 108 Civil Defence volunteers now available for response in the Waitaki district 2010/11.
- The Emergency Operations Centre partially activated for three days monitoring the 22 February earthquake local welfare response which included activation of the local Civil Defence volunteer network.
- 24 Council/community personnel completed specialist Emergency Operations Centre training in December 2010.
- Activated new Civil Defence sector posts at Kakanui, Five Forks and Waitaki Bridge – Kaik Camp.
- Developed community response plans at Moeraki, Kurow and Waitaki Bridge.
- Civil Defence Emergency Management Strategy adopted by Council.

Emergency Management - How we performed

Emergency Management Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Response to emergency events (See note at end of table)	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. (1)	100% of responses within 15 minutes
Response to requests for fire permits	94% of fire permits were issued within 2 days. Council does not currently measure how many days we take to issue all permits (2)	100% of responses within 2 days
Rural fire audit now called Performance Assessment Criteria (PAC)	Rural fire PAC is due after 2012. The last audit was in 2008	Maintain standards required by national body
Resident Satisfaction with level of service provided	Residents Survey 2011 recorded: 81% of residents are satisfied or very satisfied with Civil Defence and Rural Fire Services	70%
Retain existing level of volunteer assistance for rural fire	Currently 74 operational volunteers. Council believes that 74 volunteers are enough to retain functional rural fire service	20% (96 volunteers)
Recruit community volunteers for civil defence	Currently 79 operational volunteers	20% (57 volunteers)

(1) Emergency Operations Centre has a log of all calls but do not 'extract' and calculate data because of resource constraints.

(2) Some Fire Permits require Department of Conservation input or approval. Some permits require our staff to travel hundreds of kms to develop burn plans with farmers. Staff assess that the two day target is unrealistic. Some Councils have a five day target. We want to be aligned with other Councils and will look to change this performance target.

Regulatory

	2010/11 Actual \$(000)	2010/11 Budget \$(000)	2009/10 Actual \$(000)
Operating Expenditure			
Building Control	921	930	816
Environmental Health	551	580	496
Animal Control	114	136	120
Emergency Management	677	553	840
Total Operating Expenditure (Note 1)	2,263	2,199	2,272
Operating Revenue			
Building Control	710	704	599
Environmental Health	141	175	160
Animal Control	131	147	120
Emergency Management	115	31	243
Activity Revenue	1,097	1,057	1,122
General Rates	(3)	(3)	(4)
District Services Rates	280	279	283
Uniform Annual General Charges	772	769	687
Separate Activity Rates	150	150	131
Rates Revenue	1,199	1,195	1,097
Total Operating Revenue	2,296	2,252	2,219
Net "Funded" Surplus / (Deficit) available for capital payments	33	53	(53)
Capital and Reserves Funding Requirements			
<u>New Capital</u>			
Building Control	-	-	1
Emergency Management	88	54	29
	88	54	30
<u>Renewals</u>			
Emergency Management	27	60	94
	27	60	94
Transfers to Reserves	-	-	32
	115	114	156
Movements in Capital and Reserves Funded By:			
Net "Funded" Surplus / (Deficit) available for capital payments	33	53	(53)
Transfer from Reserves	76	1	126
Renewal Funding From Depreciation Reserves	6	60	83
	115	114	156
Note (1) - Operating Expenditure includes:			
Depreciation	102	31	34
External Interest	-	-	-
Internal Interest	-	-	-

Regulatory

Regulatory Financial Commentary:

(a) Building Control – Operating

There was an increase in activity in the area. This led to both an increase in revenue and an increase in cost to provide this service.

(b) Environmental Health – Operating Expenditure

Council was required to spend more time on some parts of this activity, particularly water testing. This has little net effect as there was a matching reduction in the other regulatory activities, particularly building control.

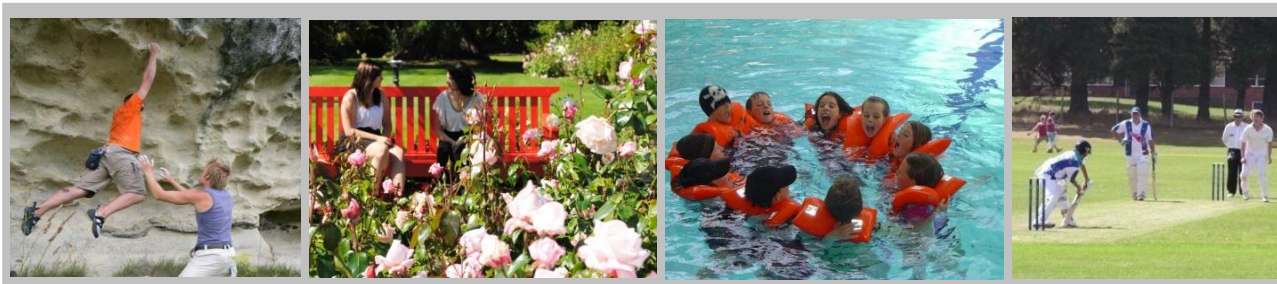
(c) Emergency Management - Operating

Two factors drove the overall increase in both operating costs and revenue in 2010. The first was responding to fire, for which Council received income to cover these costs. The second issue was the costs in relation to the floods in May 2010. Both, although still higher than budget, returned to more normal levels in 2011.

(d) Emergency Management – New Capital

A new emergency response vehicle was purchased during the year. Some external funding and fundraising was received which helped fund this new vehicle.

Parks and Recreation



The Parks and Recreation group of activities includes:

- Gardens and Green Spaces: parks and reserves, Oamaru Gardens, street trees, cemeteries, public toilets
- Sports and Recreation: sports fields, playgrounds, grants to sports and recreation providers
- The Aquatic Centre in Oamaru and grants to other community pool providers

Parks and Recreation is an activity that links to a number of community outcomes but has a primary contribution to “Waitaki people are safe and healthy” and “Waitaki has strong and proud communities.”

Recreation contributes to:

Physical Health:	through provision of venues for physical activity such as Parks and sportsfields, and programmes such as aqua-aerobics
Mental Health:	through provision of soothing green spaces, settings and locations of respite
Social Connections:	through provision of locations residents meet, interact and build relationships and foster a sense of civic pride
Youth Development:	through playgrounds, aquatic centres and locations where children can play and build cognitive, social, mental and emotional skills
Environmental Health:	through improving air, land and water quality and moderating climatic effects
Economic Benefits:	through Waitaki being a desirable place to live and develop businesses and providing tourist attractions and a lifestyle choice
Safety:	through providing ‘learn to swim’ and safety programmes

These have follow on benefits in reduced crime, reduced health care costs and brighter, happier and healthier communities.

Gardens and Green Spaces - What we did

- Planted additional trees to replace bolster plantings in various parks and reserves, including some fruit species.
- Planted bulbs around Awamoa woodland areas with OSCAR (out of school care and recreation).

Parks and Recreation

Gardens and Green Spaces - How we performed

Gardens and Green Spaces Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
% of residential properties within 1km of a public open space	Estimated 90%. Resource constraints mean we have not updated maps. To be completed in 2011/12	90% of residential properties within 1km of a public open space
Customer satisfaction with the quality of the District's local and neighbourhood reserves	The 2011 Residents Survey noted of the 83% of respondents who had visited parks, 86% were satisfied or very satisfied (95% in 2010)	≥90%
Comply with relevant NZ Standards and Legislation	Staff constraints mean we have not completed our Reserve Management plans or Asset Management plans. This will be addressed in the 2012-22 LTP	100%
The Gardens maintain status as 'Garden of Significance' (assessed every 3 years by New Zealand Gardens' Trust)	NZGT endorsement dated 1 September 2008. Next review October 2011	Maintain endorsement by the NZGT as a "Garden of Significance"
Number of trees in urban areas	No reduction	No reduction in number of trees in urban areas
Sufficient length of walking/biking tracks provided for recreational enjoyment	Council made preliminary estimate of 20km of walking/cycling tracks in Waitaki District. Restructuring of Parks and Gardens limited further work to get exact measure. We plan to finalise measurement with GIS in 2011/12	Determine length of walking/biking tracks provided for recreational enjoyment
Sufficient land is available for burials and ash interments determined by a review of cemetery capacity undertaken every 5 years	Staff reviewed available land. We have capacity for the next two years. Planning for extension will commence in 2011/12	Review of cemetery capacity completed
Funeral Directors' satisfaction with the quality of service for the District's cemeteries	100%	> 90%
Number and location of public toilets	Toilets are provided in central Oamaru, at major sporting venues, in all townships of population greater than 300 people	Toilets are provided in central Oamaru, at major sporting venues, in all townships of population greater than 300 people
Customer satisfaction with the quality of the District's public toilets	The 2011 Residents Survey noted, of the 71% of residents who used the public toilets 68% were either satisfied or very satisfied with public toilets (74% in 2010)	≥ 70% user satisfaction with the quality of the District's public toilets
User satisfaction with the quality of the Waitaki Lakes camp grounds	We did not measure user satisfaction in 2010/11	User satisfaction with the quality of the Waitaki Lakes Camp Grounds - >70%

Parks and Recreation

Sports and Recreation - What we did

- Installed new playground at Moeraki
- Advice on Friendly Bay playground provided
- Planning for Alps2Ocean and other cycleways

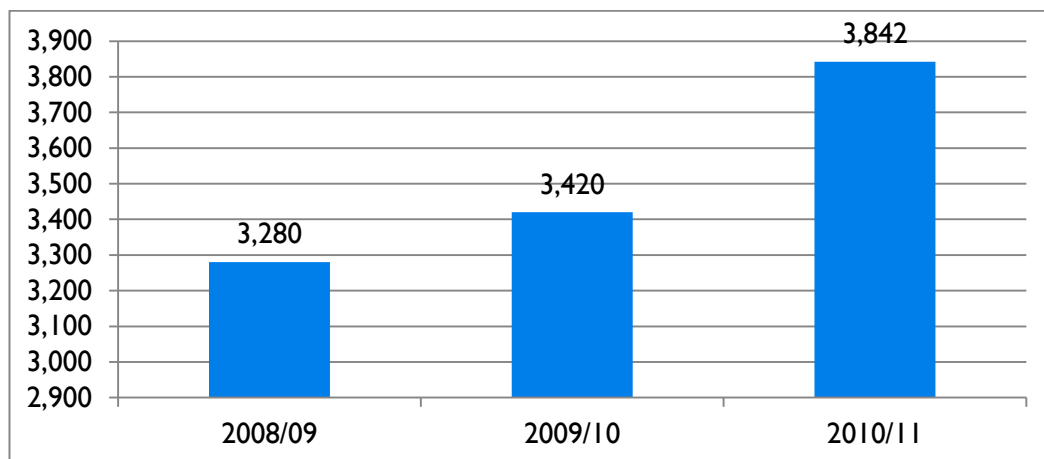
Sports and Recreation - How we performed

Sports and Recreation Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Proportion of playgrounds compliant with NZ Safety Standards	45% (2007: 31.5%). Compliance work subsequently undertaken. Next audit planned for 2012	50%
Number of events called off due to sports grounds being unsafe	No events called off due to sports grounds being unsafe	No events called off due to sports grounds being unsafe
Proportion of Communities >250 residents have playgrounds	100%	100%
Proportion of Oamaru residents within 500m of a playground (includes school facilities)	Did not meet measure in North Oamaru	70%
Number of sporting events hosted	National: Hawke Cup defences Heartland semi-final and final South Island junior touch tournament Regional: Highlanders/Crusaders pre-season match	Venue is used for 3 regional, and 2 national sporting events

Aquatic Centre - What we did

- Swim and style school numbers continue to grow – up to 3,842 from 3,420 in previous year.
- Total Aquatic Centre visitation up to 153,412.

Graph 7: Waitaki Aquatic Centre Swim & Style School Attendances

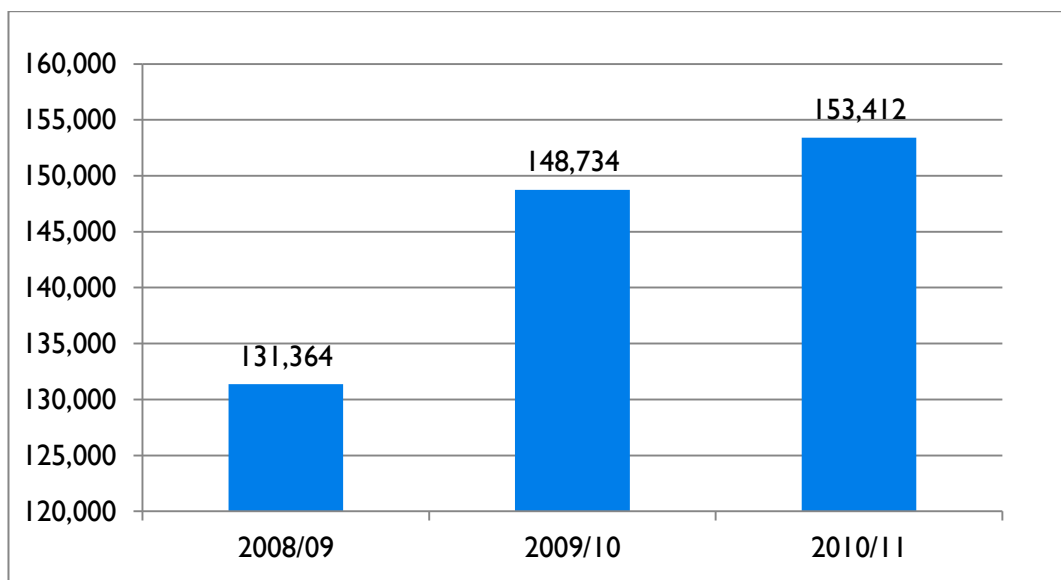


Parks and Recreation

Aquatic Centre - How we performed

Aquatic Centre Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Aquatic Centre: Annual usage level	153,412 up 3% on previous year. (Previously a 13% increase)	135,300 2009/10 target increase of 2% per annum thereafter
Aquatic Centre: User/visitor satisfaction	Residents Survey 2011 recorded: 58% satisfied or very satisfied (95% in 2010) ¹	85%
The Waitaki Aquatic Centre is appropriate for its intended use, and healthy and safe for users and staff	Waitaki Aquatic Centre gained accreditation again in 2010/11. The next review is scheduled for 2012	Obtain National Accreditation (assessed by PoolSafe external assessment)

Graph 8: Waitaki Aquatic Centre Attendances



¹ The variation is due to the difference in methodology between the Pulse and Communitrak survey. 126 respondents indicated they "don't know" in the 2010/11 survey. Of the 249 respondents who "did know" 88% (or 218) were satisfied/very satisfied. Only 5 % (or 12) were dissatisfied or very dissatisfied.

Parks and Recreation

	2010/11 Actual \$(000)	2010/11 Budget \$(000)	2009/10 Actual \$(000)
Operating Expenditure			
Gardens and Green Spaces	2,421	2,452	2,404
Sports and Recreation	724	838	767
Aquatic Centre	1,314	1,200	1,212
Total Operating Expenditure (Note 1)	4,459	4,490	4,383
Operating Revenue			
Gardens and Green Spaces	104	125	139
Sports and Recreation	161	245	120
Aquatic Centre	542	480	524
Activity Revenue	807	850	783
General Rates	294	293	288
District Services Rates	179	191	185
Uniform Annual General Charges	485	483	486
Ward Rates	2,146	2,142	2,071
Separate Activity Rates	307	325	327
Rates Revenue	3,411	3,434	3,357
Total Operating Revenue	4,218	4,284	4,140
Net Surplus (Deficit)	(241)	(206)	(243)
Adjust for Depreciation Not Funded	345	371	420
Net "Funded" Surplus / (Deficit) available for capital payments	104	165	177
Capital and Reserves Funding Requirements			
<u>New Capital</u>			
Gardens and Green Spaces	71	397	46
Sports and Recreation	74	310	76
Aquatic Centre	25	10	93
	170	717	215
<u>Renewals</u>			
Gardens and Green Spaces	-	-	31
Sports and Recreation	6	-	-
Aquatic Centre	-	45	32
	6	45	63
Transfers to Reserves	125	109	227
	301	871	505
Movements in Capital and Reserves Funded By:			
Net "Funded" Surplus / (Deficit) available for capital payments	104	165	177
Transfer from Reserves	190	661	264
Renewal Funding From Depreciation Reserves	7	45	64
	301	871	505
Note (1) - Operating Expenditure includes:			
Depreciation	761	631	722
External Interest	-	-	-
Internal Interest	46	81	32

Parks and Recreation

Parks and Recreation Financial Commentary

(a) Sports and Recreation – Operating

A number of savings and efficiencies were identified during the year that helped control costs on both sports fields and camping grounds. These savings were offset by reduced revenue from the camping grounds. This reduced revenue was a result of the combined effects of increased prices, bad weather, and the economic situation.

(b) Aquatic Centre – Operating

The Aquatic centre faced some higher than expected costs the most significant being the increased depreciation charge reflecting an increase in the building value following a revaluation. Increased revenue helped reduce the net impact of this change.

(c) Garden and Green Spaces - New Capital

Several major projects did not proceed. The redevelopment of toilets in the gardens only reached the design stage during the year. The expansion of Oamaru Cemetery was delayed once it became clear there was no immediate need and there were higher priority issues for staff to address.

(d) Sports and Recreation – New Capital

A project to improve some facilities at the Sailors Cutting Camp was postponed. Most of the issues that prompted the initial project were addressed in the short term by changed operational processes and expenditure. The size, scope and need for this expenditure are under review.

Arts, Heritage and Community

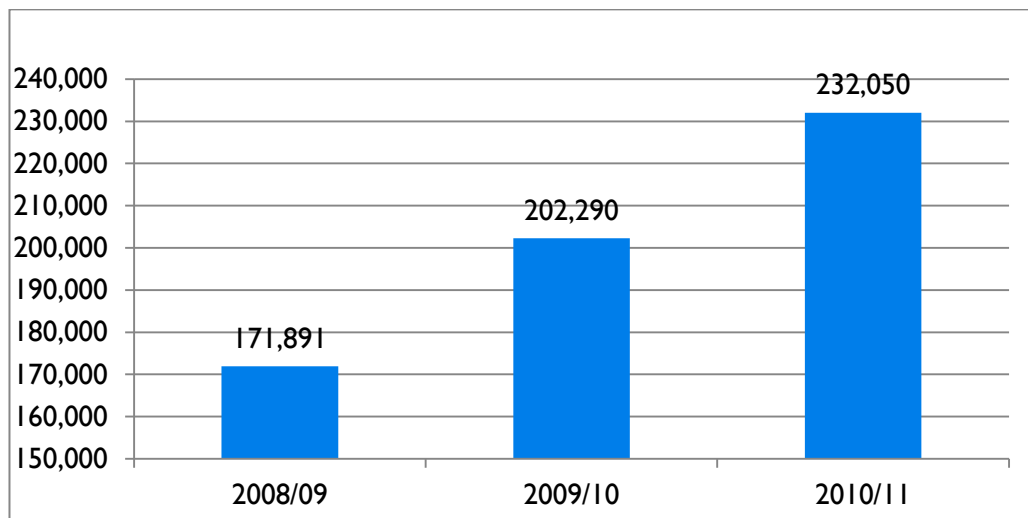


The Arts, Heritage and Community group of activities includes:

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

Waitaki District Community Facilities

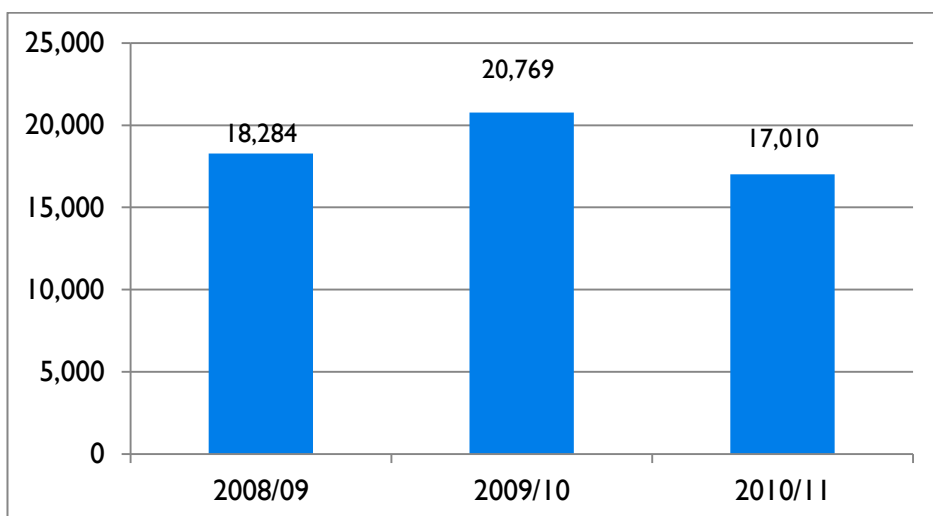
Graph 9: Oamaru & Palmerston Libraries Visitors



The total number of visitors to Oamaru and Palmerston libraries was 232,050 in 2010/11, an increase of 15 per cent on the previous year. The Residents Survey 2011 showed that 92.5 per cent of visitors were 'satisfied or very satisfied' with library services against a Council target of 92 per cent.

Arts, Heritage and Community

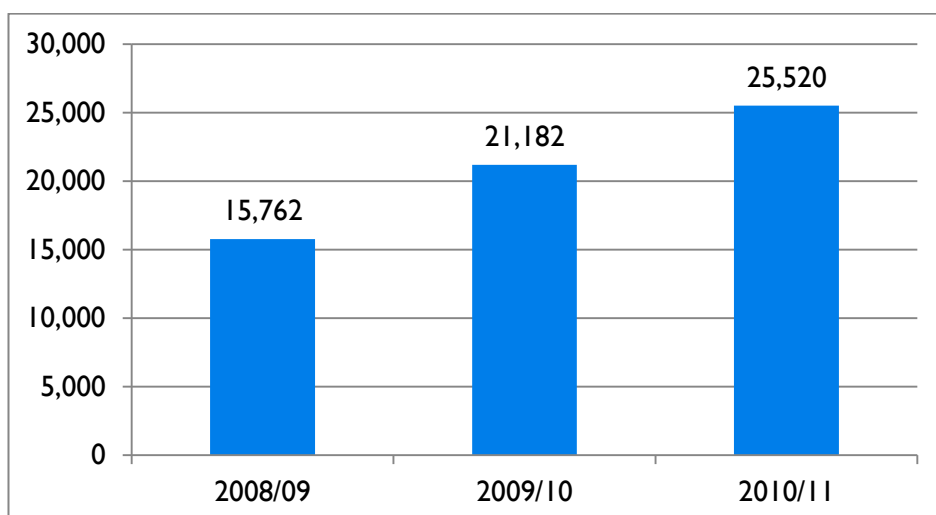
Graph 10: North Otago Museum Visitors



North Otago Museum hosted 17,010 visitors in the past year, a decrease of 18 per cent on the previous year. 3036 people accessed the archives. Twenty-nine education groups visited comprising 985 students. The Residents Survey 2011 showed 80 per cent of visitors were 'satisfied or very satisfied' with the Museum compared with 91 per cent in 2010.

The Museum held a number of exhibitions throughout the year including 'Treaty 2 U' and 'The Friendly Bay Carnival'. Professional liaison on collection management and project management was given to the Nicol's Blacksmith Historic Trust.

Graph 11: Forrester Gallery Visitors



Forrester Gallery organized a range of exhibitions during the year. The exhibitions were well attended and insightful. Once again the *Steampunk* exhibition received an excellent and record breaking response that included a one day record of 998 visits. A new exhibition attendance record was created with 11,500 visits recorded. Other major exhibition and collection highlights included the Te Papa toured exhibition of works by Albrecht Durer and the acquisition to the collection of a major work by MT Woollaston. A total of 25,520 people visited the Gallery in 2010/11 compared with the target of 16,000 and 21,182 visits in 2009/10. The 2011 Residents Survey showed that 92% of visitors were 'satisfied or very satisfied' with the Forrester Gallery.

Arts, Heritage and Community

Oamaru Opera House presented a diverse range of cultural, commercial and community events spanning theatre, conferences, meetings and social engagements. The facility had good patronage and received very positive feedback from users. The 2011 Resident's Survey noted 94% of the community were either 'satisfied' or 'very satisfied' with the venue.

The Christchurch earthquakes have had a substantial impact on the Oamaru Opera House. In the absence of Christchurch venues the South Island touring network has suffered from having no 'anchor' city. Two pre-booked entertainment tours that included Oamaru were cancelled and there has been a general reduction in the number of new tours including the South Island since February. Conference and meeting business has also suffered markedly with clients citing impacts from earthquakes as factors in postponing or cancelling.

The Oamaru Opera House promptly responded to requests for ad hoc events in aid of Christchurch, the first was a combined church service and the second a charity concert, both held in the Whitestone Contracting auditorium.

Community groups continue to regularly meet in the Green Room of the Footlights Stage and the Grand Foyer is a popular community gathering space.

Oamaru Opera House – What we did

- Opera House Entertainment Patrons: 12,275

Tickets sales:

- Oamaru Opera House: \$400,000
- Other Oamaru venues: \$16,433

Oamaru Opera House

Ticketed Shows			
Rhythms of Ireland	Biography Of My Skin	Valentine's Dinner	Danny Bhoy
Eagles Experience	Rebound Dance	Will Martin	Opera Otago
J Williams	kids for kids x2	Last Night Of The Proms	Dirty Dusting
LIBERACE	Music of the Night	Stan Walker	The Gruffalo x2
Auntie & Me	Nature of Courage	Tutus on Tour x3	Steampunk
Antiques Rogue Show	The Gondoliers x2	CHCH Quake Concert	Kevin Bloody Wilson
Les Miserables x10	Bush Cinderella	The Wonder of Sex	
Solo Seal Exam	Whirimako Black	Party Girls	
Isla Grant	Musical Jewels	Songs My Mother	
The Crocodettes	Heidi Show x2	The Butler x4	

M.I.C.E (Meetings, Incentives, Conferences, Events)

M.I.C.E. Hires by contract (not days)					
Weddings	1	Movie	5	Expo/ Trade Show	2
Training	18	Meeting Public	46	Exhibition	3
Tour	8	Meeting Private	159	Ethnic/ Cultural	4
Religious	4	Meeting Internal	3	Dance	7
Prize giving	3	Job interview	1	Conference	6
Pre/Post Event Cocktail	1	Fashion Parade	3	Commercial Sale	4
Cocktail Function	9	Banquet	4		

Arts, Heritage and Community

Opera House – How we performed

Opera House Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Community satisfaction with venue	Residents Survey 2011 noted of the 64% residents who visited the Opera House 94% were 'satisfied' or 'very satisfied' with the venue	75% Satisfied
Volunteer support	98% satisfied <6% inactive	75% Satisfied
Providing entertainment, performing arts, and public spaces that meet the needs of the community	12,275 entertainment patrons in 2010/11 compared with 10,445 entertainment patrons in 2009/10 *individual experiences, excluding free events	Establish benchmark over three years
Providing facilities that meet the needs of community and commerce	Entertainment Hires: 55 performances Community meetings: 64 meetings Banquets: 4 banquets Conferences: 32 half days Total events for year = 326	Year One 50 Year Two 70 Year Three 100

Forrester Gallery – What we did

- Excellent and record-breaking response to *Steampunk* exhibition. Just under 998 visitors on one day and total exhibition attendance of 11,500.
- Record breaking 25,520 Forrester Gallery visits for 2010/11.
- Strengthening links with Te Papa.
- Refurbishment of 1st floor exhibition spaces.
- Attending Museum's Aotearoa New Plymouth conference.
- Lighting upgrade of first floor gallery spaces and refurbishment of the 1983 era basement collection store.
- Visitors continue to comment favourably on exhibition lighting.
- Friends of Forrester gift of wireless public address system.
- Presentation to Council of final redevelopment concept.

Forrester Gallery – How we performed

Gallery Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Gallery: Annual usage levels	25,520 visits. (21,182 visits for 2009/10). Target exceeded	16,000
Gallery: Visitor satisfaction	Residents Survey 2011 recorded: 92% of visitors to the Gallery in the last 12 months are 'satisfied' or 'very satisfied' (94% in 2010)	≥ 90%
Gallery is accessible to users	Only street level spaces are accessible to people with physical disabilities	Street level spaces accessible to people with physical disabilities
Gallery is actively used for schools	Whole of year school visits for 2010/2011 were 25, total student numbers 1,068 2009/10 were 41 school visits, total student numbers 1,618	Maintain number of school visits
Number of volunteers contributed to Gallery Operations	42 hours of volunteer input required and monitored. This was consistent with prior years as most input is for regular tasks	Maintain current number of volunteer hours

Arts, Heritage and Community

North Otago Museum- What we did

- The Athenaeum floor was replaced, repair work was done to allow ventilation under the floor to ensure the health of the building.
- NO Museum started a Facebook page and has had 65,000 impressions to date. It is a valuable tool in identifying people in our photograph collection and is appealing way for people aged 18-30 to find out about the Museum.
- Working alongside Graeme Ferris and Gavin McLean the Museum wrote 12 story boards for the harbour redevelopment.

Exhibitions

- My Invented History
- Friendly Bay Carnival
- Treaty 2 U
- Mokihi

Education

- Twenty-nine education group visits with 985 students.

Oral History Projects

- Teschemakers School.

Professional Liaison

- Nicol's Blacksmith Historic Trust.

North Otago Museum – How we performed

Museum Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Museum: Annual usage levels	17,010 visits (20,769 in 2009/10). Archive users 3,036 (2,500 in 2009/10)	Maintain current visitor numbers prior to redevelopment
Museum: Visitor satisfaction. Survey of comments of Archive Use Register, Visitor Book	Residents Survey 2011 recorded: 80% of households who have visited in the last 12 months are 'satisfied' or 'very satisfied' (91% in 2010)	≥ 85%
Retain existing level of volunteer assistance at the Museum	2010/11: 2,165 volunteer hours, 5.7% decrease (2009/10: 2, 295 volunteer hours)	Maintain current number of volunteer hours
Archive Storage complies with the Mandatory Archive Standard (2007)	Archive storage does not comply with the Mandatory Archive Standard (2007) Areas of Non-compliance: Records are stored using appropriate packaging and shelving or storage equipment. Area of major concern – Maps & Plans, Photographs, Bound Volumes Records are stored in environmental conditions which will ensure they are preserved for as long as they are required. Area of major concern – Photograph Collection Storage areas must be protected against internal hazards. Area of major concern – internal water. Council is considering options but has made no decisions as to how to address these issues	Archive storage complies with the Mandatory Archive Standard (2007)

Arts, Heritage and Community

Libraries – What we did

- Aotearoa People's Network Kaharoa (APNK) public free internet computers continue to elevate visitor numbers.
- Oamaru Library had several evening and day-time events this period, attracting between 25 and 80 people.
- New Zealand Book Month was celebrated throughout March 2011.
- Library staff visited the branches on a regular basis and established firm communication lines and development plans.
- The new Youth Librarian ran a non-fiction detective activity with senior students and a book show-and-tell with the juniors.
- Library Management System (LMS): Oamaru Library migrated its ageing and unstable LMS to Koha, NZ developed, free/Open Source LMS, as well as installing a self-check system, with considerable savings achieved.
- Oamaru Library is trialling several e-Readers to allow staff to get a feel for new technology that will be part of the library's future arsenal.

Libraries – How we performed

Libraries Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Library: Annual usage levels, Oamaru and Palmerston	232,050 (Palmerston & Oamaru) library visits (an increase of 15% on last year's visitor count of 202,290)	172,000 visits per annum
Library: User/visitor satisfaction	Residents Survey 2011 recorded 93% of visitors are 'satisfied' or 'very satisfied' (94% in 2010)	92%
Issues borrowed per capita	13.7 issues per capita (2010/11); (12.6 issues per capita (2009/10) (on population of 20,223) Total issues 277,034 (2009/10: 255,257)	12 issues per capita
Percentage of members who borrowed from library within last two years	59% (2009/10 59.2%) The Library borrower database is purged annually of members who do not use their cards, so this percentage is not exact	42%
Oamaru Library is open for 42 hours over 6 days per week Palmerston Library is open for 41.5 hours over 5 days per week	99.8% (2009/10: 99.8%) (Palmerston Library closed for one day due to the snow)	100% target opening hours attained
Percentage of surveyed borrowers satisfied with library service	92.5% (2009/10: 98.5%) This year's Patron Survey analysis' preliminary results reflect 97.5% very satisfied/moderately satisfied	80%
Number of items available at no cost as a % of total collection	96% (2009/10: 96%)	95% lending items are free

Arts, Heritage and Community

Community Development– What we did

Youth Council

- Three Youth Council representatives attended a ‘Youth Council Forum’ in Dunedin.
- A combined Youth Forum workshop was held at the Oamaru Opera House on 25 August for Waitaki youth to discuss what they would like to see for youth in the district.
- Youth Council supported the first combined YouthTown/Blue Light dance on 10 September 2010.
- Youth Council organised a Movie Night at Oamaru Movie World as a fundraiser.
- Members of Youth Council provided ideas on the proposed Steampunk carnival playground at the Oamaru Harbour.

Waitaki Alcohol Harm Reduction project

- Funding received from NZ Transport Agency (NZTA) to continue and evaluate the Recidivist Drink Drive Prevention programme.

Graffiti Eradication and Prevention project

- A continuing decline in graffiti vandalism although some spikes still occurring during holiday periods.

Road Safety

- An increase in fatal and injury crashes in Waitaki during the reporting period.
- Funding from NZTA for Waitaki Road Safety includes activities.
- SADD (Students Against Drinking and Driving) participated in a number of activities including Otematata Youth Camp, SADD Week, SADD Conference and Mocktails.
- Drive 2 Survive was very successful in 2011 with over 150 year 12 students from all three secondary schools participating in a comprehensive programme coordinated by Waitaki District Council and jointly facilitated by Police, St Johns, Fire Service, SADD, Motor Trade and Hospital Services.
- School based programmes continue to be very successful with high levels of participation in Streetsmart activities.

Community Safety

- Graffiti offences lessened in 2010/11 with 158 incidents reported by Community Clean Up compared to 273 in 2009/10.
- Waitaki Guardians street patrols continue, with the Guardians consistently reporting a lessening of antisocial behaviour in the Central Business District.
- Temporary liquor bans were in place in Otematata during the Christmas, and Labour Weekend 2010 and Easter 2011 periods. In addition a temporary ban was in place in Omarama during the Christmas 2010 Rodeo. Feedback from the Ahuriri Community Board indicated that these bans were successful.
- The Community Safety role is under review with changes taking effect from July 2011.

Arts, Heritage and Community

Community Development– How we performed

Community Development Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Community grants accountability	33 successful applicants (97%) returned their accountability forms within 12 months (2009/10: 23 successful applicants [96%])	90% of successful applicants return their accountability forms within the agreed period
Resident perception of safety	Residents Survey 2011 recorded 96% of residents are 'satisfied' or 'very satisfied' that the Waitaki District is generally a safe place to be (99% in 2010)	90% of residents perceive the District to be generally a safe place to live

Opera House – How we performed

Opera House Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Community satisfaction with venue	The 2011 Residents Survey noted of the 64% of people who had visited the Opera House, 94% were 'satisfied' or 'very satisfied' with the venue (75% was noted in 2009/10)	75% Satisfied
Volunteer support	98% satisfied (2009/10: 98%) <6% inactive (2009/10: <6%)	75% Satisfied
Providing entertainment, performing arts, and public spaces that meet the needs of the community	12,275 entertainment patrons (individual experiences) compared with 10,445 in 2010	Establish benchmark over 3 years
Providing facilities that meet the needs of community and commerce	Entertainment Hires: 55 performances (37 in 2010) Community meetings: 64 meetings (82 in 2010) Banquets: 4 banquets (11 in 2010) Conferences: 32 half days (11 in 2010) Total events for year = 326 (181 in 2010)	Year One 50 Year Two 70 Year Three 100

Community Buildings – What we did

- Renovated Community Housing Units in Reed Street (2), Swale Street (2), Dacre Street (2), College Street (1), and Palmerston (1).
- Completed bathroom upgrades at Community Housing units in Swale Street and Usk Street.
- Completed kitchen upgrade at Community Housing units in Usk Street.

Arts, Heritage and Community

Community Buildings – How we performed

Community Buildings Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Community housing occupancy rates	Actual occupancy 96% (2009/10: 96%)	90%
Community buildings annual building 'warrant of fitness'	All operational buildings have warrant of fitness 100% target achieved (2009/10: 100%)	100% receive warrant of fitness (1 August each year) 100% have fire evacuation procedures in place
Tenancy of units consistent with policy	86% (2009/10: 84%)	80% of tenants meet Tenancy Policy criteria
Community Housing funding	Achieved	100%
Affordable housing policy	Average rental 27% of gross income in 2010/11 (2009/10: 24%)	Average rental set at between 25% and 30% of gross income based on national superannuation
Tenants Welfare and Safety	Quarterly visits by Age Concern	100% of tenants visited by welfare partner. Units inspected for maintenance issues

Operational Buildings

Community Buildings Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Operational buildings – Increased level of energy efficiency for operational buildings	Energy efficient lighting progressively replacing existing lighting in all Operational Buildings	Further investigate and instigate energy efficiency practices where practicable
Unplanned service disruption	Achieved	No major unplanned disruptions to services in Council building
Buildings are well presented and maintained	Achieved	100% of operations and maintenance plans are in place and planned maintenance undertaken

Arts, Heritage and Community

	2010/11 Actual \$(000)	2010/11 Budget \$(000)	2009/10 Actual \$(000)
Operating Expenditure			
Forrester Gallery	384	388	396
Museum	431	469	474
Libraries	1,112	1,090	1,053
Community Development and Grants	562	649	499
Opera House	893	775	1,102
Community Buildings	1,044	578	806
Total Operating Expenditure (Note 1)	4,426	3,949	4,330
Operating Revenue			
Forrester Gallery	59	39	70
Museum	32	32	41
Libraries	73	61	85
Community Development and Grants	205	375	313
Opera House	252	339	685
Community Buildings	523	397	417
Activity Revenue	1,144	1,243	1,611
General Rates	43	43	29
District Services Rates	116	116	118
Uniform Annual General Charges	132	256	107
Ward Rates	2,181	2,180	2,227
Separate Activity Rates	367	381	369
Rates Revenue	2,839	2,976	2,850
Total Operating Revenue	3,983	4,219	4,461
Net Surplus (Deficit)	(443)	270	131
Adjust for Depreciation Not Funded	149	-	132
Net "Funded" Surplus / (Deficit) available for capital payments	(294)	270	263
Capital and Reserves Funding Requirements			
<u>New Capital</u>			
Forrester Gallery	30	-	42
Museum	1	-	21
Libraries	118	90	9
Community Development and Grants	-	-	1
Opera House	29	185	447
Community Buildings	186	-	76
	364	275	596
<u>Renewals</u>			
Museum	-	-	2
Libraries	2	105	120
Opera House	11	-	-
Community Buildings	220	209	340
	233	314	462
Loan Repayments	3	3	3
Transfers to Reserves	160	157	292
	760	749	1,353
Movements in Capital and Reserves Funded By:			
Net "Funded" Surplus / (Deficit) available for capital payments	(294)	270	263
Capital Sales	2	-	2
Transfer from Reserves	524	95	557
Renewal Funding From Depreciation Reserves	528	384	531
	760	749	1,353
Note (1) - Operating Expenditure includes:			
Depreciation	1,058	856	1,036
External Interest	-	1	1
Internal Interest	22	37	15

Arts, Heritage and Community

Arts, Heritage and Community Financial Commentary

(a) Community Development and Grants – Operating

The level of activity in this area partially depends on the level of external funded that is received. Less funding was attracted in 2010/11 compared to the previous year. The impact on the expenditure was not as great as some funds held in reserve were used this year to continue some of the programmes in this activity, most notably the Waitaki Guardians.

(b) Oamaru Opera House (OOH) – Operating

This activity continues to operate above expectations, which created increases in both costs and revenues. There were some costs, energy, depreciation, and cleaning in particular, where the budgeted amounts were inadequate. Steps have been taken to better control these costs and budgets were increased in the 2011/12 Annual Plan after the reasons for the increases were fully investigated.

(c) Community Buildings

Two classes of building drove the variations, halls and operational properties. The increased hall costs related to Weston however, these were off-set by increased revenue and reserve transfers to fund this increase in activity.

(d) Forrester Gallery – Revenue and Capital Expenditure

The budgeted amount was dependent on the redevelopment that was to have taken place earlier. As the development was on hold, this follow up spending was on hold also.

(e) North Otago Museum - Operating

The Museum had a number of staff vacancies during the year that proved difficult to fill with suitably qualified staff. This led to a significant saving on salaries that was not offset by wage and other payments.

(f) Oamaru Opera House – Capital

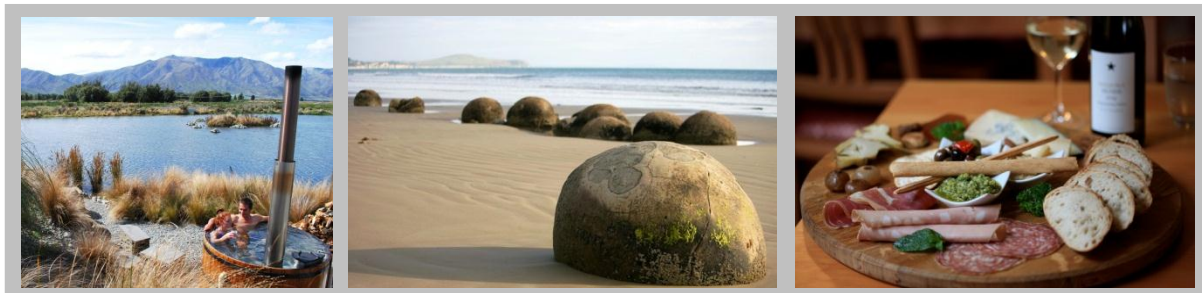
The prior year amount represents the final expenditure undertaken to complete the redevelopment project. This flowed into the 2009/10 year due to a number of issues that took time and expenditure to resolve.

(g) Community Buildings – Capital (including renewals)

The main area of expenditure was Community Housing. As with 2009/10, various projects were undertaken to renew some of the units. This was not specifically budgeted for as it was to be funded from depreciation and is undertaken as required or as vacancies allow. This is in accordance with Council policy. Some of the expenditure has been treated as new capital, particularly the costs to improve heating and insulation in the units. Some external funding has been received to assist in funding these improvements.

The other major area of expenditure was operational properties. The spending here included work on the Museum floor to address a problem with damp and spending on the redevelopment of the Forrester Gallery. Both were funded from previously approved budgets. Work was also undertaken on the Oamaru Drill Hall, Lakes Centre and HQ Building.

Economic Development



Delivery of Economic Development is substantially through the Waitaki Development Board. This work has focused on four areas:

- Agribusiness
- Business attraction
- Business retention
- Sourcing outside funding

As reported in the latest BERL economic report the Waitaki District continues to perform well with the exception of population growth. Our key productivity indicators have remained positive and exceeded Otago and New Zealand growth figures. This has occurred without population growth which continues to be the main area of concern and the main indicator that is restricting current and future growth prospects.

The following table presents the performance of the Waitaki District across seven key performance indicators (KPIs) for the latest year, and compared this performance with that of the Otago region and New Zealand.

Table 1: Waitaki District Key Performance Indicators (KPI's)

Key Performance Indicators	% change for 2009 year	% pa for 2010 year		
		Waitaki District	Otago Region	New Zealand
Resident Population Growth	0.0	0.5	1.1	1.2
Real Value Added (GDP) Growth	2.7	2.2	0.4	-0.4
GDP per capita growth	2.7	1.7	-0.6	-1.6
Employment growth	5.3	0.3	-0.9	-1.7
Labour productivity growth	-2.8	1.8	1.2	1.1
Business units growth	0.8	-1.2	-1.3	-1.3
Business size growth	4.4	1.5	0.4	-0.3

Source: Berl Regional Performance Indicators 2010

Tourism

Christchurch earthquakes combined with a lack lustre ski season has impacted visitation across the South Island. While we have seen a drop in visitation compared to 2010 because of this, we still have more visitors to the Waitaki District compared to 2009. We have seen an increase in domestic visitation particularly from the Canterbury region. The outlook is more positive going forward with the Rugby World Cup here in our shoulder season followed by the summer season.

Economic Development

Commercial Accommodation Monitor Results

Year ended June 2011 comparisons with previous years:

Table 2: Commercial Accommodation Monitor Results

	2009	2010	2011
Waitaki	272,537	317,072	285,343
Timaru	268,311	254,493	248,817
Central Otago	324,315	312,732	281,171
Clutha	78,980	84,234	75,039
Dunedin	871,331	858,876	833,792

Economic Development Service Levels		
Performance Measures	Achievements 2010/11	Targets 2009-12
Regional promotion	Guest nights are down 10%. 2010 up 16.3%	Increase in visitor numbers to district
Branding collateral	Launched new sales based website including online booking portal, social media, videos with a trade and media section. New look visitor guides and maps. New destination video produced. "Visit" signage erected within region. Conference and Incentive brochure produced	Increased brand/destination awareness
Assist with product development	Funding for Alps to Ocean cycle trail obtained. Events assistance and planning	Develop new tourism ventures
Develop new strategic partnerships	International Marketing Alliance agreement formulated with Tourism Dunedin and Venture Southland	New contacts established and maintained
Trade initiatives	Regional approach to all trade covering all tourism products including TRENZ (Tourism Rendezvous New Zealand)	Improved product awareness
Strong Waitaki Tourism Association	WTA membership increased by 2.4% to 86 members. 2010 up 12% to 84	Increased membership
Create a positive attitude	Over 80 media articles published. Master Chef Australia featured Fleur Sullivan with an audience of over 1.2 million viewers	Regular positive media articles published
Visitors to Oamaru Blue Penguin Colony (OBPC)	Total number of visitors to the OBPC 2010/11: 71,628 (2009/10: 81,128)	42,000 visitors annually to the OBPC by 2012
90 day bill rate exceeded in each quarter	Achieved in commercial investments. Achieved three of the four quarters for the year in cash investments	Exceed the average 90 day bill rate for commercial and cash investments

Year End Highlights

For the year ended June 2011 compared with the previous year:

- Guest nights down 10% to 285,343
- International guest nights down 23.5% to 80,273
- Domestic guest nights down 3.3% to 205,070
- Average length of stay down from 1.53 nights to 1.50 nights
- Overall occupancy rate down from 14.5% to 12.9%
- Accommodation capacity, excluding holiday parks, down 0.9%.

Economic Development

Tourism Strategy

- The Waitaki District Council Tourism Strategy was adopted in December 2010
- The Culture and Heritage Group consultation is on-going and once a way forward is resolved this will be integrated into the Tourism Strategy

New Product Development

- Alps to Ocean Cycle Trail secured \$2.75 million from Government and \$80,000 from the Otago Community Trust
- The Rugby World Cup has provided a major events project for Tourism Waitaki
- The Oamaru Blue Penguin Colony received approval from Council for a \$700,000 development plan
- Tourism Waitaki worked with Vanished World to pitch for the 'Dead Precious' exhibition from GNS Sciences

Promotional Activity

- Memorandum of Understanding (MoU) signed with Tourism Dunedin and Venture Southland to partner in marketing activities in the United Kingdom, Europe and North America
- Attended a variety of trade and consumer shows including TRENZ, Otago/Southland Trade Days, Tourism New Zealand Market Insights and the Kirra Roadshow
- Coordinated over 50 businesses to offer discounted rates for a three month period to Christchurch residents
- Contributed to the Oamaru Mail promotional supplement that was distributed throughout New Zealand

Marketing

- New sales based website launched: www.visitoamaru.co.nz .
- New district brochure, town and district map was produced and distributed to New Zealand i-SITEs and national and international contacts
- New destination video for the district to promote key themes

Media/PR

- Worked with Tourism New Zealand in Australia to get Fleur Sullivan on Master Chef Australia which had a prime time audience of over 1.2 million viewers
- Hosted the Sunday Star Times Escape Editor in the district for two days and an article will be produced in August/September
- 80 media releases issued during year

Destination Management

- New 'Visit' signage completed for coastal and valley towns
- Freedom-Camping brochure prepared in advance of the 2011 Rugby World Cup
- Toilet was installed at Elephant Rocks as part of Alps to Ocean
- \$5,000 funding secured for the Maori Rock Art Trust
- Ongoing investigation of potential cruise market for Oamaru

Supporting Operators

- Number of networking and training events run for local operators to establish a more coordinated and skilled tourism industry
- Establishment of good links with tourism operators across the region attending business events and doing presentations in Omarama, Kurow, Duntroon and Palmerston



Economic Development

Events

- Introduction of Event Development Officer (EDO) role

Documentation

- District events calendar developed
- Events policies and procedures prepared
- Funding strategy produced to attract sponsorship and identify funding options for events in the district

Events Assistance

- Relay for Life - \$85,000 was raised for the Cancer Society
- Oamaru Farmers Market
- Wine and Food Festival
- Other events assisted: Cavalcade, Vintage Car Club, Oamaru Harbour Day, Waitaki Sports Awards, Harvest Home Festival, Great Chase, World Shepherds and Careers Expo
- Oamaru and Waitaki District Rugby World Cup Festival
- Oamaru and Waitaki District REAL Festival
- Conference and Incentive brochure produced
- Community and Business Partnerships to facilitate advice, funding and networking

Future Events in Waitaki District

- American Car Show 2012
- Steampunk Events 2012
- Antarctica Celebrations 2013
- Waitangi Day Celebrations 2012
- Oamaru Half Marathon 2012
- Alps to Ocean Event 2012-2013
- Sports Tournaments 2012
- Wine and Food Festival 2012
- Golden Oldies Rugby Festival 2013
- Conference and Incentives.

Economic Development

	2010/11 Actual \$(000)	2010/11 Budget \$(000)	2009/10 Actual \$(000)
Operating Expenditure			
Tourism Development	607	567	543
Penguin Colony	873	670	864
Economic Development	351	422	184
Property	1,451	938	1,081
Treasury	(619)	(1,096)	(410)
Corporate	(4)	(48)	(20)
Total Operating Expenditure (Note 1)	2,659	1,453	2,242
Operating Revenue			
Tourism Development	41	-	-
Penguin Colony	917	783	957
Economic Development	-	-	4
Property	853	310	319
Treasury	762	1,272	890
Corporate	37	27	63
Activity Revenue	2,610	2,392	2,233
General Rates	(421)	(421)	(473)
District Services Rates	(222)	(222)	(302)
Uniform Annual General Charges	165	165	166
Ward Rates	124	-	-
Separate Activity Rates	70	57	56
Rates Revenue	(284)	(421)	(553)
Total Operating Revenue	2,326	1,971	1,680
Net Surplus (Deficit)	(333)	518	(562)
Adjust for Depreciation Not Funded	75	107	105
Net "Funded" Surplus / (Deficit) available for capital payments	(258)	625	(457)
Capital and Reserves Funding Requirements			
<u>New Capital</u>			
Penguin Colony	97	-	17
Property	97	500	477
Corporate	177	102	101
	371	602	595
<u>Renewals</u>			
Property	46	17	14
Corporate	777	700	676
	823	717	690
Loan Repayments	-	-	900
Transfers to Reserves	2,034	3,177	2,672
	3,228	4,496	4,857
Movements in Capital and Reserves Funded By:			
Net "Funded" Surplus / (Deficit) available for capital payments	(258)	625	(457)
Capital Sales	2,048	2,567	1,485
Transfer from Reserves	738	682	3,192
Renewal Funding From Depreciation Reserves	700	622	637
	3,228	4,496	4,857
Note (1) - Operating Expenditure includes:			
Depreciation	577	691	703
External Interest	3	-	2
Internal Interest	(672)	(981)	(439)

Economic Development

Economic Development Financial Commentary

(a) Tourism Development

The growth in expenditure related to costs incurred in progressing the Alps to Ocean Cycle Trail.

(b) Economic Development – Operating Expenditure

Council has changed the way it spends in this area. More of the expenditure is now discretionary and dependent on what work is to be undertaken. In addition, applications for some funding were not made by the end of the year and are now expected to be carried over into next year. This includes funding available to the Oamaru Whitestone Civic Trust and Heritage Celebrations.

(c) Property – Operating

This activity includes the properties that are held for economic rather than social or service delivery reasons. During the year Council harvested the trees on the Glen Warren and Glen Eden areas in Oamaru. This added approximately \$490,000 in revenue and \$350,000 in costs. The other major cost variances were a large maintenance project at the Hampden Camping Ground and cost required to progress the development of some of Council's other land holdings, particularly Hospital Hill.

(d) Treasury – Operating

This area primarily reflects the impact of the internal loan / treasury function. Council is required to show the internal treasury costs as a net amount for Council as a whole. To do this requires a "negative" expenditure amount be shown in the treasury function. This net amount is lower than budget due to the market based internal interest rate being far lower than expected. However, this is also reflected in lower internal interest costs in all of the activities with internal loans. Council does have external investment that returned a lower than budget amount and this does have an effect on the overall Council result.

A further expense variation was created by lower than expected levels of debt recovery of some collection actions. Because of this a greater level of debt was written off or a provision made that was greater than was budgeted for.

(e) Oamaru Blue Penguin Colony (OBPC) – New Capital

The OBPC had some preliminary expenditure in architecture and to develop Plan costs to enhance and develop the Colony. This was initially budgeted for in an earlier period.

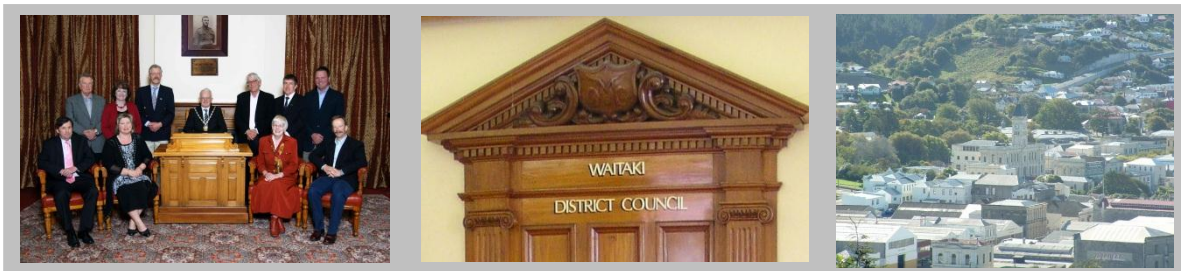
(f) Corporate – New Capital

This was mainly expenditure in the GIS / Mapping area that had been budgeted for in a prior period.

(g) Corporate – Renewal Expenditure

The spending in the current year reflects the second part of the project to replace most of Council's core information systems with a single, integrated system. This project was planned to span two financial years.

Council & Community Boards



The Representation group of activities includes:

- Council
- Ahuriri and Waihemo Community Boards

Council and Community Boards are governance bodies. Both form the vital link between communities and Council staff who manage assets and activities. Council and Community Boards should be 'democracy in action'. Elections every three years give citizens the opportunity to express their opinion on how well Councillors and Community Boards have performed. Resident Surveys and other measures below supplement the election decisions made by citizens of the District.

The ideals for this activity are captured under the high level community outcome "Waitaki is served by responsive and efficient government." The activity is regulated by central government through the Local Government Act (2002) and other mechanisms governing reporting and other matters. The Act directs how Council must consult with the public (for example, under "Special Consultative Procedure") so that "we (the community) can be involved in decisions that affect us".

Council & Community Boards – What we did

- After considering 130 written and 54 verbal public submissions, Council adopted Waitaki District Council's 2011/12 Annual Plan on 29 March 2011.
- Waitaha Taiwhenua O Waitaki Trust Board: Waitaha Relationship Agreement was signed on 20 April 2011.
- Council resolved to constitute and establish a shareholders agreement for Alps to Ocean Cycle Trail Limited on 24 May 2011¹.

Council & Community Boards – How we performed

Council and Community Boards Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Business conducted in public sessions	491 items out of 524 items (94%) of Council and Community Board business were considered in public session (86% previous year) 34 items were considered in public excluded session (6%) (54 in previous year - 14%) No items were considered urgent general business (None previous year)	95% 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 2011 recorded: 74% of residents were 'satisfied' or 'very satisfied' with the performance of the Mayor and Councillors over the past 12 months (compared with 50% in 2010)	60% of residents assess the performance as very good or fairly good

¹ While Council resolved to delegate responsibility for the establishment of the Alps 2 Ocean Cycle Trail Limited on 24 May 2011, an operating entity had not been created at the end of the 2010/11 financial year.

Council & Community Boards

Council and Community Boards Service Level		
Performance Measures	Achievements 2010/11	Targets 2009-12
Residents' assessment of performance of Community Boards	Residents Survey 2011 recorded: 54% of residents are 'satisfied' or 'very satisfied' with the Waihemo and Ahuriri Boards performance over the past 12 months (57% in 2010)	60% of residents assess the performance as very good or fairly good
Number of submissions made to Council by Community Boards	Elected members did not establish the benchmark as other events proved more pressing. Council will review this measure as part of its new order of business	Establish benchmark in 2009 Benchmark attained in Years 2 and 3
Elections are undertaken as required with high voter participation	Elections took place on 9 October 2010. Voter turnout was 58% compared with 63% in 2007	55% turnout in triennial elections
Degree of approachability	Residents Survey 2011 recorded: 74% of residents are 'satisfied' or 'very satisfied' with the performance of the Mayor and Councillors (60% in 2010)	60% resident satisfaction with performance of Mayor and Councillors
Audit report on Annual Report	The Annual Report received an unqualified audit opinion	Annual Reports receive unqualified audit opinions
% of Annual Plan projects completed	208 projects of which 27 were completed (13%) – see note below table	100%

Note to project achievement

In practice, using an aggregate measure of project achievement to determine efficiency proved very difficult. Many projects started in 20010/11 but we did not expect to finish within the year (e.g. rural water quality upgrades). Others started in earlier years and were 'carried forward' into 2009/10 and so were not 2009/10 projects strictly speaking. The measure should assess projects started and finished within 2010/11. Still other projects were "ongoing" with no clear finish dates. Council needs to do more work to refine this measurement so that we can draw accurate conclusions from the data.

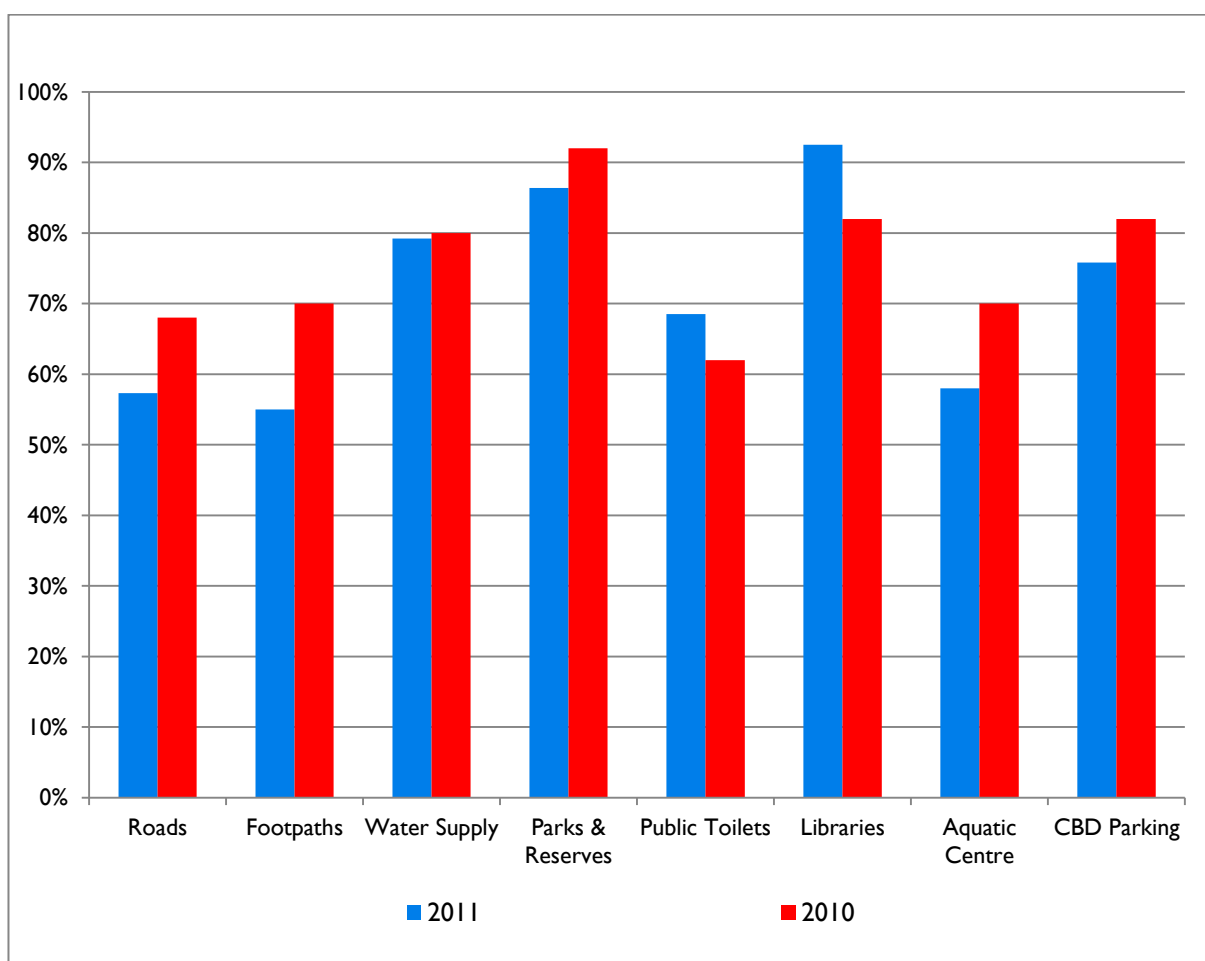
Council & Community Boards

	2010/11 Actual \$(000)	2010/11 Budget \$(000)	2009/10 Actual \$(000)
Operating Expenditure			
Council	624	446	357
Community Boards	82	209	193
Total Operating Expenditure (Note 1)	706	655	550
Operating Revenue			
Council	77	30	26
Community Boards	-	-	-
Activity Revenue	77	30	26
General Rates	321	219	219
District Services Rates	214	147	147
Ward Rates	210	209	210
Rates Revenue	745	575	576
Total Operating Revenue	822	605	602
Net "Funded" Surplus / (Deficit) available for capital payments	116	(50)	52
Capital and Reserves Funding Requirements			
Transfers to Reserves	129	-	52
	129	-	52
Movements in Capital and Reserves Funded By:			
Net "Funded" Surplus / (Deficit) available for capital payments	116	(50)	52
Transfer from Reserves	13	50	-
	129	-	52
Note (1) - Operating Expenditure includes:			
Depreciation	-	-	-
External Interest	-	-	-
Internal Interest	-	-	-

- a) Council received income for running elections for Southern DHB, Otago Regional Council and Oamaru Licensing Trust.

Performance Measure Comparisons

Graph 12: Waitaki Resident Satisfaction with Council Services 2010/11 (per cent)



Resident satisfaction is gauged through the annual Waitaki District Council Residents Survey. This graph provides a visual presentation of several performance measurements reported on earlier and compares 2010 Communitrak Survey results with 2011 Pulse Business Solutions Resident Satisfaction Survey results.

Notes on Council 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 2009-19.

Residents Survey 2011

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 September 2011.

All interviewing was conducted by telephone, with 375 (2011) calls being made between 4.30pm and 8.30pm on weekdays and 9.30am and 8.30pm on 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

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 CCO's are particularly diverse in their functions and objectives.

We promote and support economic development and tourism through Waitaki Development Board Ltd and, through our 50% ownership of Omarama Airfield Ltd support one of the world's best gliding centres which brings both tourism and revenue to the district.

We provide on-going support for health services and other important social functions through our ownership of Waitaki District Health Services Ltd.

Whitestone Contracting Ltd made a subvention payment to Council of \$238,000 during the year. No dividend was paid (2009/10: \$50,000). Operating revenue increased almost 4% to \$20.7 million. The company failed to achieve a number of key operating objectives in the 2010/11 financial year. Fifty four per cent of the company's revenues were generated by Council contracts.

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 will ensure that:

- Business activities are conducted in an efficient and effective manner.
- Assets and liabilities are prudently managed.
- Overall performance supports the Shareholders reasons for continued ownership.
- Appropriate decisions are made that enhance the achievement of the Company's long term needs and objectives.
- The Company will act 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 three months of 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 2011
Financial Performance	Operate and provide planned services within budgeted income	Operating income was \$115,506, an increase of 6.2% compared with 2009/10
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 \$23,484 compared with \$20,051 last year, an increase of 17.1%
Financial Performance Cont'd	Update the Company's business plan on an annual basis	The Company's business plan was 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	Not recorded. Benchmark to be established during 2011/12

Omarama Airfield Limited

Financial Performance	2011 \$000	2010 \$000
Revenues		
Operating Revenue	94	79
Rental Income	17	15
Other Income	5	53
Total Revenue	116	147
Expenditure		
Operating Expenditure	64	62
Audit Fees	8	7
Depreciation	20	20
Directors' Fees	-	-
Total Expenditure	92	89
Net Surplus / (Deficit) Before Taxation	24	58
Provision for Taxation	7	(71)
Net Surplus / (Deficit) for the Year	31	(13)

Financial Position	2011 \$000	2010 \$000
Shareholders Funds	1,209	1,178
<u>Represented By</u>		
Non-current Assets	661	669
Current Assets	626	590
Current Liabilities	(15)	(10)
Non-current Liabilities	(63)	(71)
<u>Net Assets</u>	1,209	1,178

The Company received an unqualified audit report for the year ended 30 June 2011 on 30 September 2011.

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 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 that:

- 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 expedencies.
- 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 of the end of each financial year, the Directors must 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 2011
Regional promotion	Increase in visitor numbers to district	Guest nights for 2010/11 were down by 10% (2009/10 were up by 16.3%)
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 2010/11
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 national average</p>	<p>285,343 bed nights July 2010-June 2011; down from 317,073 from same period last year</p> <p>Average 1.50 nights July 2010-June 2011; slight decrease from 1.53 nights on the same period last year</p> <p>Evening visitor numbers for 2010/11 were 71,624; down from 81,128 in 2009/10</p> <p>This performance target has not been measured for 2010/11</p>

Waitaki Development Board Limited

Financial Performance	2011 \$000	2010 \$000
Revenues		
Waitaki District Council	894	675
Other Income and Grants	205	182
Total Revenue	1,099	857
Expenditure		
Operating Expenditure	1,034	787
Audit Fees	12	10
Depreciation	9	7
Directors' Fees	43	37
Total Expenditure	1,098	841
Net Surplus Before Taxation	1	16
Provision for Taxation	(5)	(9)
Net Deficit After Taxation	(4)	7

Financial Position	2011 \$000	2010 \$000
Shareholder's Funds	50	55
<u>Represented By</u>		
Non Current Assets	31	34
Current Assets	170	143
Current Liabilities	(151)	(122)
<u>Net Assets</u>	50	55

The Company received an unqualified audit report for the year ended 30 June 2011 on 21 September 2011.

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 Limited 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:

- 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.
- All avenues of funding that may be available from time to time for Waitaki District Health Services funding are actively pursued.

Information to be Reported to Shareholders

Within three months of the end of each financial year, the Directors must 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 2011
Professional standards and transparent and collaborative relations with the shareholder	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	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
	Implement and maintain a Quality Assurance Programme to ensure adequate standards of care and services are maintained to the Company's patients	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
	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	The company has 3 year certification under Health & Disability sector standards, Infection Control Standards, and Restraint & Minimisation Standards. Achieving these standards has enabled certification until 2013
	Establish, where appropriate, strategic alliances with business partners and community groups in order to achieve desired outcomes for health services	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
	Report regularly to Council and to the Community through the Waitaki District Health Forum on community health achievements and outcomes	
	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	Community health forum meetings have been undertaken three times in the last year and minutes record the achievements in health service delivery. The Hospital reports six-monthly and annually to Council
	Enhance and develop good community health services outcomes, particularly with regard to the elderly	Completion of Community Care Unit which has a strong focus on assessment, treatment and rehabilitation for the elderly

Waitaki District Health Services Limited

Measure	Statement of Intent Target	Achievements at 30 June 2011
	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
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 (Parent) \$200,600 Actual (Parent) \$168,669
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 (Parent) (\$261,391) Actual (Parent) (\$290,940)
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

Financial Performance (Group)	2011 \$000	2010 \$000
Revenues		
Total Revenue	11,347	10,812
Expenditure		
Operating Expenditure	10,281	9,821
Audit Fees	24	23
Depreciation	644	756
Directors' Fees	87	96
Total Expenditure	11,036	10,696
Net Operating Surplus	311	116
Gain on Property Revaluation	1,065	-
Net Surplus After Taxation	1,376	116
Financial Performance (Group)	2011 \$000	2010 \$000
Total Equity	15,292	13,915
Represented By		
Non Current Assets	10,655	10,057
Current Assets	6,537	5,595
Non Current Liabilities	(10)	(8)
Current Liabilities	(1,890)	(1,729)
Net Assets	15,292	13,915

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:

1. Personnel costs were lower than anticipated due to lower numbers of staff than expected.
2. The triennial revaluation of the Company's properties resulted in an unbudgeted gain.

The Company received an unqualified audit report for the year ended 30 June 2011 on 30 September 2011.

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 is 100% owned by Council. Under the provisions of the Local Government Act 2002, it is deemed to be a Council Controlled Trading Organisation.



Council's objectives for continued ownership and control and the Company's objectives were reviewed during the 2007 financial year and the Company's Statement of Intent was updated accordingly. These objectives became effective from 1 July 2007 and are included in this report.

Council's 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 the continual improvement of its systems and processes to improve the way in which it operates 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 that reflects Council's objectives for ownership.

In pursuing its 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 operation of a contracting business
- Maximise the long term viability and profitability of the business 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's operations into the private and public sectors using the skill, abilities and management techniques that are available within the business
- Maintain a diversified portfolio of work and clients to ensure continuity of returns to the shareholder
- Continue to review the Company's 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
 - Encouraging, 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 in accordance with a philosophy of 'no surprises.'

Whitestone Contracting Limited

Information to be reported to the Shareholder

Within two months after the end of each financial year, the Directors are required to 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 against both targets in this Statement of Intent and 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 2011
Profitability and return to shareholder	Achieve a before income tax return on opening shareholders' funds that is better than 10%	Not achieved. Actual return 0.74% (2010: 3.83%)
Long term viability and profitability	Continue to diversify the portfolio of work and clients	The number of clients spending over \$10,000 remained at 80, consistent with 2010 The top 10 clients made up 85% of revenue in 2011, an increase from 84% in 2010
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 beyond the Waitaki District and continues to work towards this target. The percentage of revenue earned from the Waitaki District Council increased to 54% (2010: 46%)
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 2011
Quality standards	Maintain ISO 9001 registration and related quality assurance progresses	Maintained
	Maintain ISO 14001 registration by ensuring systems are in place to meet environmental, legislative and regulatory requirements	Maintained
Responsibility and compliance	Increase the percentage of revenue obtained from sources other than the Waitaki District Council	Not achieved. The percentage of revenue from the Waitaki District Council rose to 54% (2010: 46%)
	Maintain the ratio of consolidated shareholder funds to total assets. In the range of 60% - 80%	Achieved. The ratio at 30 June 2011 is 76.8% (2010: 74%)

Whitestone Contracting Limited

Financial Performance	2011 \$000	2010 \$000
Revenues		
Operating Revenue	20,700	19,971
Expenditure		
Operating Expenditure	19,422	18,266
Audit Fees	22	22
Depreciation (net)	1,124	1,238
Directors' Fees	92	92
Interest Expense	21	41
Total Expenditure	20,681	19,659
Net Profit Before Taxation	19	312
Subvention Payment	(238)	-
Provision for Taxation	(59)	(388)
Net (loss)/profit After Taxation	(278)	(76)
Gain/(loss) on revaluation of land and buildings	461	(100)
	183	(176)

Financial Position	2011 \$000	2010 \$000
Shareholders' Funds	10,308	10,125
<u>Represented By</u>		
Non Current Assets	9,308	9,197
Current Assets	4,114	4,525
Non Current Liabilities	(503)	(611)
Current Liabilities	(2,611)	(2,986)
<u>Net Assets</u>	10,308	10,125

The Company received an unqualified audit report for the year ended 30 June 2011 on 30 August 2011.

This information is summarised from the Company's full audited 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, or from the website www.whitestone.co.nz.

Financial Statements

Statement of Comprehensive Income

For the year ended 30 June 2011:

		Consolidated		Council Only		
		2011	2010	2011	2011 budget	2010
		\$000	\$000	\$000	\$000	\$000
Income						
Rates Revenue	1	24,446	23,874	24,465	24,389	23,884
Other Revenue	2	37,381	36,378	16,765	15,852	14,741
Other Gains/(Losses)	3	(149)	(9)	(230)	-	(56)
Total Income		61,678	60,243	41,000	40,241	38,569
Expenditure						
Activity Expenditure		62,000	60,129	41,448	39,173	38,918
Finance cost		24	44	3	1	3
Total Expenditure	4	62,024	60,173	41,451	39,174	38,921
Surplus from Operations		(346)	70	(451)	1,067	(352)
Income Tax Expense / (Refund)	5	60	433	-	-	-
Surplus / (Deficit) after tax		(406)	(363)	(451)	1,067	(352)
Other Comprehensive Income						
Gain/(Loss) on revaluation of Infrastructural Assets	6	-	14,873	-	-	14,873
Gain/(Loss) on revaluation of Properties	6	1,795	(100)	270	2,998	-
Other Comprehensive Income	6	-	-	-	-	-
Total Other Comprehensive Income		1,795	14,773	270	2,998	14,873
Total Comprehensive Income		1,389	14,410	(181)	4,065	14,521

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2011:

	Consolidated			Council Only	
	2011	2010	2011	2011	2010
	\$000	\$000	\$000	budget	\$000
Public Equity at 1 July	701,920	687,510	682,341	688,185	667,820
Total Comprehensive Income	1,389	14,410	(181)	4,065	14,521
Public Equity at 30 June	<u>703,309</u>	<u>701,920</u>	<u>682,160</u>	<u>692,250</u>	<u>682,341</u>

The accompanying notes form part of these financial statements.

Balance Sheet

As at 30 June 2011

		Consolidated			Council Only	
		2011	2010	2011	2011	2010
					Budget	
		\$000	\$000	\$000	\$000	\$000
Public Equity						
Ratepayers' Equity	6	308,299	308,299	308,299	312,501	308,299
Revaluation Reserve	6	362,630	361,211	355,875	360,482	355,982
Operating Reserve	6	21,132	21,996	6,738	9,516	7,646
Other Reserves	6	11,248	10,414	11,248	9,751	10,414
Total Public Equity		703,309	701,920	682,160	692,250	682,341
Non-Current Assets						
Property Plant and Equipment	7	678,350	679,219	658,629	669,622	660,150
Intangible Assets	8	1,566	515	1,212	162	212
Forestry	9	1,112	859	1,112	710	859
Other Financial Assets	10	12,803	12,743	17,661	18,237	17,601
Trade and Other Receivables	11	312	107	312	887	107
		694,143	693,443	678,926	689,618	678,929
Current Assets						
Cash and Cash Equivalents	12	8,639	6,515	2,473	1,124	1,631
Trade and Other Receivables	11	7,624	6,815	5,304	7,251	4,331
Inventory	13	961	900	57	62	50
Work in Progress	14	132	186	-	-	-
Non-Current Assets held for Sale	15	400	445	400	1,400	445
Other Financial Assets	10	3,000	4,318	3,000	-	4,318
Provision for Tax paid in Advance		9	35	2	1	1
		20,765	19,214	11,236	9,838	10,776
Total Assets		714,908	712,657	690,162	699,456	689,705
Non-Current Liabilities						
Provisions	16	705	906	705	682	906
Employee Entitlement Liabilities	17	58	52	-	3	4
Borrowings	18	203	382	8	8	11
Deferred Tax Liability	5	337	271	-	-	-
		1,303	1,611	713	693	921
Current Liabilities						
Trade and Other Payables	19	7,276	6,290	6,683	5,589	5,816
Short Term Borrowings	18	128	3	3	3	3
Employee Entitlement Liabilities	17	2,971	2,788	603	738	609
Provisions	16	22	24	-	183	15
Provision for Taxation		(101)	21	-	-	-
		10,296	9,126	7,289	6,513	6,443
Total Liabilities		11,599	10,737	8,002	7,206	7,364
Net Assets		703,309	701,920	682,160	692,250	682,341

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2011

		Consolidated		Council Only	
		2011	2010	2011	2010
		\$000	\$000	2011 budget \$000	\$000
Cash flows from Operating Activities					
Receipts from Rates Revenue		24,291	23,878	24,291	23,878
Interest received		434	290	296	127
Dividends/Subvention payments received		-	4	238	54
Receipts from Other Revenues		36,551	38,369	15,084	16,929
Payments to Suppliers & Employees		(47,929)	(47,465)	(29,028)	(27,024)
Interest Paid		(24)	(44)	(3)	(3)
Income Tax Paid		(113)	(102)	(1)	-
Net GST		(413)	325	(413)	322
Net Cash from Operating Activities	27	12,797	15,255	10,464	14,283
Cash Flows from Investing Activities					
Proceeds from Sale of P.P.& E		306	1,621	176	1,489
Proceeds from Sale of Investments		1,793	498	1,793	498
Purchase of P.P.& E		(12,717)	(11,832)	(11,588)	(10,327)
Acquisition of Investments		-	(4,350)	-	(4,350)
Net Cash from Investing Activities		(10,618)	(14,063)	(9,619)	(12,690)
Cash Flows from Financing Activities					
Proceeds from Borrowing		-	-	-	-
Repayment of Borrowings		(55)	(936)	(3)	(903)
Net Cash from Financing Activities		(55)	(936)	(3)	(903)
Net Increase / (Decrease) in Cash		2,124	256	842	690
Total Cash Resources at 1 July		6,515	6,259	1,631	941
Total Cash Resources at 30 June	12	8,639	6,515	2,473	1,631

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 2011 and were authorised for issue by Council on 6 December 2011.

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, 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 surplus or deficit.

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 or receivable.

- 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.

Construction Contracts

Profits on contracts are recognised progressively over the period of each contract. The amount included in the Statement of Comprehensive Income 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 as an expense in the surplus or deficit. 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

The Council has elected to defer the application of NZ IAS 23 *Borrowing Costs (Revised 2008)* in accordance with paragraph NZ29.1 which is applicable to public benefit entities. 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 Trade and Other Receivables or Trade and Other Payables (as appropriate). Trade and Other Receivables or Trade and Other Payables 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 surplus or deficit, except when it relates to items charged or credited in other comprehensive income or directly to equity, in which case the tax is dealt with in equity.

Statement of Accounting Policies

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.

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 surplus or deficit.

Work in Progress

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

Financial Assets

Council classifies its financial assets into the following four categories: financial assets at fair value through the surplus or deficit, held to maturity investments, loans and receivables and fair value through other comprehensive income. 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 surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit.

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 surplus or deficit. Loans and receivables are classified as 'trade and other receivables' and "other financial assets" as appropriate in the balance sheet.
- **Fair Value through other Comprehensive Income**
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 subsidiaries 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.

Statement of Accounting Policies

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

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 surplus or deficit.

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.

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 surplus or deficit in the year of de-recognition.

Council currently has no properties that it classifies as investment properties.

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 surplus or deficit.

Any increases 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 2011 by Allan Laurie of Laurie Forestry Ltd.

The costs to maintain the forestry assets are included in the surplus or deficit.

Statement of Accounting Policies

Council's forestry plantations are professionally managed and Council adheres strictly to a replanting plan developed by its advisers to ensure that there is no liability related to the Emissions Trading Scheme.

Property, Plant and Equipment

Property, Plant and Equipment consists of:

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 reported net in the surplus or deficit. 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 Darroch Corporate Advisory and AECOM NZ Ltd to value all its property assets with effect as at 1 July 2010. 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 2009 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.

Statement of Accounting Policies

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.

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 North Otago 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 other comprehensive income and are accumulated in an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

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

Statement of Accounting Policies

- 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
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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 10 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 assets 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 other comprehensive income and 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 surplus or deficit.

For assets not carried at a re-valued amount, the total impairment loss is recognised in the surplus or deficit.

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.

Statement of Accounting Policies

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 4.45% 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.

Superannuation Schemes

Defined contribution schemes:

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit 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 or 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 and is included in "finance costs".

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.

Statement of Accounting Policies

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

Equity

Equity is the Community's interest in the Council and is measured as the difference between total assets and 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.

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.

Statement of Accounting Policies

Groups of Activities

The Groups of Activities, as provided in the LTCCP, 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.

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 assets’ 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 2011.

Statement of Accounting Policies

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.

Forestry:

The critical judgements applied to Forestry are detailed in Note 9.

Changes in accounting policies

The policy regarding amortisation of acquired software has been extended to 10 years with respect to the newly-acquired enterprise system which became operational from 1 March 2011. The effect of this changed policy has been to reduce amortisation under the previous policy by \$30,000 in the current year.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Council and group, are:

NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. Waitaki District Council has not yet assessed the effect of the new standard and expects it will not be adopted early.

Notes to the Financial Statements

	Consolidated		Council Only		
	2011	2010	2011	2011	2010
				Budget	
	\$000	\$000	\$000	\$000	\$000

Note 1: Rates Revenue

General Rates	1,907	1,809	1,926	1,923	1,819
District Services Rate	1,255	1,163	1,255	1,252	1,163
Uniform Annual General Charge	3,152	3,069	3,152	3,139	3,069
Ward Rates	5,192	5,028	5,192	5,187	5,028
Separate Rates	12,940	12,805	12,940	12,888	12,805
Total	\$24,446	\$23,874	\$24,465	\$24,389	\$23,884

Council granted remissions of \$168,000 (2010 \$154,000). These remissions were primarily under Council's Bare Land Policy and were budgeted at \$125,000 for the year.

Note 2: Other Revenue

By Groups of Activities:

Arts, Heritage and Community	1,144	1,611	1,144	1,243	1,611
Council and Community Boards	77	26	77	30	26
Economic Development	2,372	2,183	2,610	2,392	2,233
Parks and Recreation	807	783	807	850	783
Planning	392	178	392	188	178
Regulatory	1,097	1,122	1,097	1,057	1,122
Roads, Port and Airport	7,185	5,857	7,185	6,040	5,857
Water and Waste	3,453	2,931	3,453	4,052	2,931
	16,527	14,691	16,765	15,852	14,741

Other Entities	20,854	21,687	-	-	-
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Total	\$37,381	\$36,378	\$16,765	\$15,852	\$14,741
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By Revenue Type:

Government Grants and Subsidies	15,639	14,501	6,490	5,532	5,410
Other Grants and Donations	2,336	2,174	367	230	606
User Charges	15,607	16,640	6,319	5,751	6,057
Regulatory Revenue	1,166	1,052	1,166	1,120	1,052
Infringements & Fines	48	59	48	19	59
Petrol Tax	207	212	207	230	212
Interest Income	1,065	615	831	1,384	473
Dividend / Subvention Payment	-	4	238	150	54
Development & RMA Contributions	694	382	694	1,102	382
Penalties	405	401	405	320	401
Other	214	338	-	14	35

Total	\$37,381	\$36,378	\$16,765	\$15,852	\$14,741
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Notes to the Financial Statements

	Consolidated		Council Only		
	2011	2010	2011	2011	2010
	\$000	\$000	\$000	Budget \$000	\$000

Note 3: Other Gains / (Losses)

Gain on Forestry Asset	253	149	253	-	149
Loss on Disposal of Property, Plant & Equipment	(511)	(772)	(556)	-	(778)
Depreciation recovered on disposal Vested Assets	41	41	5	-	-
	68	573	68	-	573
Total	(\$149)	(\$9)	(\$230)	-	(\$56)

Note 4: Operating Expenditure

<u>By Groups of Activities:</u>					
Arts, Heritage and Community	4,426	4,330	4,426	3,949	4,330
Council and Community Boards	706	550	706	655	550
Economic Development	2,659	2,242	2,659	1,453	2,242
Parks and Recreation	4,459	4,383	4,459	4,490	4,383
Planning	3,375	3,296	3,375	3,619	3,296
Regulatory	2,263	2,272	2,263	2,199	2,272
Roads, Port and Airport	13,320	11,571	13,320	11,401	11,571
Water and Waste	10,243	10,277	10,243	11,408	10,277
Council Controlled Organisations	20,573	21,252	-	-	-
Total	\$62,024	\$60,173	\$41,451	\$39,174	\$38,921
<u>By Type:</u>					
Audit fees and expenses					
Audit New Zealand					
- for auditing the Annual Report	146	133	106	121	97
Auditors of Other Entities					
- for auditing the Annual Report	22	22	-	-	-
- for other services	10	8	-	-	-
Directors' fees	222	225	-	-	-
Depreciation and Amortisation	13,567	13,640	11,669	11,288	11,572
Donation	4	3	-	-	-
Employee Benefit Expenses					
- Salaries & Wages	23,994	23,755	7,200	7,292	7,199
- Superannuation Contributions	257	233	130	124	121
- Change in Liability	197	(465)	-	-	(128)
Financing Costs	24	44	3	1	3
Impairment of Receivables					
- written off	221	121	220	50	80
- recoveries	-	-	-	-	-
- changes in prov. for doubtful debt	55	299	59	-	333
Leasing & Renting	305	324	127	115	114
Other	23,000	21,831	21,937	20,183	19,530
Total	\$62,024	\$60,173	\$41,451	\$39,174	\$38,921

Notes to the Financial Statements

	Consolidated		Council Only	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000

Note 5: Taxation

Relationship between tax expense and accounting profit

Net surplus before taxation	(346)	122	(451)	(352)
Less net income not subject to taxation	233	(250)	553	(133)
Net Taxable Income	(113)	(128)	102	(485)
Prima facie taxation at 30%	(33)	(43)	31	(146)
Plus/(Less)				
- permanent differences	64	301	(31)	146
- tax effect of temporary differences current	(2)	9	-	-
- tax effect of temporary differences deferred	(1)	12	-	-
- tax effect of changed tax base of buildings	32	-	-	-
- loss not recognised	-	146	-	-
- effect of change in tax rate	-	8	-	-
Income tax expense	60	433	-	-
This is represented by:				
Current taxation	(9)	116	-	-
Deferred taxation liability/(benefit)	66	317	-	-
Deferred taxation liability/(benefit) prior year	3	-	-	-
Income tax expense	60	433	-	-
Deferred taxation liability/(benefit)				
Opening balance	271	(46)	-	-
Deferred taxation position current year	66	317	-	-
Total Deferred Tax	337	271	-	-
Deferred taxation comprises:				
Short term temporary differences	337	271	-	-
	337	271	-	-

Council has not recognised a deferred tax asset in relation to unused tax losses of \$429,000 which are available to be carried forward and offset against future taxable income (2010: \$584,000).

Whitestone Contracting Limited has imputation credits of \$1,649,000 (2010: \$1,541,000) which can be used to input dividend payments to Council. These amounts are not recorded in the financial statements.

Temporary differences are generated primarily from changes in accruals and differences between tax and accounting depreciation rates.

Notes to the Financial Statements

	Consolidated		Council Only	
	2011	2010	2011	2010
	\$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: Ratepayers Equity, Revaluation Reserves, Operating Reserves, and Restricted Reserves.

Ratepayers Equity

Balance at 1 July	308,299	301,370	308,299	301,370
Transfer from Operating Reserves	-	6,929	-	6,929
Balance at 30 June	<u>\$308,299</u>	<u>\$308,299</u>	<u>\$308,299</u>	<u>\$308,299</u>

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

Revaluation Reserves

Balance at 1 July	361,211	347,922	355,982	342,593
Water & Waste Increase	-	14,873	-	14,873
Water & Waste Disposals (to operating reserve)	(15)	(229)	(15)	(229)
Property Decrease	270	-	270	-
Property Disposals (to operating reserve)	(362)	(1,255)	(362)	(1,255)
WDHSL Property Movement	1,065	-	-	-
WCL Property Movement	461	(100)	-	-
Balance at 30 June	<u>\$362,630</u>	<u>\$361,211</u>	<u>\$355,875</u>	<u>\$355,982</u>

Represented by

Infrastructural Assets	314,062	314,078	314,062	314,078
Council Property	41,688	41,779	41,688	41,779
Council Other (Museum)	125	125	125	125
WDHSL	4,922	3,857	-	-
WCL	1,833	1,372	-	-
Balance at 30 June	<u>\$362,630</u>	<u>\$361,211</u>	<u>\$355,875</u>	<u>\$355,982</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	21,996	28,965	7,646	14,604
Net surplus/(deficit) after tax	(406)	(363)	(451)	(352)
Transfer from Revaluation Reserves	377	1,484	377	1,484
Transfer from Other Reserves	414	832	414	832
Transfer to Other Reserves	(1,248)	(1,993)	(1,248)	(1,993)
Transfer to Equity	-	(6,929)	-	(6,929)
Balance at 30 June	<u>\$21,132</u>	<u>\$21,996</u>	<u>\$6,738</u>	<u>\$7,646</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	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
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.				
<u>Restricted Reserves</u>				
Balance at 1 July	10,413	9,250	10,413	9,250
Deposits and Interest	1,222	1,969	1,222	1,969
To Operating Reserves to meet disbursements	(391)	(806)	(391)	(806)
Balance at 30 June	11,244	10,413	11,244	10,413
<u>Represented by</u>				
Special Funds	9,157	8,431	9,157	8,431
Trust Funds	2,086	1,981	2,086	1,981
Loan Funds	1	1	1	1
Balance at 30 June	11,244	10,413	11,244	10,413
<u>Trust Funds</u>				
Balance at 1 July	1	3	1	3
Deposits and Interest	26	24	26	24
To Operating Reserves to meet disbursements	(23)	(26)	(23)	(26)
Balance at 30 June	4	1	4	1
<u>Represented by</u>				
SPARC Commission Funds	1	-	1	-
Creative Communities Funds	3	1	3	1
	4	1	4	1
Balance at 30 June				
Total other reserves	\$11,248	\$10,414	\$11,248	\$10,414

Notes to the Financial Statements

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

2011 Council	Cost/ Valuation 1-Jul-10	Current Year Additions	Current Year Disposals	Reval	Cost/ Valuation 30-Jun-11	Accum Depn & Impairment Charges 1-Jul-10	Current Year Depreciation	Current Year Disposals	Reval	Current Year Impairment Charges	Accum Depn & Impairment Charges 30-Jun-11	Book Value 1-Jul-10	Book Value 30-Jun-11
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	45,711	4	(230)	(696)	44,789	-	-	-	-	-	-	45,711	44,789
Buildings and Improvements	44,819	706	(233)	(3,660)	41,632	5,095	1,897	(32)	(4,671)	-	2,289	39,724	39,343
Infrastructural Assets													
- Roading	437,381	4,553	-	-	441,934	9,143	4,658	-	-	-	13,801	428,238	428,133
- Bridges	20,796	1	-	-	20,797	1,060	533	-	-	-	1,593	19,736	19,204
- Water Supply Schemes	51,264	62	(26)	-	51,300	1,824	1,848	(2)	-	-	3,670	49,440	47,630
- Waste Schemes	35,928	4	(353)	-	35,579	2,041	1,244	(209)	-	-	3,076	33,887	32,503
- Drainage Schemes	8,414	-	-	-	8,414	365	365	-	-	-	730	8,049	7,684
- Oamaru Harbour	32,484	-	-	-	32,484	3,034	340	-	-	-	3,374	29,450	29,110
Total Infrastructural Assets	586,267	4,620	(379)	-	590,508	17,467	8,988	(211)	-	-	26,244	568,800	564,264
Operational Assets													
- Plant, Equipment and Vehicles	2,240	473	(232)	-	2,481	1,194	220	(153)	-	-	1,261	1,046	1,220
- Office Equipment and Fittings	2,539	168	(15)	-	2,692	1,477	356	(2)	-	-	1,831	1,062	861
Total Operational Assets	4,779	641	(247)	-	5,173	2,671	576	(155)	-	-	3,092	2,108	2,081
Collections	2,454	140	(116)	-	2,478	999	94	(80)	-	-	1,013	1,455	1,465
Capital Works in Progress	2,352	4,916	(581)	-	6,687	-	-	-	-	-	-	2,352	6,687
	686,382	11,027	(1,786)	(4,356)	691,267	26,232	11,555	(478)	(4,671)	-	32,638	660,150	658,629

Note:	Net revaluation movement	315
Accum = Accumulated	Change in value of assets held for sale	(45)
Depn = Depreciation	Total Property Increase (Revaluation Reserves Note 6)	270
Reval = Revaluation		

Notes to the Financial Statements

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

2010 Council	Cost/ Valuation 1-Jul-09	Current Year Additions	Current Year Disposals	Reval	Cost/ Valuation 30-Jun-10	Accum Depn & Impairment Charges 1-Jul-09	Current Year Depn	Current Year Disposals	Reval	Current Year Impairment Charges	Accum Depn & Impairment Charges 30-Jun-10	Book Value 1-Jul-09	Book Value 30-Jun-10
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	46,464	125	(878)	-	45,711	-	-	-	-	-	-	46,464	45,711
Buildings and Improvements	42,928	2,947	(1,056)	-	44,819	3,366	1,878	(149)	-	-	5,095	39,562	39,724
Infrastructural Assets													
- Roading	430,591	6,790	-	-	437,381	4,577	4,566	-	-	-	9,143	426,014	428,238
- Bridges	20,749	47	-	-	20,796	528	532	-	-	-	1,060	20,221	19,736
- Water Supply Schemes	47,755	1,298	(266)	2,477	51,264	4,295	1,838	(14)	(4,295)	-	1,824	43,460	49,440
- Waste Schemes	32,079	604	(120)	3,365	35,928	3,717	1,264	(22)	(2,918)	-	2,041	28,362	33,887
- Drainage Schemes	7,408	77	-	929	8,414	889	365	-	(889)	-	365	6,519	8,049
- Oamaru Harbour	32,480	4	-	-	32,484	2,694	340	-	-	-	3,034	29,786	29,450
Total Infrastructural Assets	571,062	8,820	(386)	6,771	586,267	16,700	8,905	(36)	(8,102)	-	17,467	554,362	568,800
Operational Assets													
- Plant, Equipment and Vehicles	2,192	227	(179)	-	2,240	1,094	215	(115)	-	-	1,194	1,098	1,046
- Office Equipment and Fittings	3,590	313	(1,364)	-	2,539	2,435	406	(1,364)	-	-	1,477	1,155	1,062
Total Operational Assets	5,782	540	(1,543)	-	4,779	3,529	621	(1,479)	-	-	2,671	2,253	2,108
Collections	2,421	115	(82)	-	2,454	983	93	(77)	-	-	999	1,438	1,455
Capital Works in Progress	5,099	1,308	(4,055)	-	2,352	-	-	-	-	-	-	5,099	2,352
	673,756	13,855	(8,000)	6,771	686,382	24,578	11,497	(1,741)	(8,102)	-	26,232	649,178	660,150

Note:
Accum = Accumulated
Depn = Depreciation
Reval = Revaluation

Notes to the Financial Statements

Note 7: Property, Plant and Equipment (Consolidated)

2011 Consolidated	Cost/ Valuation 1-Jul-10	Current Year Additions	Current Year Disposals	Reval	Cost/ Valuation 30-Jun-11	Accum Depn & Impairment Charges 1-Jul-10	Current Year Depreciation	Current Year Disposals	Reval	Current Year Impairment Charges	Accum Depn & Impairment Charges 30-Jun-11	Book Value 1-Jul-10	Book Value 30-Jun-11
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	47,742	4	(230)	(399)	47,117	-	-	-	-	-	-	47,742	47,117
Buildings and Improvements	55,481	744	(233)	(3,197)	52,795	5,769	2,322	(32)	(5,436)	-	2,623	49,712	50,172
Infrastructural Assets													
- Roading	437,381	4,553	-	-	441,934	9,143	4,658	-	-	-	13,801	428,238	428,133
- Bridges	20,796	1	-	-	20,797	1,060	533	-	-	-	1,593	19,736	19,204
- Water Supply Schemes	51,264	62	(26)	-	51,300	1,824	1,848	(2)	-	-	3,670	49,440	47,630
- Waste Schemes	35,928	4	(353)	-	35,579	2,041	1,244	(209)	-	-	3,076	33,887	32,503
- Drainage Schemes	8,414	-	-	-	8,414	365	365	-	-	-	730	8,049	7,684
- Oamaru Harbour	32,484	-	-	-	32,484	3,034	340	-	-	-	3,374	29,450	29,110
Total Infrastructural Assets	586,267	4,620	(379)	-	590,508	17,467	8,988	(211)	-	-	26,244	568,800	564,264
Operational Assets													
- Plant, Equipment and Vehicles	21,287	1,400	(324)	-	22,363	13,391	1,562	(194)	-	-	14,759	7,896	7,604
- Office Equipment and Fittings	3,592	220	(37)	-	3,775	2,330	426	(22)	-	-	2,734	1,262	1,041
Total Operational Assets	24,879	1,620	(361)	-	26,138	15,721	1,988	(216)	-	-	17,493	9,158	8,645
Collections	2,454	140	(116)	-	2,478	999	94	(80)	-	-	1,013	1,455	1,465
Capital Works in Progress	2,352	4,916	(581)	-	6,687	-	-	-	-	-	-	2,352	6,687
	719,175	12,044	(1,900)	(3,596)	725,723	39,956	13,392	(539)	(5,436)	-	47,373	679,219	678,350

Note:

Accum = Accumulated

Depn = Depreciation

Reval = Revaluation

Net revaluation movement

1,840

Change in value of assets held for sale

(45)

Total Property Increase (Revaluation Reserves Note 6)

1,795

Notes to the Financial Statements

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

2010 Consolidated	Cost/ Valuation 1-Jul-09	Current Year Additions	Current Year Disposals	Reval	Cost/ Valuation 30-Jun-10	Accum Depn & Impairment Charges 1-Jul-09	Current Year Depn	Current Year Disposals	Reval	Current Year Impairment Charges	Accum Depn & Impairment Charges 30-Jun-10	Book Value 1-Jul-09	Book Value 30-Jun-10
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	48,603	166	(927)	(100)	47,742	49	-	(49)	-	-	-	48,554	47,742
Buildings and Improvements	53,558	2,983	(1,060)	-	55,481	3,547	2,375	(153)	-	-	5,769	50,011	49,712
Infrastructural Assets													
- Roading	430,591	6,790	-	-	437,381	4,577	4,566	-	-	-	9,143	426,014	428,238
- Bridges	20,749	47	-	-	20,796	528	532	-	-	-	1,060	20,221	19,736
- Water Supply Schemes	47,755	1,298	(266)	2,477	51,264	4,295	1,838	(14)	(4,295)	-	1,824	43,460	49,440
- Waste Schemes	32,079	604	(120)	3,365	35,928	3,717	1,264	(22)	(2,918)	-	2,041	28,362	33,887
- Drainage Schemes	7,408	77	-	929	8,414	889	365	-	(889)	-	365	6,519	8,049
- Oamaru Harbour	32,480	4	-	-	32,484	2,694	340	-	-	-	3,034	29,786	29,450
Total Infrastructural Assets	571,062	8,820	(386)	6,771	586,267	16,700	8,905	(36)	(8,102)	-	17,467	554,362	568,800
Operational Assets													
- Plant, Equipment and Vehicles	21,718	1,351	(1,782)	-	21,287	13,371	1,644	(1,624)	-	-	13,391	8,347	7,896
- Office Equipment and Fittings	4,646	402	(1,456)	-	3,592	3,290	491	(1,451)	-	-	2,330	1,356	1,262
Total Operational Assets	26,364	1,753	(3,238)	-	24,879	16,661	2,135	(3,075)	-	-	15,721	9,703	9,158
Collections	2,421	115	(82)	-	2,454	983	93	(77)	-	-	999	1,438	1,455
Capital Works in Progress	5,124	1,308	(4,080)	-	2,352	-	-	-	-	-	-	5,124	2,352
	707,132	15,145	(9,773)	6,671	719,175	37,940	13,508	(3,390)	(8,102)	-	39,956	669,192	679,219

Note:
Accum = Accumulated
Depn = Depreciation
Reval = Revaluation

Notes to the Financial Statements

Note 7: Property, Plant and Equipment - continued

Fair Values

Council considers that current book values for fixed assets provide an accurate indication of their fair value overall.

Property and infrastructural assets are re-valued regularly in accordance with Council policy.

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

<u>Council Only</u>	Other	2011 Software	Total	Other	2010 Software	Total
Balance at 1 July						
Cost	165	596	761	165	718	883
Accumulated Amortisation	(101)	(448)	(549)	(95)	(639)	(734)
Opening Book Value	64	148	212	70	79	149
Movement for the year						
Additions	-	1,114	1,114	-	138	138
Disposals - cost	-	(311)	(311)	-	(260)	(260)
Amortisation	(7)	(107)	(114)	(6)	(69)	(75)
Disposals - accumulated amortisation		311	311	-	260	260
Net movement for the year	(7)	1,007	1,000	(6)	69	63
Balance at 30 June						
Cost	165	1,399	1,564	165	596	761
Accumulated Amortisation	(108)	(244)	(352)	(101)	(448)	(549)
	57	1,155	1,212	64	148	212

Notes to the Financial Statements

Note 8: Intangible Assets (continued)

<u>Consolidated</u>	2011			2010		
	Other	Software	Total	Other	Software	Total
Balance at 1 July						
Cost	568	602	1,170	329	718	1,047
Accumulated Amortisation	(202)	(453)	(655)	(144)	(639)	(783)
Opening Book Value	366	149	515	185	79	264
Movement for the year						
Additions	112	1,114	1,226	239	144	383
Disposals - cost	(52)	(311)	(363)	-	(260)	(260)
Amortisation	(68)	(107)	(175)	(58)	(74)	(132)
Disposals - accumulated amortisation	52	311	363	-	260	260
Net movement for the year	44	1,007	1,051	181	70	251
Balance at 30 June						
Cost	628	1,405	2,033	568	602	1,170
Accumulated Amortisation	(218)	(249)	(467)	(202)	(453)	(655)
	410	1,156	1,566	366	149	515

	Consolidated		Council Only	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000

Note 9: Forestry Assets

Balance at 1 July	859	710	859	710
Gains / (losses) arising from changes in fair value less estimated point of sale costs	253	149	253	149
Balance at 30 June	\$1,112	\$859	\$1,112	\$859

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 Council's Investment Policy, its involvement in forestry is primarily to meet aesthetic and land protection requirements.

The valuation was performed by Alan Laurie, MNZIF, of Laurie Forestry Limited, a registered forestry consultant and was dated 30 June 2011. 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.

Council's forestry plantations are professionally managed and Council adheres strictly to a replanting plan developed by its advisers to ensure that there is no liability related to the Emissions Trading Scheme.

Notes to the Financial Statements

	Consolidated		Council Only	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Note 10: Other Financial Assets				
Non-Current				
Available for sale				
Shares in other companies (see below)	90	90	90	90
Investments Carried at Cost				
Shares in Subsidiaries	-	-	4,858	4,858
Loans and Receivables				
Mortgages and Secured Loans	12,713	12,653	12,713	12,653
Total Non-Current Other Financial Assets	<u>\$12,803</u>	<u>\$12,743</u>	<u>\$17,661</u>	<u>\$17,601</u>
Current				
Investments	-	-	-	-
Deposits with maturities between 3 & 12 months	3,000	4,318	3,000	4,318
Total Current Other Financial Assets	<u>\$3,000</u>	<u>\$4,318</u>	<u>\$3,000</u>	<u>\$4,318</u>
Maturity Profile				
Within one year	3,000	4,318	3,000	4,318
One to two years	-	-	-	-
Two to five years	-	-	-	-
Five years and over	12,803	12,743	17,661	17,601
	<u>\$15,803</u>	<u>\$17,061</u>	<u>\$20,661</u>	<u>\$21,919</u>

The effective interest rate on loans at year end was 4.83% (2010: 2.72%)

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 covering all of the Company's assets including the Water Supply Contracts and Memorandum of Encumbrances between the Company and the Irrigators

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

Lower Waitaki Irrigation Co Limited (31 December)

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

Notes to the Financial Statements

	Consolidated		Council Only	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Note 11: Trade and Other Receivables				
Rates	1,896	1,357	1,896	1,357
Government Funding	2,476	1,375	2,476	1,375
Inter-company	-	-	59	63
Sundry	4,260	4,973	1,886	2,445
Community Loans	328	114	328	114
Prepayments	243	318	220	274
	<u>9,203</u>	<u>8,137</u>	<u>6,865</u>	<u>5,628</u>
Less Provision for Impairment	<u>(1,267)</u>	<u>(1,215)</u>	<u>(1,249)</u>	<u>(1,190)</u>
	7,936	6,922	5,616	4,438
Less Community Loans – non-current portion	<u>(312)</u>	<u>(107)</u>	<u>(312)</u>	<u>(107)</u>
Total Current Portion	<u>\$7,624</u>	<u>\$6,815</u>	<u>\$5,304</u>	<u>\$4,331</u>

There is no concentration of credit risk outside of the group other than the New Zealand Transport Agency. However, given the nature of this organisation 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	7,430	5,549	5,313	3,903
Overdue 0-30 Days	270	1,005	132	272
Overdue 31-60 Days	59	136	51	62
Overdue more than 61 Days	<u>1,444</u>	<u>1,447</u>	<u>1,369</u>	<u>1,391</u>
Total	<u>\$9,203</u>	<u>\$8,137</u>	<u>\$6,865</u>	<u>\$5,628</u>

Impairment Provision

At 1 July	1,215	916	1,190	857
Additional Provision Made During the Year	55	420	59	413
Receivables Written Off	<u>(3)</u>	<u>(121)</u>	<u>-</u>	<u>(80)</u>
Closing Balance	<u>\$1,267</u>	<u>\$1,215</u>	<u>\$1,249</u>	<u>\$1,190</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	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000

Note 12: Cash and Cash Equivalents

Cash at bank and in hand	6,989	5,415	823	531
Deposits with maturities of 3 months or less	1,650	1,100	1,650	1,100
Cash Equivalents	<u>\$8,639</u>	<u>\$6,515</u>	<u>\$2,473</u>	<u>\$1,631</u>

Note 13: Inventories

Retail inventories	102	89	57	50
Metal and Soil Stocks	407	362	-	-
Other Supplies	470	469	-	-
	<u>979</u>	<u>920</u>	<u>57</u>	<u>50</u>
Provision for Obsolescence	(18)	(20)	-	-
Total	<u>\$961</u>	<u>\$900</u>	<u>\$57</u>	<u>\$50</u>

Note 14: Work in Progress

Cost	162	1,353	-	-
Profit Recognised to Date	39	139	-	-
Gross Construction WIP	<u>201</u>	<u>1,492</u>	<u>-</u>	<u>-</u>
Progress Billings	(191)	(1,451)	-	-
Net Construction WIP	<u>10</u>	<u>41</u>	<u>-</u>	<u>-</u>
Other Contracts	122	145	-	-
Total	<u>\$132</u>	<u>\$186</u>	<u>-</u>	<u>-</u>

Note 15: 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 four years ago; however, it was subject to a number of conditions that are still not satisfied. The delays during 2010/11 related to finalising the subdivision that were required and undertaking some physical works that were not originally expected. Further progress has been made towards meeting those conditions since year end and this is now likely to occur in the year ended 30 June 2012.

Land	400	445	400	445
Total	<u>\$400</u>	<u>\$445</u>	<u>\$400</u>	<u>\$445</u>

Notes to the Financial Statements

	Consolidated		Council Only	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000

Note 16: Provisions

Aftercare and Site Restoration

Opening	930	947	921	938
Additions	(203)	236	(216)	236
Applied	-	(253)	-	(253)
	<u>\$727</u>	<u>\$930</u>	<u>\$705</u>	<u>\$921</u>
Analysed:				
Non-Current	705	906	705	906
Current	22	24	-	15
	<u>\$727</u>	<u>\$930</u>	<u>\$705</u>	<u>\$921</u>

Landfill Aftercare

Council operates landfills in Oamaru and Palmerston. Council is required by the consent conditions to provide on-going 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 as determined by expected volumes and the cost utilising current methods and technologies. The costs are expected to be incurred over the next 30 years and are discounted back to present value using a discount rate of 5.0% (2010: 5%).

Site Restoration

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

Note 17: Employee Entitlements

Accrued Pay	522	521	121	109
Annual Leave	2,238	2,026	469	486
Long Service Leave	76	90	13	18
Sick Leave	36	46	-	-
Continuing Medical Entitlements	157	157	-	-
	<u>\$3,029</u>	<u>\$2,840</u>	<u>\$603</u>	<u>\$613</u>
Analysed:				
Non-Current	58	52	-	4
Current	2,971	2,788	603	609
	<u>\$3,029</u>	<u>\$2,840</u>	<u>\$603</u>	<u>\$613</u>

Notes to the Financial Statements

	Consolidated		Council Only	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000

Note 18: Borrowings

Non-Current Borrowing

Public Debt – secured	8	11	8	11
Other secured loans and debentures	195	371	-	-
Total	\$203	\$382	\$8	\$11

Current Borrowing

Overdraft	-	-	-	-
Committed Cash Facility (90 days or less)	-	-	-	-
Public Debt – secured	3	3	3	3
Public Debt – unsecured	-	-	-	-
Other secured loans and debentures	125	-	-	-
Total	\$128	\$3	\$3	\$3
Total Borrowings	\$331	\$385	\$11	\$14

Financing Costs

The fixed interest rate on public debt is 3.5% (2010: 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 days 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	128	3	3	3
Later than one, not later than five years	203	382	8	10
Later than five years	-	-	-	1
	\$331	\$385	\$11	\$14

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 2011 were \$25,103,000 (2010: \$24,441,000).

Notes to the Financial Statements

	Consolidated		Council Only	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000

Note 19: Trade and Other Payables

Sundry Creditors	5,660	4,428	3,680	2,148
Accruals	449	580	102	122
Owing to Subsidiaries	-	-	1,835	2,340
Income charged in Advance	871	987	770	911
Deposits	296	295	296	295
	<u>\$7,276</u>	<u>\$6,290</u>	<u>\$6,683</u>	<u>\$5,816</u>
Analysed:				
Non-Current	-	-	-	-
Current	<u>7,276</u>	<u>6,290</u>	<u>\$6,683</u>	<u>5,816</u>
	<u>\$7,276</u>	<u>\$6,290</u>	<u>\$6,683</u>	<u>\$5,816</u>

Note 20: Commitments

Capital Commitments

Council	234	610	234	610
Whitestone Contracting Limited	-	-	-	-
	<u>\$234</u>	<u>\$610</u>	<u>\$234</u>	<u>\$610</u>

Contractual Commitments

Council and the group have long-term contractual commitments with the following payment profile:

Not later than one year	855	288	5,316	5,988
Later than one year and not later than two	694	123	2,492	5,204
Later than two years	1,081	-	3,047	946
	<u>\$2,630</u>	<u>\$411</u>	<u>\$10,855</u>	<u>\$12,138</u>

Operating Leases

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

Not later than one year	158	127	88	31
Later than one year and not later than five	143	67	109	10
Later than five years	41	16	-	-
	<u>\$342</u>	<u>\$210</u>	<u>\$197</u>	<u>\$41</u>

Notes to the Financial Statements

Note 21: Guarantees and Contingencies

Council and Consolidated

- On 16 November 2004 Council resolved to provide a guarantee on a \$4 million (2010: \$4 million) loan raised by Benmore Irrigation Company. This guarantee was made to facilitate the development of the Company's irrigation scheme in the Ahuriri area. On 10 March 2010 Council resolved to extend the guarantee a further 5 years to facilitate the further expansion of the scheme. This guarantee was for \$3.6 million and expires on 31 March 2015. 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 (2010 \$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 Council's attention (2010:1). Council is defending this claim.
In association with other local authorities Council continues its membership of the NZ Mutual Liability Risk Pool established for the purpose of providing insurance for such claims. Further calls are likely to be made by Risk Pool on the Council.
- Council has no personal grievance claims outstanding (2010:0).
- 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. Amounts have been spent to address the known defects at Hampden. Changes in environmental conditions or land use may change this position.
- Insurance has become an issue for all New Zealanders and this situation is no different for Local Government. The current environment is likely to remain acute for at least the short - medium term. However, as of 30 June 2011, Council retained insurance cover over its above ground and below ground infrastructure assets, which was a positive result compared with other Councils. Council has still retained cover for below ground infrastructure assets through the LAPP (or Local Authority Protection Programme) disaster fund. However, fund contributions increased by \$106,000. While property insurances were also retained, the cost and scope of cover has changed markedly since the events in Canterbury, especially for pre-1935 buildings. In many cases, these buildings could only be insured at indemnity value, and the cost of earthquake cover was prohibitive, so that unreinforced pre-1935 buildings were largely uninsured for earthquake hazards. Council opted for some self-insurance on properties under \$250,000 to manage premium cost increases, which will be approximately \$288,000.

Note 22: Financial Instruments

Council and the Group are party to financial instruments as part of its everyday operations. These include instruments such as bank balances, investments, trade accounts receivable, trade creditors and loans.

Interest Rate Risk

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. All entities are risk averse and seek to minimise exposure from their treasury activities. Their policies do not allow any transaction of a speculative 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, and, to that end, has established borrowing and investment policies which do not allow any transactions that are of a speculative nature to be entered into.

Market Risk

Fair value interest rate risk

Fair value interest rate risk is 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.

Note 22: Financial Instruments continued

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 Notes 10, 11 and 12.

In the normal course of business the Group incurs credit risk from debtors and financial institutions. NZTA owed 28% (2010: 20%) of debtors due to Council at balance date. The Southern District Health Board is the major debtor of Waitaki District Health Services Ltd. Council also has a significant geographic 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 (2010: \$2,100,000). In addition the Group has committed draw-down facilities of \$15,200,000 (2010: \$15,200,000) and Council has uncommitted facilities of \$10,000,000 (2010: \$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 \$Nil of the committed draw-down facilities have been utilised by the Group at balance date (2010: \$Nil in each category). 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 Liability Management and Investment Policy.

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

Other Matters

Council performed a sensitivity analysis and it was estimated a change of 1% in interest rates would increase or decrease Council's surplus by approximately \$207,000 (2010: \$155,000).

Maximum credit exposure for each class of financial instrument is consistent with the amounts disclosed in Note 23.

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.

Notes to the Financial Statements

	Consolidated		Council Only	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Note 22: Financial Instruments continued				
Cash or at Standard & Poor's AA rated institutions	4,926	2,625	2,473	1,631
Other entities with no default history	3,713	3,890	-	-
Total Cash and Cash Equivalents	\$8,639	\$6,515	\$2,473	\$1,631

All other amounts are with entities with no default history. See Note 12 for further details. All deposits mature within three months of balance date.

Fair Values

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

Contractual maturity analysis of Financial Instruments

This table analyses the Council and Group's financial assets and liabilities into relevant maturity groupings at balance dated based on the remaining period to the maturity date. Amounts disclosed represent the undiscounted cash flows, and include future interest payments, which have been estimated, based either on the contracted fixed rate or the appropriate floating rate at balance date.

	Carrying Amount \$000	Contractual Cash flows \$000	Due within 1 Year \$000	Due between 1 & 2 Years \$000	Due between 2 & 5 Years \$000	Due later than 5 Years \$000
Council only - 2011						
<i>Non-current Assets</i>						
Other Financial Assets	17,661	20,924	-	-	-	20,924
Trade and Other Receivables (Community Loans - non-current portion)	312	378	-	30	94	254
<i>Current Assets</i>						
Cash and Cash Equivalents	2,473	2,473	2,473	-	-	-
Trade and Other Receivables	5,304	5,304	5,304	-	-	-
Other Financial Assets	3,000	3,055	3,055	-	-	-
Total Financial Assets	28,750	32,134	10,832	30	94	21,178
<i>Non-current Liabilities</i>						
Borrowings	8	9	-	3	6	-
<i>Current Liabilities</i>						
Trade and Other Payables	6,683	6,683	6,683	-	-	-
Short Term Borrowings	3	3	3	-	-	-
Total Financial Liabilities	6,694	6,695	6,686	3	6	-
Net Liquidity	22,056	25,439	4,146	27	88	21,178

Notes to the Financial Statements

	Carrying Amount \$000	Contractual Cash flows \$000	Due within 1 Year \$000	Due between 1 & 2 Years \$000	Due between 2 & 5 Years \$000	Due later than 5 Years \$000
<u>Group - 2011</u>						
<i>Non-current Assets</i>						
Other Financial Assets	12,803	16,066	-	-	-	16,066
Trade and Other Receivables (Community Loans - non-current portion)	312	378	-	30	94	254
<i>Current Assets</i>						
Cash and Cash Equivalents	8,639	8,639	8,639	-	-	-
Trade and Other Receivables	7,624	7,624	7,624	-	-	-
Other Financial Assets	3,000	3,055	3,055	-	-	-
Total Financial Assets	32,378	35,762	19,318	30	94	16,320
<i>Non-current Liabilities</i>						
Borrowings	203	225	-	110	115	-
<i>Current Liabilities</i>						
Trade and Other Payables	7,276	7,276	7,276	-	-	-
Short Term Borrowings	128	140	140	-	-	-
Total Financial Liabilities	7,607	7,641	7,416	110	115	-
Net Liquidity	24,771	28,121	11,902	(80)	(21)	16,320

Notes to the Financial Statements

	Consolidated		Council Only	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000

Note 23: 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:

Financial Assets

Shares in other companies (note 10)	90	90	90	90
Secured Loans (note 10)	12,713	12,653	12,713	12,653
Short Term Loans	-	-	-	-
Cash and Cash Equivalent (note 12)	8,639	6,515	2,473	1,631
Trade and other receivables (note 11)	7,936	6,922	5,616	4,438
	<u>29,378</u>	<u>\$26,180</u>	<u>\$20,892</u>	<u>\$18,812</u>

Financial liabilities measured at amortised cost

Trade and other payables (note 19)	7,276	6,290	6,683	5,816
Borrowings (note 18)	331	385	11	14
	<u>\$7,607</u>	<u>\$6,675</u>	<u>\$6,694</u>	<u>\$5,830</u>

Note 24: Members' Interest Transactions

Former Cr Gary Kircher (from 1 July 2010 until October 2010) operated the Encore Bar which is located in the Oamaru Opera House. During the 2010/11 financial year, purchases by Council amounted to \$2,527 (2010: \$1,054) and rental and other services provided by Council amounted to \$2,774 (2010: \$849). All transactions are considered to have been undertaken at normal commercial rates.

Note 25: Remuneration and Severance Payments

Remuneration of the Chief Executive

The total remuneration paid to the Chief Executive during the year to 30 June 2011 was \$236,172 (2010: \$234,649).

Michael Ross is a Director of the Waitaki Development Board Limited (appointed by Council). He received a director's fee of \$8,296 (2010: \$8,296), in addition to the above.

Michael Ross is also a Director of the North Otago Irrigation Company Limited (appointed by Council) and received a director fee of \$6,000 (2010: \$6,000).

Key Management Personnel Compensation

In addition to the Chief Executive, Council had 6 (2010: 5) and the Group had 15 (2010: 15) employees who received remuneration in excess of \$100,000 per annum.

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.

Notes to the Financial Statements

	Consolidated		Council Only	
	2011	2010	2011	2010
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 25: Remuneration and Severance Payments continued

Salaries and other short term benefits	1,889	1,806	805	753
Post-employment benefits	31	31	31	31
Other benefits	-	-	-	-
	<u>\$1,920</u>	<u>\$1,837</u>	<u>\$836</u>	<u>\$784</u>

Severance Payments

The Local Government Act 2002 requires disclosure of the number and cost of any severance payments made during the year. Council made one severance payment of \$16,000 during the year (2010 – one of \$20,000).

Members Remuneration

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

	2011 \$000	2010 \$000
Mayor Alex FAMILTON	75	72
Councillors		
Rod Bidois (to October 2010)	6	19
Craig Dawson (from October 2010)	19	-
Kathy Dennison	22	23
Peter Garvan	21	19
Sally Hope (from October 2010)	13	-
Jim Hopkins	25	18
Geoff Keeling (from October 2010)	15	-
Gary Kircher (to October 2010)	8	25
Kevin Malcolm (from October 2010)	15	-
Alistair Mavor (to October 2010)	7	23
Struan Munro (to October 2010)	11	37
Hugh Perkins	13	-
Pam Spite (to October 2010)	7	24
Helen Stead	18	18
Peter Twiss (to October 2010)	7	23
Gary Young	13	-
Total	<u>\$295</u>	<u>\$301</u>

Note 26: Related Party Transactions

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

	2011 \$000	2010 \$000
The Company purchased services from Council	40	51
Amount outstanding at year end	3	3

Notes to the Financial Statements

	Consolidated		Council Only	
	2011	2010	2011	2010
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 26: Related Party Transactions (continued)

Waitaki Development Board Limited

Waitaki Development Board Limited		
The Company purchased services from Council	76	36
Services provided to Council (operating grants from Council)	826	675
At balance date the Company owed Council the following amounts	22	22
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	11,146	9,114
Balance outstanding from Council at year end	1,265	1,771
Services provided by Council during the year	164	108
Amounts outstanding to Council at year end	30	38
Dividends provided to Council	-	50
Subvention payment provided to Council	238	-

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 Group transacted with Waitaki Development Board Limited and Waitaki District Health Services Limited on a normal commercial basis. These transactions were not considered material by Council.

Omarama Airfield Limited

Services provided by Council during the year	17	38
Sale of easement to Council	-	37
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 of 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

Interest charged by Council during the year	536	346
Loan from Council – balance outstanding	12,713	12,653

Network Waitaki Limited (including Network Waitaki Contracting Limited)

Services provided by Council during the year	-	160
Services provided to Council during the year	-	19

Because Cr P Garvan has not been a Director of this Company since 28 June 2010, this information is not provided for the current year.

Notes to the Financial Statements

Note 26: Related Party Transactions (continued)

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).

Close family members of key management personnel may be employed by the Council and group from time to time. The terms and conditions of those arrangements are no more favourable than the Council and group would have adopted if there were no relationship to key management personnel.

No provision has been required, nor any expense recognised for impairment of any loans or other receivables to related parties (2010 \$Nil).

Note 27: Reconciliation of Net Operating Surplus to Cash Flows from Operating Activities

	Consolidated		Council Only	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Net operating surplus after Taxation	(406)	(363)	(451)	(352)
<u>Add/(less) non-cash items</u>				
Depreciation / Amortisation	13,516	13,640	11,669	11,572
Interest Compounded	(535)	(346)	(535)	(346)
(Decrease)/Increase in Doubtful Debts Provision	52	299	59	333
(Decrease)/Increase in Landfill Closure & Other Provisions	(221)	(16)	(221)	(16)
Net (profit)/loss on Sale of Assets	559	772	551	778
Forestry revaluation (gain) / loss	(253)	(149)	(253)	(149)
Vested Assets	(68)	(573)	(68)	(573)
Adjustments to Assets	(36)	(31)	-	-
(Decrease)/Increase in Deferred Tax Provision	66	317	-	-
	13,080	13,913	11,202	11,599
<u>Add/(less) Movements in Other Working Capital Items</u>				
Decrease/(Increase) in Trade & Other Receivables	(495)	2,218	1,237	2,472
Decrease/(Increase) in Inventories	(59)	(154)	(7)	12
Decrease/(Increase) in Work in Progress	54	(112)	-	-
(Decrease)/Increase in Trade & Other Payables	520	198	963	681
(Decrease)/Increase in Employee Entitlements	203	(468)	(5)	(129)
(Decrease)/Increase in Provision for Taxation	(100)	24	(1)	-
	123	1,705	(287)	3,036
Net Cash Inflow from Operating Activities	\$12,797	\$15,255	\$10,464	\$14,283

Notes to the Financial Statements

Note 28: Explanation of Major Variances Against Budget

The variances in income and expenditure to the prior year and to budget are covered in detail in the financial commentary in each activity area.

Note 29: Events Subsequent To Balance Date

Council has agreed to sell the Otekaieke Community Water Scheme at the request of the consumers. This transaction was completed on 7 November 2011.

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.

Note 30: Breach of Legislation

Council did not comply with Section 98 of the Local Government Act (2002) which requires the Local Authority to complete and adopt an Annual Report, by resolution, within 4 months after the end of the financial year to which it relates.

Managing Our People

Managing our People

Staff Deaths

2010/11 has been a sad year, with the passing of Else Mackenzie (July 2010), Scott Ridley (March 2011) and Kim Paterson (April 2011). Each of these staff members had been an integral part of our Council 'family', and worked with many people both within Council and in the wider community. Else bore her illness with dignity and courage, and it was a shock how quickly it claimed her. Scott's sudden and untimely death stunned everyone; he was a vibrant, intelligent and savvy member of our staff. Kim's illness was also swift, and although a private person, managed to win over staff with her wicked Scottish wit. They are sadly missed by all.

Recruitment and Retention

Council has undertaken a wide variety of recruitments during the course of the year. A positive spin-off from the Christchurch earthquakes has been a large number of applicants seeking employment opportunities within the region, and with Council. We have managed to fill vacancies relatively quickly with high-calibre staff, which is having a positive influence on the workforce as a whole.

Employee Workplace Survey

The Best Workplaces staff survey was undertaken again during 2010. 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

This year training has been concentrated around the introduction of the Authority suite of modules. In addition staff have undertaken essential training in order to comply with legislative requirements. Managers continue to source the best and most cost-effective training opportunities, and more effort has been put into hosting training opportunities in-house.

Employee Headcount and Turnover

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

Table 3: Average Number of Full Time Equivalent Staff

	Total Employee Turnover	Full Time Employee Turnover	Part Time Employee Turnover	Total Average FTE Vacancies	Total Average FTE Staff (including vacant positions)
2009/10	9%	12.4%	4.3%	6.2	105.9
2010/11	15.7%	18.5%	10.2%	5.5	107

There were various reasons for the higher turnover, including the untimely deaths of three staff, some retirements during the year and staff leaving to pursue other interests.

Total employee turnover was 15.7%, an increase from the 2009/10 year (9%). Full-time employee turnover was 18.5% (2009/10: 12.4%), while part-time turnover was 10.2% (2009/10: 4.3%).

The 2010/11 year saw an average of 101.5 FTE staff employed, with an average of 5.5 FTE vacancies over the period (average 6.2 vacancies during 2009/10). The total average full time equivalent staff (including vacant positions) for the year was 107 (105.9 for 2009/10). A new full-time Business Analyst position was approved and filled during the year.

Volunteers

Volunteers play a vital role in providing services for Council, and in turn, the wider community. For example the Emergency Services Unit alone has 108 Civil Defence volunteers and 82 rural fire fighters. New rural sector posts have been added to the Civil Defence network, during 2010/11 Five Forks, Kakanui and Moeraki were activated, and additional recruitment was undertaken in Oamaru and Kurow.

Managing our People

The North Otago Museum boasts 15 volunteers who work at the Museum and Archive every week. They undertake a range of duties which ensure the facility runs efficiently and to industry standards.

Other Council facilities which count volunteers amongst their 'workforce' are the Oamaru Opera House, Forrester Gallery, Waitaki District Library and all branch libraries throughout the District.

In return for volunteers' services Council provides learning opportunities, challenges, and a chance to contribute to the wider community. Council is very grateful that we have a community with so many people from all walks of life who are willing and able to provide volunteer services to a wide range of Council facilities.

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, environmental and cultural well-being of the District, 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 2009, the Council decided to use FPP voting in the 2010 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: 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 interests 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 Councillor, 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.

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 October 2010 and as a result, the following Committees and subcommittees, listed in alphabetical order, are currently overseeing particular parts of Council's operations:

Governance Statement

Council Committees

- Executive Committee (Chairperson: Alex Familton)
- Committee of the Whole (Chairperson: Jim Hopkins)

Council subcommittees

- Development Contributions (Chairperson: Craig Dawson)
- Emergency Management
- Forrester Gallery Redevelopment disbanded during 2010/11
- Community Buildings Sub Committee (Chairperson: Jim Hopkins)
- Grants and Awards (Chairperson: Kathy Dennison)
- Hearings (Chairperson: various)
- Harbour (Chairperson: Mayor Familton)
- Youth Council (Chairperson: Lisa Sturgess: Cr Keeling Councillor appointment to Youth Council)

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.

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.

Governance Statement

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
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

Governance Statement

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 160 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 156 of this Annual Report.

Opportunities for Maori to Contribute to the Decision Making Process

The Memorandum of Understanding (MoU) between Council and Te Runanga o Moeraki (TROM) 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
- Input into walking and cycling track priorities including an audit of the tracks in Moeraki
- 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 LTP and the wording for the Statement of Maori Contribution to Decision-making
- A heads up on the Lighthouse Road issue with DoC
- Input into community safety programmes
- Liaison on the resource consent for car parks at the Maori Rock Art sites
- Waitaha Taiwhenua O Waitaki Trust Board: Waitaha Relationship Agreement signed 20 April 2011
- Discussion regarding the Te Rōpu Taiao project with Ngai Tahu.

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.

Council are in the process of consulting with TROM to review the Memorandum of Understanding. The target date for finalising the Memorandum of Understanding is December 2011.

General Information

Overview

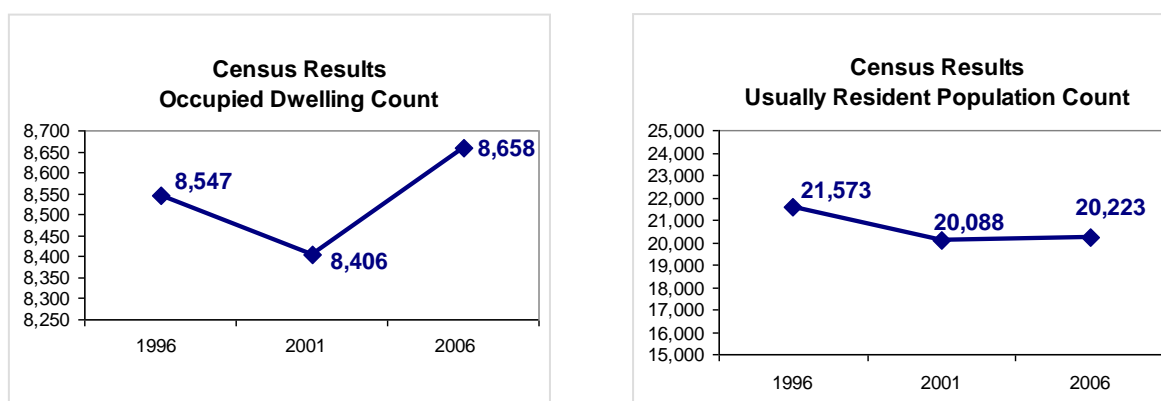
Due to the Christchurch Earthquakes, Statistics NZ have advised that census planned for March 2011 will now be conducted in March 2013.

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.

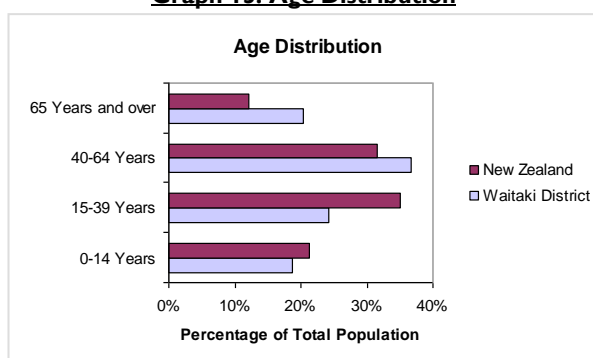
Graphs 13 & 14: Census Results Occupied Dwelling Count & Usually Resident Population Count



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%).

Graph 15: Age Distribution



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 information produced by Business and Economic Research Limited (BERL) up to December 2010 for the Waitaki Development Board (WDB) and the WDC Growth Projections 2011 Addendum report prepared by Rationale Limited for Waitaki District Council in May 2011.

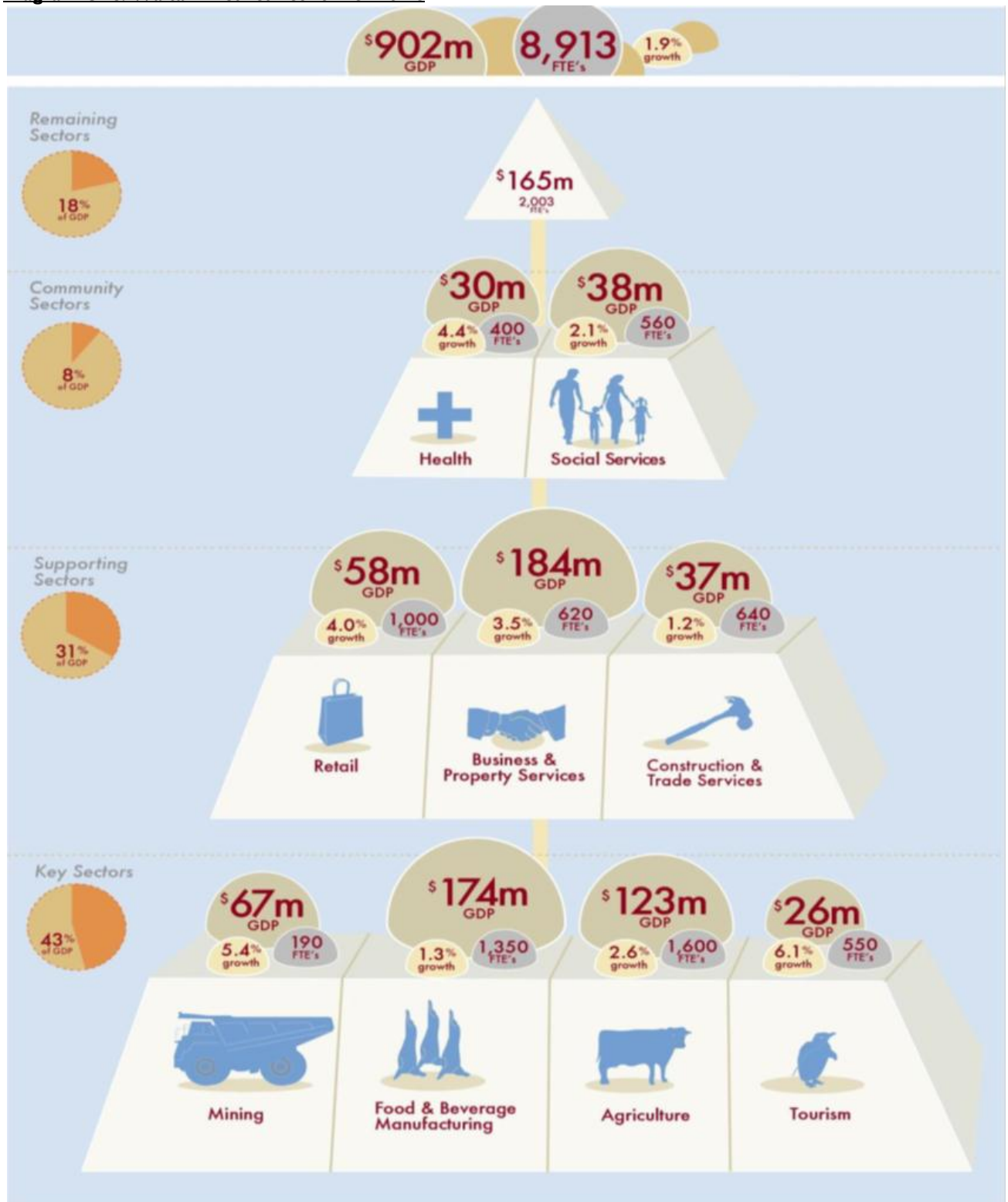
The diagram on the following page prepared by Rationale illustrates the economic profile of the Waitaki District. The Rationale report notes the District has over 8900 full-time equivalent employees (FTEs) generating \$902 million in GDP and achieved 1.9% annual growth. Table four, developed by BERL, presents a similar if not slightly lower growth figure. This difference is likely the result the timing of the information provided by the two sources (Rationale and BERL) and the methodology applied. The important thing to note is that growth within the Waitaki District continued to outperform both Otago (-0.6%) and New Zealand (-1.6%) over a similar period. This resilient growth is all the more impressive given the District's falling population which generally affects GDP. The three largest sectors by GDP all continued to grow:

- Business and property services – 620 FTEs (which experienced 3.5% growth);
- Food and beverage manufacturing – 1350 FTEs (1.3% growth); and
- Agriculture – 1600 FTEs (2.6% growth).

In addition, the Tourism – 550 FTEs and Mining sectors– 190 FTEs both experienced over 5% growth during the same period. Table four also notes the Waitaki region experienced higher business size growth than the National and Otago averages. This growth corresponded with a 0.3% growth in employment which again compares favourably with the Otago Region and New Zealand.

Overview

Diagram One: Waitaki District Economic Profile



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

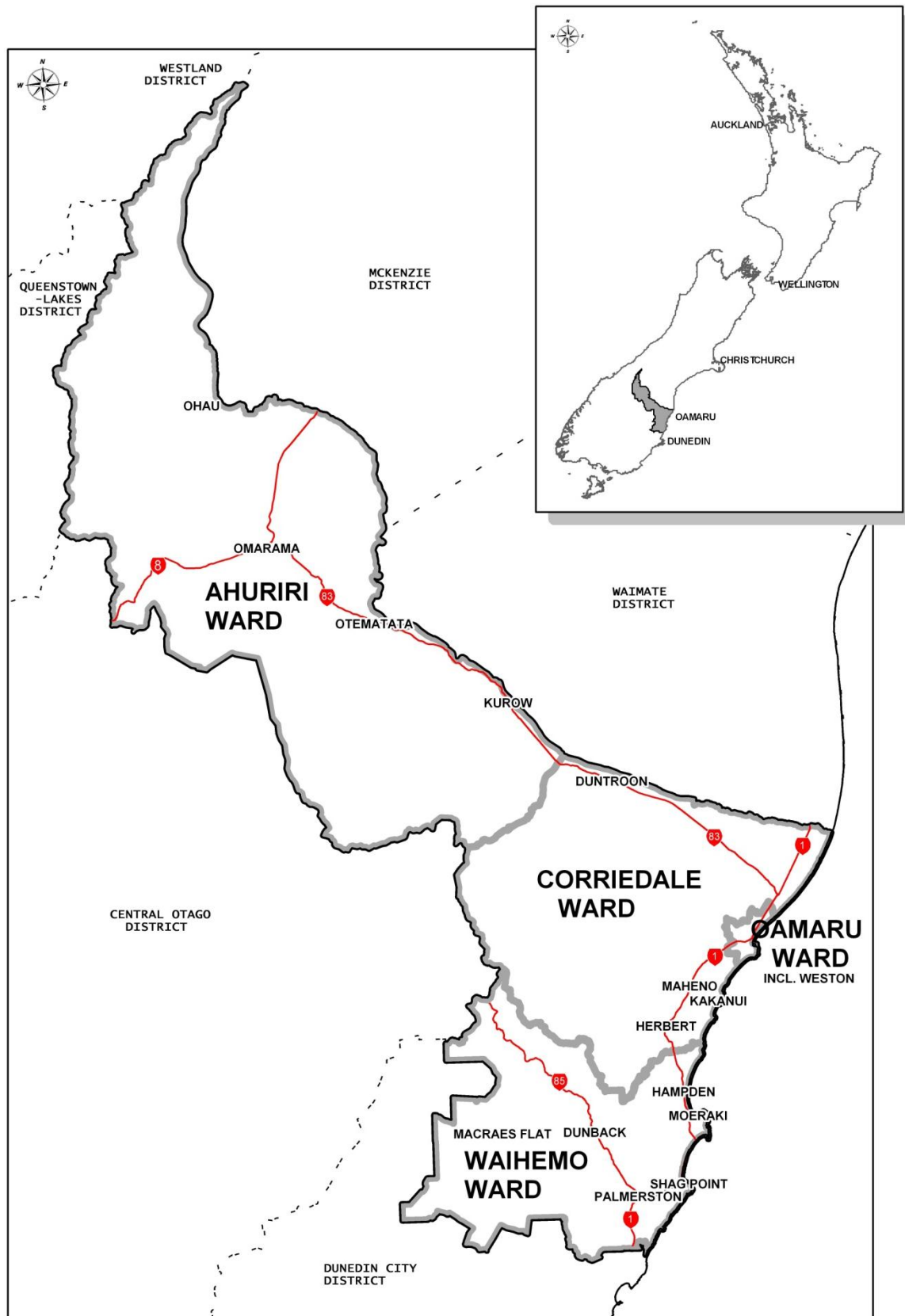
Tourism

www.visitoamaru.co.nz

Economic Development

www.wdb.co.nz

Map of the Waitaki District



Mayor and Councillors (as at 30 June 2011)

Mayor

Alex Familton

I R D

Palmerston

Ph (03) 465 1512

Oamaru Ward

Jim Hopkins

14 Tay Street

Oamaru

Ph (03) 437-0863

Sally Hope

66 Reservoir Road

Oamaru

Ph (03) 437-2295

Gary Young

30 Reservoir Road

Oamaru

Ph (03) 437-0925

Peter Garvan

PO Box 453

Oamaru

Ph (03) 434 8717

Helen Stead

15 Wharfe Street

Oamaru

Ph (03) 434-1173

Hugh Perkins

32 Hull Street

Oamaru

Ph (03) 434-1160

Corriedale Ward

Geoff Keeling

3635 State Highway

RD 5 K

Oamaru

Ph (03) 431-2511

Kevin Malcolm

518 Peebles Siding

RD 3 K

Oamaru

Ph (03) 431-7820

Ahuriri Ward

Craig Dawson

PO Box 65

Omarama

Ph (03) 438-9755

Waihemo Ward

Kathy Dennison

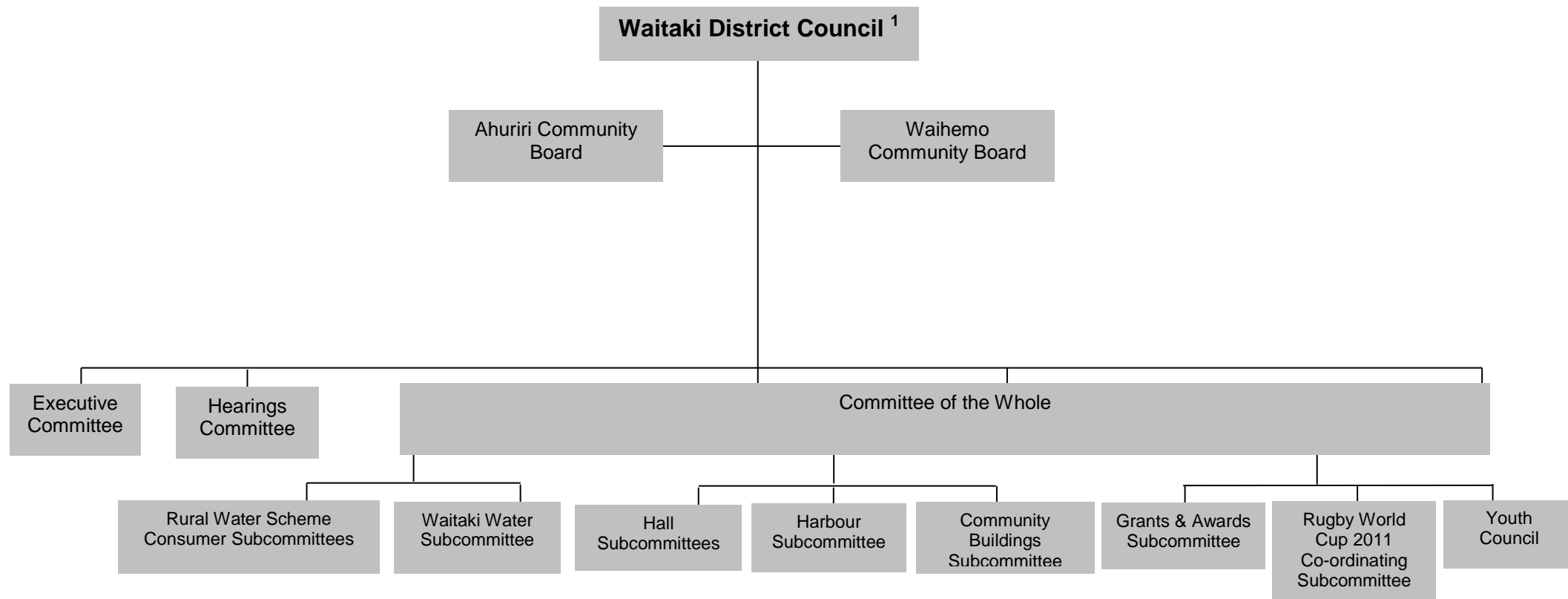
563 Horse Range Road

2 R D

Palmerston

Ph (03) 465-1213

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



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

Community Board Members (as at 30 June 2011)

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

Cathy Ferguson Chair

PO Box 204
Omarama
Ph (03) 438-9785

Calum Reid

PO Box 75
Kurow
Ph (03) 436-0064

Graham Sullivan

Willowbridge
10 RD
Waimate
Ph (03) 689-9870

Michael Blackstock

PO Box 5
Omarama
Ph (03) 438-9481

Barry Shepherd

22a Sutherland Road
Omarama
Ph (03) 438-9687

Cr Craig Dawson

Waihemo Community Board

Rod Philip Chair

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

Ken Brown

75 District Road
Palmerston
Ph (03) 465-1177

Diane Curtis

31 District Road
Palmerston
(03) 465-1238

Linda Begg

1 RD
Palmerston
Ph (03) 465-1171

Jack Lyford

8 Carlisle Street
Hampden
Ph (03) 439-4042

Cr Kathy Dennison

Management Structure



This diagram shows the management structure and management team at 30 June 2011.

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

Aon NZ Limited
PO Box 1484
Dunedin

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
Ratray 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).

LTP

Long Term Plan. From 2012 the name of the LTCCP.

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 becomes 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: oamaruoperahouse@waitaki.govt.nz