



Waitaki

DISTRICT COUNCIL

TE KAUNIHERA Ā ROHE O WAITAKI

Growing strong communities.

Annual Report Summary 2015/16

GROWING WAITAKI: THE BEST PLACE TO LIVE, WORK & PLAY





Contents

Introduction

Chief Executive’s report.....2

Annual residents’ survey4

Our people and our district5

Working for you

Roads and footpaths6

Water and waste.....7

Arts, heritage and community8

Parks and recreation9

Commercial and development.....10

Democracy and accountability.....11

Environment, regulation and safety12

How and where we spend money

Financial overview13

Summary of financial statements15

Notes to financial statements16

Auditor’s report17

Chief Executive's report



The 2015/16 Annual Report presents Council's progress and performance against the first year of the 2015-25 Long Term Plan from 1 July 2015 to 30 June 2016.

The last twelve months have seen a significant amount of progress for Council in achieving its vision for the community of *Growing Waitaki – the best place to live, work and play*. Below are some of the highlights.

Positive financial result

We've ended the year in a strong financial position with a surplus of \$1.3m. This is the fourth consecutive year we've reported a healthy surplus and better than budgeted financial position.

We will continue to review our costs, particularly from an operational perspective, ensuring ratepayers get the best value for money. We also received a very good total return of \$545,000 from Council owned Whitestone Contracting Ltd.

Our financial position is indicative of our prudence and has also resulted in a lower rates increase for the 2016/17 year than we originally predicted. When developing the 2015-25 Long Term Plan we expected a 2.1% rates increase. Instead, we were able to reduce that to a 0.41% increase – something we are very pleased with. Not only that, but we have been able to introduce some new projects for the coming year that will help grow our district.

North End Business Park, Observatory Hill Retirement Village and North Otago Irrigation Company

Economic development continues to be a major focus for Council. Providing financial support to the Observatory Hill Retirement Village and Stage 2 of the North Otago Irrigation Company's \$65 million expansion, which were both confirmed over the past year, is a major driver for economic growth. It underpins our economic sustainability, reinvests our ratepayers' funds in our own district and returns better interest income for Council.

The North End Business Park sites continue to sell with only four lots of the initial seventeen now remaining unsold. The Milligan's warehouse development is all but completed on two rear sites and two other industrial buildings are currently underway. In facilitating this development Council has assisted in the re-development of the northern approach to Oamaru.

Roads and Tourism

The Rural Resilience project is nearing completion. This project has seen considerable investment in our rural roading network as a consequence of heavier demand placed on roads, primarily due to the dairy and forestry sectors. We also played a significant role in the redevelopment (and re-opening) of Haven Street, Moeraki. This was very much a council-community project where we invested \$75,000 into the new road while a group of local residents used their skills and labour to build a more resilient structure than had been there in the past.

The Alps2Ocean cycle trail goes from strength to strength. Central government funding was secured to take more of the trail off the road. A big thank you to landowners for their enthusiasm and co-operation to make this happen. We also received over \$300,000 from the Otago Community Trust to assist us move two sections of trail between Duntroon and Oamaru off the state highway.

We have also reinvested in the Oamaru Blue Penguin Colony, a major tourist attraction. Council has funded the re-development and additions to the colony to allow it to expand the operation and cater for the growing number of visitors. An underpass to help penguins find their nests without undue interference from the public has also been built – many thanks to the local businesses and organisations who have provided materials and labour free-of-charge.

(continued over page)



Chief Executive's report *(continued)*

Fire Service and Civil Defence changes

The new Otago Rural Fire Authority (ORFA) was established with all plant and equipment transferred into their ownership. Council has continued to support ORFA to continue to provide an essential community service, however, a recent government announcement has meant that this new organisation will be absorbed into the new reformed Fire & Emergency Service.

The structure of Emergency Management Civil Defence (EMDC) has also been reviewed. At the end of the financial year those transition discussions were still underway. More recently the Otago mayors have resolved that the service will be amalgamated into one shared service for Otago. The new organisation, to be known as Emergency Management Otago, will effectively begin from 1 November 2016.

Responding to changes in legislation

Central Government continues to push changes through to local councils. We have been in the process of implementing some of those changes in relation to the Food Act and changes flowing from the implementation of the Building Act. While these are challenging times, our legislative responsibilities are clear and we are working hard to resource the extra demands being placed on us, whilst working with our customers to help ease the transition.

Waitaki District Health Services

Waitaki District Health Services (WDHS) (fully owned by Council) has recently undergone a review of clinical services. This initiative came out of negotiations for funding from the Southern District Health Board (SDHB). This review and the funding negotiations which follow are trending positively at this stage.

Chairman Retires

Mr George Berry presented his last Annual Report for WDHS to Council on 5 October 2016 and steps down as Chairman at the end of this year. Council is hugely appreciative of the work which Mr Berry has put into the WDHS, being Chairman since the original incorporation of the company in 1998.

Community Safety

We were fortunate to have some volunteer labour and a reduced price for the installation of CCTV cameras in Oamaru. The new technology is monitored by Police and is expected to create a greater sense of safety and help stop crime. As a result of the new cameras, the Community Guardians have been dis-established. This group of local residents provided a fantastic service in helping keep our streets safe and we are very grateful to them.

Thanks to the Team

All the results above have been possible through the efforts of a large number of people – both elected members and staff. It has been the input from this team that has delivered the results that can be seen so clearly right across our community.

Finally, I wish to thank Council for supporting my application to renew my contract for another two years. There is certainly plenty of unfinished work to be done prior to the end of next year and I look forward to the challenges which we will no doubt have to deal with over that period.

It is great to be part of a team that is helping grow Waitaki - the best place to live, work and play.



Michael Ross
Chief Executive



Annual residents' survey

Our annual residents's survey looked across all our services and activities to understand what things we are doing well and where we need to improve.

Our roads, particularly unsealed roads, continue to fail resident's expectations. Through the *Rural Resilience* project we have made improvements to some of our rural roads, including installation of wash-over pads on roads prone to flooding and widening other roads to better cope with an increase in heavy vehicles and trucks. For some residents we are not grading unsealed roads often enough and while we can be constrained at certain times of the year we continue to see where we can make improvements.

Many of our water supplies have now been upgraded to meet the NZ Drinking Water standards, however, some supplies remain on a permanent boil water notice. We continue to do this work and are currently in the process of building a pipeline so that people living in Hampden, Moeraki, Herbert and Waianakarua will be connected to the Oamaru supply.

Below is a summary of the results from the survey.

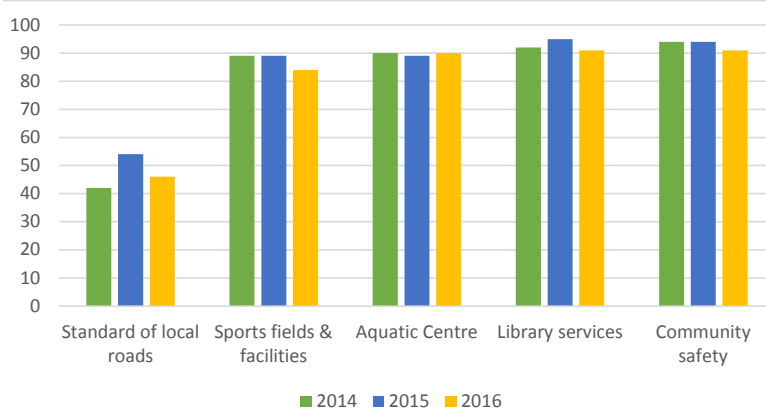
Residents are most satisfied with...

Forrester Gallery and North Otago Museum	90% of schools are satisfied or very satisfied with the level of engagement and the educational activities offered by the Gallery/Museum.
Oamaru Opera House	94% of residents are satisfied with the Opera House
Parks and Reserves	91% of residents are satisfied with our parks and reserves.
Aquatic Centre	90% of residents are satisfied with the Waitaki Aquatic Centre.

We need to improve on...

Our roads	46% and 24% of residents are satisfied with our sealed and unsealed roads respectively.
Archives	76% of residents are satisfied with our Archive services against a target of 90%.
Libraries	Our target was to have 92% of residents satisfied with our libraries, but we missed the target by one percent!
Waitaki lakes camping	76% of people are satisfied with the quality experience of our Waitaki lakes camping grounds against our target of 90%.
Public toilets	Only 69% of residents are satisfied with our public toilets – we want to reach our target of 80%.

Residents' Survey Summary





Our people and our district

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 with the remaining 4,675km² in Otago.

People

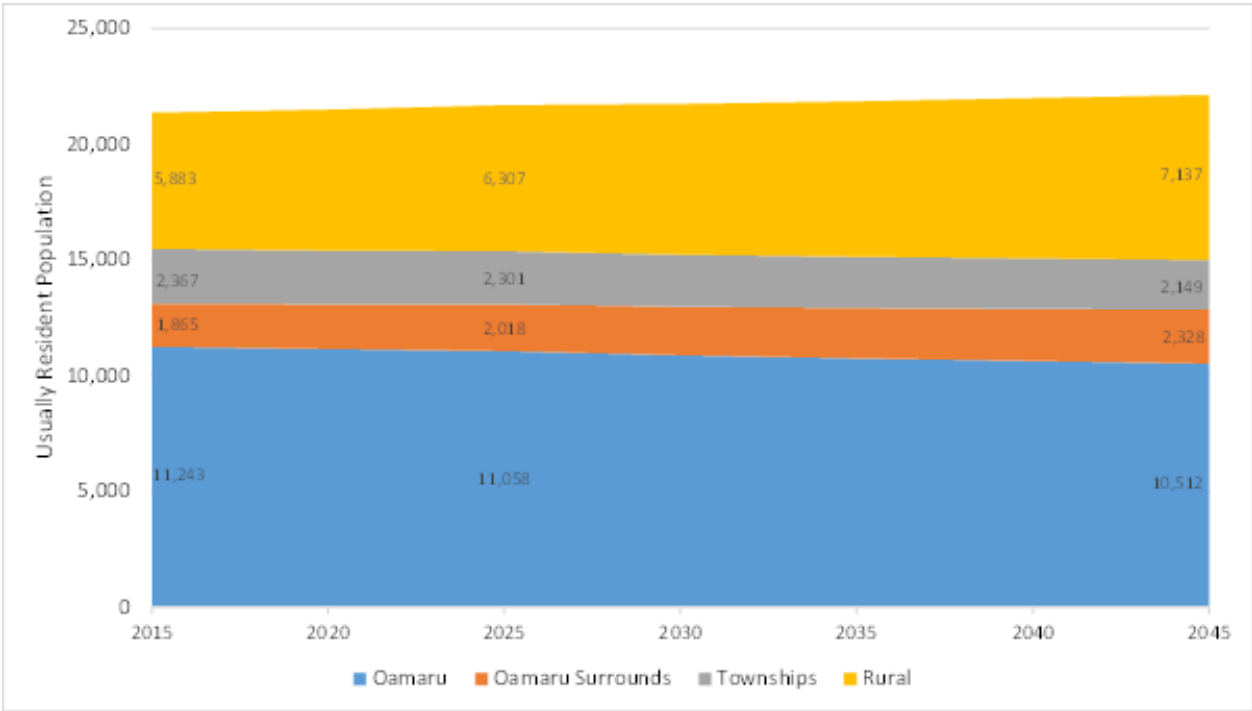
The district population at the 2013 census was 20,829. The population in the rural area is projected to grow by over 40 people annually. Over three quarters of this population growth is projected to occur in the Maheno census area unit (around 30 people per year). The population in Aviemore, Nenthorn and Pukeuri is projected to increase slowly, with the Waihemo population projected to remain stable.

Age Structure

As outlined in Rationale's 2014 report, the district has a growing elderly population which has increased the average age in the district. In 2013 the proportion of people aged 65+ made up around 22% of the total population in the district. This is higher than the national average of 14%. This trend is projected to continue, with the proportion of people aged 65+ in the district increasing to over 35% by 2030. The number of people aged between 15 and 64 years of age is projected to decrease. This may have a flow-on effect to the make-up of the workforce in the district.

Economy

The economy in the Waitaki district generates 9,608 FTE jobs in 2,884 business units. The economy's GDP is fractionally over \$1.0 billion. Around 43% of employment and 49% of GDP in Waitaki is in the primary and manufacturing sectors.



Roads and footpaths

Roads and footpaths are an integral part of our district. They are designed to help drive economic growth and to help keep us safe.

Our specific community outcomes are:

- Provide roads and footpaths that are safe, effective, efficient, accessible and fit for purpose for people and goods
- Provide transport networks and services that are safe
- Ensure roading activities are managed efficiently and effectively

What we've done

Successfully secured \$1.5m funding over three years from New Zealand Transport Agency for a major LED street lighting upgrade

Secured recycled timber and decks from the old SH82 timber bridge in Kurow

Moeraki community and Council completed the upgraded section of Haven Street

Installed pedestrian drop crossings for improved access onto footpaths

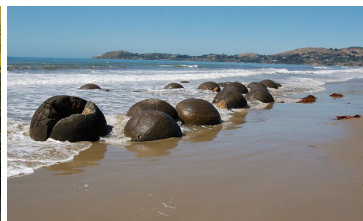
Offered three 'Older Driver' courses – a theory refresher course, introduction to mobility scooters and a practical driver assessment

Where we need to improve

We need to make more improvements to our roads, both sealed and unsealed

We want to improve our footpaths

We want to do more to lessen the number of fatalities and serious injuries on our roads



Water and waste

Water and waste are fundamental to our community. Council aims to provide these services in a safe and reliable way that are affordable for ratepayers. Through different initiatives we encourage people to recycle and protect the natural beauty of our environment.

Our specific community outcomes are:

- Provide access to reliable and efficient waste disposal systems and facilities
- Encourage minimisation, reuse and recycling of waste
- Encourage the provision of different waste disposal options by the private sector
- Manage flooding events in urban areas
- Protect communities from drinking water related health issues by providing quality potable water to agreed areas
- Maintain the quality and continuity of wastewater services and protect the community from wastewater related health issues

What we've done

Developed a new 3 Waters reticulation operations and maintenance contract which, following a public tender process, was awarded to SouthRoads Ltd

Completed an award-winning renewal of the Oamaru Water Treatment Plant membrane filtration system

Instigated the H2OurHealth (HamNak pipeline) project and commenced consultation and design of the 30km pipeline to supply the Herbert-Waianakarua and Hampden-Moeraki water supplies from Oamaru

Where we need to improve

We are continuing work to bring all of our water schemes up to the Drinking Water Standards for New Zealand



Arts, heritage and community

There are different ways we celebrate our vibrant culture. Our parks, sports fields, cultural venues such as the North Otago Museum, the Oamaru Opera House and the Forrester Gallery are just some of the ways we can enjoy living in Waitaki.

Our specific community outcomes are:

- Provide facilities and services that contribute to the quality of life of the district and make it attractive for people to live here
- Play an active role in the Safer Waitaki Coalition

What we've done

Launched the Wonderlab education space at the Forrester Gallery

We hosted four major conferences at the Opera House

Collaborated with Waitaki Road Safe to deliver a successful Cycle Skills Day with 66 children and their families attending

Continued to offer Wriggle & Rhyme, an active movement programme for 0-24 month olds at Oamaru Library

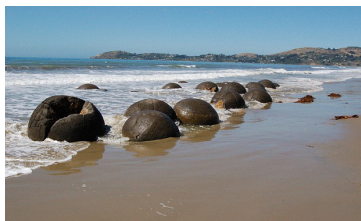
Expanded the Toddler Time programme to the Palmerston Library

Where we need to improve

We want to improve peoples' experience of our Archive

We want to have more community events at the Opera House

We want more people to feel safer living in Waitaki



Parks and recreation

Our green-spaces, sports fields and other recreational facilities provide many opportunities for people to enjoy different activities and events.

Our specific community outcomes are:

- Provide parks, gardens and greenspaces, sports and recreation facilities that contribute to the district's quality of life, which in turn helps make Waitaki attractive to existing and prospective residents and businesses
- Provide activities at low cost or free to users and manage the activity efficiently and effectively
- Acknowledge the needs of the wider community and cultural and recreation/sport groups through the provision of multipurpose spaces
- Meet industry standards and provide opportunities for people to feel safe while being active and to connect the community through sport and recreation

What we've done

We had an increase in the number of people in our Swim Squad

Installed a picture frame at the Oamaru Harbour as part of the Alps2Ocean Cycle Trail finish line

Supported Forest and Bird with four planting days on Cape Wanbrow

Waitaki Aquatic Centre hosted the South Island Secondary School's Canoe Polo Tournament with 20 teams competing

Where we need to improve

We want more people who camp in our Waitaki lakes camping grounds to have a better experience

Increase the levels of satisfaction people have with our sports fields and facilities



Commercial and development

This group of activities include economic development, grants and services, commercial holdings, community property, property holdings and public toilets.

Our specific community outcomes are:

- Effectively manage the property portfolio so that returns are maximised and rates input is minimised
- Provide properties that meet the needs of the community, meaning that people are more likely to want to stay and they will encourage others to move here

What we've done

Three Community Housing units were renovated and seven were partially renovated

We made a significant reduction in property debt through property sales

Carried out seismic and asbestos assessments on Council-owned buildings

Negotiated with Department of Justice to acquire the Oamaru Court House building

Where we need to improve

We need to make improvements to our public toilets



Democracy and accountability

Council and Community Boards are governance bodies forming a vital link between communities and Council staff who manage assets and activities. Council and Community Boards are 'democracy in action'.

Our specific community outcomes are:

- Provide governance structures, planning and reporting to provide cost effective, good quality infrastructure, public services and regulatory functions
- Provide opportunities for the community to actively contribute to democratic local decision making on services and facilities
- Provide opportunities to participate in democratic local decision making through representation on Community Boards, Council and by consultation

What we've done

Waitaki District Urban Fire Prevention Bylaw 2015 adopted

Review of District Plan commenced

Digital Communications Noticeboard installed at West Road Shop & Café in Otematata

We have allocated \$9,000 to fund the upgrade of the Bond Street section of road in the Palmerston Town Centre.

Where we need to improve

We want more people to be satisfied with the performance of elected members including community board members

Levels of community engagement and consultation need to increase



Environment, regulation and safety

Council works to create a district where residents feel safe and protected. We want our natural environment to be protected and sustainable, where we have appropriate emergency services and Council business is conducted in a transparent, prudent and efficient manner.

Our specific community outcomes are:

- Provide building control services in a professional and efficient manner
- Ensure buildings are safe and do not pose a risk to the public
- Ensure that food for sale to the public is prepared in safe premises that meet food hygiene regulations
- Ensure the threat to the community from nuisance or dangerous dogs or wandering stock is minimised
- Have a fully functional Emergency Operations Centre and trained and competent emergency management personnel to ensure we play an active role in supporting and co-ordinating emergency responses in the district

What we've done

All high risk licenced premises were inspected every six months

Eighty-seven public buildings with specific systems were inspected against building compliance standards

Eighty-five percent of Category 2 food premises were inspected

Where we need to improve

We want all building consents to be approved within the statutory 20 working days

We want to respond to all urgent dog and stock complaints within two hours

We want more residents to be satisfied with our emergency services

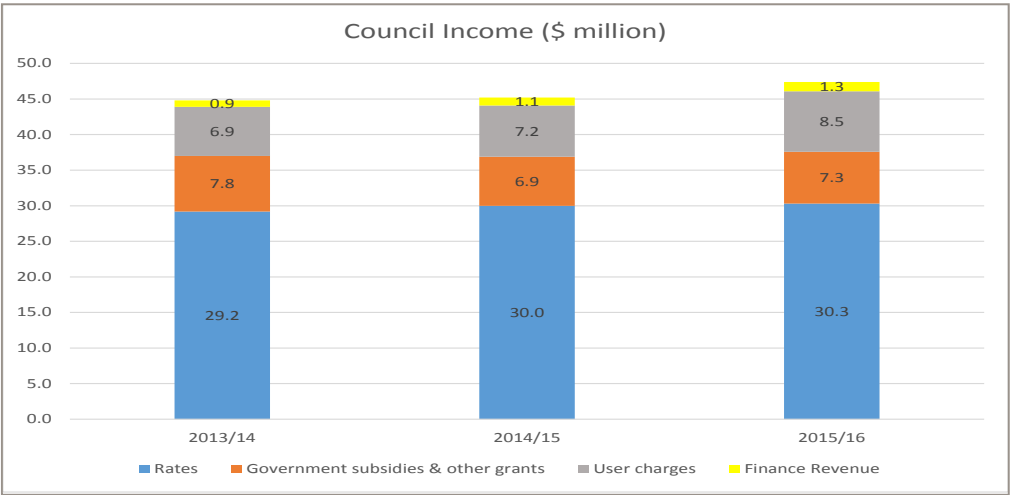




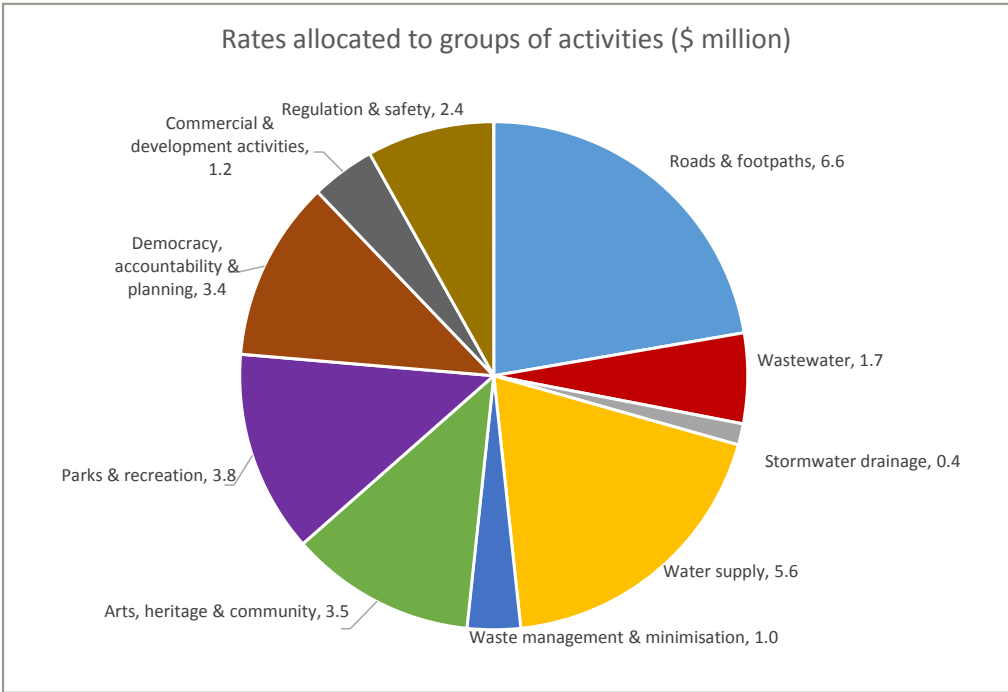
Financial overview

Council funds services such as roads, libraries, swimming pools, parks, playgrounds and water. While a lot of money for these services is raised through rates we also receive income from user charges, eg swimming pool entry fees, government subsidies and interest from Council investments.

The graph below shows the income Council received over the last three years.



The pie chart below sets out how much rates funding has gone into our activities. This doesn't take into account user charges and subsidies from elsewhere.



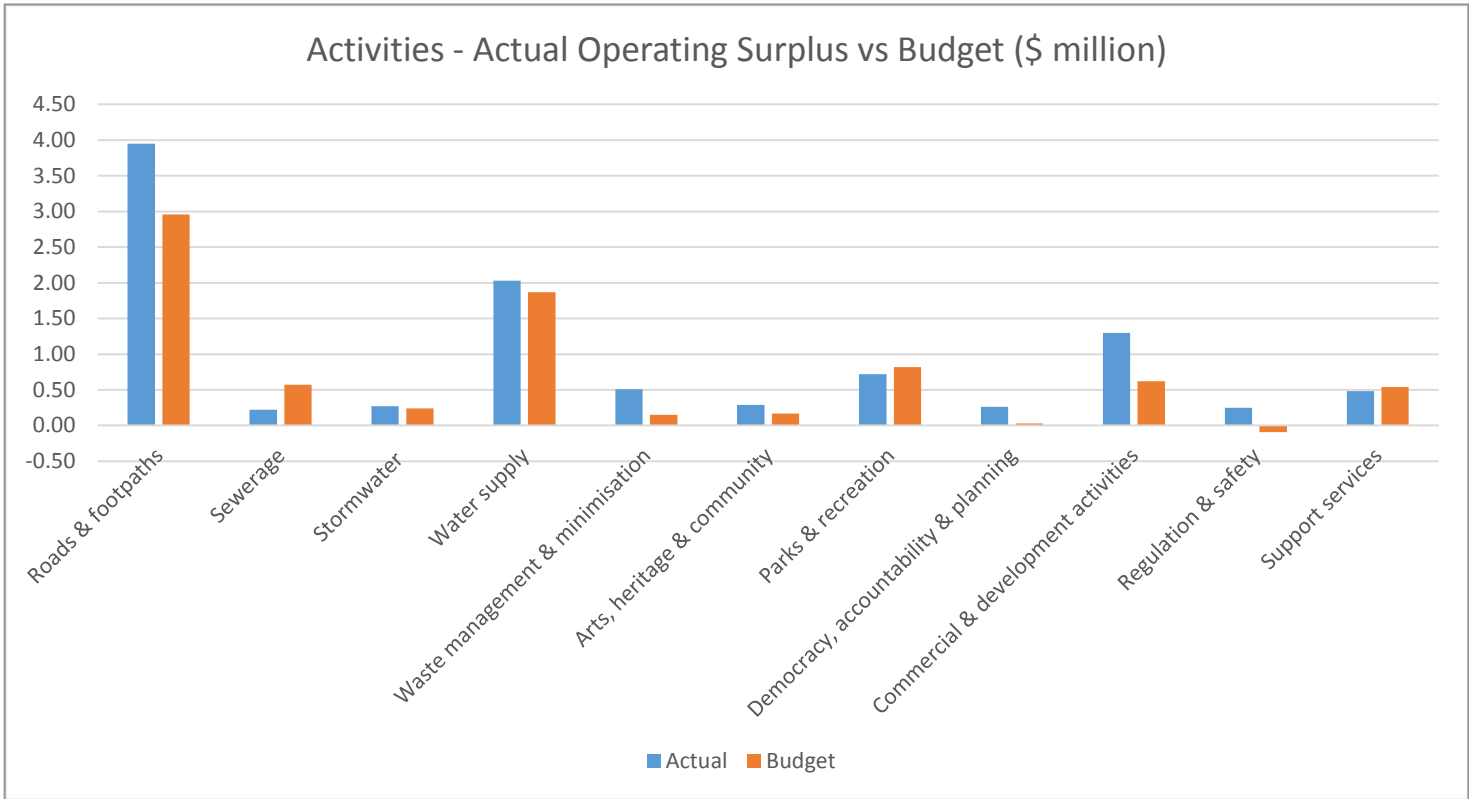


Financial overview

Council's financial position is sound. Asset values have been maintained, all external debt has now been repaid and Council has improved its cash position significantly on that recorded in the previous Annual Report.

Ignoring assets vested in Council and the results from asset disposals and revaluations, Council achieved an operating surplus of approximately \$1.3 million. As demonstrated in the graph below, with only three extremely minor exceptions, all Council activities recorded operating results that either met or exceeded budget expectations, due largely to on-going cost control and increased revenue.

This strong financial performance and cash position means Council is well placed to meet the challenges posed by significant capital projects that will commence in the next few years.



Summary of financial statements

Waitaki District Council Only

Actual 2015/16	Budget 2015/16	Actual 2014/15
-------------------	-------------------	-------------------

Consolidated Group

Actual 2015/16	Actual 2014/15
-------------------	-------------------

1 Difference between our revenue (what comes in) and our expenditure (what we spend)

2 Total economic income left after tax and other considerations

3 Total value of Council (what the public owns at the start of the year)

4 Total value of Council at the end of the year

5 Amount we owe (bills, loans etc)

6 Difference between what we own and what we owe

7 Difference between operating cash inflows and outflows

8 Difference between buying and selling assets

9 Difference between borrowing and repayment of loans

10 Money in the bank at the start of the year

11 Money in the bank at the end of the year

All in \$'000

Statement of Comprehensive Revenue and Expense

Revenue	Actual 2015/16	Budget 2015/16	Actual 2014/15	Actual 2015/16	Actual 2014/15
Rates Revenue	30,375	30,155	30,026	30,340	29,990
Other Revenue	17,551	16,020	15,252	48,919	44,557
Other Gains/(Losses)	(2,609)	-	(1,388)	(4,091)	(1,370)
Total Revenue	\$ 45,317	\$ 46,175	\$ 43,890	\$ 75,168	\$ 73,177
Expenditure	Actual 2015/16	Budget 2015/16	Actual 2014/15	Actual 2015/16	Actual 2014/15
Activity Expenditure	43,997	45,739	40,898	74,930	69,806
Finance cost	-	-	-	1	14
Total Expenditure	\$ 43,997	\$ 45,739	\$ 40,898	\$ 74,931	\$ 69,820
Surplus / (Deficit) from Operations	\$ 1,320	\$ 436	\$ 2,992	\$ 237	\$ 3,357
Income Tax Expense / (Refund)	-	-	-	297	(116)
Surplus / (Deficit) after tax	\$ 1,320	\$ 436	\$ 2,992	(\$60)	\$ 3,473
Other Comprehensive Revenue and Expense	5,824	(212)	(2,676)	5,824	(2,422)
Total Comprehensive Revenue and Expense	\$ 7,144	\$ 224	\$ 316	\$ 5,764	\$ 1,051

Statement of Changes in Equity

Public Equity at 1 July	743,753	737,944	743,437	770,112	769,061
Total Comprehensive Revenue and Expense	7,144	224	316	5,764	1,051
Public Equity at 30 June	\$ 750,897	\$ 738,168	\$ 743,753	\$ 775,876	\$ 770,112

Balance Sheet

Public Equity	\$ 750,897	\$ 738,168	\$ 743,753	\$ 775,876	\$ 770,112
Current Assets	22,299	16,936	33,679	34,465	48,651
Non-Current Assets	735,619	729,042	716,732	754,303	733,475
Total Assets	\$ 757,918	\$ 745,978	\$ 750,411	\$ 788,768	\$ 782,126
Current Liabilities	6,634	7,358	6,276	11,855	10,930
Non-Current Liabilities	387	452	382	1,037	1,084
Total Liabilities	\$ 7,021	\$ 7,810	\$ 6,658	\$ 12,892	\$ 12,014
Net Assets	\$ 750,897	\$ 738,168	\$ 743,753	\$ 775,876	\$ 770,112

Statement of Cash Flows

Net Cash from Operating Activities	15,486	12,665	15,757	18,909	17,973
Net Cash from Investing Activities	(19,841)	(12,762)	(10,560)	(20,874)	(12,100)
Net Cash from Financing Activities	-	-	(3)	11	(531)
Net Increase / (Decrease) in Cash	(\$4,355)	(\$97)	\$ 5,194	(\$1,954)	\$ 5,342
Total Cash Resources at 1 July	6,818	6,457	1,624	9,156	3,814
Total Cash Resources at 30 June	\$ 2,463	\$ 6,360	\$ 6,818	\$ 7,202	\$ 9,156



Notes to financial statements

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 Tourism Waitaki Ltd (100% owned). The investment in Omarama Airfield Limited (50% owned) is treated as a joint venture. All companies are incorporated in New Zealand.

Council's 2015/16 Annual Report, from which this summary has been extracted, was adopted by Council on 26 October 2016. The Annual Report has been audited, has received an unmodified audit opinion dated 26 October 2016, and may be viewed at www.waitaki.govt.nz.

This summary complies with PBE FRS-43: Summary Financial Statements, but is a summary only and cannot be expected to provide a full explanation or the level of understanding as the full Annual Report. The financial statements contained in the Annual Report were prepared in accordance with Tier 1 PBE accounting standards, and so comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and with the requirements of the Local Government Act 2002. They are prepared in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000).

Council has contracts committing it to spend \$21,768,000 (2014/15: \$15,496,000). As was the case in the previous period, Council has contingent liabilities which are dependent on future events, the actual value of which cannot be quantified. Council was involved in related party transactions with Whitestone Contracting Ltd, Tourism Waitaki Ltd, Waitaki District Health Services Ltd, Omarama Airfield Ltd, North Otago Irrigation Company Ltd, and the Observatory Village Charitable Trust, details of which are included in the full Annual Report.

Explanations for major variances from the estimated figures in the 2015/16 Annual Report and the 2015-25 Long Term Plan are provided in Note 33 of the full Annual Report.



Auditor's report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Waitaki District Council and group's summary annual report for the year ended 30 June 2016

The summary annual report was derived from the annual report of the Waitaki District Council (the District Council) and group for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 4 and 6 to 16:

- the summary balance sheet as at 30 June 2016;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (made up of the groups of activities information) of the District Council and group.

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 26 October 2016.

Opinion

In our opinion:

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

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 26 October 2016 on the full audited statements.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council or any of its subsidiaries.



Scott Tobin,
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand
10 November 2016





Waitaki

DISTRICT COUNCIL

TE KAUNIHERA Ā ROHE O WAITAKI