



# 2011/12 Annual Report



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# About this report

## Welcome

### **He aha te kai a te Rangatira?**

*What is the strength behind good leadership?*

### **He Kōrero, He Kōrero, He Kōrero**

*Engagement, Knowledge, Enlightenment*

### **Mō Tātou te Tairāwhiti**

*For us all of the Tairāwhiti*

### **Ka Mau te Wehi**

*Excellence*

### **Tēnā Koutou, Tēnā Koutou, Tēnā Tātou Katoa**

*Greetings to us all*



This Annual Report tells the story of our performance over the last financial year from 1 July 2011 to 30 June 2012. It is an important way of informing our communities about how we spent their rates. It also highlights the areas we performed well in, the areas we need to improve and provides a context for where we need to head in future. The report is divided into the following sections:

**Performing for our communities** (highlights and achievements). This includes our district highlights, a financial overview and the audit opinion.

**Setting the Context** (our district, our council). This section tells you about the unique nature of Gisborne district, how the Council works from governance through to our community outcomes.

**Our activities** (in depth). This section highlights each of Council's activities, their performance measures, how much we spent on the activities and an analysis as to how well we did.

**Our finances.** This section provides you with all the financial statements.

## Understanding planning and reporting cycles

Council planning cycles can be quite daunting if you are not aware of how things work. The following is an overview of our planning and reporting framework and how it all fits together with the Annual Report.

### **Ten Year Plan**

The Ten Year Plan is a strategic planning document. The Ten Year Plan is Gisborne District Council's commitment to you and your community. It tells you what activities and projects the Council is proposing over the next ten years, how much they will cost and how we are going to pay for them. Government requires all councils to come up with a Ten Year Plan and review it every three years to make sure we are accountable.

### **Annual Plan**

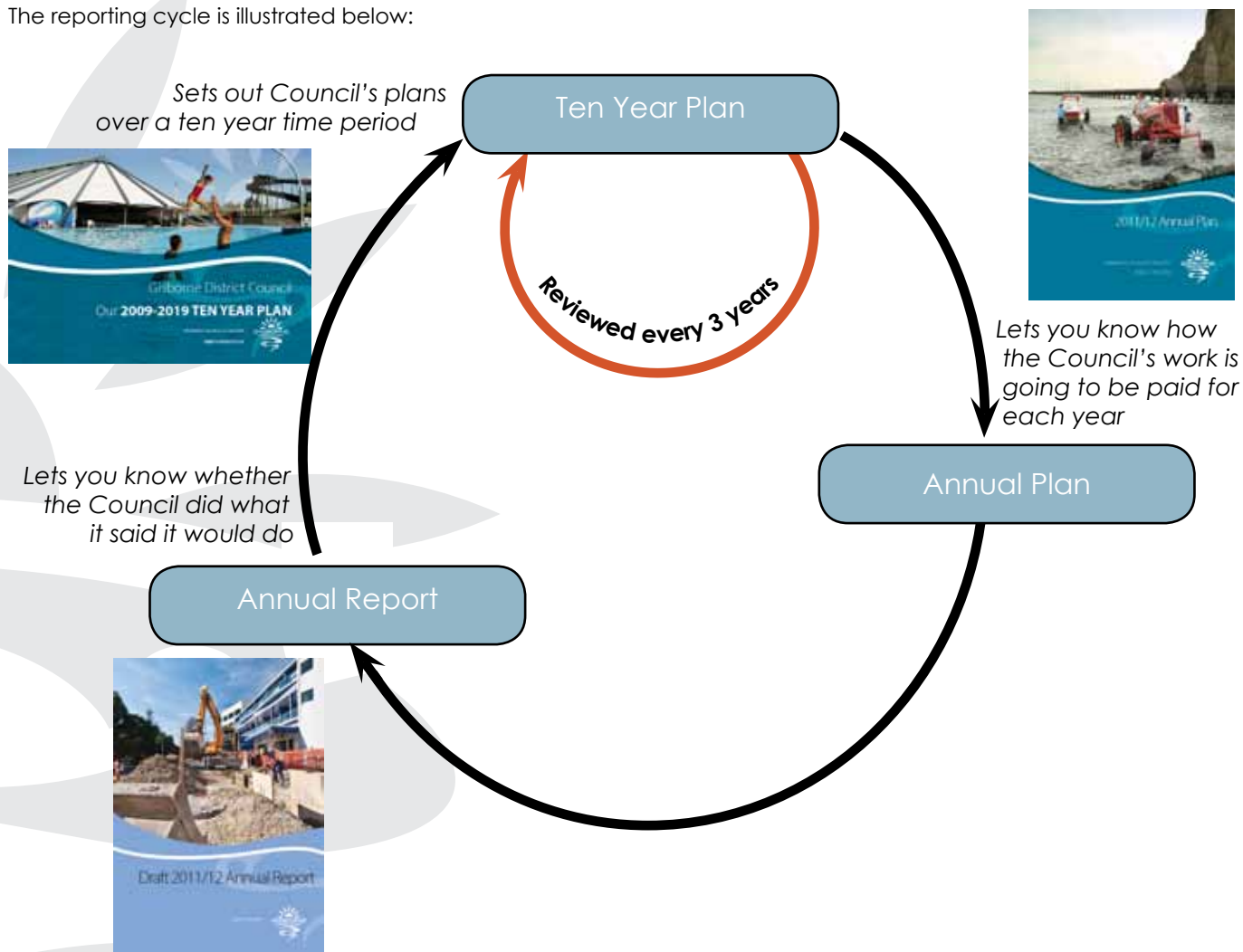
Each year Council is required to have an Annual Plan which sets out the budget for the year. This is based on what is proposed in the Ten Year Plan but also highlights any change or variance that is projected to occur which is not currently accounted for in the Ten Year Plan.

The first year of a Ten Year Plan does not require a separate Annual Plan as this is already provided for in the Ten Year Plan. However, the second and third years must have an Annual Plan.

## Annual Report

Every year we are required to produce an Annual Report. The Annual Report reports against our Annual Plans and in this case Year 3 of the 2009-2019 Ten Year Plan. It is the key accountability document for our communities and it explains how we spent your rates and the value that you received in return.

The reporting cycle is illustrated below:



In June 2012, Council adopted its 2012-2022 Ten Year Plan. Next year's Annual Report will report against Year 1 of the 2012-2022 Ten Year Plan.









# Performing for our communities

Mayor's and Chief Executive's  
district highlights  
Financial overview  
Audit report



# Our district highlights



Judy Campbell  
Chief Executive

Meng Foon  
Mayor

Tairāwhiti tēnā koutou

Ngā mihi nui ki a koutou katoa.

Thank you to all the individuals and organisations who worked with Council last year. Together we're making Tairāwhiti a better place for all of us to live and do business in.

Council spent a lot of time planning for the next ten years in 2011/12. Last September more than 300 of you told us what you thought about the major community facility projects we proposed. We fed that information into our draft ten year plan and transport programmes. Another 400+ of you attended community meetings or sent in a submission on these plans; all of which were considered before any decisions were made. A big thanks to those who took the time to get involved. Our focus now is on delivering the facilities, roads, pipes and services outlined in our plans while keeping rates increases and debt levels low.

A big highlight last year was the Transit of Venus celebrations in Tolaga Bay. They were a complete success. It was a privilege for staff and councillors to work with community leaders on a total revamp of the entrance to the Tolaga Bay Wharf in time for the celebrations.

Lots of progress was made last year towards bringing some of the other major community projects to reality. Eastland Community Trust's (ECT) recent decision to help fund the War Memorial Theatre upgrade wouldn't have been possible without a whole lot of planning, investigating alternatives, and decision making by councillors, staff and the community.

You'll see the first extension to our hugely popular walking and cycleways installed between Reads Quay and Waikanae this Summer. Look forward to more cycleways as well as tangible progress on other projects like the Cenotaph restoration, the Tairāwhiti Navigations project and the library extension over the next few years.

The weather was unkind to us last year. Heavy rain events meant Council had to spend \$2.4m on emergency repairs to our roading, and stormwater systems. We realised how vulnerable we are as a district when within a month, both our rail line south and the road north through the gorge became impassable due to slips.

Other roads were protected from such events by installing culverts, strengthening bridges and reconstructing the road surface in areas that get a lot of traffic use.

Financially Council has maintained its strong position with relatively low debt at \$31m and a net accounting surplus of \$1.6m. We didn't do as well as predicted, but like all businesses in the region we've had tough economic conditions to contend with. On the plus side Council received an extra \$1m in dividends from Gisborne Holding Ltd (100% shareholder of Tauwhareparae Farms) on the back of strong returns for farmers across the district. We didn't spend as much as we had planned to and our lower debt meant we had savings in interest costs. On the down side Council faced higher depreciation costs and there were more bad debts. We spent \$1m more than we budgeted on insurance as the full extent of the Christchurch earthquake impact on insurance is realised.



Finally we thank councillors, staff, contractors and the community, for the contribution everyone has made to what was achieved last year. Read on - we hope you can see that a lot has been achieved and that the Council is well set up to achieve more in the years ahead.



Meng Foon  
Mayor



Judy Campbell  
Chief Executive

## Governance and advocacy

### 2012-2022 Ten Year Plan adopted

Throughout 2011 and 2012 Council developed and consulted on the 2012-2022 Ten Year Plan. It was adopted on 28 June 2012. This work also included the review of our Revenue and Financing Policy. The Ten Year Plan tells our community what activities and projects we have planned over the next ten years and will be reviewed again in 2015 to make sure Council is on track. Following consultation on the Draft Ten Year Plan in March, Council received 252 submissions and heard 75 groups and people speak to their submissions. In the 2012-2022 Ten Year Plan, Council has aimed to balance our community's ability to pay with the need to invest in community facilities and core assets. Major projects in the Ten Year Plan include: upgrading the War Memorial Theatre; extending the current city cycle and walkway in three sections along Waikanae Beach, beside Waikanae Creek and along the Taruheru River; the Tairāwhiti Navigations project will develop a cultural heritage trail through Gisborne's Inner Harbour, Titirangi Reserve and other key sites; upgrading and enlarging the HB Williams Memorial Library; redeveloping the Olympic Pool; and fixing the Cenotaph. Council will fund up to 30% of the major projects with the remaining amount funded externally.



### Representation Review

During the year Council has reviewed its representation arrangements in advance of the local body elections in 2013 to determine how many elected members (councillors) and wards there should be, what electoral system we will use (STV or FPP) and whether to have Māori wards or Community Boards. The Local Electoral Act 2001 requires all local bodies to review their representation arrangements at least once every 6 years. In April, Council decided on an 'initial proposal' to keep all of the current representation arrangements. Consultation on the 'initial proposal' closed in June and 205 submissions were received. After considering all the submissions, Council decided its final proposal, making no changes and keeping the status quo.

Several appeals were received against the Council's final proposal and these appeals were sent to the Local Government Commission. The Local Government Commission will now consider the submissions and appeals, reports to Council and its consultation material as well as options Council has looked at before deciding on Council's representation arrangements for the next election. A decision from the Local Government Commission is anticipated in this calendar year.

### New Chief Executive Judy Campbell

This year Council farewelled our Chief Executive of the last five years, Lindsay McKenzie and welcomed our new Chief Executive, Judy Campbell. Judy brings with her 20 years senior management experience and excellent community and runanga networks developed during her years as Tairāwhiti Polytechnic Chief Executive.

### Local Government Funding Agency

Following consultation on the 2012-2022 Ten Year Plan, Council decided to become a member of the Local Government Funding Agency (LGFA). The LGFA has been set up to allow joining local authorities to save money by borrowing at lower interest rates and for longer terms. The LGFA credit rating matches the Central Government's AA+ ranking.

### Treaty of Waitangi Settlements

Over the last year three claimant groups have settled historic Treaty of Waitangi claims with the Crown in the Gisborne district. These groups include Ngāti Porou, Ngāi Tamanuhiri and Rongowhakaata. Te Aitanga ā Māhaki and Affiliates are still in negotiation with the Crown and hope to progress to settlement in 2013. The Council have obligations to give effect to specific provisions in each of the claims settlement Acts. These provisions include the acknowledgement by Council of statutory areas of significance to iwi, involvement by iwi in the resource consenting process and the establishment of a local leadership body for Turanga iwi. The Council will work with iwi to give effect to these settlements and are developing a work programme to progress this.

## Councillors and Mayor contribute to politics at national level

It is important that the Council stays connected nationally so that it can influence positions that the local government sector takes as well as having a say on the government's policy and legislative programme. The Mayor and several councillors are active on the Local Government New Zealand Council, regional and rural/provincial sector groups as well as at zone meetings. Submissions have been made on several draft Bills including the Local Government Act 2002 Amendment Bill. Staff in their professional and technical roles have also represented the district on working parties and in sector meetings advancing proposals on Local Government Act and Resource Management Act reform, and the proposed National Environmental Standards on Production Forestry. The sector meetings are also used to promote and share best practice in order to promote efficiency and effectiveness. Staff have also been involved in the government's "Road Maintenance Task Force" which has recently undertaken a review of the road maintenance regime in New Zealand.

## Keeping us safe and connected

### Keeping our roads safe

It was a busy year for Council's roading team who look after 1,900km of roads in the district, over 1000km of which are unsealed. Despite the difficulties posed by the region's unstable soils and terrain and heavy rain events the team has worked hard to keep the roads open and safe. The 2011/12 programme included repairing nearly 70km of the district's roads, chipsealing another 54km, repairing \$2.4m of emergency flood damage works, strengthening three weight restricted bridges so they can now take truck and trailer units and replacing the last ford crossing on Wharekopae road with a large culvert. The team also finished the Tolaga Bay Wharf carpark in time for the rededication of the wharf at the time of the Transit of Venus, worked with the secondary high schools to review the existing school bus routes and completed the Regional Land Transport Programme 2012-2015.



## Regional Land Transport Programme

The Regional Land Transport Programme (RLTP) prioritises transport projects for the Gisborne region over the next 3 years 2012-2015. The RLTP was consulted on as part of the 2012-2022 Ten Year Plan process and was adopted by councillors in June. Three regional transport priorities influenced which projects had the first call on roading funds from central government.

The priorities are reducing fatalities and casualties associated with Gisborne roads, promoting security and reliability on our roading networks and promoting affordable alternative transport options.

Significant projects in the programme include:

- promoting road safety programmes aimed at keeping young drivers and motorcyclists safe by reducing alcohol/drug impaired driving and keeping speeds down
- a transportation study looking at the preferred heavy truck routes within Gisborne city
- strengthening the Gladstone Road Bridge. Currently it is restricting heavy transport use from the Western Industrial area to the Eastland Port
- funding \$100 million of road maintenance and operations on state highways and local roads over the next 3 years to maintain our roading networks
- a review of public transport services (including hours and routes)
- building a pedestrian link over Waikanae Creek near Awapuni School in 2013/14.



### Upgrading our stormwater systems

Work by the Council to upgrade stormwater systems has made the Te Hapara, Whataupoko and Onepoto Bay areas safer for residents. Better protection from surface flooding has been achieved in the Te Hapara suburb between Gladstone Road, Aberdeen Road, Harry Barker Reserve and Gisborne Girls' High School by installing new stormwater pipes and renewing and upsizing existing pipes. Rundown stormwater pipes were also replaced along Clifford Street to improve the stormwater system.

In Onepoto Bay, inlet improvements, culvert upsizing and open drain regrading work was undertaken and a stormwater catchment study was completed for Tokomaru Bay to identify maintenance, capacity and infrastructure related issues.



## Keeping an eye on problem dogs

Council's animal control team improved its services this year. The animal and stock control team is responsible for patrolling 8,360 square kilometres, 3,360 km of public roads and 330 km of state highways. Moving one of the team from part time to full time has enabled the team to step up its patrols in all problem areas. The team visited 2562 properties which was a 20% increase on last year. This led to staff finding 907 new dogs, chipping and entering 329 of the new dogs into the system. This helped Council determine the number of new and unregistered dogs in the district as well as those that are unsociable and potentially harmful to the public.



## Improving our community facilities and services

### More on offer from the library

It has been a busy year for Council's most used community facility with an average of 5,000 visits every week. This year the library has successfully expanded its services to include e-books and online audio books which are free to members to download, personalised custom visits for elderly residents in institutional care where librarians select their books and volunteers deliver them and a Book-a-Librarian service for customers who wish to spend up to 1 hour with a librarian to learn about technology that enhances the library experience. This new service has been most popular with over 55 year olds upskilling with e-devices.



## Improving our sports facilities

Council's dedication to improving our sports facilities over the last year has seen a number of improvements made to sports grounds throughout the district.

The Oval, Barry Park, Childers Road and Watson Park sports fields were all resown. Harry Barker Reserve's grandstand and changing room facilities were repainted. In Tokomaru Bay the toilets were refurbished and new signage erected at Hatea-a-Rangi domain and in Tolaga Bay new seating was put in at the Tolaga Bay rugby ground. This year also saw a giant step forward for hockey turf plans. Council granted the hockey association a 10-year lease of part of Nelson Park grounds to build a water-based synthetic hockey turf at the Lytton Road end. Council will lease the land free of charge for five years and Poverty Bay Hockey is responsible for all operating and maintenance costs within the leased area. Council have also begun a Sports Parks Review as part of developing a district wide Sports Parks Management Plan which will be prepared over the next 18 months.

### Fundraising for the War Memorial Theatre

The fundraising campaign for the War Memorial Theatre upgrade was officially launched on Saturday 4 August 2012 at a gala show headlined by Gisborne born Lyric Soprano Claire Egan, however work towards this commenced early in 2012. The theatre redevelopment will cost \$7.5m. Council is committed to funding 30% of the costs (\$2.15m), with the remainder to be raised from external sources. Improvements include enlarging the auditorium to seat 540 people, a full upgrade of the stage and backstage areas, a larger entrance, improved toilets and a modern kitchen area. The War Memorial Theatre Gisborne Trust (WMTGT) was established in March 2012 to raise the additional sum needed. The Trust has achieved charitable status and with Council staff developed a comprehensive funding strategy and professional marketing materials to support the campaign. Applications have been made to major funders and a series of events have been planned to raise funds and awareness of the campaign. ECT's recent decision to contribute \$3m has given the project a massive boost.



## Safer at the pool

This year Council has continued to improve safety at the Olympic Pool. Olympic Pool staff reduced the number of accidents and incidents of unwanted behaviour at the pool and took a more pro-active approach to dealing with unsupervised children (PoolAlone), general pool supervision standards and lifeguard performance. The Olympic Pool was nationally commended by New Zealand Recreation Association for the measures it has taken with unsupervised children to avoid drownings. The new PoolAlone approach included handing out a new awareness raising flyer at reception, a newspaper and radio campaign, frequent loudspeaker messages on site, specific signage throughout the facility, dedicated PoolAlone patrol staff (10am – 6pm) and consequences for 'repeat offenders'. Customers have adapted to the new and stricter rules very quickly and compared to previous years the pool has not had to employ outside security companies to ensure the safety and well-being of staff and customers.



## Fixing our public toilets

In the latest Annual Residents Satisfaction survey, less than half of Gisborne district residents were fairly satisfied or very satisfied with our public toilets. This was a 10% decrease from last year's survey. Council have acknowledged this, and we are now modernising facilities and improving accessibility for the disabled with the aim of increasing satisfaction whilst reducing cleaning costs. Work has begun to firstly upgrade toilets on the main tourist and visitor routes along State Highways 2 and 35 including Matawai, Te Karaka, Tolaga Bay, Tokomaru Bay and Te Araroa as well as the Peel Street, Childers Road, Waikanae and Midway Beach toilets in the city. Refurbishments include repainting toilets with Council colours and branding, installing new doors and partitions, replacing water stained handbasins and the old stainless steel urinals which are difficult to keep clean with wall hung individual units, widening cubicles for better disability access, landscaping work and making toilets more identifiable with better signage.



## Caring for our environment

### Learning from the Rena disaster

Council staff gained valuable experience working on the Rena oil spill response in the Bay of Plenty during October and November. Louise Bennett, Council's Environmental Protection team leader, has now been involved in co-ordinating the minimisation of environmental damage at both the Jody F Millennium and Rena disasters. Members of the Gisborne Oil Spill Response team were also involved in the Bay of Plenty including five other Council staff. Louise spent five weeks as waste coordinator for the Rena clean-up. She led a team of six who set up various operating bases with decontamination units for people and vehicles, portable toilets, and containers and other equipment as well as being involved with specialist clean up trials. Other Council staff were involved in checking on the oil spill leak from the air, managing teams of beach clean up volunteers, deploying booms, putting together situation reports and briefing the Incident Command Centre.





## Changing how we manage rural rubbish

Council adopted its Waste Management and Minimisation Plan in June. The plan looks at how we manage our rubbish, who is responsible and who should pay. One of the key issues in the draft plan was how to best manage the cost of dealing with rubbish in rural areas. After community consultation Council decided not to proceed with a proposal to close three of the district's rural transfer stations. Recycling facilities will continue to be provided for free. However, from 1 July all rural households within 15km of a rural transfer station are being rated \$110 per year for the disposal of their solid waste.

These households will be provided with 52 rubbish stickers per year and a new recycling bin. Households will receive the first set of stickers in mid September, two weeks before the new sticker system begins, and be given a compost bin if someone from the household attends a Council compost workshop. Compost workshops begin in Matawai in late August and will continue up the coast in early September. Council made a video on how to make compost for the workshops: <http://www.gdc.govt.nz/how-to-make-compost/>.



## Mussels monitor water quality

To gain consent to build the Wastewater Treatment Plant (WWTP) Council had to comply with 62 conditions in order to avoid, remedy or mitigate any effect to the environment from the WWTP. As part of the consent, the Tūrangānui A Kiwa Water Quality Enhancement Project was set up to research, monitor and improve the mauri (life force) and the water quality of Tūrangānui A Kiwa. Council contracted Maumahara Education to carry out one of the Tūrangānui A Kiwa projects which involves monitoring of shellfish and eel populations to establish environmental baseline information for the project going forward. Last year mussel lines were brought from the West Coast of the North Island and placed in several locations within the bay and port area. The mussels can help assess water quality because they are filter feeders and any traces of contamination will show in their gut.

Students have been given the opportunity to get involved in the project through the Diploma of Iwi Marine and Freshwater studies offered through Te Wānanga o Aotearoa. Students will be collecting samples within the catchments and reporting back to the Wastewater Technical Advisory Group.

## Managing noise and other pollution

Council realises that our community values an environment where quality of life can be enjoyed without noise nuisance. Council's Environmental Health team receives over 1800 noise complaints a year. Complaints within the city area must be answered within 20 minutes to meet legal requirements. Council continues to provide a high level of service resolving 99% of noise complaints within timeframes. 99% of customers have also been happy with the noise control service provided by Council, rating responses as excellent or good. This year the Environmental Health team has also cared for our environment by responding to 41 pollution incidents, and monitoring 23 marine and three freshwater sites where actions were taken as required.



## Cleaning up our septic systems

A review of the on-site wastewater management systems provisions in the Discharges Plan was carried out over the past 18 months. Public meetings were held early to canvas potentially affected communities. Based on community input, a range of interventions were developed including updated regulations in the Discharges Plan and a wastewater system care booklet. Council notified a proposed change to the Discharges Plan in December 2011 that included:

- mandatory five-yearly maintenance and inspection of basic on-site wastewater systems in higher-risk densely populated areas
- mandatory maintenance of advanced treatment systems as per manufacturers' instructions
- updated design guidelines to regulate the design and installation of new on-site wastewater systems.

Thirty submissions and further submissions were received and hearings took place in late August, with a decision expected by the end of September.

## Managing our valuable freshwater resources

Work has begun to develop an integrated plan for managing Gisborne District's freshwater resources. Council is working with a Fresh Water Advisory Group to develop a strategy for water management across the Gisborne district. The need for a strategy for managing water quality and quantity has been highlighted by community members over the past 2-3 years.

In 2011 central government made it a mandatory requirement for all councils to fully implement such a plan by 2030. The main projects over the past year and into the next six months include a Freshwater Management Vision which has been drafted and consulted on a Waipaoa Catchment Plan and a Progressive Implementation Plan, which will detail the programme for implementation including ongoing work for other catchments. Most of the funding for work on the Water Plan has been externally sourced from the Foundation of Research Science and Technology's Envirolink fund and the Ministry for Primary Industries' Community Irrigation Fund.



### Improving how we deal with possums

As part of controlling possums in our district Council's Biosecurity team serviced 275 properties in the last year. Services include property surveillance, poisoning, trapping, night count and post possum control monitoring. This year a new wax tag monitoring tool was used in five selected sites to see how effective possum control had been. Wax tags are more beneficial as a monitoring tool as they save time and weigh less as apposed to leg hold traps requiring 100 traps to be carried, set and then checked every day. 100 wax tags were nailed to trees spaced at 20m intervals along ten randomly selected lines in each area. Possums that encounter the wax tag will bite the protruding knob leaving recognisable bite marks behind. The wax tags are left over three consecutive fine nights or longer if wet weather occurs. If possum control is effective there should be no more than five wax tags per 100 marked by possums over three or more consecutive nights. The trial was largely successful with four monitored sites meeting the target and only one exceeding.



## Working with our community

### Motu Cycle trail opened

A clear, crisp morning welcomed over a 100 guests gathered in Matawai on 20 May 2012 to formally open the Motu Trails – the seventh trail to open as part of the Government's Ngā Haerenga New Zealand Cycle Trail initiative. Since mid 2010 Council has been part of a joint project between Gisborne District Council, Opotiki District Council, the Department of Conservation and Whakatohea Māori Trust Board to develop cycle trails between Matawai and Opotiki. Council staff have been involved in both the planning and the physical construction of the trails. Over the last year the major job for Council was to organise the design, preparation and installation of signage and information panels. The Ministry for Economic Development has also approved in principle to include the route between Gisborne and Matawai, along Wharekopae Road and Te Wera Road, in the New Zealand Cycle Trail network. Approval is subject to minor improvements on the state highway near the Waipaoa Bridge, to be completed soon. Council decided to endorse the name 'Rere Falls Trail' proposed by the New Zealand Cycle Trail and Tourism Eastland for the cycle trail between Gisborne and Matawai.



### Tolaga Bay wharf carpark upgraded

Tolaga Bay was the place to be on 6 June for the rededication of the Tolaga Bay Wharf and for viewing the Transit of Venus. The Dual Heritage, Shared Future event brought the district's community together. The project is a great example of the community and Council working together. The Tolaga Bay community's contribution was considerable. Council played its part by assisting with funding applications and managing the engineering work required. Council's involvement in the project began in April 2000, following an appeal from Tolaga Bay Save the Wharf Charitable Trust members. Gisborne District Council agreed to manage the proposed project contributing significant staff time but no ratepayer funds. In advance of the wharf rededication, Council upgraded the carpark which has room for about 20 cars and buses and includes mobility parks and easy wheelchair access to the wharf as well as drainage at a cost of \$230,000.



Landscaping, native plantings and lighting at a cost of \$50,000 complement storyboards and a carved pou (a post) at the entranceway to the wharf.



### **Community Max and Taskforce Green projects**

Over the past year we co-ordinated four Community Max projects and one Task Force Green project that helped over 20 young people benefit many of the district's communities. The four Community Max projects included: administration, promoting alcohol free and smoke free sports grounds by handing out information at rugby games and designing an Alcohol Management handbook, marae maintenance and landscaping. Young people also took the opportunity to undertake a range of training and skill enhancement activities achieving certificates in first aid, driver licensing, ATV, chainsaw use and Grow safe. Tauahi Men's Centre, Te Poho o Rawiri and Manutuke maraes and various sport grounds all benefitted from the completion of these projects that would otherwise have cost substantially more or may not have been undertaken. The Taskforce Green project restoring and fencing the marae at Muriwai is the first project of its kind and has been a successful collaboration between Council, Ngāi Tamanuhiri and Central Government.

### **Providing a voice for townships**

This year Council reviewed the Township Plans for Patutahi, Ruatoria, Te Araroa, Tokomaru Bay and Tolaga Bay to ensure the priorities were still relevant to their communities. Staff could then include projects from the Township Plans into draft activity management plans for consideration through the Ten Year Plan 2012-22 processes. Work has also started to review the Te Karaka Township Plan and develop a new Hick's Bay Township Plan. These are expected to be completed in time for consideration at next year's Annual Plan process. This year Council has completed a number of projects in Township Plans including erecting Pou at Puawaitanga Park in Ruatoria, refurbishing the ablution block and installing new signage at Hatea-a-rangi Domain in Tokomaru Bay as well as new seating at Tolaga Bay rugby ground and township.

### **Disability Accessibility Audit**

All Council owned buildings have been assessed by our volunteer Disability Advisory Group. This audit was carried out after recommendations were suggested by the Disability Advisory Group (DAG) after reviewing the Disability Strategy. Lawson Field and War Memorial Theatres, the Library, Waikanae Holiday Park and the Olympic Pool all complied with safety requirements, accessible entrances and accessible toilet facilities. Minor details are required in most places to make them fully compliant and these changes will occur when all of these facilities are refurbished or upgraded. This assessment has encouraged all Council managers to be more aware of the necessities of being an accessible building for our community. The next project for the Disability Advisory Group is to assess the Tairāwhiti Museum and street access for our townships on the East Coast.

### **Bringing young people together**

It has been a busy year for Tairāwhiti Youth Voice with Council Youth Coordinators running a number of events. These included a Youth Summit, an Alcohol and Drugs Expo and Gizzy Youth week. The Youth Summit held in December 2011 brought Tairāwhiti youth organisations together to promote their services and celebrated youth achievements over the year with a great turnout of organisations and up to 100 youth attending throughout the day. Over 800 students attended The Alcohol and Other Drugs Expo held in March 2012 to educate youth about the effects of driving under the influence of alcohol. The Expo was an initiative by the Youth Offending Team made up of Council, Police, CAMHS and others. Gizzy Youth Week 2012 was held in May and took a different spin from 2011 with new events, a different look and more youth involvement. A team of students from Lytton High organised and managed the cultural slam (family concert) and two Tairāwhiti Youth Voice members organised the finale of Youth Week, the Ataahua Fashion Show. This was a very successful event attracting over 100 people and promoting the positive Youth Week message of 'Loving the skin you are in'.



### Revitalisation projects in Elgin completed

Council has been working with E Tu Elgin to develop a community action plan that focuses on revitalising Elgin. Work has been completed to make the Blackpool Park and the Elgin Shopping Centre area safer for residents. In Blackpool Park Council improved lighting and pathways and carried out tree trimming. Te Wananga o Aotearoa also provided funding to replace the fence between their property and the park. Work at the Elgin Shopping Centre has begun with lighting improved, the CCTV camera repaired and shop owners advised on under veranda lighting. The final concept plans for improvements to the shopping centre have been approved by the community and are expected to be implemented by Christmas. An Elgin Art Project is also underway which is working with the community to create mosaic pavestones - made by children and youth in the community - which will be placed in the footpath through the shopping centre. This project is expected to be completed by December.

### Guardian sculpture enlivens the CBD

A new addition to the Art in Public Places collection was unveiled in July on Gladstone Road, outside Kathmandu. Local artists Brett Crockett and Andrew Hill won a competition run around five years ago to choose a new art piece for the CBD. The creation of the sculpture entitled "The Guardian" began earlier this year after money was raised by the Art in Public Places Trust. The sculpture is made out of plexiglass (bullet proof glass) and is the first known public art piece created from this material. Fitted LED lights shine up through the piece emphasising in changing colours the cultural designs. The artwork explores the cultures and spirit of the East Coast and the shape embodies a korowai (cloak) to represent the guardianship that is shared by the tangata whenua and peoples of Tairāwhiti. Council contributed \$20,000 towards the creation of the sculpture.



### Te Wherowhero Lagoon restoration project

Seedling planting at Te Wherowhero Lagoon for the 2012 winter began in June. Volunteers and Council staff planted around 1200 seedling trees at the northern end in the spit area between the lagoon and the sea.

The Trust has now established in excess of 17,500 seedlings with more than 5,000 of those planted last year. Council is one of several parties involved in the Te Wherowhero Lagoon Restoration Project, along with local landowners, tangata whenua (Ngāi Tamanuhiri Whanui Trust), Department of Conservation and QEII National Trust. The project has seen the inland perimeter of the lagoon fenced and indigenous tree seedlings established around the lagoon edge.



### A safer Kaiti street by street

Council has been working closely alongside other agencies, including the Police and Ka Pai Kaiti, to implement the Street by Street project in Kaiti. This project aims to both reduce crime and to empower residents to take ownership of their streets by promoting a sense of pride and lower tolerance to anti social behaviour.

Council's role has been to prepare the safety audits, successfully apply for \$111,000 in funding from the Ministry of Justice and to implement the safety recommendations. So far the collective outcomes have led to a 32% reduction in crime. Changes have included installing new lighting, plants and signs, improving or closing problematic access ways and trimming street trees for better sightlines. A new playground was also constructed in a more visible location, specially designed for and by local children who wanted unstructured and imaginative play. The play equipment included climbing rocks kindly donated by the Matawai quarry.





## Graffiti prevention in the city

A dramatic reduction in graffiti has been the result of the Graffiti Prevention Project which targeted three high profile public areas including Cooks Plaza, the i-Site and the rear of the HB Williams Memorial Library. The Ministry of Justice contributed \$30,000 of grant funding to the project with the aim of reducing the opportunity for graffiti and vandalism.

The rear of the library has seen the most change; sightlines were improved with the removal of unsightly structures and signage, the bus stop was painted with a mural and relocated so that it is now under CCTV coverage to deter taggers, and new plantings have enhanced the area without obstructing views. New play equipment for the area, which was specifically designed to reduce the opportunity for graffiti, will also be installed.



## Our finances

### Current financial position

Council continues to be in a strong financial position with relatively low debt at \$31m (\$11m less than budget). We made a net accounting surplus of \$1.6m, compared to a budgeted surplus of \$4.6m. This is a negative variance of \$3.1m.

On the plus side Council received an extra \$1.1m in dividends from Gisborne Holdings Ltd, we made some savings and our lower debt meant we had savings in interest costs.

On the down side Council faced higher depreciation and bad debts expense. Māori land rates arrears is an issue that Council is currently reviewing. We spent \$1m more than budget on insurance due to the Christchurch earthquake's impact. The War Memorial Theatre upgrade (\$3.5m) was deferred, therefore we didn't get the grant income budgeted (\$2.6m).

For further information on Council's finances please refer to the 'Finances at a Glance' section on pages 17-20.

## Rates rebates 2011/2012

Rates affordability is an issue for some groups within the community. The Rate Rebate Scheme provided by Council assists ratepayers on low income by offering a rate rebate of up to \$5,800 for this rating year. Our rates team approved 1,824 rate rebates applications this year worth \$1,013,719.08. Council staff actively promote this scheme to ensure as many eligible ratepayers as possible receive this rebate.

### Easy Pay

In these difficult times many ratepayers are using our Easy Pay system to pay their rates. Using Easy Pay, Council will direct debit your rates weekly, fortnightly, or monthly. This means that your rates are spread evenly over the year and can better align with your payday. It can also help ensure that ratepayers do not get behind with rates and then incur penalties. If rates increases occur, ratepayers are advised and payments adjusted automatically.

We have 2,480 ratepayers using weekly/fortnightly or monthly direct debits and 4,648 ratepayers on due date direct debits. 31% of Gisborne properties are on direct debit.

## Revenue and Financing Policy

The Revenue and Financing Policy was reviewed as part of the 2012-2022 Ten Year Plan preparation. The Revenue and Financing policies determine from where and whom Council is seeking to fund its operations. The Policy sets out why and how the funding sources are used. Councillors undertook a series of workshops to review the Council's Revenue and Financing Policies. In the workshops councillors looked at each Council activity to determine how the activity will be funded. This can be by one or more of the following:

- user fees and charges
- targeted rates
- uniform annual general charge (UAGC) or
- general rates.

## Our council, our people

### Long serving staff

Council continues to be a long term employer with currently 92 permanent staff having 10 years service or longer. This year Kerry Hudson, our Soil Conservation Team Leader, celebrated 30 years of excellent service. Kerry is one of eight staff who celebrated over 20 years of service this year. We farewelled three long serving staff members who finished with Council during the year, Nick Tupara, Māori Liaison Officer (11 years), Pat Collins, Animal Control Team Leader (32 years) and Polly Moeke, our resident Tea Lady (22 years). Council wishes them well in the future.

This year Council staff also said goodbye to Stewart 'Stu' Wohnseidler who sadly passed away. Stu was a Bylaws Inspector for 21 years at Council.

### Staff graduate from Te Ara Reo Māori classes

Council has a Māori language plan to build capability and awareness of Te Reo Māori within Council. This will help us engage with Māori in our district. 18 Council staff graduated in June from Te Wānanga o Aotearoa with their Te Ara Reo Māori Certificate Level 2. Some of these students are now studying towards their Level 4 certificates and a further eight staff also took up the Level 2 beginners course this year. Courses run from March for 36 weeks and are held on Tuesdays and Wednesdays in the Council chambers.

### Earthquake strengthening the Council building

The original two-storey part of the Council office building in Fitzherbert Street is over 60 years old and needs a lot of strengthening to meet new building standards. Council was issued with an 'Earthquake Prone building notice' which means the building must be repaired or replaced within 5 years to ensure the safety of staff and the public. Council requires that other building owners earthquake strengthen their buildings. Council needs to show leadership on this and meet its own regulations. Council allocated \$3.5 million for this project in the 2012-2022 Ten Year Plan. A geotechnical investigation has been completed and councillors will now decide whether a new building or strengthening the existing building is the best approach.

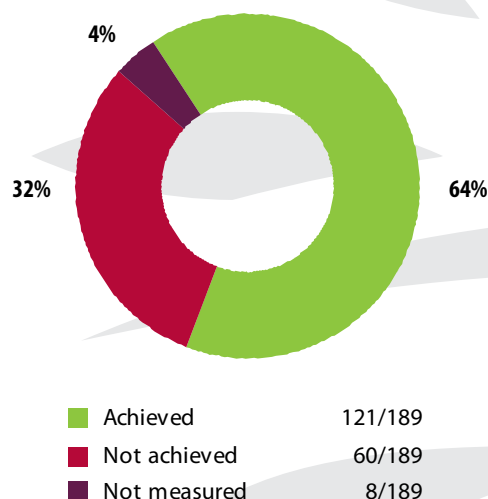
### Maximising use of our staff

This year a number of teams have undergone restructures or reallocation of staff. The Development Control team is now called the Resource Consents Section and includes a monitoring and compliance team. This has improved our ability to respond to consent breaches. Also in the Planning section, the Natural Resources Policy and District Policy teams have been combined under a single Policy Manager. This will mean senior planners can contribute their experience across all resource management policy projects. The Building Services section has been reallocated the maintenance of public toilets and internal furniture to help the Parks and Open Spaces team. Restructures have also seen two positions disestablished. After a review of the Māori Liaison Officer position, Council concluded that it was the responsibility of all sections to understand and work with Māori rather than one person. The role of Rivers and Land Drainage Asset Manager has also been disestablished, in part due to a shared services agreement with Hawkes Bay Regional Council to use their rivers engineering technical expertise and professional services.

## Community views on Council performance

Council uses a number of methods to measure and monitor the services we provide so that we can continue to improve Council's performance for our customers and residents. Each activity has performance targets that they aim to achieve each year. Council also uses Customer Satisfaction Surveys and the Annual Residents Satisfaction Survey to monitor our performance and compare results to previous years.

The graph below shows how well Council met its performance targets during 2011/2012. Compared to last year the percentage of performance targets achieved decreased slightly from 69% to 65%. Details of all the targets are included in the activities section of this report.



### Customer Satisfaction Surveys

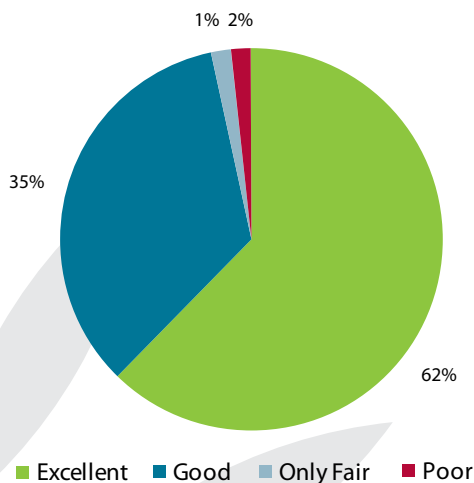
The Council has a Request for Service (RfS) system to manage and track all requests that members of the public make for various Council services. We also survey at least 5% of all individuals who make an RfS to determine whether they felt our response to their request was 'poor', 'only fair', 'good' or 'excellent'.

Overall our customers were satisfied with the service provided through the RfS process with 97% rating our response as either 'good' or 'excellent', a slight decrease from last year's 98%. On a positive note, the total number of requests decreased from 18,119 last year to 16,615 this year. The percentage of unresolved requests also decreased to less than 1% (0.89%) which is an improvement on last year (1.35%).

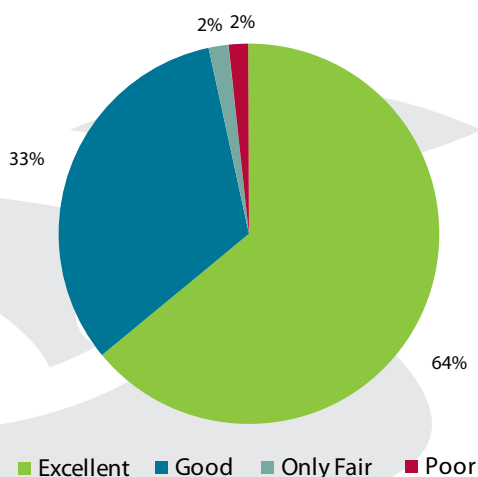
The following three graphs show how satisfied our customers were with Council's service. Results have been taken for the period 1 July 2011 to 30 June 2012.



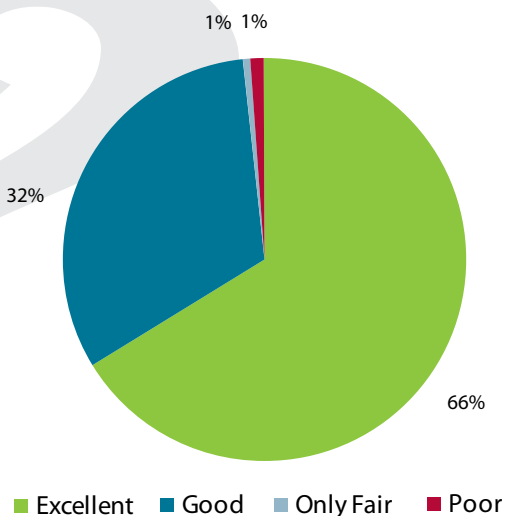
### Customer satisfaction with Council's response time to requests for service



### Customer satisfaction with the quality of service received



### How would you rate the feedback you received



## 2012 Annual Residents Satisfaction Survey

Ensuring the district's residents are satisfied with the services and facilities we provide is a priority for Council. We undertake an independent resident satisfaction survey every year to find out how well the community thinks we are doing. This year a representative sample of 400 people from all across the district were surveyed in June for their views on council services and facilities as well as our policies and overall direction.

The graph below shows where resident satisfaction increased or decreased in key areas compared to the 2011 survey:

**Council Services:** Residents that were very satisfied or satisfied increased for four Council services, but decreased for 16 services and facilities. The best and worst performing services are shown.



**Representation:** 62% rated the performance of the Mayor and councillors as very good or fairly good.



**Staff Performance:** 87% rated the overall service when contacting Council offices as excellent or good.



**Rates Value:** Of ratepayers, 68% were either very satisfied or satisfied with the value their rates provided.



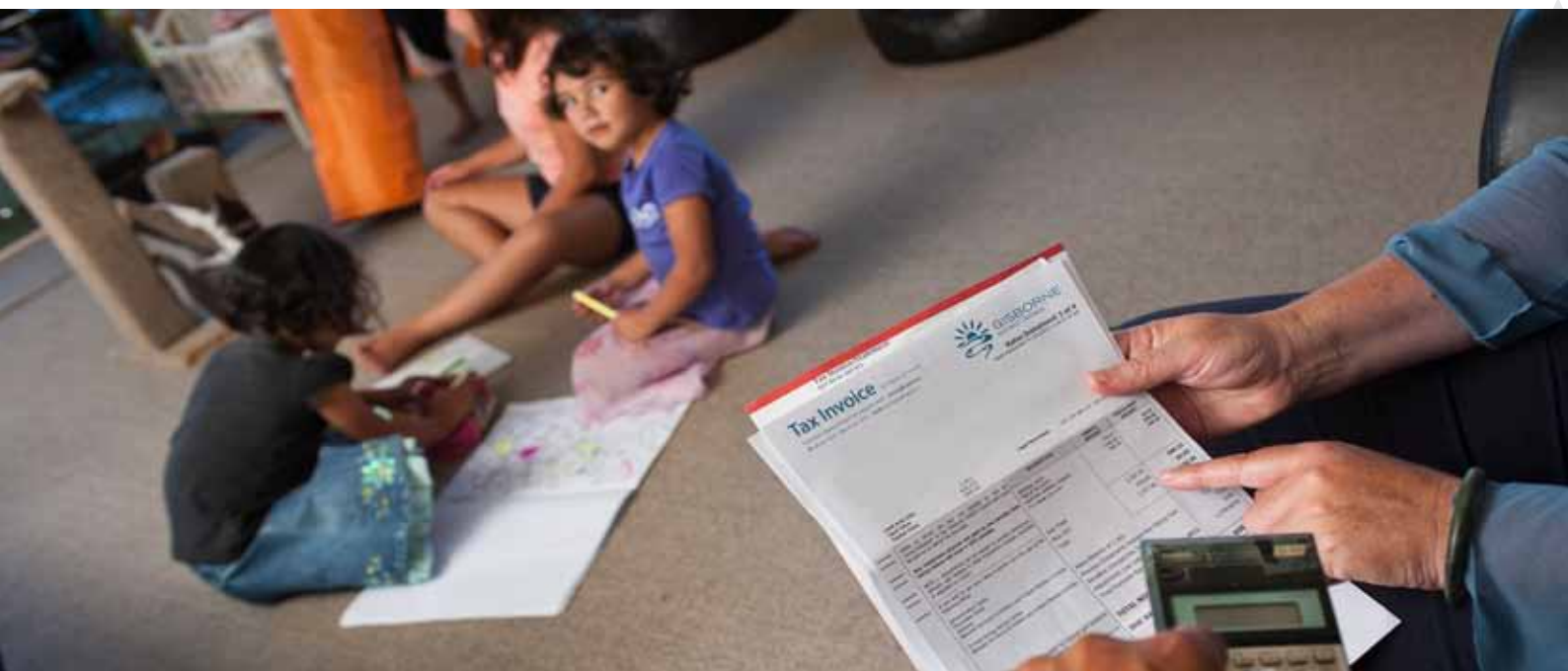
**Quality of Life:** 19% felt very safe or safe walking in the city centre at night. 34% stated that Gisborne is a better place to live than it was three years



**Facility Usage:** The library was the most used facility. 68% of households used the library and 52% used the Olympic Pool in the last 12 months.



# Finances at a glance



This section provides an overview of the Council's financial results for the 2011/12 year. For further detailed information on the Council and the Group's financial results, refer to the full financial statements on pages 98 to 139.

Details of Council's Statement of Involvement in Council Controlled Organisations (CCOs) and other companies is included on page 105.

The Council reports its results under New Zealand equivalents to International Financial Reporting Standards (NZIFRS). These standards represent generally accepted accounting practice in New Zealand. They prescribe the way we must recognise and disclose all financial transactions in our financial accounts.

## Understanding the Council's reported accounting surplus for the year ended 30 June 2012

Council's net surplus is calculated using the following formula:

$$\text{total income} - \text{total expenses} = \text{net surplus}$$

The Council has made a surplus of \$1.6m. This surplus includes funding received specifically for capital projects. This income cannot be used to offset rates or fund operational expenditure.

	Council Budget 2012 Net Surplus	Council Actual 2012 Net Surplus	Council Variance Budget vs Actual Favourable/ (Adverse)
	\$000s	\$000s	\$000s
Revenue from Rates	47,008	47,106	98
Revenue from Grants and Subsidies	18,257	15,237	(3,020)
Revenue from Operating activities	13,195	15,543	2,348
Other Gains/(Losses)	12	(69)	(81)
<b>Total Operating Income</b>	<b>78,472</b>	<b>77,817</b>	<b>(655)</b>
Operating Costs	52,641	54,245	(1,604)
Depreciation and Amortisation	17,973	18,348	(375)
Finance costs	3,303	3,661	(358)
<b>Total Operating Expenditure</b>	<b>73,917</b>	<b>76,254</b>	<b>(2337)</b>
<b>Net surplus</b>	<b>4,555</b>	<b>1,563</b>	<b>(2,992)</b>

The Council has a negative variance of \$3.0m when comparing the budgeted surplus of \$4.6m to the actual surplus of \$1.6m. Council's financial performance was not as positive as anticipated. There has been a myriad of small variations to budget – both positive and negative – these have been noted in the table opposite.

On the positive side Council received an extra \$1.1m in dividends from Gisborne Holdings Ltd, increased miscellaneous/activity income and achieved savings in operational expenditure and interest costs.



However, Council faced increases in depreciation of \$375k and bad debts expense of \$860k. The level of Māori Land rates arrears is of concern to Council and a working party is reviewing this issue. The full impact of the Canterbury earthquake and other natural disasters in the Asia Pacific region have resulted in large insurance cost increases. Council's insurance costs were \$1m more than budget this year. The \$3.5m War Memorial Theatre upgrade was deferred, therefore we did not receive the \$2.6m grant that was budgeted.

## Significant changes in revenue/expenditure compared to the 2011/12 Annual Plan

	\$000s
Additional rates revenue received	98
Unbudgeted NZTA grant funding including emergency works	352
Unbudgeted grants received	206
Unbudgeted miscellaneous income	798
Increase in rate penalties revenue	182
Higher than budgeted dividend income from GHL	1,061
Higher than budgeted water by meter revenue	319
Lower than budgeted operating costs	286
Lower than budgeted interest costs	901
<b>Total Positive Variances</b>	<b>4,203</b>
<b>Less</b>	
Loss in fair value of interest rate swaps	(1,259)
Lower than budgeted other gains income	(81)
Lower than budgeted capital grants income	(3,590)
Higher than budgeted insurance costs	(1,030)
Higher than budgeted depreciation and amortisation	(375)
Increase in bad debtor impairment provisions	(860)
<b>Total Negative Variances</b>	<b>(7,195)</b>
<b>Total Factors contributing to the underlying variance</b>	<b>(2,992)</b>

Council sets its operating income at a level to meet each year's operating expenditure. In some cases this may not be practical or prudent due to the long term nature of the activity (i.e. wastewater, forestry and soil conservation nurseries) or the capital project funding received as grants/subsidies.

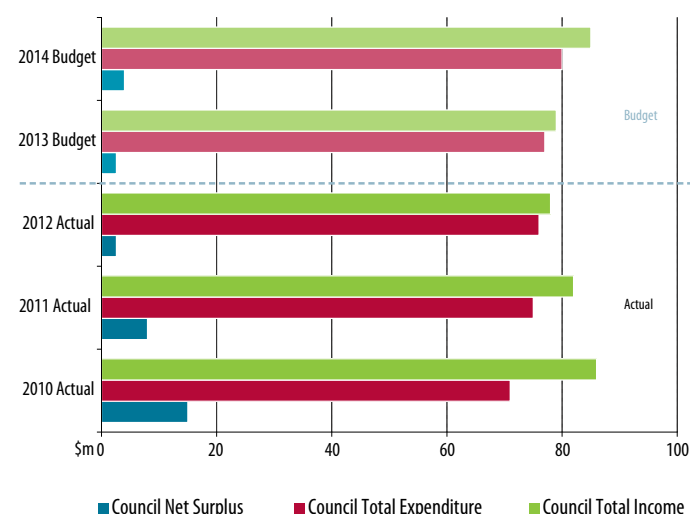
Council's forecast and actual net surplus for 2010 - 2014 is shown in the next column. In most years Council will achieve a small surplus, usually the result of income received for capital projects.

The 2010 Surplus of \$15m is greater than the other years presented. In 2010 Council received \$7m of vested assets which were included in the operating income. The major source of vested assets is subdivisions where the developer vests the roading, sewerage, water supply and stormwater assets in Council.

Council has not received any vested assets in 2011 or 2012. This is a reflection of the current level of new subdivisions in the district.

The total income for 2012 is \$4m less than in 2011. This was partially due to a reduction in the New Zealand Transport Agency subsidies for roading related work in 2012 when compared to the 2011 actual.

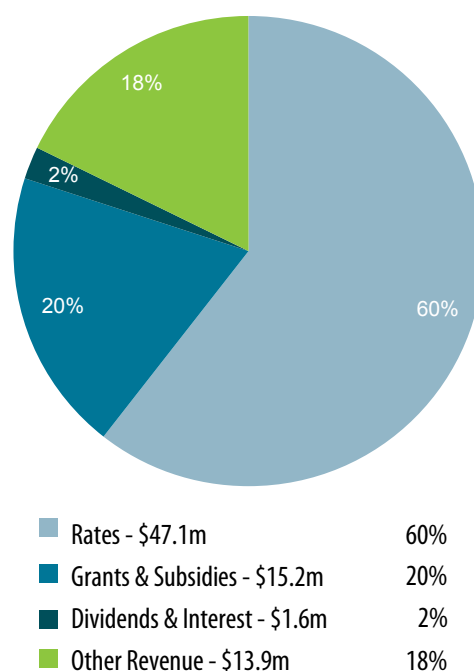
**Total net surplus 2010 - 2014**



## Council Income

In 2011/12 the Council received income of \$77.8m compared to a budget of \$78.5m. Council mainly collects income through rates, this is 60% of total income. There have been no major changes to Council's sources of income recently, therefore the chart below is representative of the Council's funding source over a range of years.

**Council 2011/12 Income was \$78m**

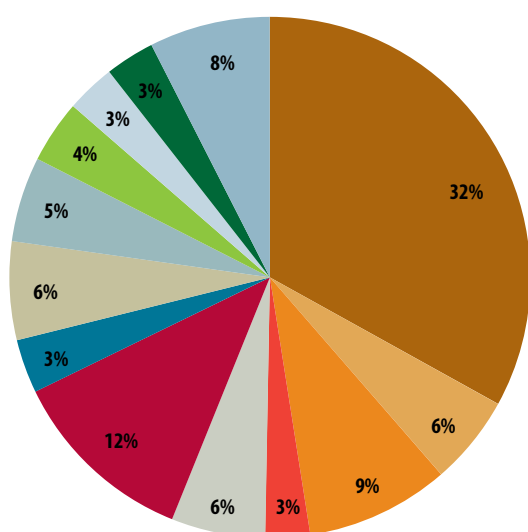


## Council Expenditure

Council expenditure includes the day-to-day costs necessary to run the organisation. Costs are incurred to maintain, manage, develop and provide diverse services and facilities to the district.

The cost of Council doing its day to day business is driven by a number of factors including: inflation, debt levels, salary and wages inflation, amount of assets we own (and therefore have to maintain) and whether the Council increases or decreases the amount of services provided to the community.

**Council 2011/12 Expenditure was \$76m**

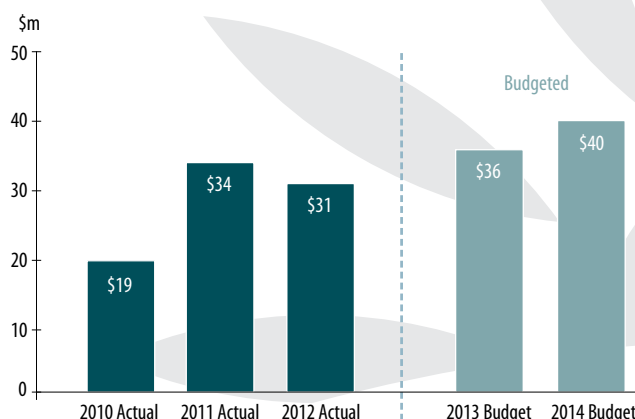


Land Transport & Parking - \$25m	32%
Solid Waste Management - \$4.3m	6%
Wastewater - \$6.7m	9%
Stormwater - \$2.2m	3%
Water Supply - \$4.4m	6%
Recreation & Leisure Facilities - \$8.9m (includes Pool, Theatres, Museum, Libraries and Reserves)	12%
Community Planning & Development - \$2.5m (includes Community Development, Economic Development and Tourism)	3%
Governance and Support Services - \$4.6m	6%
Regulatory Services - \$4m	5%
Conservation - \$3m	4%
Flood Control - \$2.3m	3%
Planning - \$2.3m	3%
Other Services - \$5.8m (includes Enterprise Operations, Community Housing and Emergency Services)	8%

As shown by the pie graph, the roading, wastewater, stormwater, solid waste and water supply made up over 56% of total operating expenditure of the Council. The total cost of these services was \$42.6m.

The Council has nearly \$1.9 billion invested in fixed assets. These are mainly used to provide essential services to our communities – roads, water, stormwater, wastewater, flood protection, parks, open spaces and community facilities. Council must ensure these assets are maintained and replaced if necessary so that the services they provide can continue now and into the future. The maintenance and depreciation on Council's assets are costly. In 2012 depreciation and amortization charges totalled \$18.3 million; this is 24% of our total costs. Repairs and maintenance costs were \$5.6m; this is 7% of our total costs.

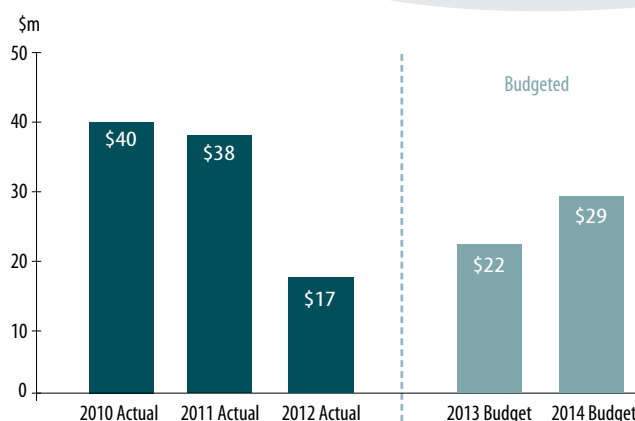
**Council Debt 2010-2014**



Council continues to be in a strong financial position with relatively low debt at \$31m, this is \$11m less than the Annual Plan budget of \$42m. Forecasted debt levels are expected to rise as a number of major capital projects are expected to commence.

Debt levels were low in 2010. This was as a result of the timing of the Waste Water Treatment Plant (WWTP). The Council introduced a special capital rate (from 2004-2011) to fund the construction of the WWTP. Council was saving in preparation of the build and this was completed over 2010-2011.

**Council Capital Projects 2010-2014**





The major capital projects planned for the next two years include HB Williams Memorial Library extension (\$3.04m), Tāirawhiti Navigations and Inner Harbour development (\$12.55m), Cycle and Walkways (\$4.3m), War Memorial Theatre upgrade (\$7.17m) and earthquake strengthening of Council offices (\$3.50m).

The capital spend during 2010 and 2011 was high due to the construction of the Waste Water Treatment Plant.

## Council's five year financial performance summary

	2008	2009	2010	2011	2012
Public Debt (\$000)	24,000	18,150	19,407	33,874	30,850
Net Surplus/(Deficit) after Tax	4,623	18,240	15,365	7,669	3,580
Net debt as a % of equity <10%	1.42%	1.05%	1.11%	1.89%	1.68%
Net debt as a % of income <95%	33.79%	20.77%	22.52%	41.17%	39.64%
Net interest as a % of income <10%	1.87%	1.52%	1.86%	3.23%	2.82%
Net interest as a % of annual rates income <15%	3.42%	3.20%	3.72%	5.82%	4.66%
Total debt per capita <\$1700	\$540	\$408	\$437	\$762	\$694
Working Capital (excluding current portion of public debt)	4,250	941	(5,061)	(3,337)	(942)

**INDEPENDENT AUDITOR'S REPORT  
TO THE READERS OF  
GISBORNE DISTRICT COUNCIL AND GROUP'S  
ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012**

The Auditor-General is the auditor of Gisborne District Council (the "District Council") and group. The Auditor-General has appointed me, G J Taylor, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements, non-financial performance information and other information required by schedule 10 of the Local Government Act 2002 (other information) of the District Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 101 to 139, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the non-financial performance information of the District Council and group on pages 40 to 97 that includes other information required by schedule 10 of the Local Government Act 2002.

**Opinion on the financial statements, non-financial performance information and other information**

In our opinion:

- The financial statements of the District Council and group on pages 101 to 139:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council and group's financial position as at 30 June 2012; and
    - the results of its operations and cash flows for the year ended on that date.
- The non-financial performance information of the District Council and group on pages 40 to 97:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council and group's levels of service for the year ended 30 June 2012, 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 other information of the District Council and group contained in the financial statements and the non-financial performance information, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 27 September 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and 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, non-financial performance information and other 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, non-financial performance information and other 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, non-financial performance information and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, non-financial performance information and other information whether due to fraud or error.



In making those risk assessments, we consider internal control relevant to the preparation of the District Council and group's financial statements, non-financial performance information and other 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 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;
- the adequacy of all disclosures in the financial statements, non-financial performance information and other information;
- determining the appropriateness of the reported non-financial performance information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, non-financial performance information and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, non-financial performance information and other 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 non-financial performance information 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;
- fairly reflect its service performance, including achievements compared to forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, non-financial performance information and other 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, non-financial performance information and other 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 and in carrying out the audit of the District Council's Long-Term Plan and the audit of Gisborne District Disaster Relief Trust, we have no relationship with or interest in the District Council or any of its subsidiaries.



**G J Taylor**  
**Ernst & Young**

On behalf of the Auditor-General  
Wellington, New Zealand



Matters relating to the electronic presentation of the audited financial statements, non-financial performance information and the other requirements

This audit report relates to the financial statements, non-financial performance information and the other requirements of Gisborne District Council and group for the year ended 30 June 2012 included on Gisborne District Council's website. The Council is responsible for the maintenance and integrity of Gisborne District Council's website. We have not been engaged to report on the integrity of Gisborne District's website. We accept no responsibility for any changes that may have occurred to the financial statements, non-financial performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, non-financial 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, non-financial 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, non-financial performance information and the other requirements as well as the related audit report dated 28 September to confirm the information included in the audited financial statements, non-financial 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.





Our district

# Our District - the first to see the light



Our district covers the largest land area in the North Island of New Zealand with 8,360 square kilometers of land. We are located in the north-eastern corner of the central North Island and are referred to as Tairāwhiti, the East Cape, East Coast and the Eastland region.

The unspoiled East Coast region is still one of the world's best kept secrets and has inspired authors, poets, artists and wine lovers. It has some of New Zealand's most exciting and consistent surf breaks and safe swimming.

## Our Uniqueness

As the site of the first meeting between Māori and European, our district is rich in history. You can see Gisborne's bi-cultural heritage everywhere from the elaborate Māori canoe masthead to the Cook memorial. Over 100 marae in the district are living treasure houses of traditional Māori history. We have a unique population mix with the highest proportion of Māori (44%) compared to non-Māori in the country. At Kaiti beach, near the city of Gisborne, Māori landed their waka Te Ikaroa-a-Rauru. Here also was the first landing place of Captain Cook in 1769, naming the area "Poverty Bay" previously known by the pre-Europeans as Tūranganui-a-Kiwa meaning "the waiting place of Kiwa" (who was said to have landed on our shores around 1450AD).

What sets Gisborne apart from the rest of New Zealand is the beauty and isolation of our key distinctive features. These include our picturesque coastline and beaches, native bush and hill country, Rere falls and rockslide, productive and fertile land and our numerous rivers which flow out to the surrounding Pacific Ocean.

Overlooking our city and its rivers is Titirangi (Kaiti Hill), offering views of Poverty Bay and the surrounding rural areas. The white cliff headlands of Young Nick's Head (Te Kuri-a-Paoa, The Dog of Paoa) stand out against the skyline.

In the distance stands Mount Hikurangi, a mountain of great cultural significance to the people of Ngāti Porou. Hikurangi is the first mountain in the world to see the sun each day.





### Quick facts

District Land area	8,360km*
Percentage of total NZ land area	4.9%
Reserves	950 hectares**
Population	44,460 (2006 census)
Capital value	\$8.5 billion (30 June 2012)
Land value	\$4.8 billion (30 June 2012)
Average population density	5.3 persons per sq km
Number of dwellings	18,956
Number of rateable properties	21,871
Council's total asset value	\$1.89 billion (30 June 2012)

\* Based on the high water mark

\*\* Land zoned "reserve"

### Our Lifestyle

Gisborne is home to a vibrant and progressive community, serviced by a full range of modern amenities. Our district is renowned for its warm climate with a total of 2,200 sunshine hours each year, and over 65 days where the temperature reaches above 24 degrees centigrade. Rainfall varies from about 1,000mm near the coast to over 2,500mm in the higher inland country. Property costs here are relatively low and wherever you choose to live, you're never too far from the beach.

Along with a number of national chain stores, the city's numerous municipal facilities include excellent libraries, museums and theatres that stage some 40 plus performances every year. Our Tairāwhiti Museum and Art Gallery has a reputation as one of the most innovative regional museums in New Zealand.

Gisborne residents enjoy many outdoor activities because of the key distinctive features of the region's environment. Our coastal environment is an integral part of our region and its people. Gisborne is renowned for its surf breaks and has a keen surfing and surf lifesaving culture. Avid cyclists and multi-sport enthusiasts also make use of Gisborne's coastline. Many other well patronised sports that take advantage of Gisborne's rivers and coastal environment including waka ama, paddling, rowing, kayaking, fishing and diving.



Our rural lifestyle is also important to our region with much of the district's economy underpinned by land based activities. Gisborne has many recreational hunters as well as walkers and trampers who enjoy our hill country, native bush and coastal tracks throughout the district.

### Our Economy



Gisborne is rich with business and employment opportunity. There are more than 2,800 businesses located in the Gisborne district.

Agriculture has been the most important industry since earliest settlement. However, agriculture has diversified over the years and now forestry, viticulture, horticulture and related industries such as food processing are becoming increasingly important. Tourism has also been targeted as an industry of high growth potential.

Gisborne is one of the three main grape growing areas in New Zealand. Here 2,003 hectares support 24 wineries (2009 NZ Wine statistics). Gisborne has historically been known for its outstanding Chardonnay, but other varieties are now getting national and international recognition especially varieties such as Viognier and Gewurztraminer. The region has a particularly favourable environment for industry with a stable labour force combined with high tech skills associated with food processing and manufacturing.





In addition to all its natural advantages of mild climate, fertile soil and clean environment, the district has been developing infrastructure to match the district's growth. Efficient, frequent transport services link Gisborne with the larger population areas of Auckland and Wellington. Notwithstanding major city links, across our region lie 1,900 kilometres of roading allowing access to some of the most remote areas of New Zealand.

Port Gisborne Ltd has a positive commercial attitude and is capable of handling vessels of up to 190 metres in length and a draught of up to 10.5 metres. There is a modern fleet of cargo-handling equipment, a bulk handling installation, and cool/cold storage facilities at the export wharf.

For manufacturing and food processing, the Gisborne District Council is able to offer an efficient, reliable supply of quality water. Gisborne is also well served with high-capacity network of electric power lines and substations covering the entire region. Virtually the whole of the urban area, including the industrial estate, is reticulated with natural gas.

Real estate prices present good opportunities. Commercial and industrial space is available at extremely moderate rates compared with those in other areas. The local building industry can handle all types of construction, including large factories and multi-storey buildings. There are registered architects who offer a full range of design services.

## Our Community

### Population

Gisborne District is home to a population of 44,460 people with the majority residing in the city 32,530 (73%).

The age distribution of Gisborne/East Coast district's population is different from the national picture, with more children in the population than national averages and with fewer young and early-middle aged adults. Nationally, 60% of Māori were aged under 30 in 2006 compared with 56% in Gisborne.



Gisborne/East Coast district is predicted to experience an aging population in years to come.

Māori make up almost one-half (47%) of the district's population, more than three times the national proportion of 15%. Ngāti Porou is by far the most numerous iwi affiliation among Gisborne Māori, with 12,400 people identifying with that iwi.

Other iwi in the district include Ngāi Tāmanuhiri, Rongowhakaata, Te Aitanga-ā-Māhaki, Te Whanau-ā-Kai and Ngā Āiriki Kaipūtahi.

In 2006, Gisborne/East Coast district contained 4% of New Zealand's Māori language speakers, with around 6,740 residents saying they were able to hold a conversation in Māori.





# Our Organisation

Our Council

- Governance and Structure

Our Direction



# Our Council - governance and structure



## Our role

As one of only five Unitary Authorities, the Gisborne District Council (Council) combines the functions, duties and powers of a territorial council with those of a regional council. In most other parts of the country, the functions of regional councils and territorial councils are split as follows:

### Regional Councils

- ▶ resource management (quality of water, soil, coastal planning etc)
- ▶ biosecurity control of regional plant and animal pests
- ▶ river management, flood control and mitigation of erosion
- ▶ regional land transport planning and contracting of passenger services
- ▶ civil defence (natural disasters, marine oil spills).

### Territorial Councils

- ▶ community wellbeing and development
- ▶ environmental health and safety (including building control, and environmental health matters)
- ▶ infrastructure (roading and transport, sewerage, water/stormwater)
- ▶ recreation and culture
- ▶ resource management including land use planning and development control.

Under the Local Government Act 2002, Council is tasked with two key responsibilities. The first is to promote the social, cultural, economic, and environmental wellbeing of the Gisborne district and its residents in the present and for the future. The second is to enable democratic local decision-making and action on behalf of our communities.

Community wellbeing is promoted through the broad range of Council's services and activities. While some of these are clearly visible to our communities (such as libraries, pools and recreational facilities), many Council services and activities go unnoticed but make a substantial contribution to our community's wellbeing. These include things such as our roads, water supply and drainage or working with others (such as community groups) to facilitate and achieve common outcomes.

We further contribute to community wellbeing through our regulatory responsibilities. Activities such as resource consents, noise control and environmental protection all enhance the safety and the sustainability of the district that we live in.



## Our Governance structure

The elected Council consists of the Mayor and 14 Councillors (including the Deputy Mayor). The Councillors cover seven areas of the district (referred to as wards). These are Waikohu, Pātūtahi/Taruheru, Cook, Gisborne, Ūawa, Waiapu and Matakaoa. While the Councillors have been elected from their respective wards, they have an obligation and a duty to represent the interests of the district as a whole.

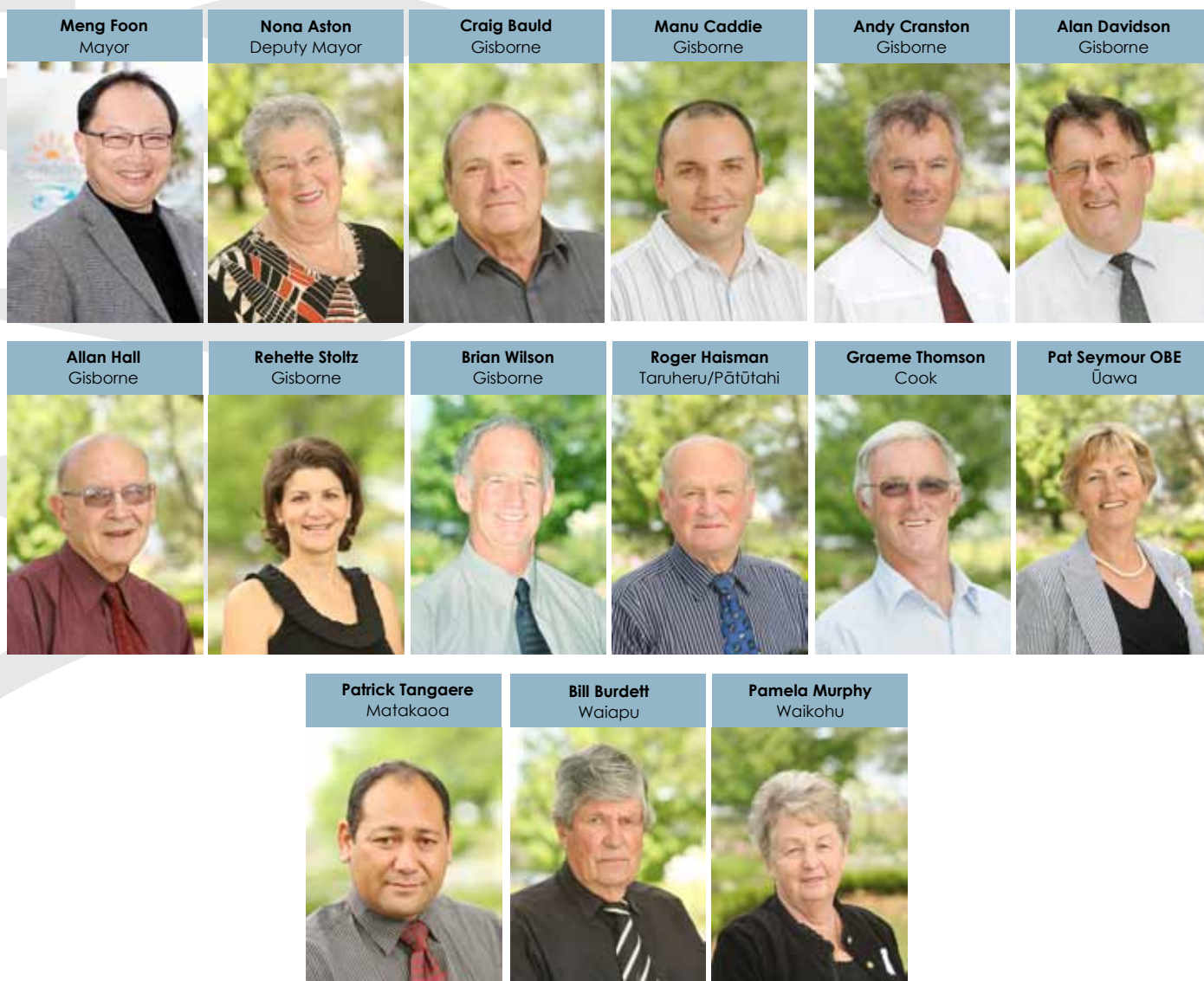
The Council is elected every three years and is responsible for setting the overall direction of the district and the budget through Ten Year Plans and Annual Plans, setting policies, setting and reviewing bylaws, monitoring Council's performance, adopting a Code of Conduct for elected members, employing the Chief Executive, and adopting (or otherwise) reports as required under various legislation.

Councillors also have a key role in engaging with their local communities, advocating on behalf of others and raising any issues that need to be addressed.

## Our Committees

Elected Councils can create subordinate decision making structures such as committees. Committees can be established or disestablished by way of a resolution of Council. Council has nine committees. These are:

- ▶ Finance and Monitoring Committee
- ▶ Operations Committee
- ▶ Environment and Policy Committee
- ▶ Community Development Committee
- ▶ Civil Defence and Emergency Management Committee
- ▶ Regional Land Transport Committee
- ▶ Wastewater Management Committee
- ▶ Hearings Committee
- ▶ Efficiency Review Committee.



## Our Organisational structure

The elected Council has one employee, namely our new Chief Executive Judy Campbell. She is responsible for implementing and managing Council's policies and objectives within the budgetary constraints established by Council. The Chief Executive is supported by four Senior Managers whose departments reflect the range of activities that Council undertakes in order to contribute to the social, cultural, environmental and economic outcomes of our communities.

The Council has four departments that sit under the Chief Executive. These are, Community Planning and Development, Corporate Services, Engineering and Works, and Environment and Policy. Each department is responsible for supporting the Chief Executive to implement Council decisions and policies and provide sound advice to the elected members of Council.



Chief Executive



Group Manager  
Engineering and Works



Group Manager  
Corporate Services



Group Manager  
Environment and Policy



Group Manager  
Community Planning and  
Development

## Statement of Involvement in Council Controlled Organisations (CCOs) and Other Companies

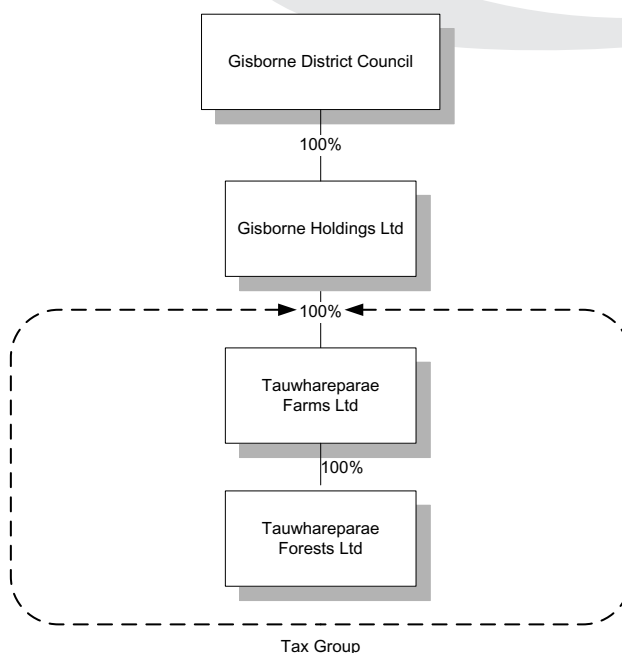
The Council has control over the following entities:

### The Gisborne Disaster Relief Trust

The Trust has been established to provide a vehicle for the collection and distribution of funds in support of local disaster relief efforts. The Trust is exempt from CCO status under the provisions of the Local Government Act 2002.

### Gisborne Holdings Ltd

This CCO comprises Gisborne Holdings Ltd and its subsidiaries, Tauwhareparae Farms Ltd and Tauwhareparae Forests Ltd.



# Our Direction



## Our road map

One way of looking at our strategic direction is to think about our strategy as a road map requiring a series of planned steps to achieve the ultimate goal of arriving at a destination.

The destination for our road map is the achievement of community wellbeing through having in place the things that make this district a better place to live in. How the Council does this is described by our eight community outcomes. These outcomes outline how Council intends to promote social, cultural, economic and environmental wellbeing in the district.

Our Council's vision, mission, values, strategic challenges, strategies plans and policies and services and activities are all the places that we need to plan for in order to reach our destination.

The parts of our strategic direction are broken down below and then explained in the next few pages. More detail is provided in Council's 2012-2022 Ten Year Plan.

### Community wellbeing

Our community's aspirations and description of what wellbeing means.

### Community outcomes

Our Council's contribution to promoting community wellbeing.

### Vision, mission and values

Our Council's internal direction to help us achieve our outcomes.

### Strategic challenges

Critical short to medium term issues that need to be addressed in order to fully achieve our outcomes

### Strategies, plans and policies

Our strategies, policies and plans help us define what our contribution is as Council is not solely responsible for promoting wellbeing.

### Activities

In order to achieve our outcomes, strategies, policies and plans our activities and services are organised into groups of activities.

Each of these have levels of service setting out the service that our community can expect to receive from an activity.

### Financial strategy

Sets out the direction for how we are going to pay for our activities and services in order to achieve our outcomes.

## Community outcomes

### What is community wellbeing and what are community outcomes?

#### Community outcomes

Our Council's contribution to promoting community wellbeing.

Local authorities exist to enable democratic decision making and to promote the social, cultural, economic and environmental wellbeing of

communities (now and in the future). Community wellbeing can mean many things to different people. A useful way to look at community wellbeing is to consider what things would be in place in order to help you and your whānau/family have a good life.



Community outcomes are closely related to community wellbeing. Community outcomes are the things that a local authority "aims to achieve in order to promote the social, economic, environmental and cultural wellbeing of its district or region, in the present and for the future".

### What happened to the old community outcomes?




At the time of the 2009-2019 Ten Year Plan, Council adopted eight community outcomes in a document called "Tairāwhiti by Choice". The process for developing the outcomes in "Tairāwhiti by Choice" took over two years and involved over 70 different agencies and organisations from the public, private and not for profit sector.

The amendments to the Local Government Act 2002 changed the definition of 'community outcomes' from outcomes that the community define (and own) to those that a local authority aims to achieve and is responsible for. The eight community outcomes identified in Tairāwhiti by Choice are retained within Council's strategic framework as community aspirations. These community aspirations as a whole define what wellbeing is in this district.

### How were the new community outcomes developed?

At a workshop on 23 February 2011, Council agreed that it would adapt the Tairāwhiti by Choice community outcome statements to be more applicable to the aims and intentions of Council. Council formally approved the new community outcomes (otherwise referred to as Council Outcomes) for inclusion in the 2012-2022 Ten Year Plan. Council's new outcomes are outlined in the table below.

Our Community Outcomes are:

Community Outcomes	We aim to achieve...	We support our outcomes by...
<b>Environmentally Sustainable Tairāwhiti</b> 	A district where natural environments are protected, restored and/or utilised sustainably in a way that enhances them for the future.	<ul style="list-style-type: none"> <li>• Providing a balanced regulatory framework that supports the natural and physical environment.</li> <li>• Promoting and implementing systems and plans for the sustainable management of land and water resources.</li> <li>• Pro-actively preserving and protecting indigenous biodiversity and ecosystems within the district.</li> <li>• Supporting sustainable land use.</li> </ul>
<b>Healthy Tairāwhiti</b> 	A district that has a healthy environment, easy access to active lifestyle facilities, high quality infrastructure and effective planning for a healthy and active community.	<ul style="list-style-type: none"> <li>• Providing infrastructure and services for a healthy and active region i.e. safe drinking water and waste disposal services.</li> <li>• Supporting leisure and recreational opportunities.</li> <li>• Promoting and regulating for safe and healthy environments.</li> <li>• Ensuring accessibility to services and that all citizens can move around safely.</li> <li>• Advocating for community needs.</li> </ul>
<b>Connected Tairāwhiti</b> 	A district that has essential infrastructure that is well planned, affordable, equitable and meets the needs of our community now and in to the future.	<ul style="list-style-type: none"> <li>• Facilitating people, goods and information moving safely and easily around the district.</li> <li>• Supporting and/or advocating for a range of sustainable and secure transportation systems, reticulation, communication, energy supplies and protective infrastructure.</li> <li>• Assessing and managing risk effectively.</li> <li>• Having a clear planning framework that guides the district's development and encourages opportunities.</li> </ul>

### How do the outcomes link to the strategic direction?

The community outcomes are central to Council's strategic direction as they set out what we are aiming to achieve through the services and activities we provide. All of Council's strategies, policies, plans, services and activities contribute to the achievement of our community outcomes. As you will see in this Annual Report, each of our 22 activities identifies which community outcomes they contribute to.

### How will Council contribute to furthering community outcomes?

Council currently uses the community outcomes to shape and prioritise its policies, work programmes and projects proposed in this document.

When an activity of Council contributes to a community outcome it is identified in this document by the relevant icon. For example, the Conservation Activity is linked to:



Safe  
Tairāwhiti








Prosperous  
Tairāwhiti



Environmentally  
Sustainable Tairāwhiti

### What are community outcomes?

Community outcomes are the big things the community needs to "make life better" such as well-paid jobs, access to healthcare, affordable housing, leisure and recreational facilities and clean waterways.

Community Outcomes	We aim to achieve...	We support our outcomes by...
<b>Prosperous Tairāwhiti</b> 	A district that is prosperous and an economy that is supported to sustainably grow, develop and diversify.	<ul style="list-style-type: none"> <li>Supporting communities and townships to be sustainable and prosperous.</li> <li>Providing services and infrastructure to help the economy develop, grow and diversify.</li> <li>Facilitating local, national and international business opportunities.</li> <li>Maximising benefits from economic initiatives and opportunities.</li> <li>Supporting innovative businesses to start up and relocate here.</li> <li>Encouraging investment in research and development.</li> <li>Supporting initiatives to attract talent, investment and visitors without compromising the environment, cultural values or social wellbeing and regulatory requirements.</li> </ul>
<b>Skilled and Educated Tairāwhiti</b> 	A district where infrastructure, leadership and advocacy supports our community to be highly skilled, educated and innovative.	<ul style="list-style-type: none"> <li>Advocating for education provision that meets lifelong learning needs, regional employment opportunities and encourages innovation.</li> <li>Providing centres of learning through supporting libraries and museums.</li> <li>Supporting leadership and education initiatives.</li> </ul>
<b>Vibrant Tairāwhiti</b> 	A district that is vibrant and values our unique and diverse art, culture and heritage.	<ul style="list-style-type: none"> <li>Promoting, protecting and valuing local heritage.</li> <li>Supporting local art access and production.</li> <li>Providing public facilities and initiatives to enable cultural and artistic expression.</li> <li>Supporting the development of cultural, heritage, artistic and community groups in the district.</li> <li>Respecting and fostering a local sense of place.</li> </ul>
<b>Safe Tairāwhiti</b> 	A district where communities are safe, caring and prepared.	<ul style="list-style-type: none"> <li>Providing information and emergency management solutions.</li> <li>Protection of people, properties and land from damage caused by natural hazards.</li> <li>Supporting and advocating for safer communities.</li> <li>Supporting and encouraging community capacity and capability building initiatives and processes.</li> </ul>
<b>Empowered Tairāwhiti</b> 	A district that leads and advocates for itself, encouraging and enabling all citizens to be actively involved in community life and participate in democratic processes.	<ul style="list-style-type: none"> <li>Promoting community wellbeing, participation and engagement.</li> <li>Recognising vulnerable and hard to reach communities and supporting their capacity to engage and participate in democratic processes.</li> <li>Advocating with and for our communities.</li> <li>Encouraging community responsibility.</li> </ul>
More detail on our community outcomes is set out in the 'Tairāwhiti by Choice' document endorsed in May 2009.		

## Vision, mission, values

### Vision, mission and values

Our Council's internal direction to help us achieve our outcomes.

Council's vision and mission contributes to the achievement of our high level community outcomes.

Council's vision for the region is to be:

**"First to see the light. First choice for lifestyle and people, enterprise and environment - Ka mau te wehi!"**

This vision sees Gisborne/Tairāwhiti needing to be more than a place for today. It sees a place for tomorrow as well so that those who follow after us inherit a district that is better than it is now. For Council this means taking responsibility for leading our communities now and into the future; not through directing, but through helping to shape, collaborating with and listening to our communities and seeking the best advice.

Council's mission describes the purpose of Council and how it will achieve this vision. The mission is to:

**"Lead and support the social, cultural, economic and environmental development of our communities - Mō tātou te Tairāwhiti".**

The mission gives effect to the purpose of local authorities as specified in the Local Government Act 2002.

Seven values underpin Council's mission and vision and influence the way the Council staff work with and for our communities and with each other. These values are:

- giving service
- innovation
- doing it right the first time
- learning & improving.
- solution focus
- working together
- can-do-attitude

The performance of Council and achievement of the community outcomes, vision and mission are reliant on other important elements. These include strategic challenges, strategies, policies and plans.

## Strategic challenges

### Strategic challenges

Critical short to medium term issues that need to be addressed in order to fully achieve our outcomes

In 2009, Council adopted its 'strategic challenges' which sit within the context of Council's vision, mission and values. The strategic challenges are a mix of internal and external challenges that identify critical issues that need to be addressed in order to make the district "better than it is now". The challenges and outcomes are listed below.

The Challenges we face are	The Outcomes we Seek
1. Performance Culture: Creating a culture of performance in a semi political organisation with a limited budget in a relatively remote location.	Council is a high performer within its preferred cultural framework.
2. Governance Effectiveness: Earning the confidence of the elected representatives and achieving aligned purpose.	A close and effective working relationship exists between elected members and staff that better contributes to community well-being.
3. Community Engagement: Engaging with the communities – especially Māori – within a demographically unique region.	We inter-connect with the community through collaboration and effective communication and there is effective Māori contribution to Council decision making.
4. Major Projects: Providing the district with the major community facility and infrastructure projects that are needed or desired.	The right projects are delivered at the right place, right price and the right time.
5. Natural Resource Use: Manage natural resources so that the aspirations for lifestyle, the economy and kaitiakitanga/stewardship are recognised and the needs of future generations are not compromised	Natural resource use and development is supported to be sustainable through effective leadership, collaboration, advocacy, policy development and regulation.
6. Financial Sustainability: Living within our means in the face of prevailing economic conditions, government policy changes, affordability and the limits on rates revenue.	Current and future Council commitments are funded in a way that the community can afford and which meets Council's stewardship obligations to the district.
7. Community Viability and Functioning: Improving community viability and functioning in light of economic, environmental and socio-demographic challenges affecting the district.	Communities are supported to be sustainable and prosperous so that they contribute to the district's well-being.
8. Risk Management: Identifying and managing risks to enable best use of resources.	Business objectives will continue to be met despite adverse events or changes in circumstances.
9. Business Efficiency: Improving the efficiency of processes to add value for the benefit of customers and the community.	Our business processes are optimised to produce high quality results within the political, regulatory and compliance environment.
10. Customer Need: Understanding and addressing customer and community needs in a proactive way while creating value.	An organisation that focuses on understanding current and future customer/community needs and addresses them in a way that increases value.



## Council's Strategic Framework



How Council contributes to achieving outcomes







Our activities in  
depth



# Activities in depth



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# How to read this section

The following sections describe Council's activities in alphabetical order. Each activity section includes a description of the activity and why we do it (including a link to relevant community outcomes), what Council did during 2011/12, how well we performed against our targets and what it cost.

Sections are structured as follows:

## Why we do it

This provides a brief description of why Council undertakes this activity including the benefits to the community.

## What we do

This provides a brief description of what the activity involves.

## Contribution to community outcomes

Where an activity of Council contributes to a community outcome it is identified in this document by the relevant icon (see page 35 for a full list of our community outcomes).

This section also explains how the activity affects the social, economic, environmental or cultural wellbeing of the community.

## What we did

Under 'What we did' we report on the actions carried out in the activity area over the last year. The emphasis is on highlights for the year rather than business as usual activities.

## Our progress

Under 'Our progress' we set out the levels of service we aim to reach, the performance measure targets for the 2011/12 year as well as our actual results for the year.

The measures have targets that were outlined in the 2011/12 Annual Plan. The previous results are taken from the 2010/11 Annual Report. The performance measures used are either customer or technical focused. Technical focused measures are based on best practice industry standards. The customer focused measures come primarily from our Requests for Service results or our annual resident satisfaction survey.

### **Requests for service performance measures**

The Council has a Request for Service (RfS) system to manage and track all requests that members of the public make for various Council services. Each activity area has a range of specific request for service, each with their own timeframe for when Council is required to respond to and/or resolve the request. These requests range from urgent matters that must be resolved within hours to ongoing requests that can take up to a year depending on work plans and budgets. Each activity has different criteria for prioritising the matter and determining the response timeframe. The timeframes are not mentioned in each situation as there may be hundreds of different timeframes for each activity. Those interested may contact Customer Services to find out any of the specific RfS timeframes. We also survey 5% of all individuals who make a request for service to determine whether they felt our response to their request was poor, only fair, good or excellent. The responses given depend on the individual's opinion of what meets those criteria.

### **2012 Resident Satisfaction survey**

The Resident Satisfaction Survey was a 25 minute phone survey of 400 residents in June, which asked respondents their levels of satisfaction with Council's activities, facilities and performance. The residents are asked whether they are very satisfied, fairly satisfied or not very satisfied. This is a subjective judgment based on the individual's interpretation of satisfaction. The survey is designed to be fully representative of the district's wards as well as gender, age, ethnicity of its citizens. It has a maximum margin of error 4.9%.

## What was different

Under 'What was different' we give reasons for any significant changes to the previous year's performance measure results and any further explanation required of the performance measures.

## What it cost

Under 'What it cost' we present the net cost to the ratepayer for the services provided by each activity and compare the cost to what Council had budgeted for the activity in the Ten Year Plan. Capital expenditure is funded from a variety of sources.

**Capital Rates:** These are rates specifically collected for a capital project e.g. wastewater treatment plant.

**Capital Grants and Subsidies:** These are grants and subsidies received for specific capital works.

**Other Capital Revenue:** This includes income from assets vested in Council.

**Reserves:** These are transfers from Council's Reserve Accounts. This is usually the Depreciation Reserve Account.

**Internal Loans:** New capital works are loan funded internally by the Treasury Department.

## What was different from the budget

Under 'What was different from the budget' we give the reason for any changes to the cost of the activity compared to the budget.

**Please note for ease of reporting, this document contains the same activity groupings and levels of service as those used in the 2009-2019 Ten Year Plan.**



# Animal Control

## Why we do it

**To minimise danger, distress and nuisance caused by stray dogs and the associated effects of the health and safety of the community to wildlife and natural habitats, and to ensure the control of stock on the roads of the district in the interest of public safety.**

## What we do

The Animal and Stock Control section is responsible for effective dog and stock control in the Gisborne district. This includes:

- Investigating complaints received in relation to dog and stock behaviour.
- Maintaining a register of dogs within the district and identifying and processing unregistered dogs.
- Controlling stock on all district roads and on State Highways 2 and 35 on behalf of Land Transport NZ.
- Maintaining a service and facilities for the impounding and care of stray and seized dogs and stock.
- Providing education on dog and stock control, ownership and safety.
- Monitoring and enforcing regulations and bylaws.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Safe Tairāwhiti



Healthy Tairāwhiti

Animal Control has made a positive impact on the social wellbeing of the district by providing an on call service for people facing dog and stock related problems 24 hours a day, 365 days a year, encouraging responsible dog ownership and promoting community awareness of dog and stock control issues.

## What we did

During the 2011/12 year the Animal Control activity:

- Carried out 2,562 annual property visits leading to staff finding 907 new dogs, chipping and entering 329 of the new dogs into the system to increase our knowledge of Gisborne's dog population.
- Presented dog safety programmes to 7 different community groups to promote awareness around dog safety.
- Impounded 1,001 dogs and classified 61 new Pitbull type dogs or dogs reported to be unsociable to increase public safety.
- Received 3,990 complaints, of which 165 were for dog attacks on people or livestock.
- Sold 5,930 Paratac pills for control of Ovis and intestinal worms in dogs.
- Removed 515 animals from roads, of which 167 were impounded to keep the roads safe.

## Our progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Customer Service</b> To provide a service that controls dogs and stock to minimise risk to the public.	Percentage of Requests for Service resolved within target timeframes (ranging from 1 day for "person attacked" to 60 days for "ongoing fouling").	96% Achieved	95%	94% Not Achieved
	Percentage of customers who rate Requests for Service responses as excellent/good.	99% Achieved	95%	99%
	Percentage of residents who are very/fairly satisfied with Council's efforts in controlling dogs.	69% Achieved	70%	70% Achieved
	Adequate facilities are available for the impounding and processing of stray dogs and stock.	Achieved	Achieved	Achieved
	Percentage of known dogs that are registered. <sup>1</sup>	89% Not Achieved	97%	91% Not Achieved - trending upwards
	Percentage of properties with known dogs visited per year. <sup>1</sup>	60% Not Achieved	90%	80% Not Achieved - trending upwards

## What was different

1. By changing the one part time officer to full time, this allowed officers to step up patrols in all problem areas. Having officers on the ground and seen by the public means we are able to attend priority jobs more effectively. This change also means we can schedule work ahead such as education programs in schools and community groups. Our rural townships are also part of the general patrolling roster where in the past they were targeted if reports of problems came to our attention.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	684	747	(63)	644
Operating Expenses	788	824	36	743
<b>Net Cost of Service</b>	<b>104</b>	<b>77</b>	<b>(27)</b>	<b>99</b>

This activity was funded 14% from rates and 86% from grants and fees and charges.

## What was different from the budget

1. Operating revenue was lower than anticipated due to collected dog registration fees being \$51k lower than expected.
2. Operating expenses were lower than the budget (\$36k) due to lower transport and vehicle expenses. This was due to a reduction in the number of Animal Control vehicles.

# Aquatic and Recreation Facility

## Why we do it

**To provide opportunity for aquatic recreation, fitness, sport, play, fun, education, health and social interaction in a safe and inclusive way and to provide access to events space and affordable holiday accommodation for groups.**

## What we do

The Olympic Pool complex offers six pools, park like grounds, shops, meeting rooms, barbeque areas, beach volleyball court and a children's playground.

A wide range of activities are available to individuals and groups at the Olympic Pool complex, such as fitness programmes, sports club activities and education and personal development programmes.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Safe Tairāwhiti



Healthy Tairāwhiti



Prosperous Tairāwhiti



Vibrant Tairāwhiti

The Aquatic and Recreational activity has had a direct effect on the social and cultural wellbeing of the community by providing safe, quality aquatic and recreational facilities and by encouraging increased use of the facilities through a range of events and promotions.

## What we did

During the 2011/12 year the Aquatic and Recreation activity:

- Maintained operational quality and achieved PoolSafe accreditation. "Overall the facility was well presented and staff were fantastic. Trish, Liu, Isaac and Hayden had a great deal of knowledge and experience between them and delivered a high level of customer service to the visitors to Gisborne. A real credit to Gisborne District Council!" – quote from Gisborne Olympic Pool Complex - PoolSafe Audit Report: February 2012).
- Reduced the number of accidents / incidents at the pool and instances of unwanted behaviour.
- Initiated a more pro-active approach (PoolAlone Policy) to dealing with unsupervised children that received a commendation from the New Zealand Recreation Association.
- Recorded significantly lower admission numbers than in previous years (due to wet and cold summer and autumn weather), but maintained external revenue at previous levels.
- Offered a number of successful promotions (e.g. 'Come Have a Look', 'Swim the Distance') and events (e.g. 'Do it 4 You' Women's Triathlon).
- Completed a Gisborne District Council internal efficiency review process (including comprehensive benchmarking analysis), which confirmed the operation was well-run and cost effective under the present conditions. It was acknowledged that lack of facilities, age, poor asset condition and the semi-outdoor nature of the pool constituted significant challenges for the operation of the pool complex.



Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Quality</b> To provide a range of quality recreation and learn-to-swim opportunities for Gisborne district residents and visitors.	Percentage of Gisborne district residents who are very/fairly satisfied with Olympic Pool.	66% Not Achieved	70%	61% Not Achieved
	Participation in learn-to-swim programmes. <sup>1</sup>	Not Measured	Zero	Not Measured
<b>LOS (2) - Quantity</b> To provide an appropriate and equitable level of access to recreation and learn-to-swim facilities.	Opening hours per week: (W = winter and S = summer)	Achieved	W - 90 hours S - 98 hours	W - 90 hours S - 98 hours Achieved
	Provision of at least 40 sqm of pool space per 1,000 residents.	40sqm Achieved	40sqm	40sqm Achieved
<b>LOS (3) - Sustainability</b> To provide recreation and learn-to-swim opportunities that are sustainable.	Percentage of households who have used the pool in the last 12 months as found in the annual Resident Satisfaction Survey.	55% Achieved	55%	52% Not Achieved
	Number of pool admissions per annum. <sup>2</sup>	148,468 Not Achieved	>150,000	140,935 Not Achieved
	Ratio of external revenue versus expenditure.	36% Not Achieved	40%	39% Not Achieved
	Occupancy rate for Churchill Park cabins (December/January). <sup>3</sup>	19% Not Achieved	45%	30% Not Achieved
<b>LOS (4) - Health and Safety</b> To provide a safe place for aquatic and recreational activities in a managed healthy environment.	Percentage of customers who are satisfied that the pool provides a safe environment for aquatic recreation as shown in our customer survey taken in January. <sup>4</sup>	96% Achieved	95%	100% Achieved
	Percentage of customers who are satisfied that the pool water is clean and pleasant. <sup>5</sup>	93% Achieved	>90%	92% Achieved
	Pool water quality meets NZ Standard 5826:2010. <sup>6</sup>	94% Main Pool 85% Spa Pool Achieved	>85%	97% Main Pool 97% Hot Pools Achieved
	Compliance with PoolSafe Management Scheme.	Achieved	Achieved	Achieved

## What was different

1. No Learn to Swim facility available; proposed construction was postponed.
2. Gisborne experienced an unusually cold and wet Summer and Autumn.
3. 45% target for occupancy rate is very optimistic (to be reviewed); 30% is a big increase on previous year (19%).
4. 199 responses; 199 excellent/good/satisfactory; zero poor.
5. 152 water quality feedback forms collected from customers; 140 good/excellent; 12 fair/poor.
6. Based on analysis of daily water testing results.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	498	551	(53)	499
Operating Expenses	1,524	1,556	32	1,381
<b>Net Cost of Service</b>	<b>1,026</b>	<b>1,005</b>	<b>(21)</b>	<b>882</b>

This activity was funded 62% from rates and 38% from fees and charges.

<b>Capital Expenditure (\$000)</b>				
Capital Projects	40	66	26	95
<b>Funded by:</b>				
Grants and Subsidies	23	41	(18)	0
Depreciation or other Reserves (Renewals)	33	17	16	37
Internal Loans	(16)	8	(24)	58
	<b>40</b>	<b>66</b>	<b>(26)</b>	<b>95</b>

## What was different from the budget

1. Operating revenue for the pool operation was \$394k (excluding shop sales) against a budget of \$403k, an increase of \$6k compared to 2010/11. Revenue from pool admissions and shop sales were lower due to the wet weather over spring and summer.
2. Operating expenses were \$32k lower than budget. This was largely due to planned feasibility work being deferred until 2012/13. Repairs and maintenance costs were \$39k higher than budget. These were offset by savings in other operating expenses.
3. Capital Expenditure was \$26k lower than the budget. Initial preparations for the planned redevelopment of the Gisborne indoor waterpark (budget \$55k) did not proceed.

# Arts and Culture

## Why we do it

To provide facilities and services that enable the public to experience and participate in the performing and visual arts, and to house a regional museum to provide a safe repository for some of the region's taonga.

## What we do

Arts and Culture make a significant contribution to the social and economic development of an area. It plays an important role in enhancing a sense of identity and local distinctiveness. The Arts and Culture activity comprises theatres and public halls, Art in Public Places, arts and cultural heritage promotion and Museum grants. These are outlined below.

### Theatres and Community Halls

Council owns and administers three theatres:

- Lawson Field Theatre on Fitzherbert Street
- War Memorial Theatre on Bright Street
- Outdoor Theatre on Centennial Marine Drive.

### Art in Public Places and Art and Cultural Heritage Promotion

The Council provides Art in Public Places such as parks, squares and other public and civic areas/buildings. Funding for the maintenance of Art in Public Places is provided for under the Reserves and Open Spaces Activity.

The Council also administers the Creative Communities NZ fund which allocate funding for arts and cultural projects in the region.

### Museum Grants

Council provides an annual grant to assist the Tairāwhiti Museum to preserve, protect, catalogue and restore the region's taonga collection as well as researching and promoting the region's heritage and culture. Council also provides a smaller annual grant to assist the East Coast Museum of Technology to preserve, protect, catalogue and restore the region's collection of interesting vehicles and machinery.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Vibrant Tairāwhiti



Prosperous Tairāwhiti

The Arts and Culture activity had a positive impact on the community's social and cultural wellbeing. It achieved this by ensuring people have access to a range of quality arts and culture facilities, as well as by encouraging and supporting the community's artists through a range of collaborative projects.

## What we did

During the 2011/12 year the Arts and Culture activity:

### War Memorial Theatre

- Carried out temporary repairs to the rapidly deteriorating theatre including repairing guttering and replacing downpipes in the War Memorial Theatre roof.
- Completed preliminary design and feasibility work as part of the theatre upgrade.
- Supported the establishment and operations of the War Memorial Theatre Gisborne Trust, which is leading on the fundraising required for the theatre upgrade.



- Worked closely with local, national and international promoters for planned shows.

#### Lawson Field Theatre

- Treated the Lawson Field Theatre roof to prevent moss growth.
- Upgraded toilets and Rose Room air conditioning.
- Worked closely with local, national and international promoters for planned shows.
- Worked on design options and subsequently awarded a contract for the installation of retractable seating. Note that building work to accommodate the retractable seating started in July with installation completed in August.

#### Art in Public Places and Art and Cultural Heritage Promotion

- Received 32 applications for the Creative Communities Gisborne District Fund funded by CreativeNZ with 28 successfully receiving \$36,206 between them for arts and culture projects across the region.
- Planning and fundraising options developed for public art programmes.

#### Museum Grants

- Allocated \$639,841 to the Tairāwhiti Museum.
- Allocated \$5,000 to the East Coast Museum of Technology.
- Developed an AMP in collaboration with the Tairāwhiti Museum.

### Our progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Community Benefits</b> To provide facilities and services that help create a strong sense of community mana, pride and identity, reflecting the heritage and culture of the region.	Number of ticket sales per annum. (Note: Ticket Direct sales only.)	1,209 Not Achieved	1,518	3,850 Achieved
	Lawson Field Theatre <sup>1</sup>			
	War Memorial Theatre <sup>1</sup>	5,536 Achieved	3,662	3,123 Not Achieved
	Percentage of revenue return on operational cost.	34% Achieved	25%	12% Not Achieved
	Number of annual bookings and performances.	171 Not Achieved	230	163 Not Achieved
	Lawson Field Theatre <sup>1</sup>			
	War Memorial Theatre <sup>1</sup>	80 Not Achieved	110	77 Not Achieved
<b>LOS (2) - Quality</b> To provide adequate facilities and contracted management of the distinctive museum collection and displays.	Outdoor Theatre	6 Not Achieved	10	6 Not Achieved
	Compliance with Health and Safety Codes of Practice.	Achieved	Achieved	Achieved
	Compliance with building warrant of fitness standards. <sup>2</sup>	Achieved	Achieved	Achieved
	A current occupancy agreement is in place.	Achieved	Achieved	Achieved
	Compliance with Annual Report and Annual Plan to Council. <sup>3</sup>	Achieved	Achieved	Achieved

### What was different

1. This year there were more shows rather than conferences and meetings held at the Lawson Field Theatre. The War Memorial Theatre had less local shows with smaller casts as these shows tended to use Lawson Field Theatre. This explains the significant increase in ticket sales at Lawson Field Theatre and the decrease in sales at the War Memorial Theatre.

2. Independent qualified inspectors are contracted to ensure all equipment is up to standard required by the NZ Building Code.
3. As the museum is funded, but not managed by Council, it is required to provide its own Annual Plan and Annual Report to Council.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	111	102	9	115
Operating Expenses	1,151	503	(648)	463
<b>Net Cost of Service</b>	<b>1,040</b>	<b>401</b>	<b>(639)</b>	<b>348</b>

This activity was funded 90% from rates and 10% from fees and charges.

<b>Capital Expenditure (\$000)</b>				
Capital Projects	227	3,786	3,559	0
<b>Funded By:</b>				
Capital Grants and Subsidies	1	2,685	(2,684)	0
Transfer from Reserves	153	554	(401)	0
Internal Loans	73	547	(474)	0
	<b>227</b>	<b>3,786</b>	<b>(3,559)</b>	<b>0</b>

## What was different from the budget

1. Operating Revenue was \$9k higher than the budget. This was due to increased revenue from touring groups and shows.
2. Operating Expenditure was \$648k higher than budgeted. This was due to the Museum's 'Star of Canada' grant being moved from the Arts and Culture activity to the Community Development activity.

# Building Services

## Why we do it

**To promote the safety of people living and working in buildings. To provide information on request to applicants who either intend to build on or purchase a property.**

## What we do

The Building Services activity is governed by the Building Act 2004 and the Resource Management Act 1991 and provides the following services:

- Issuing and monitoring building consents which ensure new structures meet the NZ Building Code.
- Issuing Code Compliance Certificates (CCCs) for building works that have been completed in accordance with the building consent.
- Issuing Land Information Memoranda (LIMs) which identify and disclose information about the property or surrounding properties including which consents have been issued for the property.
- Providing accurate and up to date information in relation to the building consent process to members of the public.
- Issuing compliance schedules and monitoring the currency of building warrants of fitness.
- Responding to requests for service on building related matters and drainage on private property.
- Provide a building management and overview service for the Reserves and Open Spaces section for public conveniences.
- Ensure all new pools comply with the provisions of the Fencing of Swimming Pools Act and monitor the district for pools without building consent or non-compliant pool fences.
- Assess buildings constructed before 1976 (the implementation of New Zealand Standard 4203) against the definition of earthquake prone as defined in the Building Act.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Healthy Tairāwhiti



Safe Tairāwhiti



Prosperous Tairāwhiti



Environmentally  
Sustainable Tairāwhiti

The Building Service activity has a positive effect on social wellbeing by ensuring that all building works meet safety requirements. It has also contributed to economic wellbeing by working with businesses to ensure they can continue to develop safely.

## What we did

During the 2011/12 year the Building Services activity:

- Completed another audit from IANZ and maintained our accreditation as a Building Consent Authority.
- Presented to the Royal Commission on the evolution and effectiveness of the Gisborne District Council Earthquake Prone Building Policy. This presentation was done in response to a special request from the Commission.
- Diversified our work tasks into other areas of Council work where our skill sets can be utilised and thus generating another income stream which has helped maintain our budget levels in this period of low building consent applications. This has involved setting up new administration procedures to monitor and record maintenance tasks.
- Put new procedures in place to lessen the backlog of lapsed building consents. Lapsed consents are ones that have not commenced one year after issue date.



## Our progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Customer Benefits</b> Ensure effective response to customer enquiries about building standards.	Percentage of Requests for Service resolved within target timeframes ranging from 5 days for an urgent complaint regarding construction work to 60 days for an ongoing complaint about consent processing. <sup>1</sup>	77% Not Achieved	90%	75% Not Achieved
	Percentage of customers who rate Request for Service responses as excellent/good.	99% Achieved	90%	98% Achieved
<b>LOS (2) - Responsiveness</b> To process applications in accordance with statutory timeframes.	Percentage of Building Consents processed within statutory target timeframes (20 days).	93% Achieved	95% - 100%	93% Not Achieved
	Percentage of Project Information Memorandums (PIMs) processed within statutory target timeframes (20 days). <sup>2</sup>	No PIMs applied for	95% - 100%	Not Measured
	Percentage of Land Information Memorandums (LIMs) processed within statutory target timeframes (10 days).	99% Achieved	95%	100% Achieved
<b>LOS (3) - Quality</b> Monitor building consent applications and inspections to ensure projects comply with NZ Building Code.	Advise building owners/occupiers of the expiry date of their Warrant of Fitness one month before the expiry date.	100% Achieved	95%	100% Achieved
	Percentage of Code Compliance Certificates that remain unresolved annually.	12% Achieved	<14%	11% Achieved

## What was different

1. The low result for our Requests for Service (RfS) is indicative of the type of RfS that we receive. Many of our RfS requests are for stormwater ponding. These are often unsolvable with people who live in low lying areas or at the base of hills not understanding that they must put up with natural flow or find their own solution. The other major issue is ponding on residential sections in low socio economic areas. It is often almost impossible to get people with low income to replace damaged spouting or put in stormwater drainage where none exists. Issuing of fines is not an answer as it only lessens the amount available to fix the problem.
2. This measure has been removed from the 2012-2022 Ten Year Plan as PIMs are no longer required by law. Subsequently their processing is no longer a common service requested of Council.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	767	939	(172)	768
Operating Expenses	1,634	1,682	48	1,408
<b>Net Cost of Service</b>	<b>867</b>	<b>743</b>	<b>(124)</b>	<b>640</b>

This activity was funded 49% from rates and 51% from fees and charges.

### Capital Expenditure (\$000)

Capital Projects	0	0	0	10
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The capital expenditure spend this year was for earthquake assessment database software

### Funded by:

Internal Loans	0	0	0	10
	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>

## What was different from the budget

1. Operating revenue was \$172k lower than budget. The slowdown in building activity continues resulting in fewer number of building consents issued.
2. The lower operating revenue was partially offset by savings in operating costs. The building activity has operating recoveries from the temporary redeployment of staff in other Council activities.

# Civil Defence, Emergency Management and Rural Fires

## Why we do it

### Civil Defence Emergency Management (CDEM)

To increase community awareness, understanding, preparedness and participation in CDEM, reduce the risks from hazards to the district and enhance the district's capability to manage and recover from emergencies.

### Rural Fires

To safeguard life, property and the environment by the prevention, detection, control, restriction, suppression and extinction of fire in forest and rural areas within the Gisborne District Council Rural Fire Authority boundaries.

## What we do

### Civil Defence Emergency Management

The Council operates a Civil Defence Emergency Management service in accordance with the Civil Defence Emergency Act 2002.

### Rural Fires

Gisborne District Council has a statutory obligation to carry out the functions of a Rural Fire Authority as set out within the Forest and Rural Fires Act 1977, and the Forest and Rural Fires Regulations 2005.

The Gisborne District Council Rural Fire Authority protects an area of land exceeding 429,000 hectares. This area excludes those areas of land within the district boundaries under the jurisdiction of the NZ Fire Service, Eastland Rural Fire District, Department of Conservation and Pumicelands Rural Fire District.

The Council employs one full-time person in the role of Principal Rural Fire Officer assisted by one part-time employee. Up to 60 rural fire volunteers operate in the district.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Safe Tairāwhiti



Connected Tairāwhiti



Empowered Tairāwhiti



Healthy Tairāwhiti



Environmentally  
Sustainable Tairāwhiti

The Civil Defence, Emergency Management and Rural Fires activity and the actions carried out over the course of the year, has provided for the necessary training and preparation work that will assist in managing CDEM through the four R's process (Reduction, Readiness, Response and Recovery). This has a positive impact on the social wellbeing of the community.

## What we did

During the 2011/12 year the Civil Defence, Emergency Management and Rural Fires activity:

- Completed tsunami inundation modeling for Tolaga Bay, Tokomaru Bay, Te Araroa and Hicks Bay where results were as anticipated except for Tolaga Bay which showed higher levels of inundation than expected.
- Public education this year consisted of an extensive review of our website focusing on hazard information, public talks and assistance with emergency planning, the AMP Show, completing a guide sheet on emergency planning for businesses and getting Gisborne to the front in registrations for Exercise NZ Shakeout.
- A number of Council staff assisted with responses to the Christchurch earthquake and the Rena oil spill. Feedback from this participation has been very positive.

- Took over councils responsibilities for the management of marine oil spills from the Environmental Health activity.
- Maintained the same result as last year in the Annual Resident Satisfaction Survey whereby 92% of respondents surveyed could manage for 2-3 days without access to normal day to day services in the event of a natural disaster.
- Relocated the Gisborne Rural Fire Force and Emergency Response Team station from the airport Rescue base to the current station in 7 Halbert Street, Makaraka. The larger space means that equipment can now be stored inside reducing the maintenance requirements and the life expectancies of the vehicle resources as well as improving the ability to hold the training sessions all year round, and no longer be weather dependant.
- Replaced two 15-16 year old utilities, and one "Home built" rescue trailer unit with one 7.5 tonne medium double cab four wheel drive truck, which has resolved the illegal towing of very heavy equipment and can now be used for Rural Fire, Emergency Response and Land Search and Rescue operations.

## Our progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Reliability</b> To build a resilient and safer Tairāwhiti with communities understanding and managing their hazards and risks.	Percentage of customer satisfaction with education programmes based on attendee feedback forms.	100% Achieved	95%	100% Achieved
	Sufficient and appropriate warning systems in place. <sup>1</sup>	Achieved	Achieved	Achieved
	Communication systems are in place to enable the exchange of information between communities, the Emergency Operations Centre and key organisations when normal means are unavailable. <sup>2</sup>	Achieved	Achieved	Achieved
	Training programmes meet requirements as stated in Civil Defence Emergency Management Plan. <sup>3</sup>	Achieved	Achieved	Not Measured
	Civil Defence personnel are trained and able to respond to an emergency.	Achieved	Achieved	Achieved
<b>LOS (2) - Health and Safety</b> To protect life and property from rural fires with trained personnel within the GDC rural fire authority area.	Percentage of customers who rate Requests for Service responses as excellent/good.	97% Achieved	94%	94% Achieved
	Mutual response and assistance agreements in place with other fire authorities. <sup>4</sup>	Achieved	Achieved	Achieved
	Investigations of rural fires within 72 hours that have a cost of more than \$30,000 as required by the NZ Rural Fire Authority. <sup>5</sup>	100% Achieved	90%	100% Achieved
	Compliance with level of restriction on the use of fire reflects level of the fire danger. <sup>6</sup>	Achieved	Achieved	Achieved
	Percentage of fire fighters who meet the National (NRFA) Training Standards.	90% Achieved	70%	90% Achieved

## What was different

1. This measure refers to how CDEM alerts/warns response partners (fire, health, police etc) of a potential emergency and provides information to the public. Warning systems include SMS, fax, email, telephone and the internet.
2. CDEM uses a network of mobile radios and radio repeaters which provides coverage across the district. The network also links to all of CDEM's partner agencies.
3. The Civil Defence Emergency Management Plan is a work programme of continuous improvement for civil defence emergency reduction, readiness, response and recovery. The full CDEM Plan is available on the Council website. There was no requirement in the Plan for a training programme this year.



4. The Gisborne District Council Rural Fire Authority utilises a system of partnerships to ensure the most effective response to fires within the district. This includes the establishment and operation of Volunteer Rural Fire Forces (Hicks Bay, Gisborne and Tiniroto), the co-locating of rural fire authority tankers in key New Zealand Fire Service Stations (Tolaga Bay and Pātūtahi) and a joint operational response and fire management partnership with the Eastland Rural Fire district. A close working relationship also exists with the Department of Conservation and Wairoa District Council.
5. Over the past financial year there have been no fires which have resulted in a claim on the NRFA Rural Fire Fighting Fund. Therefore there has been no requirement to conduct any investigation. Note that the rural fire investigation measure has been adjusted due to a new NZRFA requirement to only investigate fires that cause over \$30,000 damage.
6. Council declared a restricted fire season from mid-December to mid-April. This was enacted following the required National Rural Fire Authority guidelines.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	230	44	186	47
Operating Expenses	1,065	929	(136)	822
<b>Net Cost of Service</b>	<b>835</b>	<b>885</b>	<b>51</b>	<b>775</b>
This activity was funded 79% from rates and 21% from fees and charges.				
<b>Capital Expenditure (\$000)</b>				
Capital Projects	124	39	(85)	39
<b>Funded By:</b>				
Other Capital Revenue	5	0	5	20
Transfer from Reserves	119	39	80	19
Internal Loans	0	0	0	0
	<b>124</b>	<b>39</b>	<b>85</b>	<b>39</b>

## What was different from the budget

1. Operating revenue was \$186k higher than the budget mainly due to costs recovery by Maritime NZ in relation to the Rena Oil Spill and Philip V vessel grounding.
2. Operating costs were \$136k higher than budget due to costs relating to the Rena Oil Spill and Philip V vessel grounding.
3. Capital expenditure for the year was \$124k. This was primarily due to the purchase of a new appliance for Rural Fires. There was no Annual Plan budget for the purchase. The purchase was brought forward as it was planned for 2013/14 year.

# Community Housing

## Why we do it

To provide quality housing for older persons who have difficulty providing it themselves.

## What we do

The Council provides a range of one bedroom units for independent living which are allocated to people in genuine need. Council does not provide social welfare services for its tenants but works with other agencies to ensure that these services are provided to tenants who might benefit from them.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Safe Tairāwhiti



Healthy Tairāwhiti

The Community Housing activity directly affects social wellbeing through the provision of affordable housing for those in need.

## What we did

During the 2011/12 year the Community Housing activity:

- Improved access to Rangimarie court with the addition of extra car parking and boundary fencing.
- Completed rent reviews and increased rents as per Council's investment policy.
- Replaced aluminum windows at Rangimarie court with modern double glazed aluminum windows.
- Completed the retrofit of insulation across complexes.

Due to the age of the community housing stock, component replacements are ongoing to keep up to date with building standards focusing on security, access and insulation.

## Our progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Quality : Affordability</b> To provide housing suitable for the elderly who have difficulty providing it themselves.	Percentage of customer satisfaction with standard of accommodation and services.	97% Achieved	95%	98% Achieved
	Percentage of Requests for Service resolved within target timeframes ranging from 2 days for emergency matters to 60 days for ongoing matters. <sup>1</sup>	92% Not Achieved	95%	98% Achieved
	Percentage of customers who rate responses to request for service as excellent/good.	98% Achieved	94%	100% Achieved
	Net cost to ratepayers for Council's housing services. <sup>2</sup>	\$2,780 Not Achieved	\$0	\$(154,393) Achieved
	Annual occupancy rate.	98% Achieved	95%	98% Achieved
	Rent as a percentage of market rate.	Achieved	Not to exceed 90%	Achieved

## What was different

1. This measure is no longer applicable and has been taken out of the 2012-2022 Ten Year Plan.
2. In 2011/12 the net cost measure figure is a surplus.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	951	791	160	796
Operating Expenses	797	818	21	799
<b>Net Cost of Service</b>	<b>(154)</b>	<b>27</b>	<b>181</b>	<b>3</b>
This activity was funded 100% from rents.				
<b>Capital Expenditure (\$000)</b>				
Capital Projects	237	186	(51)	240
<b>Funded By:</b>				
Transfer from the Depreciation Reserve	237	186	51	240
	<b>237</b>	<b>186</b>	<b>51</b>	<b>240</b>

## What was different from the budget

1. Operating revenue was \$160k higher than budget due to increases in rental income charges.
2. Operating expenditure was \$21k lower due to lower depreciation charges and repairs and maintenance costs.
3. The capital expenditure was for upgrades to staff and community housing.



# Community Planning and Development

## Why we do it

To promote and advance community wellbeing (social, environmental, economic and cultural) throughout the Gisborne district.

## What we do

Council has a leadership and statutory role in understanding, planning and promoting community wellbeing within the district and its communities.

The Community Planning and Development activity enables Council to fulfil this role. Its work comprises economic development, community development and planning and performance. This involves:

### Planning and Performance

- Preparing community outcomes statements, the Long-Term Plan (LTP or Ten Year Plan), State of the Community Reports and collation of Activity Management Plans.
- Managing and providing Council's strategic and corporate policy development.
- Being a trusted partner of central government and other funders and developing and maintaining effective cross-department relationships within Council for joint policy work and programme delivery.

### Economic Development

- Providing specialist economic and related research, analysis and policy development advice and services to help grow the district's economy.

### Community Development

- Accessing funding for and providing advice, support, information, advocacy, facilitation and services to the community/voluntary sector in response to community needs in the areas of social and cultural wellbeing.
- Delivering community liaison and extension of Council services into communities in a way that integrates and coordinates and is solution-focused.
- Developing and maintaining effective relations with key stakeholders in the community who contribute to delivering community outcomes.

## Contribution to community outcomes and wellbeings



Vibrant Tairāwhiti



Safe Tairāwhiti



Healthy Tairāwhiti



Empowered Tairāwhiti



Connected Tairāwhiti



Prosperous Tairāwhiti

The Community Planning and Development activity has had a positive indirect and direct effect on the social, environmental, economic and cultural wellbeing in the district. Evidence for this includes the number of young people engaged in work opportunities and associated activities as a result of engaging in Community Max, accessing funding to support community led projects such as Elgin revitalisation and achievement of the Regional Partner Network to assist economic development.

## What we did

During the 2011/12 year the Community Planning and Development activity:

### Economic Development

- Developed and supported numerous economic development initiatives:
  - Initiated district Business Excellent Awards providing development and administration support
  - Secured \$120k annual input into the Regional Business Partner Network programme, contracting the Chamber of Commerce to deliver it
  - Delivered the Rugby World Cup 2011 Business Club Initiative on behalf of NZTE
- Developed the Regional Host Strategy, adopted by Council in December 2011
- Developed and implemented the Council's External Funding for Major Projects Strategy
- Provided administrative support and funding of \$400k to Tourism Eastland as well as administrative support for Heart of Gisborne and the Regional Partner Network
- Continued membership in EDANZ and participated on the Board of EDANZ
- Provided economic research, analysis and updates to Council and Committees
- Provided support for Carbon Management Policy, district broadband roll out and Council energy efficiency initiatives.

### Community Development

- Assisted with process to gain Accreditation for Gisborne as an International Safe City
- Progressed the Elgin Revitalisation (CPTED) Project
- Carried out an audit of all Council facilities in regards to accessibility for the impaired
- Assisted TYV to lead delivery of the Youth Week 2012
- Provided project support to the Alcohol and Drug Free Sports Grounds campaign
- Coordinated and managed delivery of Community Max and Taskforce Green projects
  - Secured \$82K grant for delivery of the Community Max programme.
  - \$28K grant received to support Taskforce Green

### Planning and Performance

- Oversaw the development and preparation of the Council's 2012-2022 Ten Year Plan. This organisation-wide project included an extensive programme of community consultation. Council's Revenue and Financing Policy, Regional Land Transport Programme and Waste Management and Minimisation Plan were also consulted on in parallel with the Ten Year Plan.
- Worked to ensure the successful delivery of the 2010/11 Annual Report with a summary brochure to all households in the district.

## Our progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Community Support</b> Council provides support to community and business organisations and networks.	Number of community groups assisted with funding advice.	126 Achieved	40	46 Achieved
	Number of community network meetings attended by Community Development staff members annually.	51 Achieved	45	60 Achieved

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
	Number of partnerships maintained/established with government/non-government agencies and community groups. <sup>1</sup>	60 Achieved	15	18 Achieved
	Number of community and business sector groups that attend the Community Development Committee annually.	16 Achieved	15	16 Achieved
<b>LOS (2) - District Promotion</b> Council promotes and markets the district to enhance its image.	Percentage of residents who are satisfied/fairly satisfied with Council's efforts to attract and expand business within the district.	59% Not Achieved	61%	59% Not Achieved
	Number of on-line visitors to Economic Development Unit website. <sup>2</sup>	6,700	15,000	Not Measured
<b>LOS (3) - Strategic Planning</b> Provide sound analysis and advice aimed at better informing Council's decision-making in responding to local wellbeing issues and community outcomes.	Compliance with Local Government Act 2002 requirements for the Annual Plan and the Ten Year Plan, including audit requirements and specified timeframes.	Achieved	Achieved	Achieved
	Compliance with Local Government Act 2002 requirements for the identification of and reporting on community outcomes for the district.	Achieved	Achieved	Achieved

## What was different

1. CPD's work focus changed in 2011/12, meaning that they no longer have time to attend all relevant meetings and establish new partnerships. These are maintained by senior management.
2. The EDU no longer has its own separate website having some of the information that it provided now included on a separate page within the Gisborne District Council website. Consequently the targeted hits are no longer applicable. Results to date show that there were 3,465 hits recorded in the financial year ending June 2012 compared to 3,205 hits for the previous financial year ending June 2011.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	339	148	191	794
Operating Expenses	2,512	3,124	612	2,895
<b>Net Cost of Service</b>	<b>2,173</b>	<b>2,976</b>	<b>803</b>	<b>2,101</b>
This activity was funded 87% from rates and 13% from grants and subsidies.				
<b>Capital Expenditure (\$000)</b>				
Capital Projects	0	0	0	0

## What was different from the budget

1. Operating revenue was higher than budget due to additional grant funding received from NZ Trade and Enterprise, Ministry of Science and for Rugby World Cup promotion.
2. Operating expenditure was higher than budget due to a number of unbudgeted expenditure including, Community Max, Tairāwhiti Youth Voice and Taskforce Green. These were all covered by grant funding.



# Conservation

## Why we do it

**To sustainably manage the district's land and water resources and minimise and prevent animal and plant pests (using a range of regulatory and non-regulatory measures) to protect and enhance the district's natural environment (where possible).**

## What we do

The Conservation activity manages the environmental effects of plant and animal pests and aims to protect and enhance the environment through sustainable management of land and water resources.

The Conservation activity covers:

- Animal and Plant Pest Control.
- Soil Conservation.
- Water Resource Management.
- Advocacy, monitoring and reporting on environmental issues.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Safe Tairāwhiti



Prosperous Tairāwhiti



Environmentally  
Sustainable Tairāwhiti



Healthy Tairāwhiti

Over the last year the Conservation activity has contributed to the environmental wellbeing of the community by undertaking and promoting biodiversity conservation and educating the community about its benefits, as well as providing inputs towards proposed National Environmental Standards. We've also contributed to the economic wellbeing of the community by maximising opportunities for land based industries to grow sustainably.

## What we did

During the 2011/12 year the Conservation activity:

- Developed GIS map overlays to record Argentine ant infected areas in the Gisborne district
- Established Contact Centre data base to record all confirmed Argentine ant reports.
- Trialled a new Wag Tag monitoring tool for post detection of possums to determine control effectiveness. Five treated sites were selected with four successful outcomes achieving performance targets and the fifth failing by 1%.
- Updated water quality data transfer from manual to electronic, completed stage two upgrade of telemetry system from low to mid speed.
- Included preliminary scoping activities and upskilling of staff in advance of exploratory petroleum drilling.
- Progressed Sustainable Hill Country Project works plans.

## Our progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Sustainability</b> Resource management decisions are made using sound data.	Number of valid physical environmental data measure points. <sup>1</sup>	98% Achieved	85%	99% Achieved
	Conservation's annual operational targets are met. <sup>2</sup>	Not Measured	Achieved	Not Measured
<b>LOS (2) - Sustainability</b> Land resources are managed to conserve natural values, prevent or mitigate adverse effects and sustain productive capability.	Percentage of Requests for Service resolved within target timeframes ranging from 5 days for urgent matters and within 60 days for ongoing matters. <sup>3</sup>	77% Not Achieved	85%	83% Not Achieved
	Percentage of customers who rate Requests for Service responses as excellent/good.	100% Achieved	93% Achieved	98% Achieved
	Number of issues of the Conservation Quorum published per annum.	4 Achieved	4	4 Achieved
	Number of properties visited per annum for environmental advocacy purposes.	203 Achieved	100	217 Achieved
<b>LOS (3) - Sustainability</b> Natural water resources, beds and beaches managed to conserve natural values and sustain consumptive usage.	Percentage of Requests for Service resolved within target timeframes ranging from 5 days for urgent matters and within 60 days for ongoing matters.	85% Achieved	85%	85% Achieved
	Percentage of customers who rate Requests for Service responses as excellent/good.	96% Achieved	90%	96% Achieved
	Makauri aquifer static water levels maintained with respect to three year rolling average. <sup>4</sup>	100% Achieved	100%	Not Achieved
	Percentage of compliance with consent conditions under recorded rectification or enforcement within target timeframes. <sup>5</sup>	100% Achieved	100%	83% Not Achieved
<b>LOS (4) - Sustainability</b> Animal and plant pests are managed for human health and to reduce impacts on indigenous fauna and flora and primary production.	Percentage of Requests for Service resolved within target timeframes ranging from 5 days for urgent matters and within 60 days for ongoing matters.	95% Not Achieved	97%	98% Achieved
	Percentage of customers who rate Requests for Service responses as excellent/good.	99% Not Achieved	100%	100% Achieved
	Number of confirmed incidences of Tb in possum populations.	Zero Achieved	Zero	Zero Achieved
	Percentage of night shooting kill rate of possums. <sup>6</sup>	99% Achieved	85%	99% Achieved

## What was different

1. The collection of climate and river discharges data to enable design of flood management measures and to issue flood warnings is an essential activity of local government. Telemetry systems enable instant data gathering from remote sites in all weather conditions. Reporting the validity of data received from these systems provides a measure of the efficiency of the system.
2. This measure has been removed from the 2012-2022 Ten Year Plan as a set of operational targets have not been defined.
3. This target is set too low and has been removed as a measure in the 2012-2022 Ten Year Plan levels of service review.
4. The Makauri aquifer is the main aquifer used for irrigation purposes on the Poverty Bay Flats. Maintaining water levels in the aquifer is therefore essential to the ongoing economic viability of horticulture in the area. A recent (draft) technical report indicates a slow, gradual decline may be occurring. This will be clarified and appropriate management measures put in place as part of Water Plan development.

5. There were six incidences of non-compliance over the 2011/12 year, only one of which remained unresolved. The one non-compliant incident was the water readings, where difficulty in obtaining meter readings meant we could not confirm whether we were compliant.
6. This is measured by multiplying the number of possums shot by 100 and then dividing by the number of total possums seen to get the percentage. The total number of possums seen includes possums sighted as well as possums shot.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	708	289	419	295
Operating Expenses	3,054	3,030	(24)	2,877
<b>Net Cost of Service</b>	<b>2,346</b>	<b>2,741</b>	<b>395</b>	<b>2,582</b>
This activity was funded 79% from rates and 21% from fees and charges.				
<b>Capital Expenditure (\$000)</b>				
Capital Projects	45	41	(4)	64
<b>Funded By:</b>				
Other Capital Revenue	6	0	6	28
Depreciation or other Reserves	39	41	(2)	36
	<b>45</b>	<b>41</b>	<b>4</b>	<b>64</b>

## What was different from the budget

1. Operating revenue was \$419k higher than budget. This was due to Waerenga-O-Kuri forestry sales. This revenue covers past activity deficits as agreed to by the Crown. The Council manages the Waerenga-O-Kuri Reserve on behalf of the crown.
2. The Sustainable Hill Country (SHC) soil conservation project was under spent by \$70k. This project is ongoing.
3. Waerenga-O-Kuri harvesting costs were \$62k and were unbudgeted.
4. Capital expenditure - Telemetry equipment was repaired and replaced during the year due to damage from weather related events.

# Enterprise Operations

## Why we do it

**Council generates income from a range of assets and investments. Income generated from these assets is an important income stream for Council and is used to reduce the level of general rates.**

## What we do

Each of Council's commercial and strategic investments/assets has a targeted rate of return. These returns are reviewed on a regular basis. The management focus is the profitable running of these business units in order to provide a steady diversified income stream to Council. This income is used to reduce Council's reliance on rates income. Council has developed business plans for each of its business units as part of the 2012-2022 Ten Year Plan process. These plans will also contain Levels of Service targets.

Enterprise Operations is made up of a number of commercial and strategic investments.

The Council's commercial investments are:

- Gisborne Holdings Ltd, Tauwhareparae Farms Ltd, Tauwhareparae Forests Ltd.
- Gisborne Vehicle Testing.
- Commercial Forestry Holdings.
- Waikanae Beach Top 10 Holiday Park.
- Commercial and Semi-Commercial Leased Properties.

The Council's strategic investments are:

- Gisborne Airport.
- Community Housing.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Prosperous Tairāwhiti

Council's Enterprise Operations have a direct effect on the economic wellbeing of our community through the operation and services they provide and the revenue they generate, thereby reducing the level of rates.

## What we did

During the 2011/12 year the Enterprise Operations activity:

- Paid \$1.1 million one off dividend from forestry activity that paid deficit balances internally.
- Secured Gisborne Vehicle Testing Centre's future by aligning with the AA brand to allow continued provision of registration, driver licensing as well as additional AA services.
- Improved level of service and customer satisfaction rating at the Waikanae Holiday Park by using customer feedback to make improvements.



## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	2,160	2,540	(380)	3,045
Operating Expenses	3,943	2,396	(1,547)	2,453
<b>Net Cost of Service</b>	<b>1,783</b>	<b>(144)</b>	<b>(1,927)</b>	<b>(592)</b>

This activity contributed \$45k directly towards reducing rates.

### Capital Expenditure (\$000)

Capital Projects	587	135	(452)	401
<b>Funded By:</b>				
Other Capital Revenue	180	0	180	14
Depreciation or Other Reserves	79	85	(6)	288
Internal Loans	328	50	278	99
	<b>587</b>	<b>135</b>	<b>452</b>	<b>401</b>

## What was different from the budget

1. Operating revenue is \$367k below budget. As a result of wetter than usual spring and summer there has been a decrease in earnings from Waikanae Beach Top 10 Holiday Park.
2. Operating expenditure includes an internal dividend charge of \$1.1m to offset Council deficit activity balances. Depreciation charges and employee costs were also higher than budgeted.
3. Capital expenditure was \$452k higher than the budget. This was due to unbudgeted but approved Council expenditure of \$453k for port capital land swap and earthquake strengthening of the Works building.

# Environmental Health

## Why we do it

**To promote and improve human health, safety, comfort and wellbeing for all persons in the Gisborne district and protect the environment.**

## What we do

Council undertakes a number of services each year to ensure that Gisborne remains a healthy and safe place to live, work and play. These include education, administration, enforcement and monitoring of:

- Food, liquor, premises and disease control.
- Living conditions.
- Environmental protection.
- Waste management.
- Hazardous substances.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Safe Tairāwhiti



Healthy Tairāwhiti



Environmentally  
Sustainable Tairāwhiti

Through the course of the year the Environmental Health activity has had a positive effect on the community's social and environmental wellbeing, with particular regard to the environmental education initiatives that have been carried out, as well as the collaborative inter-agency programmes undertaken to reduce harm to the community caused by the misuse of alcohol.

## What we did

During the 2011/12 year the Environmental Health activity:

- Dealt with 1,811 noise complaints, issued 714 written directions and impounded 69 stereos to ensure that people can enjoy a quality of life without noise nuisance.
- Monitored water quality at beaches, freshwater swimming sites and public pools to ensure that public pools are safe to swim in and to provide health warnings for users of popular swimming sites.
- Responded to 41 pollution incidents, including 8 into the marine environment to minimise the pollution risk to the environment.
- Members of the Gisborne District Council Oil Response team helped out at the Rena response in Tauranga, demonstrating that the Council has the expertise to help in emergency response situations.
- Completed a review of Council's Gambling Venues Policy which was adopted in April 2012 to set local controls on gaming venues.
- Considered 549 liquor licences and certificates and completed statutory licensing and monitoring of registered premises including 306 food premises, 24 hairdressing premises, 16 Offensive Trade operators, 11 camping grounds and 5 temporary camping grounds.

## Our progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Health and Safety</b> <b>Customer Service</b> Regulate commercial operations to protect public health.	Percentage of applications for liquor licences and food certificates processed within target timeframes ranging from 10 days for processing special liquor licences to 40 days for on-licence/off-licence and club licence. <sup>1</sup>	95% Achieved	95%	97% Achieved
	Percentage of registered and licensed premises that undergo a compliance inspection annually.	100% Not Achieved	100%	100% Achieved
<b>LOS (2) - Health and Safety</b> Intervene to ensure housing identified as sub-standard is brought up to minimum living standards.	Compliance with Building Act standards notice within specified timeframe. <sup>2</sup>	100% Achieved	100%	100% Achieved
<b>LOS (3) - Reliability</b> Respond to environmental health issues in the interest of protecting public and environmental health.	Percentage of Requests for Service resolved within target timeframes ranging from 5 days for urgent animal nuisance matters to 60 days for ongoing abandoned vehicle issues.	99% Achieved	99%	99% Achieved
	Percentage of customers who rate Requests for Service responses as excellent/good.	97% Achieved	93%	99% Achieved

## What was different

1. As there is no target requirement for food certificates, this figure does not include food certificates as they have not been measured.
2. Under Council's Dangerous and Insanitary Buildings Policy as required by the Building Act, we attempt to bring sub-standard housing up to standard by negotiating with owners. A compliance notice is used as a last resort and is determined on a case-by-case basis.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	252	327	(75)	307
Operating Expenses	1,618	1,593	(25)	1,555
<b>Net Cost of Service</b>	<b>1,366</b>	<b>1,266</b>	<b>(100)</b>	<b>1,248</b>

This activity was funded 83% from rates and 17% from fees and charges.

## What was different from the budget

1. Operating revenue was \$75k lower than budget. This was due to lower receipts from liquor licensing as a result of general downturn in economic activity.
2. Operating expenses were \$25k higher than budget on higher general operating costs.

# Environmental Planning

## Why we do it

To guide and enhance the quality of Gisborne's natural and physical environment, now and into the future. This requires sound analysis, robust policy and regulatory framework, education and advocacy programmes on topics such as urban design and realistic implementation programmes to achieve outcomes.

## What we do

As a Unitary Authority the Council is involved in both district and regional planning activities. This includes:

- Environmental Policy Development: the analysis and development of policy and planning provisions required for strategic purposes by Council and required under legislation.
- Resource Consents Section (formerly Development Control): providing compliance and resource consent services to ensure that land developments within the region meet the requirements of the Resource Management Act.

## Contribution to community outcomes and wellbeings



Vibrant Tairāwhiti



Safe Tairāwhiti



Healthy Tairāwhiti



Prosperous Tairāwhiti



Empowered Tairāwhiti



Connected  
Tairāwhiti



Environmentally  
Sustainable Tairāwhiti

Throughout the course of the year the Environmental Planning activity had a positive effect on the environmental, social, cultural and economic wellbeing of the community by promoting the sustainable management of our district's land and resources. Evidence of this can be seen in all the activities undertaken over the last year, mentioned below.

## What we did

During the 2011/12 year the Environmental Planning activity:

- Continued to work with the Gisborne Fresh Water Advisory Group to develop a Water Plan that will guide the future management of water in the District.
- Reviewed the Township Plans for Patutahi, Ruatoria, Te Araroa, Tokomaru Bay and Tolaga Bay to identify actions that each community want to achieve.
- Reviewed the way Council manages on-site wastewater management systems to help protect the environment from wastewater discharge.
- Worked with Opotiki to develop the Motu Cycle Trail between Matawai and Opotiki. The cycle trail may attract tourism and economic opportunities and also provides recreation opportunities for our own communities.
- Reviewed the Development Contributions Policy to streamline assessments of contribution charges for Council infrastructure, and to ensure the charges are consistent with what Council plans to spend on infrastructure.
- Updated the Taruheru Block Infrastructure Plan to encourage improved roading connections in future developments.
- Developed action plans to improve safety and reduce graffiti in several reserves and other public spaces.
- Produced updated population and commercial/industrial floor area projections to guide Council planning.
- Completed various changes to resource management plans to keep them up to date.



- Implemented the proposed restructure of the Development Control section. This section is now more appropriately called the Resource Consents Section and further changes included:
  - Establishing a resource consent monitoring team. Using dedicated staff for this purpose has significantly improved our ability to monitor resource consents in a coordinated manner. This was a change from relying on resource consent planners to monitor consents, when at times high work loads could impact on their capacity to undertake monitoring effectively. The establishment of this team has also improved our ability to respond to breaches of Plan rules in a concerted manner.
  - Centralising all resource consent administration across the three sections responsible for processing resource consents.
- Maintained a high level of compliance with statutory timeframes for resource consent processing. We have successfully sustained the improvements in timeframes that were achieved last year. This is a specific focus for this team, although to some extent, lower consent numbers have also assisted.

## Our progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Sustainability</b> Promote the sustainable management of natural and physical resources.	Percentage of Requests for Service resolved within target timeframes ranging from providing information on advice on urgent planning matters within 5 days to low priority matters within 30 days. <sup>1</sup>	87% Not Achieved	98%	91% Not Achieved - trending upwards
	Percentage of customers who rate Requests for Service responses as excellent/good.	99% Achieved	91%	100% Achieved
	Percentage of residents who think Gisborne, as a place to live, is better/the same as what it was three years ago as found in the Resident Satisfaction Survey. <sup>1</sup>	89% Achieved	87%	88% Achieved
	Availability of Duty Planner for public enquiries.	Achieved	9.00am - 5.00pm	Achieved
	Resource consents are processed within statutory timeframes which require notified consents to be processed in 70 days and non-notified consents to be processed within 20 days.	95% Not Achieved	100%	97% Not Achieved - trending upwards
	Percentage of reported non-compliance with Plan rules rectified or subject to enforcement action within three months. <sup>2</sup>	69% Not Achieved	100%	67% Not Achieved
	Percentage of consents monitored within one month of 'monitoring date'. <sup>2</sup>	Not Measured	100%	87% Not Achieved
	Private plan changes are processed within statutory timeframes.	Achieved	Achieved	Achieved

## What was different

- This measure has been not included in the 2012-2022 Ten Year Plan as it is not an appropriate measure for this activity.
- The establishment of the Monitoring and Compliance team has not only improved our capacity to monitor the district resource consents in a timely manner, but has significantly improved the recording and entry of monitoring details into the resource consent monitoring database. The new team has also improved our ability to deal with non-compliance with plan rules. We expect our results to improve to meet targets in subsequent years.

## What it cost

### Operating Expenditure (\$000)

Operating Revenue

Operating Expenses

### Net Cost of Service

This activity was funded 83% from rates and 16% from fees and charges and 4% from grants and subsidies.

### Capital Expenditure (\$000)

Capital Projects

### Funded By:

Internal Loans

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
Operating Revenue	328	213	115	375
Operating Expenses	2,255	2,148	(107)	1,883
<b>Net Cost of Service</b>	<b>1,927</b>	<b>1,935</b>	<b>8</b>	<b>1,508</b>
Capital Projects	0	0	0	4
Internal Loans	0	0	0	4
	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>

## What was different from the budget

1. Operating revenue was \$115k higher than expected. Unbudgeted government grants totalled \$33k. The remaining \$82k came from private plan changes, commission fees and better cost recovery from land use consents.
2. Operating expenditure was \$107k higher than the Annual Plan budget. This was mainly due to operational projects carried over from 2010/11.

# Flood Control

## Why we do it

To protect people and properties (including productive land and infrastructure) from flooding and from possible damage caused by coastal erosion.

## What we do

Gisborne District Council monitors and manages the rivers and streams in the district and plans for, constructs and maintains flood control and bank protection works to control and minimise the impacts of extreme river flows.

The Flood Control activity covers:

- Flood control schemes.
- Rivers alignment control.
- Land drainage.
- Coastal erosion protection.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Safe Tairāwhiti



Prosperous  
Tairāwhiti



Connected Tairāwhiti



Environmentally  
Sustainable Tairāwhiti



Healthy Tairāwhiti

The Flood Control activity has had a positive effect on the economic and social wellbeing of the community by continuing to review the Waipāoa and Waipū Flood Protection Schemes. These reviews have seen Council and communities working positively together to ensure the future safety and economic viability of the district.

## What we did

During the 2011/12 year the Flood Control activity:

- Undertook the protection of Ruatoria through the Waipū River diversion and protection works to reduce the risk of erosion.
- Completed repairs to 225m of the Tūrangānuī River timber revetments that were failing due to age.
- Installed a box culvert outlet through the WRFCs stopbank to improve drainage for the Willows Drainage District to reduce duration of flooding in Awapuni Lagoon and allow for future industrial development.

## Our progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Reliability</b> Monitor drainage of rivers and streams. Ensure minimal flood risk and coastal erosion to the community.	Percentage of Requests for Service resolved within target timeframe ranging from 5 days for urgent information matters to 60 days for ongoing rural drain/stream/river matters. <sup>1</sup>	77% Not Achieved	80%	91% Achieved
	Percentage of customers who rate response as excellent/good.	97% Achieved	90%	96% Achieved

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
	Percentage of customers who are satisfied with Council's foredunes protection measures.	Not Measured	60%	67% Achieved
	90% of all drains within the network will contain without overtopping, a flood discharge of up to a 5 year return period flood event. <sup>2</sup>	100% Achieved	100%	100% Achieved
	Council commitments within Wainui Beach Management Strategy are met. <sup>3</sup>	Achieved	Achieved	Achieved
	25% of the Waipaoa flood control stopbank length (15.78km) is inspected annually to ensure its integrity is maintained to its construction standard. <sup>4</sup>	100% Achieved	100%	100% Achieved
	Percentage of identified river flow impediments corrected, or removal costs included in approved annual budgets for the following year. <sup>5</sup>	80% Achieved	80%	100% Achieved

## What was different

1. Better management practices have been applied to ensure RfS timeframes are being met, such as applying the correct level of urgency, and regular monitoring of timeframes.
2. The purpose of this level of service is to maintain the cross-section shape, grade and condition of all drains within the drainage network, such that at least 90% of all drains within the network will, at any given time, convey without overtopping a flood discharge up to a five year return period flood event for each particular drain. Every drain is sprayed twice a year and as part of that process they are inspected, if there is work required an asset report form is generated and any maintenance needed is carried out.
3. Only minor maintenance works being undertaken on some existing structures at this time due to consents for the Wainui Beach Management Strategy proposals not being granted. Commitments within the strategy total \$25,000 and include inspections, consultation with public and maintenance of existing assets i.e sloping rock revetments and Gabion baskets.
4. 25% of the Waipaoa Flood Control stopbank length is inspected yearly to ensure that it is maintained to a 70 year protection standard. These stopbanks are all situated in rural areas.
5. Weather has a significant influence on river impediments. Although it has been a wet year, issues have been down allowing the team more time to inspect issues and schedule correctly. River flow impediments are identified by the public and Flood Control staff during spraying, which occurs annually on rivers. When impediments are identified an asset report form is created and the issue is noted in one of two categories being those within budget and those out of budget. If the issue is in budget it will be actioned in that financial year, if it is outside of budget (e.g big ticket items) then it is programmed for when affordable.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	160	163	(3)	161
Operating Expenses	2,299	2,206	(93)	2,113
<b>Net Cost of Service</b>	<b>2,139</b>	<b>2,043</b>	<b>(96)</b>	<b>1,952</b>
This activity was funded 93% from rates and 7% from fees and charges.				
<b>Capital Expenditure (\$000)</b>				
Capital Projects	217	547	330	550
<b>Funded By:</b>				
Other Capital Revenue	0	0	0	0
Depreciation or other Reserves	0	0	0	1
Internal Loans	217	547	(330)	549
	<b>217</b>	<b>547</b>	<b>(330)</b>	<b>550</b>



## What was different from the budget

1. Operating revenue was \$3k lower than budget.
2. Operating expenses were \$93k higher than the budget, mainly due to unbudgeted Local Authority Protection Programme (LAPP) insurance premium of \$67k.
3. The main capital expenditure this year has been the Tūranganui River revetments project (\$122k). Ruatoria Erosion Protection project incurred \$60k.



# Governance

## Why we do it

The governance of local councils is the responsibility of the Mayor and Councillors. Their role is complex as it involves representation of the community that elects them and stewardship of a large corporation. Further complexity is added by the Mayor and Councillors being responsible for implementing the provision of the laws that allow public participation in decision-making.

## What we do

The Governance activity supports the elected members in their roles and ensures that the purposes of the Local Government Act 2002 are met and the principles in that Act are applied. Councils are required to ensure that:

- Governance arrangements are effective, open and transparent.
- Responsibility for decision-making for regulatory and non-regulatory matters is kept separate.
- They are good employers.
- The relationship between elected members and management is effective.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Vibrant Tairāwhiti



Safe Tairāwhiti



Healthy Tairāwhiti



Prosperous Tairāwhiti



Empowered Tairāwhiti



Connected Tairāwhiti



Skilled and Educated  
Tairāwhiti



Environmentally  
Sustainable Tairāwhiti

During the course of the year councillors worked to ensure the people of the Tairāwhiti district were well represented. This included carrying out a representation review in accordance with the Local Electoral Act 2001. The outcome of this review, which is now with the Local Government Commission, will be implemented for the 2013 local body elections. Effective local representation contributes to the four community wellbeings (social, cultural, environmental and economic).

## What we did

During the 2011/12 year the councillors undertook work to ensure that the people of the Tairāwhiti district are effectively represented. This was particularly focused through the development of proposals and the process of the Representation Review (which will be the arrangements used in the 2013 local body elections). Effective representation contributes to the four community wellbeings (social, cultural, environmental and economic).

In addition the councillors have:

- Worked with Eastland Community Trust over their deed and charitable status.
- Further worked on the Local Leadership Body.
- Worked with Gisborne Holdings Limited on their Statement of Intent.

- Heard and read 252 submissions and then unanimously adopted the Ten Year Plan 2012-2022, this work included the review of its Revenue and Financing Policy.
- Heard and read 205 submissions on its Representation Review arrangements for the 2013 local body elections.
- Appointed a new Chief Executive.
- Became members of the Local Government Funding Agency.

## Our progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Community Benefits</b> To promote community spirit and participation.	Percentage of residents who are very/fairly satisfied with how rates are spent on services and facilities provided by Council.	62% Not Achieved	68%	68% Achieved
	Percentage of residents are very/fairly satisfied with the way Council involves the public in the decisions it makes.	54% Not Achieved	56%	60% Achieved
	Percentage of residents who rate the performance of the Mayor and Councillors as very good/fairly good.	58% Not Achieved	59%	62% Achieved
	Percentage of residents who can name three or more Councillors correctly.	43% Achieved	43%	37% Not Achieved
	Annual Plan adopted by 30 June each year.	Achieved	Achieved	Achieved
<b>LOS (2) - Community Benefits</b> Assisting Council in building strong relationships with the Māori community by providing advice on matters that impact on Tangata Whenua.	Percentage of Councillors who rate the Māori Liaison Office as very/fairly good. <sup>1</sup>	75% Achieved	75%	Not Measured
	Number of Māori forums delivered to Council staff. <sup>1</sup>	4 Achieved	3	Not Measured

## What was different

1. In light of significant changes in the relationship between iwi and Council, the formation of a Local Leadership Body and Treaty claims coming to a conclusion in the regions, a review of the Māori Liaison service was completed and the Māori Liaison Officer role was disestablished.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	11	12	(1)	59
Operating Expenses	2,532	2,692	160	3,033
<b>Net Cost of Service</b>	<b>2,521</b>	<b>2,680</b>	<b>159</b>	<b>2,974</b>

This activity was funded 100% from rates and 1% from grants and subsidies.

## What was different from the budget

1. Operating revenue was slightly below budget due to lower hearings recoveries.
2. Operating expenditure was lower than budget due to the Local Authority Protection Programme (LAPP) Disaster Fund insurance costs budgeted in Governance for the Annual Plan, being allocated to infrastructure activities (such as stormwater, wastewater, water supply and flood control).

# Land Transport and Parking

## Why we do it

To ensure that people and goods can move safely and efficiently around the district by a variety of means.

## What we do

Council is responsible for implementing the district's Regional Transport Strategy (RTS) and Regional Land Transport Programme (RLTP) by:

- Managing all of the district's roads (with the exception of state highways). This includes the maintenance of sealed and unsealed roads, bridges, streetlights, footpaths, road marking, traffic signals, signs, street cleaning, walkways and cycleways, roadside mowing and vegetation control.
- Providing and managing on and off-street parking infrastructure in the Gisborne CBD.
- Contributing to Gisborne city's public transport services by providing a bus service system, mobility assistance for the disabled and the maintenance of bus shelters and stops.
- Promoting alternatives to private passenger vehicles and providing education about road safety.
- Advocating for New Zealand Transport Agency (NZTA) and other central government funding to support key transport infrastructure projects in the region.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Safe Tairāwhiti



Healthy Tairāwhiti



Prosperous Tairāwhiti



Connected Tairāwhiti



Environmentally  
Sustainable Tairāwhiti

Over the course of the year the Land Transport activity contributed to the social and economic wellbeing of the community by working to maintain and improve the roading and transport network. This ensured that all road users and communities, especially those in the more remote parts of the district, continue to have safe access to the entire district.

## What we did

During the 2011/12 year the Land Transport and Parking activity:

- Repaired nearly 70km of the district's roads with rebuilding of 16km and chipsealing another 54km to continue to provide the level of service we have committed to.
- Repaired \$2.4m of emergency flood damage works along the district's roads to keep the district safe from flooding.
- Strengthened 3 weight restricted bridges to increase our level of service, so that all the bridges can now take stock trucks and trailer units.
- Completed the Tolaga Bay carpark for the Transit of Venus celebrations.
- Worked with the secondary high schools to review the existing school bus routes.
- Replaced the last ford crossing on Wharekopae Road with a culvert, so that it can now be used as an alternative route to the State Highway.
- Completed the Regional Land Transport Programme 2012-2015 to remain compliant for the next three years.



Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Reliability and Responsiveness</b> The transportation network is reliable and travel times are predictable.	Percentage of Requests for Service resolved within target timeframes for the following: <sup>1</sup>			
	• Road surface defects. The timeframes range from 1 day for urgent work to 240 days for new scheduled work.	88% Not achieved	89%	86% Not Achieved
	• Streetlights. The timeframes range from 3 days for urgent work to 60 days for ongoing work.	77% Not achieved	86%	83% Not Achieved - trending upwards
	• Parking in CBD. The timeframes range from 1 day for urgent work to 240 days for new scheduled work.	97% Achieved	96%	86% Not Achieved
	Percentage of customers who rate Requests for Service responses as excellent/good for:			
	• Roading.	95% Achieved	91%	59% Not Achieved
	• Parking in CBD.	100% Achieved	96%	84% Not Achieved
<b>LOS (2) - Quality and Quantity</b> The transportation network and its facilities are up to date, in good condition and 'fit for purpose'.	Percentage of residents who are very/fairly satisfied with Council roads (excluding state highways): <sup>1</sup>			
	• Urban residents.	72% Achieved	67%	54% Not Achieved
	• Rural residents.	66% Achieved	59%	50% Not Achieved
	Percentage of residents who are very/fairly satisfied with footpaths.	75% Achieved	68%	78% Achieved
	Range of customers who rate the passenger transport system as excellent/very good. <sup>2</sup>	53% Not achieved	80%	Not Measured
	Smoothness with average range as below: <90 smooth 90 - 110 average >110 rough (NAASRA counts for sealed roads within Gisborne's urban area.)	116 Not Achieved	Average range	108 Achieved
<b>LOS (3) - Safety</b> The transportation network is designed and managed for safe use with low crash and injury rates.	Total number of registered motor vehicle crashes per annum. <sup>3</sup>	499 Not achieved	<366	372 Not Achieved - trending downwards
	The corresponding number of deaths plus hospitalisations.	30 Achieved	<54	20 Achieved
	Total number of reported cycling and pedestrian injuries per annum.	33 Not achieved	<11	3 Achieved
<b>LOS (4) - Core Value Accessibility and Affordability</b> Transportation services balance the needs of all users.	The number of bus passengers per annum.	163,176 Achieved	130,669	157,576 Achieved
	The annual bus passenger kilometres travelled.	439,090kms Achieved	320,980kms	450,372kms Achieved
	The percentage of properties in the Gisborne urban area within 700 metres of a bus stop.	91% Achieved	92%	91% Not achieved
	The length in kilometres of the cycle network.	15.4km Achieved	12.5 Total km	15.4km Achieved
	Extensions to the existing walkway network. <sup>4</sup>	1.3km Not Achieved	6.4km	1.3km Not achieved
	The availability of Council carpark within the CBD during business hours.	6 in 20 Achieved	At least 1 in 20	6 in 20 Achieved

## What was different

1. Customers who rated the satisfaction levels in regards to the overall network and responses to Requests for Service (RfS) have shown downward trend. Surveys are often undertaken during the aftermath of a flood event and the network both state highway and local roads is often fragile. The definition of RfS probably needs to be clarified; it should be used as a customer response tool to repair existing services. The land transport section also receives requests for new improvements which are often declined due to budget restraints, and or existing policies. The RfS system was never intended to be a substitute for the Annual Plan process.

It was also announced this year that there would be a 100% increase in parking fees which may have led to the decrease in customer and resident satisfaction with parking.

2. This survey was not actioned as NZTA directed Council not to carry out the survey, because they were changing the survey format to make it more relevant.
3. The number of accidents in the district has shown a downtrend; this is in line with national figures. Several factors for this include targeted enforcement and education at known trouble spots and at risk groups – alcohol and youth. National trends also suggest the effect of the recession and less people travelling on the road.
4. Three new walking and cycleways have been planned for in the 2012-2022 Ten Year Plan, which was adopted by councillors in June. The walking and cycling projects have been brought forward in the Plan to begin in 2012/2013. This will increase the walking and cycling network in the district.

## What it cost

### Operating Expenditure (\$000)

Operating Revenue

Operating Expenses

### Net Cost of Service

2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
9,562	9,237	325	12,112
25,149	23,928	(1,221)	27,013
<b>15,587</b>	<b>14,691</b>	<b>(896)</b>	<b>14,901</b>

This activity was funded 39% from rates, 54% from grants and subsidies and 7% from fees and charges.

### Capital Expenditure (\$000)

Capital Projects

### Funded By:

Capital Grants and Subsidies

Other Capital Revenue

Transfer from the Depreciation Reserves

Internal Loans

10,873	12,044	1,171	15,089
6,264	6,871	(607)	10,819
0	0	0	0
4,207	4,754	(547)	3,851
402	419	(17)	419
<b>10,873</b>	<b>12,044</b>	<b>(1,171)</b>	<b>15,089</b>

## What was different from the budget

1. Operating revenue was \$325k higher than budget due to additional grant funding from NZTA for emergency works.
2. Operating expenses were \$1,221k higher mainly due to increased emergency works due to heavy rain events.
3. Capital expenditure for 2011/12 was \$1.1m less than budgeted due to reduced capital projects and no NZTA funding for some projects. NZTA suspended funding for some projects as a result of the Christchurch earthquake and the implementation of the roads of national significance.

# Libraries

## Why we do it

To ensure that 'our community is connected' to library services, facilities and resources to meet lifelong learning, literacy development, educational, intellectual, recreational, economic and cultural needs.

## What we do

Council operates the HB Williams Memorial Library, serving Gisborne's urban and rural communities by providing space and resources including professional staff, books, a website, databases, free internet, magazines, non-book material, talking books, music and art works.

The library is a civic space that provides an ideal community focal point in Gisborne's city centre, where around half the population are registered members. An average of 5,000 people visit the library per week.

A team of volunteers support home bound library users and six smaller community libraries also operate to enhance rural access to library resources. These Community Libraries are located at:

- Matāwai
- Rēre
- Mōtū
- Tokomaru Bay
- Tolaga Bay
- Waikura Valley

Council library services provide a wide range of resources for the community that individuals may not be able to afford themselves.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Vibrant Tairāwhiti



Skilled and Educated  
Tairāwhiti



Empowered Tairāwhiti



Connected Tairāwhiti

The HB Williams Memorial Library impacted positively on the social and cultural wellbeing of the region through the services provided to the community. This is evidenced by positive results from customer satisfaction surveys and the increased number of education/literacy programmes provided during the year. A website, facebook and twitter account supports communication with customers both in the city and rural communities.

## What we did

During the 2011/12 year the Libraries activity:

- Was the most used Council facility, with 44% of respondents to the annual survey using this facility once a month or more in the last 12 months.
- Successfully implemented e-books, which are well-used by residents. The Library joined with seven other local authorities to provide this new service to meet customer demand. E-books and online audio books are free to members to download and may be accessed via [www.gpl.govt.nz](http://www.gpl.govt.nz). Planning for this service began three years ago and delivery was timed to a predicted 'tipping point' of interest from residents.
- Streamlined services to elderly residents in institutional care with personal custom visits with the professional selection by librarians and delivery and relationships built by valued volunteers. This approach recognises the value and contribution of older people to our community by tailoring work to their personal needs in a cost effective manner that also contributes to their well-being.
- Successfully implemented the Book-a-Librarian service, a new service for customers who wish to spend up to 1 hour with a librarian to learn about technology that enhances the library experience. It is most popular with over 55 year olds upskilling with e-devices.

## Our progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Accessibility</b> To provide library services and resources that are accessible to Gisborne district residents in an equitable manner.	Percentage of households that have used the HB Williams Memorial Library in the last 12 months.	66% Not Achieved	76%	68% Not Achieved - trending upwards
	Number of registered members as a percentage of total population according to Library Information Association of New Zealand Aotearoa (LIANZA) standard E.3.1 - 35% of total population. <sup>1</sup>	49% Not Achieved	45%	49% Achieved
<b>LOS (2) - Quality</b> To provide a range of quality library services tailored to meet the needs of Gisborne district residents.	Percentage of rural/urban residents who are very/fairly satisfied with Gisborne District's library services.			
	Rural	80% Achieved	74%	74% Achieved
	Urban	84% Not Achieved	90%	86% Not Achieved
	Overall	82% Not Achieved	84%	81% Not Achieved
	Compliance with LIANZA Guidelines for library opening hours. <sup>2</sup>	47 hours per week Not Achieved	53 hours per week	47 hours per week Not Achieved
	Number of key literacy/education programmes run each year. <sup>3</sup>	39 Achieved	28	38 Achieved
<b>LOS (3) - Quality</b> To provide library buildings with a good standard of civic amenity, comfort and safety.	Compliance with minimum LIANZA standard for floor space of 3,150 sq m (0.7 sq m per head of population).	36% Achieved	36%	36% Achieved

## What was different

1. Membership numbers 14% above recommended standard. Membership database - inactive members deleted this year.
2. Council has agreed to maintain the status quo of 47 hours for an indefinite period.
3. 38 literacy programmes were made up of 377 modules delivered to groups of participants aged 0 - 100 years.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	104	110	(6)	68
Operating Expenses	1,589	1,658	69	1,547
<b>Net Cost of Service</b>	<b>1,485</b>	<b>1,548</b>	<b>63</b>	<b>1,479</b>

This activity was funded 93% from rates and 7% from fees and charges.

<b>Capital Expenditure (\$000)</b>				
Capital Projects	255	249	(6)	187



	2011/12 Actual	2011/21 AP	2011/12 Variance	2010/11 Actual
<b>Funded By:</b>				
Capital Grants and Subsidies	22	20	2	21
Depreciation or Other Reserves	205	229	(24)	163
Internal Loans	28	0	28	3
	<b>255</b>	<b>249</b>	<b>6</b>	<b>187</b>

## What was different from the budget

1. Operating revenue was slightly lower than budget. This was due to lower fines charged and summer reading programme receipts.
2. Operating expenditure was lower than budget. This was due to under spends in salaries and wages and savings in newspaper and periodicals costs.
3. Capital expenditure of \$28k was spent on an air conditioning unit, which had no budget. However, the Council had approved the purchase.

# Reserves and Open Spaces

## Why we do it

**To have an open space network that provides community and recreational opportunities, as well as cultural, landscape and ecological protection and enhancement.**

## What we do

Council provides a number of open space venues and amenities for passive and active recreation across the region. These include:

- Neighbourhood reserves, sports fields and walkways.
- Harbour, port, coastal and esplanade reserves and natural areas.
- Historic reserves and specific heritage sites.
- Jetties.
- Cemeteries and the crematorium.
- Public conveniences.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Vibrant Tairāwhiti



Healthy Tairāwhiti



Connected Tairāwhiti



Environmentally  
Sustainable Tairāwhiti

During the 2011/12 year the Reserves and Open Spaces activity contributed to the social and cultural wellbeing of the community by developing and maintaining a range of affordable and accessible recreational facilities. We also contributed to the environmental wellbeing of the community by undertaking protection works at some of our most important natural sites including beaches, waterways and reserves.

## What we did

During the 2011/12 year the Reserves and Open Spaces activity:

- Removed a large number of exotic trees and noxious plants from Titirangi Reserve and Makorori Headland and began replanting work on Makorori Headland with natives.
- Installed new play equipment at Martin Road Reserve, Emily Street Reserve, Mangapapa Reserve, Waiteata Park, Wairere Road, Makorori Beach Reserve, the Adventure Playground and Tokomaru Bay.
- Completed Township Plan projects including erecting Pou at Puawaitanga Park in Ruatoria, refurbishing the ablution block and installing a new reserve sign at Hatea-a-rangi Domain in Tokomaru Bay, as well as new seating at Tolaga Bay rugby ground and township.
- Carried out new landscaping and carpark development at the Tolaga Bay Wharf for the national Transit of Venus Forum event.
- Completed open space enhancement projects including mature pohutukawa plantings at Kaiti Beach and new plantings along the Waikanae Stream bank on Lytton Road Reserve.
- Built a significant viewing platform at Whataupoko Reserve.
- Finished major work at Rere Reserve including the installation of new public flush toilets and water supply, weed control and removal of willows and new plantings around the overflow car park at Rere Rockslide.

## Our progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Community Benefits</b> To provide and enhance open spaces, linkages and facilities to promote community wellbeing and enjoyment.	Percentage of Gisborne district residents who are very/fairly satisfied with their local parks and sports fields.	84% Not Achieved	86%	87% Achieved
	Percentage of Requests for Service resolved within target timeframes for resolving ranging from 2 days for emergency public convenience matters to 60 days for ongoing street tree issues.	93% Achieved	86%	93% Achieved
	Percentage of customers who rate Requests for Service responses as excellent/good.	98% Achieved	86%	97% Achieved
	User satisfaction with security and personal safety.	79% Achieved	80%	77% Not Achieved
	User satisfaction with cleanliness and lack of litter and graffiti.	78% Achieved	70%	74% Achieved
	Percentage of urban households within 700m walk from a neighbourhood reserve.	85% Achieved	85%	85% Achieved
<b>LOS (2)</b> An affordable range of venues and facilities for a wide variety of sports to promote usage.	Percentage of playgrounds that meet NZ safety standards. <sup>1</sup>	68% Not Achieved	90%	75% Not Achieved - trending upwards
	User satisfaction with park surface conditions and maintenance.	76% Not Achieved	82%	77% Not Achieved - trending upwards
	Percentage of the operating costs covered by user charges per annum.	5% Achieved	5%	4% Not Achieved
<b>LOS (3)</b> Public landscapes and the natural environs are protected and enhanced.	Percentage of users satisfied with (street) gardens and trees.	77% Not Achieved	82%	76% Not Achieved
	Number of NZ native plants planted. <sup>2</sup>	4,000 Achieved	200	5,030 Achieved
<b>LOS (4) - Accessibility</b> Cemeteries and crematoria are accessible, affordable and cater for the cultural and spiritual needs of the community.	Compliance with the Burials and Cremation Act 1964 for safe and hygienic burials and cremation.	Achieved	Achieved	Achieved
	Provision of a public record and enquiry service for Council cemeteries.	Achieved	Achieved	Achieved
	Percentage of costs recovered from users of the services and facilities.	49% Not Achieved	55%	56% Achieved
<b>LOS (5) - Health and Safety</b> To provide sufficient and appropriate quality public conveniences to the community.	Percentage of residents who are very/fairly satisfied with the District's public toilets. <sup>3</sup>	59% Not Achieved - trending upwards	65%	49% Not Achieved

## What was different

1. A playground audit was carried out in April 2011. Following the audit's recommendations improvements have been made by staff.
2. There was an uptake in native planting across our district this year. Most of this occurred on dunecare replanting days and stream revegetation days, in collaboration with community groups. There was also a large planting project (1,000 natives) carried out at the Lysnar Reserve, Wainui, toilet effluent field.
3. New management and operational procedures are being applied to the conveniences activity to improve customer satisfaction levels over time.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	318	350	(32)	319
Operating Expenses	4,611	3,939	(672)	4,223
<b>Net Cost of Service</b>	<b>4,293</b>	<b>3,589</b>	<b>(704)</b>	<b>3,904</b>

This activity was funded 90% from rates and 10% from fees and charges.

### Capital Expenditure (\$000)

Capital Projects	836	934	98	562
<b>Funded By:</b>				
Capital Grants and Subsidies	23	39	(16)	0
Other Capital Revenue	72	0	72	0
Depreciation on Other Reserves	500	606	(106)	414
Internal Loans	240	289	(48)	148
	<b>835</b>	<b>934</b>	<b>(98)</b>	<b>562</b>

## What was different from the budget

1. Operating revenue was \$32k lower than the budget. It was largely due to lower freedom camping revenue as a result of the wet summer.
2. Operating expenditure was higher than expected due to high operating, depreciation and repairs and maintenance costs, due to several significant weather events increasing the level of maintenance required over the 2011/12 year.
3. Capital expenditure was \$98k lower than expected as the construction of conveniences in the inner harbor (budget \$109k) did not occur.



# Solid Waste Management

## Why we do it

**To ensure the sustainable management of the district's waste by reducing waste at source, minimising waste generation, maximising opportunities to use waste as a resource and minimising the amount of waste sent to landfill (with a target of zero waste by 2015), in a manner that protects public health and the environment.**

The zero waste target refers to 'absolute minimisation of residual waste' i.e, waste that has no potential to be used as a resource.

## What we do

The aims and objectives of the Solid Waste activity are outlined in the Waste Management Plan (2005) for Gisborne District. The Plan promotes the integrated management of the solid waste resources based on the international waste management hierarchy of:

- Reducing the amount and toxicity of material entering the waste stream.
- Reusing as much as possible.
- Recycling the material that cannot be used.
- Recovery of resources.
- Disposal of residual waste in an environmentally sound way.

In the Plan, solid waste also includes hazardous waste and semi-liquid special wastes.

This activity includes kerbside refuse bag and recycling bin collection in the Gisborne urban area, parts of the Poverty Bay Flats and Ruatoria, the operation of transfer stations including recycling and reuse services, litter collection and street cleaning, residual waste disposal, hazardous waste management, education and zero waste initiatives.

Private operators are responsible for all waste collection, recycling and disposal services mentioned above, under contract to the Council. Council is responsible for setting and ensuring waste objectives and targets are met and for carrying out education, trial projects, assisting community initiatives and awareness raising in the community. The Council owns nine rural transfer stations (the City transfer station being privately owned) and one operating landfill. Council manage the aftercare of one landfill which is on a privately owned site.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Healthy Tairāwhiti



Connected Tairāwhiti



Environmentally  
Sustainable Tairāwhiti

The Solid Waste Management activity has a positive impact on the social and environmental wellbeing of the community by ensuring the district's waste is collected and managed in a safe and reliable manner.

## What we did

During the 2011/12 year the Solid Waste Management activity:

- Undertook a Waste Assessment for the Gisborne district and consulted on the new Waste Management and Minimisation Plan 2012 -2018 to determine Council's role in managing waste, reducing the harm waste can cause, and encouraging communities and businesses to reduce waste.

- Granted two local projects a total of \$10,000 in the initial round of the Council's Contestable Waste Fund to encourage individuals and organisations to take greater responsibility for waste minimisation.
- Supported Ilminster Intermediate's 'Green Team', a finalist for waste minimisation and for community action for the environment by young people in the Green Ribbon Awards. Drama has been used by Council to promote waste minimisation since 2000 and the Green Team has been participating for the last 10 years.

## Our progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Reliability</b> To provide community recycling facilities and regular kerbside collections to encourage recycling and waste reduction.	Percentage of Requests for Service resolved within target timeframes ranging from 1 day for urgent kerbside collection issues to 120 days for scheduled new transfer station work. <sup>1</sup>	93% Achieved	95%	84% Not Achieved
	Percentage of customers who rate Requests for Service responses as excellent/good.	99% Achieved	92%	97% Achieved
	Percentage of residents who are very/fairly satisfied with rubbish bag collection.	85% Achieved	70%	79% Achieved
	Percentage of residents who are very/fairly satisfied with Council's recycling collection and facilities.	91% Achieved	85%	87% Achieved
	Percentage of kerbside collection waste separated as recyclables (city and environs).	45% Not Achieved	52%	45% Not Achieved
	Total waste to landfill (via city refuse and recycling transfer station).	12,786 Not Achieved	<8,000 tonnes	12,201 Not Achieved - trending downwards
	Percentage of waste from rural transfer stations and Ruatoria collections separated as recyclables.	21% Achieved	Increasing	19% Not Achieved
<b>LOS (2) - Health and Safety</b> To provide clean safe footpaths with a network of litter bins and ensure litter free public places.	Cleaning of town commercial areas and suburbs meet contract timetable and contract specifications.	Achieved	Achieved	Achieved

## What was different

1. A reason for the reduction is the time frames between the contractor getting the jobs and completing them within the target time frames. In some instances they have completed the work but have not closed off the Requests for Service. Also the weather has had an affect on the response times to Requests for Service. There have been a lot of dead animals and contractors have been unable to remove them in the given time frame due to heavy rain falls.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	148	239	(91)	99
Operating Expenses	4,309	5,163	854	4,807
<b>Net Cost of Service</b>	<b>4,161</b>	<b>4,924</b>	<b>763</b>	<b>4,708</b>
This activity was funded 97% from rates and 3% from fees and charges.				
<b>Capital Expenditure (\$000)</b>				
Capital Projects	0	0	0	10
<b>Funded By:</b>				
Depreciation and Other Reserves	0	0	0	10
	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>

## What was different from the budget

1. Operating revenue was lower than budgeted as the introduction of additional tip fee charges did not go ahead as planned.
2. Operating expenditure was lower than budget. The main areas were lower interest costs and lower operational costs. The renegotiation of refuse collection contracts has resulted in lower operational costs.



# Stormwater

## Why we do it

**To protect people, dwellings, private property and public areas from flooding by removing stormwater. To discharge stormwater and collect contaminants in a manner that protects the environment and public health.**

## What we do

Stormwater can be described as rain that runs off hard surfaces such as roofs, paved streets, driveways and roads. Council owns and operates the public stormwater systems for Gisborne and the following rural communities:

- Hicks Bay
- Muriwai
- Te Araroa
- Mākaraka
- Pātūtahi
- Te Karaka
- Manutuke
- Ruatoria
- Te Puia Springs
- Tikitiki
- Tokomaru Bay
- Tolaga Bay
- Matāwai

Stormwater systems carry away surface water run-off from heavy rain events, protecting properties from the impacts of flooding. The environment and public health are also provided with a level of protection, such as reducing the level of pollutants discharged in natural waterways. This is achieved through:

- The primary stormwater system which consists of pipes, drains, swales, sumps and channels.
- The secondary stormwater system which comes into play during significant heavy rain events. This consists of stormwater flow paths through reserves, private properties and along road corridors.
- Planning and building controls - for example imposing minimum floor levels or other building restrictions in flood risk areas.
- Reducing the level of pollutants discharged into natural waterways through a range of measures including swale drains, green infrastructure and education.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Healthy Tairāwhiti



Connected Tairāwhiti



Environmentally  
Sustainable Tairāwhiti



Safe Tairāwhiti



Prosperous Tairāwhiti

This year the Stormwater activity continued to have a positive impact on the community's social and environmental wellbeing by ensuring that the environment and communities were protected from the negative impacts of flooding and stormwater discharge.

## What we did

During the 2011/12 year the Stormwater activity:

- Completed significant stormwater improvement work in the Te Hapara suburb between Gladstone Road, Aberdeen Road, Harry Barker Reserve and Gisborne Girls' High School. The upgrade work consisted of the installation of around 800m of stormwater pipes ranging between 225mm and 600mm diameter. The work involved the renewal and upsizing of existing pipes as well as the extension of the existing stormwater system.
- Undertook pipe renewal and upgrade works in Whataupoko along Clifford Street between Sheehan and Stafford Streets. Existing dilapidated stormwater pipes were renewed and upsized to improve the stormwater system in the area. Around 300m of pipes were laid.



- Completed a stormwater catchment study of the Tokomaru Bay Township. The purpose of this study was to identify maintenance, capacity and infrastructure related issues that need to be addressed. This study will enable Council to make more informed decisions, which in turn will improve the management of these assets, and meet Council's design guidelines and levels of service requirements.
- Completed stormwater improvement works in the Onepoto Bay Township in Hicks Bay. The improvement works were composed of inlet improvements, culvert upsizing and open drain regrading work. Improvement works were undertaken in Makahuri Place, Bolton Street and along Onepoto Road.

## Progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Sustainability</b> The removal of stormwater and contaminants to protect dwellings, people, private property and public areas from flooding.	Number of Requests for Service regarding blockages.	60 Achieved	<70	67 Achieved
	The percentage of requests for Service resolved within target timeframes ranging from 1 day for emergency work to 480 days for 2 year scheduled work.	95% Achieved	85%	79% Not Achieved
	Number of Requests for Service regarding emergency repairs.	31 Achieved	<40	23 Achieved
	The percentage of Requests for Service resolved within target timeframes ranging from 1 day for emergency blockage/flooding work to 5 days for emergency covers/grates/collapses work. <sup>1</sup>	90% Not Achieved	95%	88% Not Achieved
	Percentage of customers who rate Request for Service response as excellent/good.	97% Achieved	90%	97% Achieved
	Percentage of residents who are very/fairly satisfied with the district's urban stormwater system.	69% Achieved	61%	65% Achieved
	Number of residential buildings flooded during the year. (Refers to habitable parts of residential buildings only.)	3 Achieved	Decreasing trend	0 Achieved
	A 24/7 callout service is available for reporting stormwater problems.	100% Achieved	100%	100% Achieved
<b>LOS (2) - Health and Safety</b> To discharge stormwater and collect contaminants in an effective manner to protect the environment and public health.	A current sanitary assessment has been completed for each community system. <sup>2</sup>	Achieved	Achieved	Achieved

## What was different

- Target timeframes for emergency repairs are difficult to attain as most events which cause emergency repairs affect other departments within the Utilities section. This, in turn causes the stormwater issues to be given a lower priority to that of water supply and wastewater. Although the target value of 95% was 'Not Achieved' for 2011/12, the result is still an improvement from last year and the trend is heading in the right direction.
- The last sanitary assessment to ensure each community's stormwater system was operating effectively (as required "from time to time" by s.125 of the Local Government Act 2002) was successfully undertaken in 2005. Based on the standard of the system it was found that the next assessment should be undertaken within 10 years. As a result, the next assessment is scheduled for 2014.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	0	0	0	0
Operating Expenses	2,232	2,390	158	2,119
<b>Net Cost of Service</b>	<b>2,232</b>	<b>2,390</b>	<b>158</b>	<b>2,119</b>

This activity was funded 100% from rates.

### Capital Expenditure (\$000)

Capital Projects	990	1,372	382	407
<b>Funded By:</b>				
Other Capital Revenue	7	0	7	0
Transfer from (to) Re-serves	482	703	(221)	407
Internal Loans	501	669	(168)	0
	<b>990</b>	<b>1,372</b>	<b>(382)</b>	<b>407</b>

## What was different from the budget

1. Operating expenditure was \$158k less than budget. The main savings were in investigation work \$225k lower than budgeted. This was offset by higher depreciation and other operating costs.
2. The main capital expenditure was Te Hapara stormwater improvements totalling \$476k. \$330k of stormwater pipe renewal work was completed in the Whataupoko and rural township areas. \$107k was spent on Aerodrome Road and Western industrial improvements (Awapuni outlet). The remainder was for localised urban upgrades and upsizing of infrastructure to cater for growth.

# Support Services

## Why we do it

To support the organisation to deliver Council services and to provide good quality information to the public.

## What we do

Council's internal support activities assist in the effective and efficient delivery of all Council services.

These activities are:

- Finance and Treasury
- Secretarial Services
- Information Technology and Information Management
- Communications
- Municipal buildings, radio, plant and vehicles
- Legal Services
- Human Resources
- Customer Services.

## What we did

During the 2011/12 year the Support Services activity:

- Won the ALGM Supreme web site award for Councils website. The award celebrates Council's focus on our customers, ensuring information is accessible to all, easy to find and well written using plain language. The aim is to make the site a virtual Customer Service Centre so customers can do business with Council when and where it suits them.
- Ran a temporary Post Office for the Te Puia community.
- Helped 1,413 customers who requested a service from us. All these requests were recorded, tracked and we endeavoured to keep the customer updated on progress.
- Completed a full review of Councils Revenue and Financing Policies and developed a formal financial strategy.
- Assisted Council to maintain its strong financial position and low to moderate debt levels.
- Continued our focus on maintaining the community's level of satisfaction with the Councils Customer Service team. Our annual survey showed a 5% increase in customers who rated the overall service when contacting Council as good or excellent (82% 2010/11 - 87% 2011/12).

## Our progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Customer Service</b> Clear, timely and useful information is available to public/stakeholders.	Percentage of residents who rate the ease of getting hold of the right staff member as excellent/good.	83% Achieved	85%	85% Achieved
	Percentage of residents who rate helpfulness of staff as excellent/good.	89% Achieved	85%	90% Achieved
	Percentage of residents who rate the content in Council publications as excellent/good.	69% Achieved	50%	71% Achieved
	Percentage of residents who use Council website as main source of information. <sup>1</sup>	7% Achieved	10%	6% Not Achieved
	Number of page views on website.	713,127 Achieved	400,000	760,054 Achieved
	Compliance with statutory requirements for the Annual Plan and Annual Report processes, including audit requirements and specified timeframes.	Achieved	Achieved	Achieved

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
	Four editions of GDC "Town and Country Matters" are distributed to the community annually. <sup>3</sup>	Achieved	Achieved	Not Achieved
	All Local Government Official Information and Meetings Act (LGOIMA) requests are responded to within statutory timeframes. <sup>2</sup>	87% Not Achieved	Achieved	91% Not Achieved - trending upwards
<b>LOS (2) - Reliability</b> Council's information technology, radios, plant and vehicles are effective and safe to use.	Compliance with statutory requirements, current performance requirements and WOF standards.	Achieved	Achieved	Achieved

## What was different

1. This LoS was not achieved because while the amount of page views continues to increase, the aim of the website is not to be a main source of information. It is to be a virtual Customer Service Centre. Our strategy is to distribute information through other channels (media, newsletters, social media etc) and then refer back to the website for more details or in depth information. The question will be changed in next year's Annual Residents Satisfaction Survey.
2. This measure has been removed from the next Ten Year Plan as it is also measured in the Community Planning and Development Activity.
3. This LoS was not achieved. Three editions were produced in June 2012, December 2011 and August 2011. We would normally produce an edition in March but because this coincided with the delivery of the Ten Year Plan Summary this was cancelled.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	3,191	1,937	1,254	2,012
Operating Expenses	2,049	1,749	(300)	1,921
<b>Net Cost of Service</b>	<b>(1,142)</b>	<b>(188)</b>	<b>954</b>	<b>(91)</b>
<b>Capital Expenditure (\$000)</b>				
Capital Projects	673	878	205	1,377
<b>Funded By:</b>				
Capital Grants and Subsidies	28	0	28	79
Other Capital Revenue <sup>1</sup>	1,021	742	279	622
Depreciation or Other Reserves	(673)	(493)	(180)	101
Internal Loans	557	629	(72)	568
Asset Sales <sup>2</sup>	132	0	132	7
	<b>1,065</b>	<b>878</b>	<b>187</b>	<b>1,377</b>

## What was different from the budget

1. Operating revenue was higher than budget (\$1,254k). This was due to an increased dividend payment of \$1,061k from GHL.
2. Operating expenses were higher than budget (\$300k). This was primarily due to the write down in the fair value of interest rate swaps.
3. Capital expenditure for the period was \$205k lower than the budget. Aerial Photography of \$266k had no budget for 2011/12. However, it received Council approval. A number of information technology projects planned were not completed by year end.

# Wastewater

## Why we do it

To protect public health by providing Gisborne city and Te Karaka with a reliable wastewater system. To treat and discharge wastewater in a manner that minimises adverse effects on the environment.

## What we do

The Council provides a wastewater reticulation, treatment and disposal service for Gisborne city and Te Karaka. The Council also provides a number of disposal sites across the district for septic tanks, and regulates trade waste discharges to the wastewater system.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Healthy Tairāwhiti



Connected Tairāwhiti



Environmentally Sustainable Tairāwhiti



Safe Tairāwhiti



Prosperous Tairāwhiti

The Wastewater activity had a positive impact on the environmental wellbeing of the district through the provision of a reliable wastewater system.

## What we did

During the 2011/12 year the Wastewater activity:

- Carried out pipeline renewals at Haronga Road, Queens Road, Reads Quay, Childers Road and Ormond Road to continue to improve the wastewater network.
- Upgraded the valve chamber at Innes Street domestic pump station which gave us a better functioning pump station so that we are able to continue to provide the level of service we have committed to.

## Our progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Reliability</b> To provide a modern and convenient to use wastewater reticulation system which protects public health.	Number of Requests for Service regarding odours.	14 Achieved	<30	9 Achieved
	The percentage of Requests for Service resolved within target timeframes ranging from 2 days for urgent work to 5 days for routine work. <sup>1</sup>	50% Not Achieved	90%	80% Not Achieved - trending upwards
	Number of Requests for Service regarding wastewater blockages. <sup>2</sup>	101 Achieved	<100	132 Not achieved
	The percentage of Requests for Service resolved within target timeframes ranging from 1 day for emergency work to 5 days for routine work. <sup>3</sup>	89% Not Achieved	90%	89% Not Achieved
	Percentage of customers who rate Request for Service response as excellent/good.	100% Achieved	91%	98% Achieved
	Percentage of residents who are very/fairly satisfied with the Gisborne district's sewerage system.	75% Achieved	58%	73% Achieved



Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (2) - Quality</b>	Compliance with outfall waste consent conditions relating to the treatment of:			
To protect the physical environment through the treatment and discharge of effluent.	- suspended solids domestic	97% Achieved	Suspended solids 100%	100% Achieved
	- suspended solids (industrial) <sup>4</sup>	97% Achieved	Suspended solids 100%	62% Not Achieved
	- oil and grease (domestic)	35% Not Achieved	Oil and grease 100%	100% Achieved
	- oil and grease (industrial) <sup>4</sup>	35% Not Achieved	Oil and grease 100%	72% Not Achieved
	The annual number of events where sewerage is discharged from Council's reticulation into rivers or streams (based on a 1 in 10 year event).	3 Achieved	<3	3 Achieved

## What was different

1. The percentage of Requests for Service (RfS) for odours resolved within target timeframes has improved since last year, however we have still not reached our target. The target we have set ourselves is aspirational - it reflects what we want to achieve, completing all RfS within one day of target. However, when resources are stretched an odour is much less of a public health issue than that of a blockage or break and is therefore given a lower priority. Sometimes this results in delays to RfS completion.
2. Requests for Service for blockages and overflows can vary hugely from year to year, but the target reflects the expectation that ongoing improvements to the wastewater system will reduce the number of blockages and overflows over time. In spite of our best efforts and that of our Contractor the number increased this year, but there is no one factor that this can be attributed to. However, we continue to make improvements and will be endeavouring to meet the target in the coming year.
3. The percentage of Requests for Service for blockages and overflows resolved within target timeframes has remained steady since last year and does not quite meet the target. We will be working with the Contractor to improve both their response times and to ensure that they are accurately recording their completion times. This measure does not include RfS in significant rain events i.e more than 1 in 2 year event.
4. The compliance with outfall waste consent conditions relating to the treatment of both suspended solids, oil and grease for domestic wastewater has vastly improved since the installation of the Biological Trickling Filter (BTF). However, there is still some work to be done for treatment of the industrial wastewater. This is primarily treated at source at the industries and does not pass through the BTF. This is the first full reporting year that the industrial wastewater stream has been separate from the domestic stream. There are a number of possible reasons why the results have not met the target and we are still working through these. One is that the point at which the samples are taken is not easily accessible, although it is the most practical place to take them. We are working on making improvements to the sampling point. The other is some non-compliance by the industries themselves. This has occurred and we are working through this with additional testing at source and with liaison by our Trade Waste Engineer.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	394	398	(4)	341
Operating Expenses	6,743	7,139	396	6,329
<b>Net Cost of Service</b>	<b>6,349</b>	<b>6,741</b>	<b>392</b>	<b>5,988</b>

This activity was funded 94% from rates and 6% from fees and charges.

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Capital Expenditure (\$000)</b>				
Capital Projects	2,123	1,588	(535)	18,732
<b>Funded By:</b>				
Capital Rates	0	0	0	1,150
Other Capital Revenue	1,241	0	1,241	0
Transfer (to) from Reserves	860	1,588	(728)	8,302
Internal Loans	0	0	0	9,280
Asset Sales	22	0	22	0
	<b>2,123</b>	<b>1,588</b>	<b>535</b>	<b>18,732</b>

## What was different from the budget

1. Operating revenue was slightly lower than budget. Lower trade waste charges were offset by a gain on the disposal of wastewater assets.
2. Operating expenditure was \$396k less due to lower than expected internal interest costs. These helped offset higher depreciation and maintenance costs.
3. The main capital expenditure was \$950k of wastewater pipeline renewals. This was work carried over from 2010/11. \$627k was spent on further work on the Wastewater Treatment Plant.

# Water Supply

## Why we do it

**To provide a constant, adequate, sustainable and high quality water supply to Gisborne's reticulated areas.**

## What we do

The Council provides reticulated water supplies for Gisborne City including parts of Manutuke and Mākaraka. Council also provides reticulated rural water supplies for Te Karaka and Whatatutu.

For these areas, Council owns and maintains the whole water supply network which covers:

- Collection of raw water.
- Treatment of raw water to produce suitable quality and quantities of drinking water.
- Distribution of treated water to the point of supply to the customer, where it consistently meets specific flow, pressure and quality standards. This includes water required for the city's emergency fire-fighting services.

## Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Healthy Tairāwhiti



Connected Tairāwhiti



Environmentally  
Sustainable Tairāwhiti



Prosperous Tairāwhiti

In Gisborne and Whatatutu, the Water Supply activity has impacted positively on the social wellbeing of the communities through compliance with water standards. The actions carried out over the course of the year in these areas have met national requirements, thus making the standard of our water supply safe for these communities.

As for Te Karaka water supply, unfortunately we cannot say the same. A few reticulation samples were above the required threshold and we will be aiming to alleviate the cause of these results by system optimisation. In future, outcomes from a funding application to Central Government and Council approval may offer the possibility of treatment upgrades but results from these are yet to be determined.

## What we did

During the 2011/12 year the Water Supply activity:

- Waipaoa Water Treatment Plant achieved compliance with NZ Drinking Water Standards 2005 (Rev 2008) due to successful 52 week raw water cryptosporidium sampling programme of Waipaoa River. This means that significant capital expenditure in excess of \$350k can be postponed by at least five years.
- Received funding approval from Ministry of Health capital assistance for the Te Karaka water supply upgrade. This funding is proposed to upgrade the water treatment facility to achieve compliance with the current NZ Drinking Water Standards.
- Submitted the Public Health Risk Management Plan (PHRMP) for Gisborne City to the Ministry of Health in June 2012 for approval. The PHRMP is a statutory requirement under the Health (Drinking Water) Amendment Act 2007, which identifies all risks related to the Gisborne water catchments, the Waingake and Waipaoa treatment facilities, bulk delivery pipelines and the city drinking water distribution system.

## Our progress

Level of Service Statement	Measure	Results 2010/11	Targets 2011/12	Results 2011/12
<b>LOS (1) - Health and Safety</b> Provide water that is clean and safe to drink, bathe and wash in.	Number of complaints per annum regarding water quality.	9 Achieved	Decreasing Trend	2 Achieved
	Compliance with NZ Drinking Water Standards (Gisborne City).	Achieved	Achieved	Achieved
	Compliance with NZ Drinking Water Standards (Te Karaka Township). <sup>1</sup>	Not Achieved	Achieved	Not Achieved
	Compliance with NZ Drinking Water Standards (Whatatutu Township). <sup>1</sup>	Not Achieved	Achieved	Not Achieved
	Number of public advisory notices issued to boil water.	Zero Achieved	Zero	Zero Achieved
<b>LOS (2) - Quality</b> Water is available at an appropriate pressure, free from taste and odours and produced in an environmentally, sustainable and affordable manner.	Number of Requests for Service regarding water leaks. <sup>2</sup>	85 Achieved	<100	72 Achieved
	The percentage of Requests for Service resolved within target timeframes.	88% Achieved	84%	86% Achieved
	Number of events regarding no water/or low pressure (less than 300 kilopascals/43psi).	41 Achieved	<50	29 Achieved
	Percentage of residents who are very/fairly satisfied with the water supply system.	86% Achieved	82%	81% Not Achieved
	Water provided continuously and without restriction in compliance with the maintenance contract for up to a 50-year drought in the Gisborne region.	Achieved	Achieved	Achieved

## What was different

- Non-compliance with the Drinking water Standards needs to be separated into two different areas:
  - Compliance of the treatment process:** The Te Karaka and Whatatutu township supplies were both deemed non-compliant with the NZ Drinking Water Standards by default for 2011-12 regardless of any non-compliant water samples taken, as there is currently no protozoan treatment in place. Grant funding from the Ministry of Health will fix this in Te Karaka's case. Installation of the new treatment system is due to occur next financial year and will be capable of treating water to a compliant standard. With Whatatutu, we are likely to lodge an application for capital assistance funding in March 2013.
  - Compliance of the distribution zone** (this states whether or not the water supplied to the customer was compliant):
    - Whatatutu distribution zone was compliant for the 2011/12 compliance period.
    - The Te Karaka distribution zone demonstrated bacteriological compliance, however chemical compliance delivered 50 compliant samples out of a total of 62. Twelve samples recorded Manganese exceedances and were deemed non compliant. To put this into perspective, the Manganese exceedances have a discolouration (and perhaps taste) effect on the water. The level of these recorded exceedances were unlikely to cause harm to people.
- Total number of resolved RfS's was 100. After working through the RfS details, it became evident that 28 RfS's were lodged under the wrong heading. These 28 RfS's were actually made up of Private Water Issues and Wastewater/ Stormwater referrals.

## What it cost

	2011/12 Actual	2011/12 AP	2011/12 Variance	2010/11 Actual
<b>Operating Expenditure (\$000)</b>				
Operating Revenue	2,069	1,668	401	2,090
Operating Expenses	4,399	4,447	48	4,219
<b>Net Cost of Service</b>	<b>2,330</b>	<b>2,779</b>	<b>449</b>	<b>2,129</b>

This activity was funded 57% from rates and 43% from user fees and charges.

### Capital Expenditure (\$000)

Capital Projects	172	576	404	289
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### Funded By:

Capital Grants and Subsidies	0	260	(260)	0
Other Capital Revenue	0	0	0	9
Depreciation or Other Reserves	78	216	(138)	230
Internal Loans	94	100	(6)	50
	<b>172</b>	<b>576</b>	<b>(404)</b>	<b>289</b>

## What was different from the budget

1. Operating revenue was \$401k higher than budget due to higher than expected water meter revenue.
2. Operating expenditure was \$48k lower than budget. This was due to operating costs being lower than budget. Operational projects that were planned for this year were not completed and will be carried over into 2012/13.
3. The main capital expenditure this year has been on water meter and valve renewals \$75k and water supply improvements at Hospital Hill \$65k. The Whatatutu water supply upgrade, Knob Hill booster station and pipeline renewals were not completed in 2011/12. These have been deferred and have been included in Council's Ten Year Plan 2012-2022.





Our finances

# Financial Statements



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## Statement of Compliance and Responsibility

### Compliance

The Council and Management of the Gisborne District Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in Schedule 10 of the Local Government Act 2002, have been complied with.

### Responsibility

The Council and Management accept responsibility for the preparation of the annual financial statements and the judgements used in them. They also accept responsibility for establishing and maintaining a system of internal control designed to provide a reasonable assurance as to the integrity and reliability of the financial reporting.

In the opinion of Council and Management, the annual financial statements for the year ended 30 June 2012 fairly reflect the financial position, results of operations and service performance achievements of the Gisborne District Council.



Meng Foon  
**Mayor**



Judy Campbell  
**Chief Executive**



Mike Drummond  
**Group Manager Corporate Services**



## Statement of Comprehensive Income for the year ended 30 June 2012

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Note	Council 2011/12 Annual Plan \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
<b>INCOME</b>						
45,681	45,591	Revenue from Rates	3	47,008	47,106	47,020
22,850	22,887	Revenue from Grants and Subsidies	4	18,257	15,237	15,277
13,090	20,325	Revenue from Operating Activities	5	13,195	15,543	20,607
651	8,150	Other Gains/(Losses)	6	12	(69)	(2,483)
<b>82,272</b>	<b>96,953</b>	<b>Total Operating Income</b>		<b>78,472</b>	<b>77,817</b>	<b>80,421</b>
<b>OPERATING EXPENDITURE</b>						
13,659	14,376	Employee Benefit Expenses	8	14,034	14,507	15,251
17,540	17,839	Depreciation and Amortisation	9	17,973	18,348	18,689
40,514	42,622	Expenditure on Operating Activities	10	38,607	39,738	42,260
2,890	3,188	Finance Costs	11	3,303	3,661	3,886
<b>74,603</b>	<b>78,025</b>	<b>Total Operating Expenditure</b>		<b>73,917</b>	<b>76,254</b>	<b>80,086</b>
<b>7,669</b>	<b>18,928</b>	<b>Net Surplus/(Deficit) Before Taxation</b>		<b>4,555</b>	<b>1,563</b>	<b>335</b>
0	0	Subvention Income from GHL	12	0	2,017	0
0	2,803	Income Tax Expense / (Benefit)	12	0	0	(970)
<b>7,669</b>	<b>16,125</b>	<b>Net Surplus/(Deficit) After Taxation</b>		<b>4,555</b>	<b>3,580</b>	<b>1,305</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
40,117	41,461	Gains/(Loss) on Property Revaluations	27	0	43,489	45,122
0	0	Net Fair Value Gain/(Loss) on available-for-sale Financial Assets		0	0	(1)
0	(17)	Deferred Tax on Building Revaluations		0	0	0
<b>40,117</b>	<b>41,444</b>	<b>Total Other Comprehensive Income</b>		<b>0</b>	<b>43,489</b>	<b>45,121</b>
<b>47,786</b>	<b>57,569</b>	<b>Total Comprehensive Income</b>		<b>4,555</b>	<b>47,069</b>	<b>46,426</b>

The accompanying notes form an integral part of these financial statements.

## Balanced Budget Statement of Financial Performance for the year ended 30 June 2012

Council 2010/11 Actual \$000s		Council 2011/12 Annual Plan \$000s	Council 2011/12 Actual \$000s
82,272	Operating Income	78,472	77,817
74,603	Operating Expenditure	73,917	76,254
<b>7,669</b>	<b>Operating Surplus/(Deficit)</b>	<b>4,555</b>	<b>1,563</b>
<b>Less</b>			
1,251	Capital Rates Income	100	100
10,899	Capital Grants and Subsidies	9,916	6,338
747	Other Capital Grants, Donations and Contributions	742	1,386
(2,231)	Operations funded by Reserve funds	386	(1,529)
<b>Plus</b>			
5,992	Depreciation not Funded	6,839	6,499
(2,995)	(Decrease)/increase in Council deficit	(250)	(1,767)
<b>0</b>	<b>Balanced Budget - Operating income agrees to operating expenditure</b>	<b>0</b>	<b>0</b>

The accompanying notes form an integral part of these financial statements.

## Explanation of Council's Balanced Budget Requirement

Council is required under the provisions of the LGA 2002 (s.101) to manage its revenues, expenses, assets, liabilities, investments and general dealings prudently and in a manner that promotes the current and future interests of its community. The LGA 2002 (s.100) requires that local authorities "balance the books". This means Council must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses (break even).

# Statement of Financial Position as at 30 June 2012

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Note	Council 2011/12 Annual Plan \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
		<b>CURRENT ASSETS</b>				
337	2,248	Cash and Cash Equivalents	13	469	1,255	2,503
9,381	9,550	Trade and Other Receivables	14	8,724	9,267	7,499
139	210	Inventories	15	155	146	222
1,267	1,267	Investments	16	1,255	1,268	1,268
908	908	Non-current Assets Held for Sale	18	0	908	908
<b>12,032</b>	<b>14,183</b>	<b>Total Current Assets</b>		<b>10,603</b>	<b>12,844</b>	<b>12,400</b>
		<b>CURRENT LIABILITIES</b>				
314	314	Deposits Held	19	0	358	358
11,267	11,838	Trade and Other Payables	20	12,442	9,586	9,913
2,636	2,717	Employee Benefit Liabilities	21	2,388	2,698	2,780
18,714	21,947	Borrowings	22	0	21,754	21,754
244	244	Provision for Other Liabilities	23	0	236	236
1,265	1,327	Derivative Financial Instruments	29A	0	1,066	1,150
<b>34,440</b>	<b>38,387</b>	<b>Total Current Liabilities</b>		<b>14,830</b>	<b>35,698</b>	<b>36,191</b>
<b>(22,408)</b>	<b>(24,204)</b>	<b>Net Working Capital</b>		<b>(4,227)</b>	<b>(22,854)</b>	<b>(23,791)</b>
		<b>NON-CURRENT ASSETS</b>				
0	0	Trade and Other Receivables	14	247	0	0
1,811,691	1,840,828	Property Plant and Equipment	24	1,779,865	1,854,172	1,884,814
683	2,157	Intangible Assets	25	1,445	1,050	1,902
1,788	19,072	Biological Assets	26	1,022	1,676	17,455
20,285	308	Investments	16	20,312	20,307	349
<b>1,834,447</b>	<b>1,862,365</b>	<b>Total Non-Current Assets</b>		<b>1,802,891</b>	<b>1,877,205</b>	<b>1,904,520</b>
		<b>NON-CURRENT LIABILITIES</b>				
15,160	15,160	Borrowings	22	42,402	9,096	10,829
224	224	Employee Benefit Liabilities	21	219	317	317
1,337	1,337	Provision for Other Liabilities	23	863	1,410	1,410
0	2,755	Deferred Tax Liability	12	0	0	1,991
1,726	1,827	Derivative Financial Instruments	29A	0	3,184	3,215
<b>18,447</b>	<b>21,303</b>	<b>Total Non-Current Liabilities</b>		<b>43,484</b>	<b>14,007</b>	<b>17,762</b>
<b>1,793,592</b>	<b>1,816,858</b>	<b>Net Funds Employed</b>		<b>1,755,180</b>	<b>1,840,344</b>	<b>1,862,967</b>
Equity consists of:						
		<b>EQUITY</b>				
393,258	389,152	Accumulated Surplus	27	393,776	395,016	388,635
29,986	29,986	Special Funds	27	31,173	31,491	31,491
1,370,348	1,397,720	Revaluation Reserves	27	1,330,231	1,413,837	1,442,841
<b>1,793,592</b>	<b>1,816,858</b>	<b>Total Equity</b>		<b>1,755,180</b>	<b>1,840,344</b>	<b>1,862,967</b>

The accompanying notes form an integral part of these financial statements.

Authorised for and on behalf of Gisborne District Council on 27 September 2012.



Meng Foon  
Mayor



Judy Campbell  
Chief Executive



## Statement of Changes in Equity for the year ended 30 June 2012

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Note	Council 2011/12 Annual Plan \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
		<b>EQUITY OPENING BALANCES</b>				
376,352	363,790	Accumulated Funds and Retained Earnings		389,504	393,258	389,152
38,890	38,890	Special Funds and Reserves		30,890	29,986	29,986
1,330,231	1,356,276	Revaluation Reserves		1,330,231	1,370,348	1,397,720
<b>1,745,473</b>	<b>1,758,956</b>	<b>Total Equity Opening Balance</b>		<b>1,750,625</b>	<b>1,793,592</b>	<b>1,816,858</b>
		<b>CHANGES IN EQUITY</b>				
		<b>Accumulated Surplus (Retained Earnings)</b>				
8,904	8,904	Transfer to Special Funds and Reserves		(283)	(1,505)	(1,505)
334	334	Transfer Waerenga-O-Kuri Reserve Receivable		0	(334)	(334)
0	0	Transfer to Creative Arts Liability		0	0	0
(1)	(1)	Transfer to Gisborne District Disaster Relief Fund		0	0	0
0	0	Transfer to Library Book Trust Liability		0	0	0
0	0	Transfer to Restricted Funds Liability move- ment		0	17	17
47,786	57,569	Total Comprehensive Income		4,555	47,069	46,426
		<b>Special Funds and Reserves</b>				
0	0	Transfer to Restricted Funds Liability		0	(0)	(0)
(8,904)	(8,904)	Transfer to/(from) Retained Earnings		283	1,505	1,505
0	0	Transfer to Lytton West Reserve Development Liability		0	0	0
0	0	Transfer to/(from) Library Book Trust Liability		0	0	0
<b>48,119</b>	<b>57,902</b>	<b>Total Changes in Equity</b>		<b>4,555</b>	<b>46,752</b>	<b>46,109</b>
		<b>EQUITY CLOSING BALANCES</b>				
393,258	389,152	Accumulated Funds and Retained Earnings		393,776	395,016	388,635
29,986	29,986	Special Funds and Reserves		31,173	31,491	31,491
1,370,348	1,397,720	Revaluation Reserves	27	1,330,231	1,413,837	1,442,841
<b>1,793,592</b>	<b>1,816,858</b>	<b>Total Equity Closing Balance</b>		<b>1,755,180</b>	<b>1,840,344</b>	<b>1,862,967</b>
		<b>Attributable to:</b>				
<b>\$1,793,592</b>	<b>\$1,816,858</b>	<b>Gisborne District Council</b>		<b>\$1,755,180</b>	<b>\$1,840,344</b>	<b>\$1,862,967</b>

The accompanying notes form an integral part of these financial statements.

## Statement of Cash Flow for the year ended 30 June 2012

The consolidated cash balance at the end of the year was \$2,503,000 (2011 : \$2,248,000).

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Note	Council 2011/12 Annual Plan \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
<b>Cash Flow from Operating Activities</b>						
44,903	44,813	Receipts from Rates		47,368	47,915	47,829
13,751	19,396	Receipts from Activities		12,082	13,776	20,039
22,413	22,450	Receipts from Government Grants and Subsidies		19,357	16,924	16,924
91	98	Interest received		129	74	124
500	0	Dividends received		500	1,561	2
(51,825)	(54,726)	Payments to Suppliers and Employees		(51,497)	(53,862)	(57,147)
(1,059)	(1,059)	Grants paid		0	(1,105)	(1,105)
667	740	Net GST paid		0	319	297
(2,675)	(3,019)	Interest paid		(3,303)	(2,579)	(2,858)
<b>26,766</b>	<b>28,693</b>	<b>Net Cash Flows Operating Activities</b>	<b>28</b>	<b>24,636</b>	<b>23,023</b>	<b>24,105</b>
<b>Cash Flow from Investing Activities</b>						
7	24	Sale of Property Plant and Equipment		908	154	230
0	611	Sale of Carbon Credits		0	0	0
1,254	1,254	Sale of Investments		0	1,267	1,267
(41,060)	(41,147)	Purchase of Property Plant and Equipment		(19,262)	(18,701)	(18,961)
(186)	(186)	Purchase of Intangible Assets		0	(526)	(526)
(1,267)	(1,267)	Purchase of Investments		0	(1,319)	(1,319)
(24)	(91)	Forestry expenditure		0	0	(61)
<b>(41,276)</b>	<b>(40,802)</b>	<b>Net Cash from Investing Activities</b>		<b>(18,354)</b>	<b>(19,125)</b>	<b>(19,370)</b>
<b>Cash Flow from Financing Activities</b>						
14,467	13,967	Increase/(Decrease) in Borrowings		(6,282)	(3,024)	(4,524)
(72)	(72)	Net movement in Deposits held		0	44	44
<b>14,395</b>	<b>13,895</b>	<b>Net Cash Flow from Financing Activities</b>		<b>(6,282)</b>	<b>(2,980)</b>	<b>(4,480)</b>
(115)	1,786	<b>Net Increase/(decrease) in Cash</b>		0	918	255
452	462	Cash at beginning of the year		469	337	2,248
<b>337</b>	<b>2,248</b>	<b>Cash and Cash Equivalents at Year End</b>		<b>469</b>	<b>1,255</b>	<b>2,503</b>

The accompanying notes form an integral part of these financial statements.

## Statement of Involvement in CCOs and Other Companies

The Council has control over the following entities:

### The Gisborne Disaster Relief Trust

The Trust has been established to provide a vehicle for the collection and distribution of funds in support of local disaster relief efforts. Council passed a resolution to exempt the Trust from Statement of Intent (SOI) reporting requirements under the Local Government Act.

### Gisborne Holdings Ltd

This CCO comprises Gisborne Holdings Ltd and its subsidiaries, Tauwhareparae Farms Ltd and Tauwhareparae Forests Ltd.

The cost to the above enterprise for the financial interest, finance or financial assistance of the Council is as follows:

	Divi- dends 2012 \$000s	Divi- dends 2011 \$000s	Interest 2012 \$000s	Interest 2011 \$000s	Total 2012 \$000s	Total 2011 \$000s
Gisborne Holdings Ltd	1,561	500	0	0	1,561	500

## Total Cost

The provision of financial assistance by the Gisborne District Council to this organisation and the related companies Tauwhareparae Farms Ltd and Tauwhareparae Forests Ltd is by way of share capital. Council also incurred a \$0.9m interest cost to finance its investment in Gisborne Holdings Ltd.

## Performance Targets

The Council's objective in establishing Gisborne Holdings Ltd and its subsidiaries was to provide a commercial vehicle for operating its commercial activities.

## Achievements

Gisborne Holdings Ltd reported a net loss after tax of \$0.72m for the year. The total income for the year included an increase in the value of land and buildings of \$1.6m. Net assets decreased \$0.64m from \$43.44m to \$42.8m.

# Notes to the Financial Statements

## NOTE 1 : Statement of Accounting Policies

### Reporting Entity

Gisborne District Council ("Council") is a Unitary Authority governed by the Local Government Act 2002.

The Gisborne District Council Group (the "Group") consists of Gisborne District Council and its subsidiaries, Gisborne Holdings Ltd (100% owned), Tauwhareparae Farms Ltd (100% owned) and Tauwhareparae Forests Ltd (100% owned). All Council subsidiaries are incorporated in New Zealand.

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

The financial statements of the Group are for the year ended 30 June 2012. The financial statements were authorised for issue by Council on 27 September 2012.

### Basis of Preparation

The Council and Group financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain fixed assets, forestry assets, livestock assets and certain financial instruments to reflect fair value. 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 is New Zealand dollars.

There have been no changes in accounting policies during the financial year.

The Council and Group have adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

**Amendments to NZ IAS 1 Presentation of Financial Statements.** The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item.

**NZ IAS 24 Related Party Disclosures (Revised 2009)** replaces NZ IAS 24 Related Party Disclosures (Issued 2004). The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The effect of this standard has been to disclose further information about commitments between related parties.

**FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments)** – The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the Council and Group is that certain information about property valuations is no longer required to be disclosed.

**Amendments to NZ IFRS 7 Financial Instruments: Disclosures** – The amendment reduces the disclosure requirements relating to credit risk.

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 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. 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 financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS).

These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

## Specific Accounting Policies

The following specific Accounting Policies which materially affect the measurement of financial performance and the financial position have been applied.

## Basis of Consolidation

### Subsidiaries

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 on 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 recognised as goodwill. If Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the Statement of Comprehensive Income.

Subsidiaries are accounted for using the purchase method which involves adding together corresponding

assets, liabilities, revenues and expenses on a line-by-line basis. All significant inter-company/Council transactions are eliminated on consolidation. Council's investment in its subsidiaries is carried at cost in Council's own "parent entity" financial statements.

## Revenue Recognition

Revenue is measured at the fair value of consideration received. The following specific recognition criteria must be met before revenue is recognised:

### Rates Revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

### Government Grants and Subsidies

Council receives government grants from New Zealand Transport Agency, which subsidises part of Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

### Other Revenue

Revenue from the rendering of services is recognised, based on the actual service provided on an accrual basis.

Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash or by electronic payment. The recorded revenue is the gross amount of the sale, excluding GST. Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained.

### Borrowing Costs

Borrowing costs (except borrowing costs incurred as a result of capital work) are recognised as an expense in the period in which they are incurred.

When the construction of assets are loan funded, all borrowing costs incurred as a result of the capital work are capitalised as part of the total cost of the asset up until the point where the asset enters service.

### Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.



Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Council's decision.

### 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 substantially 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 basis 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 associates, and interests in joint ventures, except where Council 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 substantially enacted by balance date.

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

## Leases

### Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the Group recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life.

### Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

## Trade and Other Receivables

Trade and other receivables are recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for uncollectible amounts.

A provision for impairment of receivables (doubtful debts) is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the 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. Non-current receivables are recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset.

## Inventories

Inventories are recognised at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out (FIFO) principle and includes expenditure in acquiring the inventories and bringing them to their existing location and condition.

## Financial Assets

The Group classifies its financial assets in the following two categories:

- Available-for-sale financial assets; and
- Loans and receivables.

The classification depends on the purpose for which the assets are held. Management determines the classification of its investments at initial recognition and re-evaluates the designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through the Statement of Comprehensive Income in which case the transaction costs are recognised in the Statement of Comprehensive Income.

Purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

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 is the current bid price.

The fair value of financial instruments not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows are used to determine fair value for the remaining financial instruments.

#### **Derecognition of Financial Assets**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

The Group presently has the following categories of financial assets:

##### **a. Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Council's general and community loans are designated as loans and receivables. They are recognised initially at fair value, and subsequently carried at amortised cost less impairment losses.

Loans to community organisations made by Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the Statement of Comprehensive Income as a grant. Loans to other parties at market rates are measured at amortised cost using the effective interest method. Non-current loans are discounted at the current market rate of return for a similar asset.

##### **b. Available-for-Sale Financial Assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

The Group's investments in equity securities are classified as available for sale and are stated at fair value. Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the Statement of Comprehensive Income.

In the event of impairment any cumulative losses previously recognised in equity will be removed and recognised in the Statement of Comprehensive Income even though the asset has not been derecognised.

#### **Impairment of Financial Assets**

At each balance date the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the Statement of Comprehensive Income.

#### **Accounting for Derivative Financial Instruments and Hedging Activities**

The Group uses derivative financial instruments such as interest rate swaps ("hedges") and forward rate agreements to manage its cash flow and interest rate risk. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date.

The Group does not satisfy all the conditions for hedge accounting and therefore all gains or losses in fair value of instruments used to manage cashflow and interest rate risk are recognised through the Statement of Comprehensive Income.

### **Non-Current Assets Held for Sale**

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of assets held for sale are recognised in the Statement of Comprehensive Income.

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 (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

## Property, Plant and Equipment

Property, Plant and Equipment consists of:

### Operational Assets

These include land, buildings, improvements, library books, wharves, floating plant, plant, equipment, and motor vehicles.

### Infrastructural Assets

Infrastructural assets are the fixed utility systems owned by Council and comprise the sewer, water, stormwater, roading, flood control, and the waste disposal infrastructures. Each asset type includes all items that are required for the network to function, for example, sewer reticulation piping and sewer pump stations.

## Biological Assets

### Livestock

Livestock is valued at fair value less point of sale costs. Changes in the value of existing productive livestock and the numbers and/or composition of the livestock are treated as revenue items.

### Forestry Assets

Forestry Assets consist of the Group's forestry holdings. Forestry assets are valued on the basis of fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. Forestry Assets are revalued annually. Valuation movements pass through the Statement of Comprehensive Income. The costs to maintain the forestry assets are included in the Statement of Comprehensive Income.

Council has transferred forestry rights in respect of a total of 1,608 hectares of land to Juken New Zealand Limited. The transfer relates to one harvest cycle. Under the agreement Council has contributed the land and is entitled to 16.75% of stumpage. All costs of development are borne by Juken New Zealand Limited. The value of the land (excluding the trees) and Council's right to a share of the stumpage is reflected in the Statement of Financial Position.

## Intangible Assets

### Software Acquisition and Development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use or with the acquisition of software licences by the Group, are recognised as an intangible asset.

### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

- Computer software 6 years

### Emissions Trading Scheme

Tauwhareparae Farms Ltd (TFL), a subsidiary of Gisborne Holdings Limited (GHL) has voluntarily entered the New Zealand Emissions Trading Scheme (ETS) in respect of 1,138.2 hectares of forest land located in the Tauwhareparae area. This entitles TFL to receive emission units (units) for carbon stored in the specified area from a 1 January 2008 baseline.

Units received are recognised at fair value on the date they are received and subsequently measured at cost subject to impairment. While there are no specific conditions attached to units received, should carbon stored in the specified area fall below the amount compensated for, a portion of units received must be returned. Units received are recorded on the Statement of Financial Position as an intangible asset until it is clear that they will not be required to meet future emissions obligations. The value of units is then recognised in the Statement of Comprehensive Income. Where there is an obligation to return units this liability is recognised on the Statement of Financial Position, measured with reference to the carrying value of units on hand.

Where there is insufficient units on hand to meet the emissions obligation, this is measured by reference to the current market value for units held.

Future cash flows associated with units receivable/payable are taken into consideration in determining the valuation of the specified area.

## Property, Plant and Equipment Valuation

The Group has elected to use the Public Benefit Entities exemption to revalue property, plant and equipment on an asset class basis. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of comprehensive income.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Income will be recognised first in the Statement of Comprehensive Income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

## Additions

Additions between valuations are recorded at cost, except for vested assets. Certain infrastructural assets and land have been vested in Council as part of the subdivision consent process. Vested assets are recognised as revenue when control over the asset is obtained. Vested assets are valued at fair value when received.

## Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Income. When revalued 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 the initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be reliably measured.

## Operational Assets Valuations

All Operational Assets are carried at cost less accumulated depreciation and impairment losses except for:

### Operational Land

Operational land is valued at fair value and is not depreciated.

### Operational Buildings

Operational buildings are revalued to optimised depreciated replacement cost and depreciated between valuations. These assets are independently revalued every 3 years, or more frequently when there are indicators that the values may have changed substantially from carrying value.

### Library Books - General Collections

All new and replacement books are capitalised in the year they are purchased and subsequently depreciated based on useful lives. The valuations are performed by the Head librarian and are not subject to independent review because there are readily available market prices to determine fair value.

### Library Books – Permanent Collection

The permanent collection is carried at deemed cost.

## Infrastructure Assets Valuations

### Infrastructural Assets

Infrastructural Assets are initially recorded at depreciated replacement cost. Infrastructure assets other than roading are independently valued every 3 years at depreciated replacement costs, unless conditions indicate that carrying value is materially different to fair value, in which case assets are revalued more frequently.

## Roading Assets

Roading assets are independently revalued annually.

## Airport Assets

Airport assets include land, buildings, runway aprons, roading and below ground infrastructure. Airport assets are independently valued every 3 years or more frequently when there are indicators that the fair values may have changed substantially from carrying value.

## Assets Under Construction

Assets under construction are valued at cost.

## Depreciation

Depreciation is provided on a straight-line basis on all fixed assets other than land and land under roads. The depreciation rates used will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

### INFRASTRUCTURAL ASSETS

#### Roads

*Pavement Surface (seal)	1 – 20 years
*Pavement Surface (unsealed) Wearing Course	5 years
*Pavement Layers (basecourse)	75 – 100 years
*Formation	(not depreciated)
*Culverts	25 – 50 years
*Footpaths	20 – 75 years
*Surface Water Channels	50 years
*Signs	12 years
*Street Lights	15 – 25 years
*Bridges	25 – 80 years
*Retaining Structures	80 years
*Traffic Signals	15 years
*Parking Meters	25 years
*Railings	10 - 15 years
*Safety Projects	10 – 13 years

#### Water Reticulation

*Pipes	30 – 165 years
*Valves, Hydrants	25 years
*Pump Stations	15 – 100 years
*Dams	400 years
*Structures	16 – 200 years

#### Sewerage Reticulation

*Pipes	60 – 100 years
*Manholes	100 years
*Treatment Plant	15 – 50 years
*Laterals	100 years

#### Stormwater Systems

*Pipes	62 – 100 years
*In-drain structures	25 – 100 years

#### Flood Control Systems

Solid Waste	25 – 100 years
	4 – 25 years
Operational Assets	
Land	(not depreciated)
Buildings/Land Improvements	3 – 100 years
Plant/Machinery/Motor Vehicles	2 – 20 years
Office Equipment/Furniture	3 – 50 years
Other Equipment	5 – 25 years
Library Books	1 - 50 years
Wharves	50 years
Floating Plant	25 years
Leased Assets	3 - 8 years



Capital work in progress is not depreciated. The total cost of a project is transferred to freehold buildings, plant and equipment or infrastructural assets on its completion and then depreciated.

## Impairment of Non Financial Assets

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.

If the recoverable amount of a non-financial asset is less than its carrying amount, the item is written down to its recoverable amount. The write down of an item recorded at cost is recognised as an expense in the Statement of Comprehensive Income. When a revalued item is written down to recoverable amount, the write down is recognised as a downward revaluation to the extent of the corresponding revaluation reserve, and any balance recognised in the Statement of Comprehensive Income.

The carrying amount of a non-financial asset that has previously been written down to a recoverable amount is increased to its current recoverable amount if there has been a change in the estimates used to determine the amount of the write down.

The increased carrying amount of the item will not exceed the carrying amount that would have been determined if the write down to recoverable amount had not occurred.

## Trade and Other Payables

Trade and other payables are non-interest bearing and are normally settled on 30 day terms. Therefore, the carrying value of trade and other payables used in the Statement of Financial Position approximates their fair value.

## Financial Liabilities : Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

## Employee Entitlements

The provision for annual leave employee entitlement and other employee benefits expected to be settled within 12 months of balance date has been calculated on an actual entitlement basis at current rates of pay while the other provisions have been calculated on future rates of pay, discounted using an appropriate discount rate.

Provision for accumulated sick leave is made only to the extent that it is expected to be used in future periods. The expected usage is assessed using historical average rates of use.

## Long Service Leave and Retirement Leave

For retiring leave and long-service leave not expected to be taken within 12 months of balance date, the liability is equal to the present value of the estimated future cash outflows, as a result of employee services provided at balance date.

## Superannuation Schemes

### Defined Benefit Scheme

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

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

The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in note 32.

## Provisions

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

If the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

## Public Equity

This represents the ratepayer's net ownership of Council. It is made up of the following components:

- Accumulated Funds and Retained Earnings
- Special Funds and Reserves
- Asset Revaluation Reserves



## Accumulated Funds

Comprise accumulated surpluses over the years.

## Special Funds and Reserves

Reserves are a component of public equity and represent a particular use to which parts of equity have been assigned. Reserves may be legally restricted or created by Council.

## Asset Revaluation Reserve

Comprise accumulated revaluations increments or decrements.

Detail on the movement of reserves held by Council can be found in Note 27.

## Statement of Cash Flows

**Operating activities** include all transactions and other events that are not investing or financing activities. Cashflows from operating activities are presented using the direct method.

**The GST (net)** component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

**Investing activities** are those activities relating to the acquisition, holding and disposal of fixed assets and investments. Investments can include securities not falling within the definition of cash.

**Financing activities** are those activities which result in changes in the size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash.

**Cash and Cash Equivalents** is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

## Changes in Accounting Policies

There have been no changes in accounting policies. All accounting policies have been applied on a consistent basis throughout the years presented.

## Critical Accounting Estimates and Assumptions

In preparing these financial statements the Group 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 of 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.

## Landfill Post Closure Costs

### Paokahu

As former operator of the Paokahu landfill site, Council has an obligation to ensure the ongoing maintenance and monitoring services at this landfill site after closure.

A landfill aftercare provision has been recognised as a liability in the Statement of Financial Position. Provision is made for the present value of post closure costs expected to be incurred in restoring the area to its former status. The calculated cost is based on estimates of future site maintenance, supervision and monitoring costs. The estimated length of time needed for post closure care for the Paokahu site is 35 years, from 31 December 2002.

The calculations assume no change in the legislative requirements or technological changes for closure and post closure treatment. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to Council.

### Waiapu

As operator of the Waiapu landfill site, Council has an obligation to ensure the ongoing maintenance and monitoring services at this landfill site after closure.

A landfill aftercare provision has been recognised as a liability in the Statement of Financial Position. Provision is made for the present value of post closure costs expected to be incurred in restoring the area to its former status. The calculated cost is based on estimates of future site maintenance, supervision and monitoring costs. The estimated length of time needed for post closure care for the Waiapu site is 30 years, from 30 June 2046.

## Infrastructural Assets

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

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

If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Income. To minimise this risk, Council's infrastructural asset's 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 Council's asset management planning activities, which provides Council with further assurance over its useful life estimates.

Experienced independent valuers perform Council's infrastructural asset revaluations.

## GST

The financial statements have been prepared exclusive of GST with the exception of receivables and payables, which are stated with GST included.

## Budget Figures

The budget figures are those approved by Council and published in the Annual Plan. They have been prepared using the same accounting policies as are employed in preparing these financial statements.

## Cost Allocation

Expenditure has been reported by the nature of the expense.

## Capital Management

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

The Local Government Act 2002 (the Act) requires 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. Ratepayers' 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 principle promoted in the Act and applied by 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, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires Council to make adequate and effective provision in its Ten Term Plan (TYP) 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 TYP.

## Note 2 : Summary Cost of Services by Activity for the year ended 30 June 2012

Council 2010/11 Actual \$000s		Council 2011/12 Annual Plan \$000s	Council 2011/12 Actual \$000s
	<b>Revenue</b>		
644	Animal Control	747	684
499	Aquatic and Recreation Facility (Olympic Pool)	551	498
115	Arts and Culture	102	111
768	Building Services	939	767
47	Civil Defence, Emergency Management and Rural Fires	44	230
796	Community Housing	791	951
794	Community Planning and Development	148	339
295	Conservation	289	708
3,045	Enterprise Operations	2,540	2,160
307	Environmental Health	327	252
375	Environmental Planning	213	328
161	Flood Control Activity	163	160
59	Governance	12	11
12,112	Land Transport and Parking	9,237	9,562
68	Libraries	110	104
319	Reserves and Open Spaces	350	318
99	Solid Waste Management	239	148
0	Stormwater	0	0
2,012	Support Services	1,937	3,191
341	Wastewater	398	394
2,090	Water Supply	1,668	2,069
<b>24,946</b>	<b>Total Revenue</b>	<b>20,805</b>	<b>22,985</b>
	<b>Less Expenditure</b>		
743	Animal Control	824	788
1,381	Aquatic and Recreation Facility (Olympic Pool)	1,556	1,524
463	Arts and Culture	503	1,151
1,408	Building Services	1,682	1,634
822	Civil Defence, Emergency Management and Rural Fires	929	1,065
799	Community Housing	818	797
2,895	Community Planning and Development	3,124	2,512
2,877	Conservation	3,030	3,054
2,453	Enterprise Operations	2,396	3,943
1,555	Environmental Health	1,593	1,618
1,883	Environmental Planning	2,148	2,255
2,113	Flood Control Activity	2,206	2,299
3,033	Governance	2,692	2,532
27,013	Land Transport and Parking	23,928	25,149
1,547	Libraries	1,658	1,589
4,223	Reserves and Open Spaces	3,939	4,611
4,807	Solid Waste Management	5,163	4,309
2,119	Stormwater	2,390	2,232
1,921	Support Services	1,749	2,048
6,329	Wastewater	7,139	6,743
4,219	Water Supply	4,447	4,399
<b>74,603</b>	<b>Total Expenditure</b>	<b>73,914</b>	<b>76,252</b>
<b>49,657</b>	<b>Net Cost of service</b>	<b>53,109</b>	<b>53,267</b>

Each significant activity is stated gross of internal costs and revenues, and excludes general and targeted rates attributable to that activity (refer note 3).

## Note 3 : Rates Revenue

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
45,681	45,591	<b>Gross Rates Revenue</b>	47,008	47,106	47,020
		<b>Gross Rates Revenue Consists of :</b>			
4,450	4,360	General Rates	5,160	5,202	5,116
11,732	11,732	Uniform Annual General Charge	12,374	12,341	12,341
29,499	29,499	Targeted Rates	29,474	29,563	29,563
<b>45,681</b>	<b>45,591</b>	<b>Gross Rates Revenue</b>	<b>47,008</b>	<b>47,106</b>	<b>47,020</b>
		<b>Less</b>			
556	556	Remissions <sup>1</sup>	497	530	530
<b>45,125</b>	<b>45,035</b>	<b>Net Rates Revenue</b>	<b>46,511</b>	<b>46,576</b>	<b>46,490</b>

<sup>1</sup> Council grants rates remissions to certain ratepayers. Council has a number of rates remission policies which include: Remission of Rates for Permanent Crops, Whenua Rahui and Community, Sporting and Other Organisations.

## Note 4 : Revenue from Grants and Subsidies

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
		<b>Revenue from Grants and Subsidies</b>			
917	954	Central Government Grants	63	273	313
21,746	21,746	NZ Transport Agency Roothing Subsidies	14,982	14,766	14,766
187	187	Other Grants and Subsidies	3,212	198	198
<b>22,850</b>	<b>22,887</b>	<b>Total Revenue from Grants and Subsidies</b>	<b>18,257</b>	<b>15,237</b>	<b>15,277</b>

Revenue from grants and subsidies (and hence operating income) for Council includes \$6,326,389 (2011 : \$10,898,594) relating to grants for capital work. Expenditure relating to these projects will be recognised (primarily as depreciation) over the life of the assets. Included in these capital grants was \$6,252,385 (2011 : \$10,819,175) received from the NZ Transport Agency for roading related work. There are no unfulfilled conditions and other contingencies attached to grants received.

Cash flows from grants and subsidies (and hence operating cash inflows) for Council includes \$7,379,294 (2011 : \$10,657,605) with respect to these capital grants where the associated cash outflows are recognised as investing activities.

Tauwhareparae Farms Limited (TFL) received \$40k (2011 : \$37k) from the Ministry for Primary Industries which subsidised the cost of forestry establishment, silviculture and thinning. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

## Note 5 : Revenue from Operating Activities

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
<b>Revenue from Operating Activities</b>					
0	0	Lease Income	406	0	0
34	34	Reserve Contributions	0	73	73
511	511	Development Contributions	0	951	951
30	30	Capital Contributions	0	126	126
716	716	Rates Penalties	692	877	877
10,868	18,586	Activity Revenue	11,130	11,543	18,107
108	125	Interest	129	92	132
500	0	Dividends	500	1,561	21
323	323	Petroleum Tax	338	320	320
<b>13,090</b>	<b>20,325</b>	<b>Total Revenue from Operating Activities</b>	<b>13,195</b>	<b>15,543</b>	<b>20,607</b>

## Note 6 : Revenue from Other Gains

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
<b>Revenue from Other Gains (Losses)</b>					
741	4,564	Gain/(Loss) on Changes in Fair Value of Forestry Assets and Stock	0	(112)	(525)
(15)	(15)	Loss on Changes in Fair Value of Stock	0	0	0
0	3,687	Gain/(Loss) on Changes in Fair Value of Livestock	0	0	(1,156)
(41)	(52)	Gain/(Loss) on Disposal of Property, Plant and Equipment	12	71	130
(34)	(34)	Gain/(Loss) on Changes in Fair Value of Non-Current Receivables/ Investment	0	(28)	(932)
<b>651</b>	<b>8,150</b>	<b>Total Revenue from Other Gains (Losses)</b>	<b>12</b>	<b>(69)</b>	<b>(2,483)</b>

## Note 7 : Vested Assets

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
<b>Revenue from Operating Activities</b>					
0	0	Stormwater Systems	0	0	0
0	0	Water Systems	0	0	0
0	0	Wastewater Systems	0	0	0
0	0	Reserves	0	0	0
0	0	Roading Network	0	0	0
<b>0</b>	<b>0</b>	<b>Total Assets Vested</b>	<b>0</b>	<b>0</b>	<b>0</b>

The major source of vested assets is subdivisions where the developer vests the roading, sewage, water supply and stormwater systems in Council.

## Note 8 : Employee Benefit Expense

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
<b>Employee Benefit Expense</b>					
16,494	17,174	Salary and Wages	16,495	17,119	17,852
253	262	Defined Contribution Plans Expense	264	277	286
358	386	Increase/ (Decrease) in Leave Liabilities	0	155	157
(3,446)	(3,446)	Less Recharged to Other Expense Categories**	(2,725)	(3,044)	(3,044)
<b>13,659</b>	<b>14,376</b>	<b>Total Employee Benefit Expense</b>	<b>14,034</b>	<b>14,507</b>	<b>15,251</b>

\*\* Wages and salaries can be recharged to other expense categories for example capitalised project costs, repairs, cleaning etc.

## Note 9 : Depreciation and Amortisation Expense

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
<b>Depreciation and Amortisation Expense</b>					
188	188	Aquatic and Recreation Facility (Olympic Pool)	192	262	262
179	179	Arts and Culture	180	191	191
1	1	Building Services	4	2	2
30	30	Civil Defence, Emergency Management and Rural Fires	31	36	36
385	385	Community Housing	398	373	373
0	0	Community Planning and Development	2	0	0
11	11	Conservation	19	17	17
456	755	Enterprise Operations	525	647	988
13	13	Environmental Health	13	12	12
0	0	Environmental Planning	0	0	0
102	102	Flood Control	120	102	102
1	1	Governance	2	2	2
9,752	9,752	Land Transport and Parking	10,052	10,275	10,275
310	310	Libraries	290	293	293
302	302	Reserves and Open Spaces	323	362	362
379	379	Solid Waste Management	396	223	223
781	781	Stormwater	780	807	807
754	754	Support Services	890	818	818
2,127	2,127	Wastewater	2,015	1,935	1,935
1,769	1,769	Water Supply	1,741	1,991	1,991
<b>17,540</b>	<b>17,839</b>	<b>Total Depreciation and Amortisation Expense</b>	<b>17,973</b>	<b>18,348</b>	<b>18,689</b>
17,365	17,664	Total Depreciation as per Note 24		18,189	18,530
175	175	Total Amortisation as per Note 25		159	159
<b>17,540</b>	<b>17,839</b>			<b>18,348</b>	<b>18,689</b>

## Note 10 : Expenditure on Operating Activities

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
<b>Operating Expenditure</b>					
2,274	2,538	Administration Expenses	2,442	2,073	2,339
153	191	Audit Fees-Annual Report	173	173	207
6	6	Audit Fees-Ten Year Plan and Ten Year Plan Amendments	109	101	101
649	676	Consultants and Professional Services	1,099	760	780
528	615	Elected Members and Director's Fees	553	528	597
113	117	Indirect Employment Costs	102	145	149
1,057	1,059	Grants and Donations	1,072	1,105	1,106
293	340	Insurance Costs	281	1,319	1,375
378	378	Rental and Operating Leases	387	305	305
5,604	5,975	Repairs and Maintenance	5,496	5,628	5,889
415	415	Bad Debts Written Off-Rates	530	279	279
3	3	Bad Debts Written Off-Other	278	94	94
322	322	Change to Impairment of Receivables	0	1,295	1,295
28,719	29,987	Other Operating Expenditure*	26,085	25,933	27,744
<b>40,514</b>	<b>42,622</b>	<b>Total Operating Expenditure</b>	<b>38,607</b>	<b>39,738</b>	<b>42,260</b>

\* Other operating expenses include such items as:

electricity, operational contracts, treatment plants, pump stations, vegetation planting contracts, facilities contracts and cleaning contracts.



## Note 11 : Finance Costs

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
		<b>Finance Costs</b>			
2,010	2,010	Interest on Debentures and Interest Rate Swaps	1,713	1,664	1,664
617	960	Interest on Bank Borrowings and Commercial Paper	1,454	625	898
138	138	Line Fee	136	113	113
125	80	Losses on Derivatives (Interest Rate Swaps)	0	1,259	1,211
<b>2,890</b>	<b>3,188</b>	<b>Total Finance Costs</b>	<b>3,303</b>	<b>3,661</b>	<b>3,886</b>

## Note 12 : Income Tax

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
7,669	18,928	Surplus Before Tax	0	1,563	335
0	0	Subvention Payment	0	2,017	0
2,301	5,828	Tax @ 28%	0	1,002	94
		<b>Plus/(Less) Tax Effect of:</b>			
(2,301)	(3,025)	Net Non Taxable and Non Deductible Items	0	(1,002)	(852)
0	0	Tax Loss not Recognised	0	0	0
0	0	Utilisation of Losses Brought Forward	0	0	0
0	0	Imputation Credits utilised	0	0	(6)
0	0	Prior Year Adjustment	0	0	(206)
<b>0</b>	<b>2,803</b>	<b>Tax Expense</b>	<b>0</b>	<b>0</b>	<b>(970)</b>

## Deferred Tax Asset/(Liability) - Group

	Property, Plant and equipment \$000s	Livestock \$000s	Forestry \$000s	Employee Entitlements Plus Other \$000s	Tax Loss Recognised \$000s	NZ Emission Units \$000s	Total \$000s
<b>Balance 1 July 2010</b>	(84)	2	(746)	73	613	0	(142)
Charged to surplus or deficit	(81)	(481)	(1,038)	(9)	(613)	(391)	(2,613)
Charged to other comprehensive income	0	0	0	0	0	0	0
<b>Balance as at 30 June 2011</b>	<b>(165)</b>	<b>(479)</b>	<b>(1,784)</b>	<b>64</b>	<b>0</b>	<b>(391)</b>	<b>(2,755)</b>
Charged to surplus or deficit	(8)	528	97	(13)	0	160	764
Charged to other comprehensive income	0	0	0	0	0	0	0
<b>Balance as at 30 June 2012</b>	<b>(173)</b>	<b>49</b>	<b>(1,687)</b>	<b>51</b>	<b>0</b>	<b>(231)</b>	<b>(1,991)</b>

Deferred tax has been calculated at 28%. The group has not recognised a deferred tax asset of \$1,991,122 (2011 : \$2,708,540) in relation to unused tax losses of \$8,854,256 (2011 : \$9,673,356). Generally local authorities are exempt from income tax, except for income derived from any Council Controlled Organisation or port activity as per section CW32 Income Tax Act 2007.

## Note 13 : Cash and Cash Equivalents

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
		<b>Cash and Cash Equivalents</b>			
337	2,248	Cash at the Bank and in Hand	469	1,255	2,503
<b>337</b>	<b>2,248</b>	<b>Total Cash and Cash Equivalents</b>	<b>469</b>	<b>1,255</b>	<b>2,503</b>

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

## Note 14 : Trade and Other Receivables

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
5,576	5,576	Rates Receivable	4,571	6,357	6,357
2,542	2,542	Roading Subsidy Due	2,035	894	894
15	15	Community Loans	18	12	12
121	121	Rates Postponement	87	109	109
3,648	3,813	Other Receivables	4,315	5,668	3,900
12	16	Prepayments	156	55	55
<b>11,914</b>	<b>12,083</b>		<b>11,182</b>	<b>13,095</b>	<b>11,327</b>
(2,533)	(2,533)	Provision for Impairment of Receivables	(2,211)	(3,828)	(3,828)
<b>9,381</b>	<b>9,550</b>	<b>Total Trade and Other Receivables</b>	<b>8,971</b>	<b>9,267</b>	<b>7,499</b>
<b>Trade and Other Receivables Classified as:</b>					
9,381	9,550	Current Receivables	8,724	9,267	7,499
0	0	Non-Current Receivables	247	0	0
<b>9,381</b>	<b>9,550</b>		<b>8,971</b>	<b>9,267</b>	<b>7,499</b>

### Fair Value

The carrying value of trade and other receivables (excluding community loans) approximates their fair value.

### Impairment

The council does not provide for any impairment on general title land rates receivable as it has various powers under the Local Government (Rating Act 2002) to recover outstanding debts.

These powers allow the council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If the payment has not been made within three months of the courts judgement, then the council can apply to the registrar of the high court to have a judgement enforced by sale or lease of the rating unit.

Because of the powers available under the Local Government (Rating Act 2002) such is rarely necessary.

As at 30 June 2012 and 2011, all overdue receivables had been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provisions have been calculated based on expected losses for Council's pool of debtors. Expected losses have been determined based on an analysis of Council's losses in previous periods, and review of specific debtors. Movements in the provision for impairment of receivables are as follows:

### Note 14A : Impairment

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
2,211	2,211	At 1 July 2011	2,533	2,533
322	322	Charge for Year	1,295	1,295
<b>2,533</b>	<b>2,533</b>	<b>At 1 July 2012</b>	<b>3,828</b>	<b>3,828</b>

The status of Receivables as at 30 June 2012 and 2011 are detailed below:

### Note 14B : Receivables

Council 2011				Council 2012			
Gross \$000s	Impaired \$000s	Net \$000s		Gross \$000s	Impaired \$000s	Net \$000s	
<b>Sundry Invoice Receivables</b>							
1,029		1,029	Current	1,639		1,639	
34		34	Past Due 1-60 Days	200		200	
12		12	Past Due 61-90 Days	13		13	
171	49	122	Past Due >90 Days	1,012	33	979	
<b>1,246</b>	<b>49</b>	<b>1,197</b>		<b>2,864</b>	<b>33</b>	<b>2,831</b>	

Group 2011				Group 2012			
Gross \$000s	Impaired \$000s	Net \$000s		Gross \$000s	Impaired \$000s	Net \$000s	
<b>Sundry Invoice Receivables</b>							
1,194		1,194	Current	1,887		1,887	
34		34	Past Due 1-60 Days	200		200	
12		12	Past Due 61-90 Days	13		13	
171	49	122	Past Due >90 Days	1,012	33	979	
<b>1,411</b>	<b>49</b>	<b>1,362</b>		<b>3,112</b>	<b>33</b>	<b>3,079</b>	

### Note 14C : Rates Receivables

Council 2011			Council 2012		
No. of Properties	Outstanding \$000s		No. of Properties	Outstanding \$000s	
<b>General Land Rates</b>					
2,241	2,000	Current <12 months	1,820	2,118	
238	354	Past Due 1 to 2 Years	217	328	
50	77	Past Due 2 to 3 years	65	85	
34	49	Past Due >3 years	36	48	
<b>2,563</b>	<b>2,480</b>	<b>Total Outstanding</b>	<b>2,138</b>	<b>2,579</b>	

Council 2011		Council 2012	
No. of Properties	Outstanding \$000s	No. of Properties	Outstanding \$000s
<b>Māori Land Rates</b>			
314	1,044	Current <12 months	376 1,137
93	751	Past Due 1 to 2 Years	103 899
208	563	Past Due 2 to 3 Years	86 685
314	737	Past Due >3 Years	465 1,056
<b>929</b>	<b>3,095</b>	<b>Total Outstanding</b>	<b>1,030 3,777</b>
<b>Metered Water Supply</b>			
536	301	Current	510 242
3	2	Past Due 1 month	17 1
12	14	Past Due 2 months	7 1
11	8	Past Due 3 months	24 5
<b>562</b>	<b>325</b>	<b>Total Outstanding</b>	<b>558 249</b>

## Note 15 : Inventories

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
<b>Inventories</b>					
41	41	Te Puia/ Bushmere Road	59	39	39
18	18	Olympic Pool	21	15	15
9	9	Drainage	8	8	8
71	71	Soil Conservation	67	84	84
0	71	Farming	0	0	76
<b>139</b>	<b>210</b>	<b>Total Inventories</b>	<b>155</b>	<b>146</b>	<b>222</b>

No inventories have been pledged as security for liabilities.

## Note 16 : Investments

Council 2010/11 Actual \$000	Group 2010/11 Actual \$000		Number	Council 2011/12 Annual Plan \$000	Council 011/12 Actual \$000	Group 2011/12 Actual \$000
1,267	1,267	Term Deposit <12 Months		1,255	1,268	1,268
<b>Ordinary Shares</b>						
20,178	0	Gisborne Holdings Ltd	1,200,090	20,178	20,178	0
106	106	Local Government Insurance Corporation Ltd	99,404	133	128	128
1	1	BOPLASS Ltd	1	1	1	1
0	201	Available for sale financial assets held by Tauwhareparae Farms Limited	0	0	0	220
<b>21,552</b>	<b>1,575</b>	<b>Total Investments</b>		<b>21,567</b>	<b>21,575</b>	<b>1,617</b>

Council 2010/11 Actual \$000	Group 2010/11 Actual \$000		Number	Council 2011/12 Annual Plan \$000	Council 011/12 Actual \$000	Group 2011/12 Actual \$000
<b>Investments Classified as:</b>						
1,267	1,267	Current Investments		1,255	1,268	1,268
20,285	308	Non-Current Investments		20,312	20,307	349
<b>21,552</b>	<b>1,575</b>			<b>21,567</b>	<b>21,575</b>	<b>1,617</b>

### Gisborne Holdings Limited

The carrying amount of this investment is recorded at net fair value.

### Local Government Insurance Corporation Limited trading as Civic Assurance

The carrying amount of this investment is recorded at fair value. Movements in fair value are recognised in the Statement of Comprehensive Income. During this year Council purchased 55,702 additional shares at \$0.90 per share as part of a recapitalisation of Civic Assurance.

## Note 17 : Derivatives

The Group has interest rate swap contracts with a fair value liability of \$4,364,895 (2011 : \$3,153,797). Council's interest rate swaps have a fair value liability of \$4,249,974 (2011 : \$2,991,271). These swaps are exposed to fair value movements as interest rates change.

The weighted average effective interest rate of the interest rate swaps was 5.92% (2011 : 6.32%). Fair value of the Group's interest rate swaps is determined by bank valuations as at Balance Date.

The interest rate swaps are measured at fair value. As the Group does not apply hedge accounting, movements in fair value are taken directly to the Statement of Comprehensive Income.

For further information on the interest rate swaps please refer to Note 29 : Financial Instruments.

## Note 18 : Non Current Assets Held for Sale

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2010/11 Actual \$000s
908	908	Land	0	908	908
<b>908</b>	<b>908</b>	<b>Total Non Current Assets Held for Sale</b>	<b>0</b>	<b>908</b>	<b>908</b>

During 1996 and 1997 Council purchased rural property for resale for future industrial development to encourage industry to the district. All purchases were classified as "Property for Sale" until some were reclassified as Land and Buildings on 1 July 2005 upon the adoption of NZ IFRS.

## Note 19 : Deposits Held

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
12	12	General and Other Deposits	0	17	17
34	34	Resource Consent Bonds	0	96	96
175	175	Footpath Deposits	0	223	223
0	0	Tender Deposits	0	1	1
13	13	Gisborne Rural Volunteer Fire	0	13	13
80	80	Computers in Homes Project	0	8	8
<b>314</b>	<b>314</b>	<b>Total Deposits Held</b>	<b>0</b>	<b>358</b>	<b>358</b>

## Note 20 : Trade and Other Payables

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
<b>Accounts Payable</b>					
1,706	1,706	Income in Advance	24	829	829
1,087	1,087	Rates in Advance	0	1,163	1,163
67	67	Gisborne District Council Disaster Relief Fund	68	67	67
1,689	1,689	Contract Retentions	1,331	527	527
521	535	Accruals - Loan Interest	0	213	221
132	132	Accruals - Audit Fees	0	138	172
237	650	Accruals - Other	1,791	273	306
5,828	5,972	Trade Payables	9,228	6,376	6,628
<b>11,267</b>	<b>11,838</b>	<b>Total Trade and Other Payables</b>	<b>12,442</b>	<b>9,586</b>	<b>9,913</b>

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

## Note 21 : Employee Benefit Liabilities

Council	Accrued Wages and Salaries \$000s	Annual Leave \$000s	Long Service Leave \$000s	Retirement Leave \$000s	Sick Leave \$000s	Total \$000s
<b>2011</b>						
Balance at 1 July 2010	458	1,530	74	308	132	2,502
Additional Provisions Made	728	2,525	2	81	11	3,347
Amounts Used	(458)	(2,407)	(23)	(101)	(0)	(2,989)
<b>Balance at 30 June 2011</b>	<b>728</b>	<b>1,648</b>	<b>53</b>	<b>288</b>	<b>143</b>	<b>2,860</b>
<b>2012</b>						
Balance at 1 July 2011	728	1,648	53	288	143	2,860
Additional Provisions Made	783	2,433	34	77	0	3,327
Amounts Used	(728)	(2,393)	(5)	(40)	(6)	(3,172)
<b>Balance at 30 June 2012</b>	<b>783</b>	<b>1,688</b>	<b>82</b>	<b>325</b>	<b>137</b>	<b>3,015</b>
<b>Current Portion</b>	<b>783</b>	<b>1,688</b>	<b>38</b>	<b>52</b>	<b>137</b>	<b>2,698</b>
<b>Non Current Portion</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>273</b>	<b>0</b>	<b>317</b>
<b>Total Provisions</b>	<b>783</b>	<b>1,688</b>	<b>82</b>	<b>325</b>	<b>137</b>	<b>3,015</b>
Group	Accrued Wages & Salaries (including TIL) \$000s	Annual Leave \$000s	Long Service Leave \$000s	Retirement Leave \$000s	Sick Leave \$000s	Total \$000s
<b>2011</b>						
Balance at 1 July 2010	496	1,530	74	308	132	2,540
Additional provisions made	743	2,591	2	81	11	3,428
Amounts used	(496)	(2,407)	(23)	(101)	0	(3,027)
<b>Balance at 30 June 2011</b>	<b>743</b>	<b>1,714</b>	<b>53</b>	<b>288</b>	<b>143</b>	<b>2,941</b>
<b>2012</b>						
Balance at 1 July 2011	743	1,714	53	288	143	2,941
Additional provisions made	797	2,435	34	77	0	3,343
Amounts used	(743)	(2,393)	(5)	(40)	(6)	(3,187)
<b>Balance at 30 June 2012</b>	<b>797</b>	<b>1,756</b>	<b>82</b>	<b>325</b>	<b>137</b>	<b>3,097</b>
<b>Current Portion</b>	<b>797</b>	<b>1,756</b>	<b>38</b>	<b>52</b>	<b>137</b>	<b>2,780</b>
<b>Non Current Portion</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>273</b>	<b>0</b>	<b>317</b>
<b>Total Provisions</b>	<b>797</b>	<b>1,756</b>	<b>82</b>	<b>325</b>	<b>137</b>	<b>3,097</b>

### Sick Leave

Provision for sick leave is made only to the extent that is expected to be used in future periods and assessed using a three yearly rolling average on actual hours taken in excess of entitlement.

## Long Service Leave and Retirement Leave

Council has calculated retiring and long service leave using an estimated probability calculation. As an employee grows older and nearing retirement age the probability of eligibility to their full entitlement increases.

Retirement leave calculations have been calculated at future rates of pay and been discounted to present value using a discount rate of 2.47% and assumed salary inflation of 3.5%. (Treasury discount rates: 1 year 2.43%, 2 years 2.47%, 3+ years 6.00%).

## Note 22 : Borrowings

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
13,650	16,883	Bank Loans	0	690	690
5,000	5,000	Commercial Paper	0	15,000	15,000
0	0	Debenture	0	6,000	6,000
64	64	EECA Loan	0	64	64
<b>18,714</b>	<b>21,947</b>	<b>Total Current</b>	<b>0</b>	<b>21,754</b>	<b>21,754</b>
0	0	Bank Loans	27,402	0	1,733
160	160	EECA Loan	0	96	96
15,000	15,000	Debenture and FRN Debt Securities	15,000	9,000	9,000
<b>15,160</b>	<b>15,160</b>	<b>Total Non Current</b>	<b>42,402</b>	<b>9,096</b>	<b>10,829</b>
<b>33,874</b>	<b>37,107</b>	<b>Total Borrowings</b>	<b>42,402</b>	<b>30,850</b>	<b>32,583</b>

## Note 22A : Fair Value

The carrying amounts of borrowings approximate their fair value as the Council and the Group's secured loans and debentures are on floating interest rates.

### Debenture and Floating Rate Note (FRN) Debt Securities

Council has issued \$15m (2011 : \$15m) of debentures and floating rate notes with maturities from July 2012 to August 2015. Interest is paid quarterly in arrears. The interest rates range as at 30 June 2012 varying from 2.80% to 2.92% (2011 : 2.78% and 2.90%) and are subject to quarterly reset dates.

### Energy Efficiency and Conservation Authority (EECA) loan

This is an interest free loan for a term of 5 years from EECA as part funding towards the construction of a wood boiler plant for the Olympic Pool Complex.

### Bank Facilities

Council has \$30m (2011 : \$30m) worth of committed bank facilities available. Interest is payable at wholesale market rates. The interest rate as at 30 June 2012 was 3.95% (2011 : 3.73% - 4.37%). Of these facilities a total of \$0.69m has been drawn at balance date (2011 : \$13.5m).

Tauwhareparae Farms Limited has a wholesale advance facility with a limit of \$2 million. Interest rates payable on Tauwhareparae Farms Limited's facility are 5.2% (2011 : 4.45% - 4.9%).

## Commercial Paper

This year Council issued \$15m of Commercial Paper at interest rates of between 3.08% and 3.22%. \$10m of Commercial Paper will be due for repayment on 26 July 2012 and \$5m on 16 August 2012 and these are all expected to be refinanced.

## Security

Council borrowings are secured by way of a Debenture Trust Deed over Council rates revenue. Tauwhareparae Farms Limited (TFL) loans are secured by way of general security agreement including a mortgage over TFL's freehold land.

## Note 23 : Provision for Other Liabilities

Council and Group	Paokahu Landfill Aftercare \$000s	Waipatu Landfill Aftercare \$000s	Waipatu Landfill Closure \$000s	Chrisp Family Trust \$000s	RiskPool \$000s	Total \$000s
<b>2011</b>						
Balance at 1 July 2010	1,094	65	6	20	320	1,505
Additional Provisions Made	211	(6)				205
Amounts Used	(129)					(129)
<b>Balance at 30 June 2011</b>	<b>1,176</b>	<b>59</b>	<b>6</b>	<b>20</b>	<b>320</b>	<b>1,581</b>
<b>2012</b>						
Balance at 1 July 2011	1,176	59	6	20	320	1,581
Additional Provisions Made/(Reversed)	94	106	0		160	360
Amounts Used	(129)	0	(6)		(160)	(295)
<b>Balance at 30 June 2012</b>	<b>1,141</b>	<b>165</b>	<b>0</b>	<b>20</b>	<b>320</b>	<b>1,646</b>
<b>Current Portion</b>	<b>76</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>160</b>	<b>236</b>
<b>Non Current Portion</b>	<b>1,065</b>	<b>165</b>	<b>0</b>	<b>20</b>	<b>160</b>	<b>1,410</b>
<b>Total Provisions</b>	<b>1,141</b>	<b>165</b>	<b>0</b>	<b>20</b>	<b>320</b>	<b>1,646</b>

### Landfill closure and aftercare liability

The long-term nature of these liabilities means that there are inherent uncertainties in estimating costs to be incurred. To provide for the estimated costs a charge is made each year against each landfill.

Council has a legal obligation under its resource consent to provide ongoing maintenance and monitoring services at the Paokahu and Waipatu landfills after closure. A provision for post-closure costs is recognised as a liability when the obligation for post closure arises.



The provision is measure based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. Each separate landfill provision includes all costs associated with landfill post-closure.

The discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to Council.

#### **Paokahu Landfill**

The Landfill closed on 31 December 2002 and aftercare costs started six months after the closure of the site. It is expected that future costs will be incurred until 2037.

The following major assumptions have been made in calculating this provision:

- ▶ Future cash flows were indexed 2.5% each year before a discount rate of 6% was applied.

In 2011, a discount rate of 7% was applied, with future costs indexed each year at 2.5%.

#### **Waiapu Landfill**

A provision of \$164,557 is provided, based upon present value of expected cash outflows to occur at Waiapu Landfill aftercare. The landfill is expected to close on 30 June 2047 with aftercare costs expected to occur six months after closure. The future costs have been estimated to be incurred for 30 years, until 2075.

The following major assumptions have been made in calculating this provision:

- ▶ Future cash flows were indexed 2.5% each year before a discount rate of 6% was applied.

In 2011, a discount rate of 7% was applied, with future costs indexed each year at 2.5%.

#### **RiskPool Liability**

Please refer to Note 32 : Contingent Liabilities.



## Note 24 : Property Plant and Equipment

Council 2012	Cost/ Valuation 1-Jul-11	Accumulated Depreciation & Impairment 1-Jul-11	Carrying Amount 1-Jul-11	Current Year Transfers	Current Year Additions	Current Year Disposals	Revaluation Current Year	Current Year Depreciation & Impairment	Cost/Revaluation 30-Jun-12	Accumulated Depreciation & Impairment 30-Jun-12	Carrying Amount 30-Jun-12
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operational Assets</b>											
Land - Major	168,096	0	168,096	0	0	0	0	0	168,096	0	168,096
Land - Minor	18,153	0	18,153	0	0	0	0	0	18,153	0	18,153
Buildings/Land Improvements	53,397	0	53,397	0	915	0	0	2,044	54,312	2,043	52,269
Buildings Not Revalued	2,541	607	1,934	0	416	0	0	82	2,957	689	2,268
Plant /Motor Vehicles	3,945	2,297	1,648	0	250	(364)	0	261	3,831	2,276	1,555
Office Equipment	4,371	2,730	1,641	0	164	0	0	258	4,535	2,988	1,547
Other Equipment	1,149	532	617	0	148	0	0	117	1,297	649	648
CBD	1,673	483	1,190	0	0	0	0	17	1,673	500	1,173
Wharves	2,513	155	2,358	0	49	0	0	50	2,562	205	2,357
Library Books - General	2,980	2,832	148	0	155	0	0	150	3,082	2,930	152
Library Books - Permanent	335	6	329	0	0	0	0	0	335	6	329
Assets Under Construction	1,936	0	1,936	(1,115)	0	0	0	0	821	0	821
<b>Total operational assets</b>	<b>261,089</b>	<b>9,642</b>	<b>251,447</b>	<b>(1,115)</b>	<b>2,097</b>	<b>(364)</b>	<b>0</b>	<b>2,979</b>	<b>261,654</b>	<b>12,286</b>	<b>249,368</b>
Sewer and Wastewater	80,263	2,121	78,142	0	2,101	0	15,237	1,930	95,480	1,930	93,550
Stormwater	50,094	777	49,317	0	990	0	1,822	803	52,129	803	51,326
Water Supply	94,503	1,734	92,769	0	685	0	9,207	1,951	102,661	1,951	100,710
Solid Waste	3,486	223	3,263	0	0	0	0	223	3,486	446	3,040
Waiapu Aftercare Provision Deferred expense Asset	255	156	99	0	0	0	0	0	255	156	99
Roading	1,285,066	0	1,285,066	0	11,376	0	17,222	10,219	1,303,445	0	1,303,445
Flood Control	51,808	220	51,588	0	1,129	0	0	84	52,853	219	52,634
<b>Total infrastructural assets</b>	<b>1,565,475</b>	<b>5,231</b>	<b>1,560,244</b>	<b>0</b>	<b>16,281</b>	<b>0</b>	<b>43,488</b>	<b>15,210</b>	<b>1,610,309</b>	<b>5,505</b>	<b>1,604,804</b>
<b>Total Property Plant and Equipment</b>	<b>1,826,564</b>	<b>14,873</b>	<b>1,811,691</b>	<b>(1,115)</b>	<b>18,378</b>	<b>(364)</b>	<b>43,488</b>	<b>18,189</b>	<b>1,871,963</b>	<b>17,791</b>	<b>1,854,172</b>

Council 2011	Cost/ valuation 1-Jul-10	Accumulated Depreciation & Impairment 1-Jul-10	Carrying Amount 1-Jul-10	Current Year Transfers	Current Year Additions	Current Year Disposals	Revaluation Current Year	Current Year Depreciation & Impairment	Cost/Revaluation 30-Jun-11	Accumulated Depreciation & Impairment 30-Jun-11	Carrying Amount 30-Jun-11
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operational Assets</b>											
Land - Major	201,944	0	201,944	(18,403)	0	0	(15,446)	0	168,096	0	168,096
Land - Minor	0	0	0	18,403	0	0	(250)	0	18,153	0	18,153
Buildings/Land Improvements	47,474	0	47,474	0	1,602	0	6,002	1,681	53,397	0	53,397
Buildings Not Revalued	1,991	551	1,440	0	550	0	0	56	2,541	607	1,934
Plant /Motor Vehicles	3,533	2,096	1,437	0	464	(52)	0	250	3,945	2,297	1,648
Office Equipment	4,080	2,473	1,607	0	291	0	0	257	4,371	2,730	1,641
Other Equipment	763	438	325	0	386	0	0	95	1,149	532	617
CBD	1,673	466	1,207	0	0	0	0	17	1,673	483	1,190
Wharves	1,242	128	1,114	0	1,271	0	0	27	2,513	155	2,358
Library Books - General	2,842	2,662	180	0	183	(45)	0	170	2,980	2,832	148
Library Books - Permanent	335	6	329	0	0	0	0	0	335	6	329
Assets Under Construction	19,457	0	19,457	0	(17,521)	0	0	0	1,936	0	1,936
<b>Total operational assets</b>	<b>285,334</b>	<b>8,820</b>	<b>276,514</b>	<b>0</b>	<b>(12,774)</b>	<b>(97)</b>	<b>(9,693)</b>	<b>2,553</b>	<b>261,089</b>	<b>9,642</b>	<b>251,447</b>
<b>Infrastructural Assets</b>											
Sewer and Wastewater	47,827	0	47,827	0	32,436	0	0	2,121	80,263	2,121	78,142
Stormwater	49,687	0	49,687	0	407	0	0	777	50,094	777	49,317
Water Supply	94,432	0	94,432	0	71	0	0	1,734	94,503	1,734	92,769
Solid Waste	3,456	0	3,456	0	30	0	0	223	3,486	223	3,263
Waiapu Aftercare Provision Deferred Expense Asset	255	0	255	0	0	0	0	156	255	156	99
Roading	1,227,298	0	1,227,298	0	17,676	0	49,809	9,717	1,285,066	0	1,285,066
Flood Control	51,808	136	51,672	0	0	0	0	84	51,808	220	51,588
<b>Total infrastructural assets</b>	<b>1,474,763</b>	<b>136</b>	<b>1,474,627</b>	<b>0</b>	<b>50,620</b>	<b>0</b>	<b>49,809</b>	<b>14,812</b>	<b>1,565,475</b>	<b>5,231</b>	<b>1,560,244</b>
<b>Total Property Plant and Equipment</b>	<b>1,760,097</b>	<b>8,956</b>	<b>1,751,141</b>	<b>0</b>	<b>37,846</b>	<b>(97)</b>	<b>40,116</b>	<b>17,365</b>	<b>1,826,564</b>	<b>14,873</b>	<b>1,811,691</b>

Group 2012	Cost/ Valuation 1-Jul-11 \$000	Accumulated Depreciation & Impairment 1-Jul-11 \$000	Carrying Amount 1-Jul-11 \$000	Current Year Transfers \$000	Current Year Additions \$000	Current Year Disposals \$000	Revaluation Current Year \$000	Current Year Depreciation & Impairment \$000	Cost/Revaluation 30-Jun-12 \$000	Accumulated Depreciation & Impairment 30-Jun-12 \$000	Carrying Amount 30-Jun-12 \$000
<b>Operational Assets</b>											
Land - Major	191,971	0	191,971	0	0	0	1,170	0	193,141	0	193,141
Land - Minor	18,153	0	18,153	0	0	0	0	0	18,153	0	18,153
Buildings/Land Improvements	60,255	1,908	58,347	0	915	0	463	2,277	59,726	2,277	57,449
Buildings Not Revalued	2,541	607	1,934	0	416	0	0	82	2,957	689	2,268
Plant /Motor Vehicles	4,684	2,739	1,945	0	479	(382)	0	365	4,781	2,810	1,971
Office Equipment	4,390	2,734	1,656	0	164	0	0	260	4,554	3,006	1,548
Other Equipment	1,149	532	617	0	148	0	0	117	1,297	649	648
CBD	1,673	483	1,190	0	0	0	0	17	1,673	500	1,173
Wharves	2,513	155	2,358	0	49	0	0	50	2,562	205	2,357
Library Books - General	2,950	2,832	118	0	155	0	0	150	3,082	2,930	152
Library Books - Permanent	365	6	359	0	0	0	0	0	335	6	329
Assets Under Construction	1,936	0	1,936	(1,115)	0	0	0	0	821	0	821
<b>Total operational assets</b>	<b>292,580</b>	<b>11,996</b>	<b>280,584</b>	<b>(1,115)</b>	<b>2,326</b>	<b>(382)</b>	<b>1,633</b>	<b>3,318</b>	<b>293,082</b>	<b>13,072</b>	<b>280,010</b>
<b>Infrastructural Assets</b>											
Sewer and Wastewater	80,263	2,121	78,142	0	2,101	0	15,237	1,930	95,480	1,930	93,550
Stormwater	50,094	777	49,317	0	990	0	1,822	803	52,129	803	51,326
Water Supply	94,503	1,734	92,769	0	685	0	9,207	1,951	102,661	1,951	100,710
Solid Waste	3,486	223	3,263	0	0	0	0	223	3,486	446	3,040
Waiapu Aftercare Provision Deferred expense Asset	255	156	99	0	0	0	0	0	255	156	99
Roading	1,285,066	0	1,285,066	0	11,376	0	17,222	10,219	1,303,445	0	1,303,445
Flood Control	51,808	220	51,588	0	1,129	0	0	84	52,853	219	52,634
<b>Total infrastructural assets</b>	<b>1,565,475</b>	<b>5,231</b>	<b>1,560,244</b>	<b>0</b>	<b>16,281</b>	<b>0</b>	<b>43,488</b>	<b>15,210</b>	<b>1,610,309</b>	<b>5,505</b>	<b>1,604,804</b>
<b>Total Property Plant and Equipment</b>	<b>1,858,055</b>	<b>17,227</b>	<b>1,840,828</b>	<b>(1,115)</b>	<b>18,607</b>	<b>(382)</b>	<b>45,121</b>	<b>18,528</b>	<b>1,903,391</b>	<b>18,577</b>	<b>1,884,814</b>

Council 2011	Cost/ Valuation 1-Jul-10	Accumulated Depreciation & Impairment 1-Jul-10	Carrying Amount 1-Jul-10	Current Year Transfers	Current Year Additions	Current Year Disposals	Revaluation Current Year	Current Year Depreciation & Impairment	Cost/Revaluation 30-Jun-11	Accumulated Depreciation & Impairment 30-Jun-11	Carrying Amount 30-Jun-11
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operational Assets</b>											
Land - Major	224,804	0	224,804	(18,403)	0	0	(14,430)	0	191,971	0	191,971
Land - Minor	0	0	0	18,403	0	0	(250)	0	18,153	0	18,153
Buildings/Land Improvements	52,322	0	52,322	0	1,602	0	6,331	1,908	60,255	1,908	58,347
Buildings Not Revalued	1,991	551	1,440	0	550	0	0	56	2,541	607	1,934
Plant /Motor Vehicles	4,175	2,466	1,709	0	583	(74)	0	322	4,684	2,739	1,945
Office Equipment	4,099	2,477	1,622	0	291	0	0	257	4,390	2,734	1,656
Other Equipment	763	438	325	0	386	0	0	95	1,149	532	617
CBD	1,673	466	1,207	0	0	0	0	17	1,673	483	1,190
Wharves	1,212	128	1,114	0	1,271	0	0	27	2,513	155	2,358
Library Books - General	2,842	2,662	180	0	153	(45)	0	170	2,950	2,832	118
Library Books - Permanent	335	6	329	0	30	0	0	0	365	6	359
Assets Under Construction	19,457	0	19,457	0	(17,521)	0	0	0	1,936	0	1,936
<b>Total operational assets</b>	<b>313,703</b>	<b>9,194</b>	<b>304,509</b>	<b>0</b>	<b>(12,655)</b>	<b>(119)</b>	<b>(8,349)</b>	<b>2,852</b>	<b>292,580</b>	<b>11,996</b>	<b>280,584</b>
<b>Infrastructural Assets</b>											
Sewer and Wastewater	47,827	0	47,827	0	32,436	0	0	2,121	80,263	2,121	78,142
Stormwater	49,687	0	49,687	0	407	0	0	777	50,094	777	49,317
Water Supply	94,432	0	94,432	0	71	0	0	1,734	94,503	1,734	92,769
Solid Waste	3,456	0	3,456	0	30	0	0	223	3,486	223	3,263
Waiau Aftercare Provision Deferred Expense Asset	255	0	255	0	0	0	0	156	255	156	99
Roading	1,227,298	0	1,227,298	0	17,676	0	49,809	9,717	1,285,066	0	1,285,066
Flood Control	51,808	136	51,672	0	0	0	0	84	51,808	220	51,588
<b>Total infrastructural assets</b>	<b>1,474,763</b>	<b>136</b>	<b>1,474,627</b>	<b>0</b>	<b>50,620</b>	<b>0</b>	<b>49,809</b>	<b>14,812</b>	<b>1,565,475</b>	<b>5,231</b>	<b>1,560,244</b>
<b>Total Property Plant and Equipment</b>	<b>1,788,466</b>	<b>9,330</b>	<b>1,779,136</b>	<b>0</b>	<b>37,965</b>	<b>(119)</b>	<b>41,460</b>	<b>17,664</b>	<b>1,858,055</b>	<b>17,227</b>	<b>1,840,828</b>

The following asset classes have been revalued this year:

### Land and Buildings

Freehold land and improvements of GDC (including buildings) were valued as at 30 June 2011 by Bruce Cowper and Michael Blair, independent valuers of Lewis Wright Valuation and Consultancy Ltd with the valuation dated August 2011. The fair value of buildings including properties held for resale, amounted to \$46,997,800 and the fair value of land amounted to \$186,620,000. Properties held for resale are recorded at cost as at 30 June 2012. Refer to Note 18 Non Current Assets Held for Resale.



Freehold land (including forestry land) and improvements (including buildings) for Tauwhareparae Farms Limited were valued as at 30 June 2012 by Bruce Cowper, an independent valuer of Lewis Wright Valuation & Consultancy Ltd. The fair value of land and improvements was \$30,225,000 (2011 : \$28,825,000).

### 3 Waters Infrastructure Assets

The 3 waters infrastructure assets were revalued at 1 July 2011 by Manjit Devgun, Jamie Cable and John Vessey of Opus International Consultants Limited, Wellington. The valuations of Wastewater, Stormwater and Water Supply at 1 July 2011 are \$93,572,000, \$51,055,000 and \$101,927,000 respectively.

### Roading Assets

The roading asset valuation was undertaken at 30 June 2012 by Pauline True and Wayne Fix, independent valuers of MWH Limited, Christchurch. The fair value of roading assets as at 30 June 2012 is \$1,303,444,654 (2011 : \$1,285,066,359).

## Note 24A : Assets Under Construction

	Council		Group	
	2011 \$000s	2012 \$000s	2011 \$000	2012 \$000s
Buildings/Land Improvements	105	799	105	799
Sewer and Wastewater	0	22	0	22
Water Supply	513	0	513	0
Solid Waste	0	0	0	0
Wharves	0	0	0	0
Roading	406	0	406	0
Rivers and Flood Control	912	0	912	0
<b>Total Assets Under Construction</b>	<b>\$1,936</b>	<b>\$821</b>	<b>\$1,936</b>	<b>\$821</b>

## Note 25 : Intangible Assets

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
1,352	1,352	<b>Balance at 1 July - Cost</b>	1,445	1,538	3,012
(680)	(680)	Less Accumulated Amortisation and Impairment	0	(855)	(855)
672	672	<b>Opening Carrying Amount</b>	0	683	2,157
186	1,660	Additions	0	526	808
0	0	Change in Fair Value	0	0	(904)
(175)	(175)	Less Amortisation Charge	0	(159)	(159)
<b>683</b>	<b>2,157</b>	<b>Closing Carrying Amount</b>	<b>1,445</b>	<b>1,050</b>	<b>1,902</b>
		<b>Balance at 30 June</b>			
1,538	3,012	Cost	0	2,064	3,820
(855)	(855)	Less Accumulated Amortisation and Impairment/Change in Fair Value	0	(1,014)	(1,918)
<b>683</b>	<b>2,157</b>	<b>Closing Carrying Amount</b>	<b>1,445</b>	<b>1,050</b>	<b>1,902</b>

## Note 26A : Biological Assets – Livestock

### Biological Assets

Biological assets consist of sheep and cattle (livestock) and forestry. The Group farms livestock for the sale of sheep, lambs, cattle and calves. As at 30 June 2012 the Group had 32,451 sheep, 5,842 cattle (2011 : 31,565 sheep, and 5,949 cattle). During the year the Group sold 28,852 sheep, 2,065 cattle (2011 : 30,816 sheep, 1,814 cattle).

### Reconciliation of Opening Balance to Closing Balance – 2012

GROUP	SHEEP		CATTLE		Total
	Quantity	\$000s	Quantity	\$000s	\$000s
<b>Opening Balance as at 1 July</b>	<b>31,565</b>	<b>5,846</b>	<b>5,949</b>	<b>5,066</b>	<b>10,912</b>
Natural Increase	31,847	3,790	2,047	1,370	5,160
Purchases	75	49	27	93	142
Changes in Fair Value		(845)		410	(435)
Sales	(28,852)	(3,570)	(2,065)	(2,017)	(5,587)
Death and Killed	(2,184)	(329)	(116)	(108)	(437)
<b>Closing Balance as at 30 June</b>	<b>32,451</b>	<b>4,941</b>	<b>5,842</b>	<b>4,814</b>	<b>9,755</b>

### Reconciliation of Opening Balance to Closing Balance - 2011

GROUP	SHEEP		CATTLE		Total
	Quantity	\$000s	Quantity	\$000s	\$000s
<b>Opening Balance as at 1 July</b>	<b>33,679</b>	<b>3,483</b>	<b>5,527</b>	<b>3,741</b>	<b>7,224</b>
Natural Increase	31,070	3,997	2,272	1,451	5,448
Purchases	56	36	37	110	146
Changes in Fair Value		2,235		1,460	3,695
Sales	(30,816)	(3,531)	(1,814)	(1,633)	(5,164)
Death and Killed	(2,424)	(374)	(73)	(63)	(437)
<b>Closing Balance as at 30 June</b>	<b>31,565</b>	<b>5,846</b>	<b>5,949</b>	<b>5,066</b>	<b>10,912</b>

## Note 26B : Biological Assets – Livestock

The fair value of livestock as at end of year was:

2011			2012	
Quantity	\$000		Quantity	\$000
16,160	3,200	Mixed Aged Ewes	16,471	2,592
6,379	1,391	Two Tooth Ewes	6,795	1,209
200	29	Breeding Rams	253	63
6,828	981	Ewe Hoggets	7,957	976
1,998	245	Ram and Wether Hoggets	975	101
<b>31,565</b>	<b>5,846</b>	<b>Total Sheep</b>	<b>32,451</b>	<b>4,941</b>

2011			2012		
Quantity	\$000	MATURE CATTLE	Quantity	\$000	
1,808	1,910	Mixed Aged Cows	1,942	1,928	
634	713	Rising three year Heifers	690	742	
949	769	Rising two year Heifers	1,068	774	
6	5	Rising three year and Older Steers	4	3	
196	178	Rising two year Steers and Bulls	16	13	
82	162	Breeding Bulls	66	131	
<b>IMMATURE CATTLE</b>					
1,076	558	R1 Heifers	984	534	
1,198	771	R1 Steers and Bulls	1,072	689	
<b>5,949</b>	<b>5,066</b>	<b>Total Cattle</b>	<b>5,842</b>	<b>4,814</b>	

## Note 26C : Biological Assets – Livestock

GROUP			2012		
Quantity	Average Price \$	2011 \$000	Quantity	Average Price \$	2012 \$000
30,816	115	3,531	28,852	124	3,570
			<b>SHEEP</b>		
			Sales		
			<b>Less Cost of Sales</b>		
33,679	103	3,483	31,565	185	5,846
56	643	36	75	648	48
31,565	185	5,846	32,451	152	4,941
			Total Cost of Sales		
			(2,327)		
			<b>Gross Profit from Sheep</b>		
			<b>5,858</b>		

GROUP			2012		
Quantity	Average Price \$	2011 \$000	Quantity	Average Price \$	2012 \$000
1,814	900	1,633	2,065	977	2,017
			<b>CATTLE</b>		
			Sales		
			<b>Less Cost of Sales</b>		
5,527	677	3,741	5,949	851	5,065
37	2,981	110	27	3,451	94
5,949	851	5,065	5,842	824	4,814
			Total Cost of Sales		
			(1,214)		
			<b>Gross Profit from Cattle</b>		
			<b>2,847</b>		

The fair value of livestock is determined by independent valuation as at 30 June 2012. The independent livestock valuation was performed by Gisborne East Coast Farmers Ltd, independent livestock agents, in accordance with the Group's accounting policy detailed in Note 1.

The independent valuation used the quoted price in an active market, less costs to sell, as the appropriate basis for determining fair value. Where there is more than one active market that the company has access to, the most relevant market has been used. The gain on initial recognition of livestock sold is recognised in the Statement of Comprehensive Income in the year of harvest. At time of harvest, wool is recorded as inventory.

No livestock or other inventories have been pledged as security for liabilities, nor are any inventories subject to retention of title clauses.

## Note 26D : Forestry

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
1,023	3,506	Balance at 1 July	1,022	1,788	8,160
24	90	Increases due to Purchases	0	0	65
741	4,564	Gains/(Losses) arising from changes in fair value less estimated point of sale costs attributable to price changes	0	(112)	(525)
0	0	Decreases due to Harvest	0	0	0
<b>1,788</b>	<b>8,160</b>		<b>1,022</b>	<b>1,676</b>	<b>7,700</b>

No forests have been harvested during the period (2011 : Nil).

Council's Forestry Holdings have been valued by Colin Hercus, NZ Institute of Forestry Registered Forestry Consultant, of PF Olsen and Company Limited. A post-tax discount rate of 7.00% has been used in discounting the present value of expected cash flows (2011 : 7.00%).

The valuation of the Pamoia forestry assets as at 30 June 2012 is \$1,189,220. (2011 : \$1,239,660).

The valuation of the Council's forestry assets as at 30 June 2012 is \$486,350. (2011 : \$548,300).

### Tauwhareparae Forests

The fair value of the forest tree crop is determined by independent valuation. Independent forestry valuation as at 30 June 2012 was performed by PF Olsen and Company Limited, independent providers of professional forestry services. The fair value is assessed as follows:

- ▶ The maturity value of the existing tree crop and the future costs of realising that revenue are determined.
- ▶ Future costs and revenue are discounted from the year in which they occur to the date of the valuation by applying an appropriate discount rate.

The appropriate discount rate is determined by considering the recent sales of forests and the relative sensitivity of the value of the forest to future log prices.

Significant assumptions applied in this determination of fair value are:

Appropriate Discount Rate (post-tax)	7.0%
Rate of Inflation	3.0%
Rate of Tax	28.0%

During the year \$65,065 (2011 : \$66,650) of forestry development expenditure was capitalised to the forest asset.

## Financial Risk Management Strategies

The Group is exposed to financial risks arising from changes in timber prices. The Group is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices.

## Note 27 : Equity

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
<b>Accumulated Surplus (Retained Earnings)</b>					
376,352	363,790	Balance at 1 July	389,504	393,258	389,152
8,904	8,904	Transfers to Special Funds	(283)	(1,505)	(1,505)
0	0	Library Books impairment	0	0	0
(1)	(1)	Transfer to Gisborne District Disaster Relief Fund	0	0	0
0	0	Transfer to Liability Accounts	0	17	17
334	334	Transfer Waerenga-O-Kuri Reserve Receivable	0	(334)	(334)
0	0	Transfers from Asset Revaluation Reserve on Disposal of Property, Plant and Equipment	0	0	0
7,669	16,125	Surplus/(Deficit) for the year	4,555	3,580	1,305
<b>393,258</b>	<b>389,152</b>	<b>Balance at 30 June</b>	<b>393,776</b>	<b>395,016</b>	<b>388,635</b>
<b>Special Funds and Reserves</b>					
38,890	38,890	Balance at 1 July	30,890	29,986	29,986
(8,904)	(8,904)	Transfer from/(to) Retained Earnings	283	1,505	1,505
0	0	Transfer (to) Liability Accounts	0	0	0
<b>29,986</b>	<b>29,986</b>	<b>Balance at 30 June</b>	<b>31,173</b>	<b>31,491</b>	<b>31,491</b>
<b>Asset Revaluation Reserves</b>					
1,330,231	1,356,276	Balance at 1 July	1,330,231	1,370,348	1,397,720
40,117	41,461	Revaluations	0	43,489	45,122
0	(17)	Deferred Tax on Building Revaluations	0	0	0
0	0	Net Fair Value Gain/(Loss) on available-for-sale	0	0	(1)
<b>1,370,348</b>	<b>1,397,720</b>	<b>Balance at 30 June</b>	<b>1,330,231</b>	<b>1,413,837</b>	<b>1,442,841</b>

## Note 27A : Asset Revaluation Reserve

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
89	85	Investments	89	84
<b>Operational Assets</b>				
151,803	176,810	Land - Major	151,803	177,980
13,885	13,885	Land - Minor	13,885	13,885
31,649	34,018	Buildings/Land Improvements	31,649	34,458
102	102	CBD	102	102
467	467	Office Equipment	467	467
499	499	Other Equipment	499	499
<b>Infrastructural Assets</b>				
17,250	17,250	Sewer and Wastewater	32,486	32,486
18,971	18,971	Stormwater	20,794	20,794
39,496	39,496	Water Supply	48,704	48,704
951	951	Solid Waste	951	951
1,054,273	1,054,273	Roading	1,071,495	1,071,495
40,913	40,913	Flood Control	40,913	40,913
<b>1,370,348</b>	<b>1,397,720</b>		<b>1,413,837</b>	<b>1,442,818</b>

## Note 27B: Special Funds and Other Reserves

	Opening Balance 1 July 2011	Transfer to Reserves	Transfer from Reserves	Closing Balance 30 June 2012	Description/use
	\$000	\$000	\$000	\$000	
Other restricted funds	53	0	(53)	0	Transferred to liability account because if Council does not spend unused grants they are to be repaid.
HMNZ Blackpool Scholarship Fund	5	1	0	6	Reserve holds funds that are distributed in accordance with the trust deed.
Creative NZ	1	0	(1)	0	Transferred to current liabilities.
Recreations and Sports	1	0	(1)	0	Transferred to current liabilities.
Lytton West Reserve Development	(56)	0	56	0	Transferred to current liabilities.
Depreciation	21,708	18,362	(15,474)	24,596	Reserve holds funds utilised on projects that replace the districts assets.
Municipal Theatre Project	23	1	0	24	Reserve held as a source of capital funding for the redevelopment theatres.
Land Subdivision	302	8	0	310	Reserve predates Gisborne District Council. Further investigation is required into what the funds were set aside for. It is likely to relate to Financial Contributions received as a result of subdivision.
Parking	136	68	(138)	66	Reserve held as a source of capital funding for the land transport and parking activity.
Library Building	1,589	44	0	1,633	Reserve is to hold donations and bequests given in relation to the HB Williams Memorial Library. These funds can only be utilised in accordance with the donation or bequest.
Reserves Contributions	2,200	134	(230)	2,104	Reserve holds reserve contributions received, these contributions have now been replaced by development contributions. Funding is utilised for capital expenditure on Parks and Open Spaces resulting from growth due to developments within the district.
Waipaoa River Flood Control Scheme	612	17	0	629	Reserve is a funding source for minor and major capital work in relation to the Waipaoa River Flood Control Scheme.
Civil Defence Disaster Relief	442	12	0	454	Reserve is to provide for civil defence emergency costs not covered by government subsidies and for discretionary contributions to other district civil defence disaster relief activities.
Capital Development Fund	1,944	52	(1,809)	187	Reserve is to hold proceeds of selected asset sales which are to be utilised for capital developments as determined by Council.
Quarry Rehabilitation	958	26	0	984	Reserve is to provide for the restoration and rehabilitation of the Patutahi Quarry.
Olympic Pool Development	24	1	0	25	Reserve is to hold donations and bequests given in relation to the Olympic Pool. Funds will be utilised for the redevelopment of the Olympic Pool Complex.
Rates Postponement Fidelity	1	0	0	1	Reserve is to cover rates postponement fidelity issues. The retention of this reserve is a compliance issue.
Reserves - District Development Contributions	95	13	0	108	Reserve holds development contributions received in relation to Parks and Open Spaces. Funding is utilised for capital expenditure on Parks and Open Spaces resulting from growth due to developments within the district.
Land Transport - Urban Development Contributions	119	146	(66)	199	Reserve holds development contributions received in relation to Rooding. Funding is utilised for capital expenditure on Land Transport infrastructure resulting from growth due to developments within the district.
Water Supply - Urban Development Contributions	81	129	(13)	197	Reserve holds development contributions received in relation to Water Supply. Funding is utilised for capital expenditure on Water Supply infrastructure resulting from growth due to developments within the district.
Wastewater - Urban Development Contributions	142	588	(320)	410	Reserve holds development contributions received in relation to Wastewater. Funding is utilised for capital expenditure on Wastewater infrastructure resulting from growth due to developments within the district.
Stormwater - Urban Development Contributions	(394)	113	(161)	(442)	Reserve holds development contributions received in relation to Stormwater. Funding is utilised for capital expenditure on Stormwater infrastructure resulting from growth due to developments within the district.
<b>Total special funds and other reserves</b>	<b>29,986</b>	<b>19,715</b>	<b>(18,210)</b>	<b>31,491</b>	

## Note 28 : Reconciliation of Net Surplus

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
7,669	16,125	Reported Net Surplus	3,580	1,305
		<b>Add/(Deduct) Non Cash Items</b>		
17,540	17,839	Depreciation & Amortisation	18,348	18,626
125	80	Unrealised (Gain)/Loss on Derivative Financial Instruments	1,259	1,211
0	0	Other Fixed and Investment Asset Changes/(Credits)	28	6
0	(3,687)	Livestock Holding (Gain)/ Loss	0	1,156
41	52	(Profit)/ Loss on Disposal of Assets	(71)	(69)
(741)	(4,564)	Forestry Value (Gain) / Loss	112	525
15	15	Loss on timber stock	0	0
0	0	Riskpool and other provisions	(154)	(154)
0	2,613	Increase in Deferred Taxation	0	(764)
0	(2,149)	Carbon credits allocated	0	(282)
0	64	Impairment - carbon credits value	0	904
0	0	Subvention Payment	0	2,017
418	418	Bad debts written off	373	373
<b>17,398</b>	<b>10,681</b>		<b>19,895</b>	<b>23,549</b>
		<b>Add Items classified as Investing Activities</b>		
3,214	3,181	Purchase of Plant, Property and Equipment included in Trade Payables	1,437	1,437
0	0	Biological Assets purchases included in Trade Payables	0	0
<b>3,214</b>	<b>3,181</b>		<b>1,437</b>	<b>1,437</b>
		<b>Increase/(Decrease) in Working Capital</b>		
(501)	(610)	Trade & Other Receivables	(259)	(338)
15	(14)	Inventories	7	2
(72)	(72)	Deposits Held	44	44
(1,391)	(1,238)	Trade & Other Payables	(1,681)	(1,687)
76	76	Provision for Other Liabilities	0	0
358	358	Employee Benefit Liabilities	0	0
0	206	Taxation Payable	0	(207)
<b>(1,515)</b>	<b>(1,294)</b>		<b>(1,889)</b>	<b>(2,186)</b>
<b>26,766</b>	<b>28,693</b>	<b>Net Cash Inflow from Operating Activities</b>	<b>23,023</b>	<b>24,105</b>

## Note 29 : Financial Instruments

### Financial Risk Management Objectives and Policies

The Group's financial instruments include the following financial assets and liabilities:

Cash and cash equivalents, trade and other receivables, available-for-sale financial assets, and the following financial liabilities:

Accounts payable and borrowings from bank funding and secured debentures, and derivative financial instruments.

## Note 29A : Financial Instruments

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
		<b>FINANCIAL ASSETS</b>			
		<b>Non Current Assets</b>			
0	0	Trade and Other Receivables	247	0	0
<b>0</b>	<b>0</b>	<b>Loans and Receivables at Amortised Cost</b>			
20,285	308	Investments - Non Current	20,312	20,307	349
<b>20,285</b>	<b>308</b>	<b>Available for Sale Financial Assets</b>	<b>20,559</b>	<b>20,307</b>	<b>349</b>
		<b>Current Assets</b>			
1,267	1,267	Investments - Current	1,255	1,268	1,268
<b>1,267</b>	<b>1,267</b>	<b>Available for Sale - Financial Assets</b>	<b>1,255</b>	<b>1,268</b>	<b>1,268</b>
337	2,248	Cash and Cash Equivalents	469	1,255	2,503
9,381	9,550	Trade and Other Receivables	8,724	9,267	7,499
<b>9,718</b>	<b>11,798</b>	<b>Loans and Receivables at Amortised Cost</b>	<b>9,193</b>	<b>10,522</b>	<b>12,018</b>
		<b>FINANCIAL LIABILITIES</b>			
		<b>Non Current Liabilities</b>			
0	0	Bank Loan	27,402	0	1,733
160	160	EECA Loan	0	96	96
15,000	15,000	Secured Debentures	15,000	9,000	9,000
<b>15,160</b>	<b>15,160</b>	<b>Financial Liabilities Measured at Amortised Cost</b>	<b>42,402</b>	<b>9,096</b>	<b>10,829</b>
1,726	1,827	Derivative Financial Instruments	0	3,184	3,215
<b>1,726</b>	<b>1,827</b>	<b>Fair Value Through Statement of Comprehensive Income - Held for Trading</b>	<b>0</b>	<b>3,184</b>	<b>3,215</b>
		<b>Current Liabilities</b>			
1,265	1,327	Derivative Financial Instruments	0	1,066	1,150
0	0	Secured Debentures	0	6,000	6,000
5,000	5,000	Commercial Paper	0	15,000	15,000
13,650	16,883	Bank Loan	0	690	690
64	64	EECA Loan	0	64	64
14,461	15,113	Trade Payables and Accruals	12,442	12,878	13,287
<b>34,440</b>	<b>38,387</b>	<b>Financial Liabilities at Amortised Cost</b>	<b>12,442</b>	<b>35,698</b>	<b>36,191</b>

As part of its normal operations, the Group is exposed to credit risk, interest rate risk and liquidity risk. The Group's exposure to these risks and the action that the Group has taken to minimise the impact of these risks is outlined below:

### Fair Value

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arms length transaction. The fair values of all financial instruments equate to the carrying amount recognised in the Statement of Financial Position.



The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1: The fair value is calculated using quoted prices in active markets.

Level 2: The fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: The fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

#### COUNCIL

Year Ended 30 June 2011			
Valuation technique			
Quoted Market Price (Level 1)	Observable Inputs (Level 2)	Non-Observable Inputs (Level 3)	Total
\$000	\$000	\$000	\$000
<b>Financial Assets</b>			
Available for Sale investments			
-	-	20,285	20,285
-	-	<b>20,285</b>	<b>20,285</b>
<b>Financial Liabilities</b>			
-	(2,991)	-	(2,991)
-	<b>(2,991)</b>	-	<b>(2,991)</b>

Year Ended 30 June 2012			
Valuation technique			
Quoted Market Price (Level 1)	Observable Inputs (Level 2)	Non-Observable Inputs (Level 3)	Total
\$000	\$000	\$000	\$000
<b>Financial Assets</b>			
Available for Sale investments			
-	-	20,307	20,307
-	-	<b>20,307</b>	<b>20,307</b>
<b>Financial Liabilities</b>			
-	(4,250)	-	(4,250)
-	<b>(4,250)</b>	-	<b>(4,250)</b>

#### GROUP

Year Ended 30 June 2011			
Valuation technique			
Quoted Market Price (Level 1)	Observable Inputs (Level 2)	Non-observable inputs (Level 3)	Total
\$000	\$000	\$000	\$000
<b>Financial Assets</b>			
Available for Sale investments			
1	-	-	1
-	-	307	307
<b>1</b>	-	<b>307</b>	<b>308</b>
<b>Financial Liabilities</b>			
-	(3,154)	-	(3,154)
-	<b>(3,154)</b>	-	<b>(3,154)</b>

Year Ended 30 June 2012			
Valuation technique			
Quoted market price (Level 1)	Observable inputs (Level 2)	Non-observable inputs (Level 3)	Total
\$000	\$000	\$000	\$000
<b>Financial Assets</b>			
Available for Sale investments			
1	-	-	1
-	-	348	348
<b>1</b>	-	<b>348</b>	<b>349</b>
<b>Financial Liabilities</b>			
-	(4,365)	-	(4,365)
-	<b>(4,365)</b>	-	<b>(4,365)</b>

There were no transfers between the different levels of the fair value hierarchy.

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

#### Credit Risk

Credit risk is the risk that a third party will default on its obligations to the Group, causing the Group to incur a loss. The Group has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

The Group invests funds only in deposits with registered banks and its investment policy limits the amount of credit exposure to any one institution or organisation. The Group only invests funds with those entities which have a Standard and Poor's credit rating of at least A2 - for short term and A - for long-term investments. Accordingly, the Group does not require any collateral or security to support these financial instruments.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counter party default rates.

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
<b>COUNTER PARTIES WITH CREDIT RATINGS</b>				
<b>Cash at Bank and Term Deposits</b>				
1,604	3,515	AA-	2,523	3,771
<b>1,604</b>	<b>3,515</b>	<b>Total cash at bank and term deposits</b>	<b>2,523</b>	<b>3,771</b>
<b>COUNTER PARTIES WITHOUT CREDIT RATINGS</b>				
136	136	Existing counter party with no defaults in the past	121	121
<b>136</b>	<b>136</b>	<b>Total Rates postponement and Community loans</b>	<b>121</b>	<b>121</b>

The Group's maximum exposure to credit risk at balance date is:

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
<b>Financial Assets</b>				
337	2,248	Cash and Cash Equivalents	1,255	2,503
9,381	9,550	Trade and Other Receivables	9,267	7,499
1,267	1,267	Current Investments	1,268	1,268
<b>10,985</b>	<b>13,065</b>	<b>Total Financial Assets</b>	<b>11,790</b>	<b>11,270</b>

The ageing profile of trade and other receivables at the reporting date is as follows:

Council 2011			Council 2012	
Gross \$000s	Impaired \$000s		Gross \$000s	Impaired \$000s
<b>Trade and Other Receivables</b>				
5,093		Current	4,493	
46	0	Past Due 0 - 3 Months	213	0
0	0	Past Due 3 - 6 Months	0	0
6,775	2,533	Past Due More Than 6 Months	8,389	3,828
<b>11,914</b>	<b>2,533</b>	<b>Total Financial Assets</b>	<b>13,095</b>	<b>3,828</b>
Group 2011			Group 2012	
Gross \$000s	Impaired \$000s		Gross \$000s	Impaired \$000s
<b>Trade and Other Receivables</b>				
5,107		Current	4,741	
46	0	Past Due 0 - 3 Months	213	
0	0	Past Due 3 - 6 Months	0	
6,775	2,533	Past Due More Than 6 Months	8,389	3,828
<b>11,928</b>	<b>2,533</b>		<b>13,343</b>	<b>3,828</b>

The concentration of receivables past due more than 6 months primarily relates to rates and fines receivable. Due to their nature, the collection pattern for rates and fines receivable is longer than that for trade.

## Liquidity Risk

Liquidity risk is the risk arising from unmatched cash flows and maturities. To provide flexibility in the management of the Group's liquidity, the Group has committed bank advance facilities available (for details refer to Note 22 : Borrowings).

On a cash flow basis, the Council maintains sufficient funds to cover all obligations as they fall due. Facilities are maintained in accordance with the Council's Treasury Management Policy and Guidelines.

## Contractual Maturity Analysis of Financial Assets

The table below analyses Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contracted maturity date.

<b>COUNCIL 2012</b>	<b>Statement of Financial Position</b>	<b>Total Contractual Cash Flows</b>	<b>0 - 12 Months</b>	<b>1 - 2 Years</b>	<b>2 - 5 Years</b>	<b>&gt;5 Years</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
Cash and Cash Equivalents	1,255	1,255	1,255			
Trade and Other Receivables	13,095	13,095	8,990	1,551	1,127	1,437
Current Investments	1,268	1,268	1,268			
<b>Total Financial Assets</b>	<b>15,618</b>	<b>15,618</b>	<b>11,513</b>	<b>1,551</b>	<b>1,127</b>	<b>1,437</b>

<b>COUNCIL 2011</b>	<b>Statement of Financial Position</b>	<b>Total Contractual Cash Flows</b>	<b>0 - 12 Months</b>	<b>1 - 2 Years</b>	<b>2 - 5 Years</b>	<b>&gt;5 Years</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
Cash and Cash Equivalents	337	337	337			
Trade and Other Receivables	11,914	11,914	8,378	1,421	1,749	366
Current Investments	1,267	1,267	1,267			
<b>Total Financial Assets</b>	<b>13,518</b>	<b>13,518</b>	<b>9,982</b>	<b>1,421</b>	<b>1,749</b>	<b>366</b>

<b>GROUP 2012</b>	<b>Statement of Financial Position</b>	<b>Total Con- tractual Cash Flows</b>	<b>0 - 12 Months</b>	<b>1 - 2 Years</b>	<b>2 - 5 Years</b>	<b>&gt;5 Years</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
Cash and Cash Equivalents	2,503	2,503	2,503			
Trade and Other Receivables	13,344	13,344	9,229	1,551	1,127	1,437
Current Investments	1,268	1,268	1,268			
<b>Total Financial Assets</b>	<b>17,115</b>	<b>17,115</b>	<b>13,000</b>	<b>1,551</b>	<b>1,127</b>	<b>1,437</b>

<b>GROUP 2011</b>	<b>Statement of Financial Position</b>	<b>Total Contractual Cash Flows</b>	<b>0 - 12 Months</b>	<b>1 - 2 Years</b>	<b>2 - 5 Years</b>	<b>&gt;5 Years</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
Cash and Cash Equivalents	2,248	2,248	2,248			
Trade and Other Receivables	12,083	12,083	8,547	1,421	1,749	366
Current Investments	1,267	1,267	1,267			
<b>Total Financial Assets</b>	<b>15,598</b>	<b>15,598</b>	<b>12,062</b>	<b>1,421</b>	<b>1,749</b>	<b>366</b>

**COUNCIL 2012**

	Statement of Financial Position	Total Contractual Cash Flows	0 - 12 Months	1 - 2 Years	2 - 5 Years	>5 Years
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Trade and Other Payables	12,878	12,878	12,878			
Derivative Financial Instruments	4,250	4,250	1,065	1,001	2,184	
Bank Loans	690	690	690			
Commercial Paper	15,000	15,000	15,000			
EECA Loan	160	160	64	64	32	
Debentures	15,000	15,000	6,000		9,000	
<b>Total Financial Liabilities</b>	<b>47,978</b>	<b>47,978</b>	<b>35,697</b>	<b>1,065</b>	<b>11,216</b>	

**COUNCIL 2011**

	Statement of Financial Position	Total Contractual Cash Flows	0 - 12 Months	1 - 2 Years	2 - 5 Years	>5 Years
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Trade and Other Payables	14,461	14,461	14,461			
Derivative Financial Instruments	2,991	2,991	1,265	874	852	
Bank Loans	13,650	13,650	13,650			
Commercial Paper	5,000	5,000	5,000			
EECA Loan	224	224	64	64	96	
Debentures	15,000	15,000	0	6,000	9,000	
<b>Total Financial Liabilities</b>	<b>51,326</b>	<b>51,326</b>	<b>34,440</b>	<b>6,938</b>	<b>9,948</b>	

**GROUP 2012**

	Statement of Financial Position	Total Contractual Cashflows	0-12 months	1-2 Years	2-5 years	> 5 Years
	\$000	\$000	\$000	\$000	\$000	\$000
Trade and Other Payables	13,995	13,995	13,995			
Derivative Financial Instruments	4,365	4,365	1,118	1,050	2,197	
Bank Loans	2,423	2,423	690		1,733	
Commercial Paper	15,000	15,000	15,000			
EECA Loan	160	160	64	64	32	
Debentures	15,000	15,000	6,000		9,000	
<b>Total Financial Liabilities</b>	<b>50,943</b>	<b>50,943</b>	<b>36,867</b>	<b>1,114</b>	<b>12,962</b>	

**GROUP 2011**

	Statement of Financial Position	Total Contractual Cash Flows	0 - 12 Months	1 - 2 Years	2 - 5 Years	>5 Years
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Trade and Other Payables	15,113	15,113	15,113			
Derivative Financial Instruments	3,154	3,154	1,376	909	869	
Bank Loans	16,883	16,883	16,883			
Commercial Paper	5,000	5,000	5,000			
EECA Loan	224	224	64	64	96	
Debentures	15,000	15,000		6,000	9,000	
<b>Total Financial Liabilities</b>	<b>55,374</b>	<b>55,374</b>	<b>38,436</b>	<b>6,973</b>	<b>9,965</b>	

## Market Risk

The Group enters into derivative financial instruments to manage interest rate risk. A Treasury committee, headed by senior management personnel, provides oversight for risk management and derivatives activities and ensures any activities comply with the Treasury Management Policy which is formally approved by Council as part of the Council's Long Term Council Community Plan (Ten Year Plan).

## Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk from its interest-earning financial assets and interest-bearing liabilities. The Group is risk averse and seeks to minimise exposure from its treasury activities. It does not undertake unnecessary investment or borrowing activity, nor is any speculation permitted in the activity it undertakes.

The Group manages its interest rate risk by maintaining the ratio of borrowing between fixed and floating interest rates and by maintaining portions of its borrowings in a range of maturity profiles.

The effective interest rates of financial instruments are as follows:

Council 2010/11 Actual %	Group 2010/11 Actual %		Council 2011/12 Actual %	Group 2011/12 Actual %
<b>Weighted Effective Interest Rates</b>				
3.92%	4.11%	Bank Loan	3.95%	4.73%
2.82%	2.82%	Debentures	2.85%	2.85%
6.32%	6.39%	Derivative Financial Instruments	5.93%	5.93%
3.40%	3.40%	Commercial Paper	3.17%	3.17%

## Interest Rate Sensitivity

At balance date the Group had fixed interest rate liabilities in the form of interest rate swaps. If interest rates at that date had been 100 basis points higher/lower with all other variable held constant, net surplus for the year would have adjusted by the amounts in the table below:

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
<b>Net Surplus Higher/(Lower)</b>				
1,869	1,921	+ 100 Basis Points	1,672	1,674
(1,869)	(1,921)	- 100 Basis Points	(1,672)	(1,674)

## Note 30 : Commitments

	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s
<b>COUNCIL 2012</b>			
Capital Commitments - Approved and Contracted	18,905	13,265	5,640
Operational Contract Commitments - Approved and Contracted	17,397	9,021	8,376
<b>Total Commitments</b>	<b>36,302</b>	<b>22,256</b>	<b>14,016</b>

	Total \$000s	0 - 12 Months \$000s	1 - 5 Years \$000s
<b>COUNCIL 2011</b>			
Capital Commitments - Approved and Contracted	8,766	5,827	2,939
Operational Contract Commitments - Approved and Contracted	19,603	7,217	12,386
<b>Total Commitments</b>	<b>28,369</b>	<b>13,044</b>	<b>15,325</b>

## Note 31A : Leases

	Total \$000s	0 - 12 Months \$000s	1 - 2 Years \$000s	2 - 5 Years \$000s
<b>COUNCIL 2012</b>				
Operating Lease Payments	909	303	303	303
<b>Total Non Cancellable Operating</b>	<b>909</b>	<b>303</b>	<b>303</b>	<b>303</b>

	Total \$000s	0 - 12 Months \$000s	1 - 2 Years \$000s	2 - 5 Years \$000s
<b>COUNCIL 2011</b>				
Operating Lease Payments	909	303	303	303
<b>Total Non Cancellable Operating</b>	<b>909</b>	<b>303</b>	<b>303</b>	<b>303</b>

Council leases computer equipment in the normal course of its business. Council purchases its computer equipment and sells back to the Lessor at fair value. Council then leases back the equipment at fair value and any profit or loss is recognised immediately. Council does not have an option to purchase the equipment at the end of the lease term. These leases have a non-cancellable term of 36 months.

## Note 31B : Residential Lease

Council leases its residential property assets to tenants. The terms of each tenancy are governed by the Residential Tenancies Act 1986. Rent is charged at less than market value. The leases are cancellable by the tenants and this is provided by the Residential Tenancies Act, a minimum notice period of 21 days applies or if cancelled by Council 90 days notice is required.

The future aggregate minimum lease payments to be received under operating leases are as follows:



**COUNCIL 2012**

Operating Lease Commitments

**Total Operating Lease Commitments**

	0 - 12	1 - 2	2 - 5
Total	Months	Years	Years
\$000s	\$000s	\$000s	\$000s
51	51	0	0
<b>51</b>	<b>51</b>	<b>0</b>	<b>0</b>

**COUNCIL 2011**

Operating Lease Commitments

**Total Operating Lease Commitments**

	0 - 12	1 - 2	2 - 5
Total	Months	Years	Years
\$000s	\$000s	\$000s	\$000s
46	46	0	0
<b>46</b>	<b>46</b>	<b>0</b>	<b>0</b>

## Note 32 : Contingent Liabilities

Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s		Council 2011/12 AP \$000s	Council 2011/12 Actual \$000s	Group 2011/12 Actual \$000s
100	100	Paokahu Consent Board	0	100	100
<b>100</b>	<b>100</b>		<b>0</b>	<b>100</b>	<b>100</b>

**Paokahu Consent Bond**

As a condition of the Paokahu landfill resource consent the council entered into a bond with the Paokahu owners for the sum of \$100,000, this acts as security for the performance of any of the conditions of the resource consent, including any conditions relating to aftercare and post closure remediation.

**Building Act Claims**

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, there are two matters under that Act indicating potential liabilities which cannot be quantified.

Council has received a claim of negligence in relation to the issue of a Building Code of Compliance. This claim is set to go to a court hearing. The potential liability is difficult to determine but is likely to lie in the range \$150-\$200K. Part of the cost of any settlement will be met by Council's insurers

**RiskPool Liability**

Council was a member in relation to the years up to and including 30 June 2010 of RiskPool. RiskPool is a mutual fund set up to provide public liability and professional indemnity cover for its members. All Councils with responsibilities under the Building Act have been impacted by the weather-tight homes building issue.

RiskPool is unable to determine its liabilities until the statutory period for claims to be lodged with member councils has passed. This is 5 years.

The latest information indicates that weather-tight homes claims against RiskPool's funds will potentially result in shortfalls in the fund being incurred this year and for future years to 30 June 2014.

Council as a member is required to contribute towards any shortfall in the fund in relation to the year's Council was a member. \$160,147 was paid in 2011/2012 in relation to the claim for the years up to 30 June 2006. A further years liability totalling \$160k has been provided.

**Purchase and Sale Agreement - Gisborne District Council and Eastland Port Ltd**

Gisborne District Council (GDC) entered into a purchase and sale agreement with Eastland Port Ltd (EPL) on 16 December 2002. As part of the agreement GDC and EPL agreed to exchange land between the parties. One of the conditions of the agreement provides EPL with the right to require GDC to repurchase land sold under the agreement for \$1.2m (plus GST) if EPL is unable to obtain resource consents.

**Defined Benefit Scheme**

Council is a participating employer in the DBP contributors scheme ("the scheme"), which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the scheme, Council could be responsible for the entire deficit of the scheme.

Similarly, if a number of employers ceased to participate in the scheme, Council could be responsible for an increased share of the deficit. The actuary of the scheme has recommended that the employer contributions are suspended with effect from 1 April 2011. In the latest report, the actuary recommended employer contributions remain suspended.

**New Zealand Emissions Trading Scheme Obligations**

The Group has a contingent liability in respect of both its pre-1990 and post-1989 forests which are part of the New Zealand Emissions Trading Scheme.

Should the Group deforest all of its pre-1990 forests, it would have a liability under the ETS to surrender New Zealand emissions units of approximately \$1.072 million determined at 30 June 2012 (2011 : \$2.9708m).

Should the Group experience a decrease in total carbon stocks for all of its post-1989 forests, whether due to events such as harvest or forest fire, it would have a liability under the ETS to surrender New Zealand emissions units of approximately \$1.041 million determined at 30 June 2012 (2011 : \$1.987m). The amount and timing of any liability is uncertain and is dependent on the occurrence of the circumstances described above and the price of emissions units at the time of deforestation.

### Local Government Funding Agency Cross Guarantee

A requirement of the Gisborne District Council participating in the Local Government Funding Agency (LGFA) scheme as a Guaranteeing Local Authority (GLA) was to enter into a guarantee (Guarantee).

Under the Guarantee, the Council as a GLA, guarantees the payment obligations of other Guaranteeing Local Authorities to the LGFA (Cross Guarantee). This guarantees the payment obligations of the LGFA itself (LGFA Guarantee). A call under the Cross Guarantee will occur only after a local authority loan default has occurred, loan recovery action has begun and the LGFA Board is concerned that the LGFA is at risk of imminent default.

Council cannot quantify its potential guarantee exposure because it is dynamic and dependent on the size of the LGFA and the financial capability of the other parties to the guarantee. The Council and Group have an unqualified contingent liability.

The LGFA Guarantee will only ever be called if the LGFA defaults. A call on the LGFA Guarantee will only occur if the numerous safeguards put in place to prevent an LGFA default fail. This is highly unlikely to happen and the possibility of any outflow in settlement in these cases is assessed as remote.

## Note 33 : Related Party Transactions

### Relationship With Gisborne Holdings Ltd

Gisborne Holdings Ltd (GHL) is 100% owned by Gisborne District Council (GDC). The Gisborne District Council is, through GHL, a 100% shareholder in Tauwhareparae Farms Ltd.

The investment by GHL in subsidiaries comprises a 100% interest in Tauwhareparae Forests Ltd and a 100% interest in Tauwhareparae Farms Ltd. Tauwhareparae Forests Ltd is a non-trading entity. Tauwhareparae Farms Ltd is involved in the ownership and operation of farming activities.

All subsidiaries have a 30 June balance date.

### Gisborne Holdings Ltd and Subsidiaries

	2011 \$000s	2012 \$000s
Services Provided by Council	95	93
Accounts Receivable to Council	0	0
Accounts Payable by Council	0	0
Services Provided to Council	0	0

All the above services were provided on normal terms and conditions of trade. Figures for services provided are shown exclusive of GST. Balance sheet items are GST inclusive. All balances have been eliminated on consolidation.

## Key Management Personnel Compensation

	2011 \$000s	2012 \$000s
Salaries and Other Short Term Employee Benefits	1,523	1,556

Key management personnel include the Mayor, Councillors, Chief Executive and other Senior Management personnel.

## 34 : Remuneration and Severance Payments

During the year to 30 June 2012 the total remuneration received by or payable to the Mayor, other Councillors and Chief Executive of the Council were as follows:

	Total Remuneration	
	2011	2012
M Foon, Mayor	\$99,110	\$110,219
N Aston, Deputy Mayor	\$32,270	\$34,467
JC Bauld	\$36,772	\$34,968
WS Burdett	\$40,043	\$39,540
M Caddie	\$20,522	\$29,769
A Cranston	\$30,569	\$34,358
A Davidson	\$34,780	\$37,597
R Haisman	\$27,108	\$31,315
A Hall	\$26,217	\$28,734
H Hikawai	\$9,891	\$0
G Hope	\$6,012	\$0
P Murphy	\$24,099	\$33,804
A Poananga	\$9,111	\$0
P Seymour	\$37,290	\$41,623
K Sheldrake	\$6,399	\$0
R Stoltz	\$20,882	\$30,690
P Tangaere	\$22,759	\$32,749
G Thomson	\$30,564	\$29,608
B Wilson	\$33,063	\$34,449
LR McKenzie, Chief Executive resigned 30/04/2012	\$244,673	\$207,121
JE Campbell, Chief Executive appointed 03/05/2012	\$0	\$42,670

The total remuneration figures also include for the Mayor and Chief Executive the value of non-financial benefits.

This includes mileage and other travel reimbursements which can be significant for Councillors not residing in Gisborne.

### Severance Payments

Three severance payments totalling \$83,332 were made during the year (2011 : Nil).

## 35 : Events After Balance Date

There are no events subsequent to balance date that materially affect these accounts.





# Appendix

Schedule of Councillors

Schedule of Senior Management

Schedule of Agents

## Schedule of Councillors

<b>GISBORNE</b> Mayor Meng Foon p: 867 1870 m: 027 44 84 084 f: 867 9265	<b>GISBORNE</b> Cr Alan G Davidson p: 867 9474 f: 867 9473	<b>WAIAPU</b> Cr William S Burdett (Bill) p: 06 864 8966(H) 864 8341 (W) f: 06 864 8967
Deputy Mayor Nona Aston (Mrs) p: 868 9842 f: 868 9879	Cr Allan J Hall p: 868 6269(H) 867 1339 (W) m: 027 656 3519	<b>PATUTAHU - TARUHERU</b> Cr Roger J Haisman p: 867 0922 m: 027 332 8601 f: 867 0918
Cr John (Craig) Bauld p: 862 9550 f: 862 9551	Cr Rehette Stoltz p: 868 5382 m: 021 279 7948 f: 868 5382	<b>WAIKOHU</b> Cr Pamela R Murphy p: 863 5822 m: 027 287 4339 f: 863 5844
Cr Andy W Cranston p: 868 1160 m: 027 27 33 192 f: 868 1161	Cr Brian I Wilson p: 868 8118(H) 867 4672(W) m: 027 237 8080 f: 867 4675	<b>MATAKAOA</b> Cr Patrick R Tangaere p: 864 3900 (H) 864 3850 (W) f: 864 3046
Cr Manu S Caddie p: 868 6889 m: 027 420 2957	<b>UAWA</b> Cr Patricia A Seymour (Pat) OBE p: 862 2697 m: 0274 725 997 f: 862 2703	<b>COOK</b> Cr Graeme S Thomson p: 862 8737 f: 862 8197

## Schedule of Senior Management

CHIEF EXECUTIVE	CORPORATE SERVICES GROUP MANAGER	ENGINEERING and WORKS GROUP MANAGER	ENVIRONMENT and POLICY GROUP MANAGER	COMMUNITY PLANNING and DEVELOPMENT GROUP MANAGER
Judy Campbell BA, PAD, MA (Applied)	Mike Drummond CA	Peter Higgs BE (Civil), FIPENZ, CPEng, Dip. Bus. Mgt.	Hans van Kregten BA (Geography) MTP - Urban and Regional Planning MNZPI	Nedine Thatcher MBA, MA, BA(Ed).

## Schedule of Agents

BANKERS	SOLICITORS	INSURANCE CONSULTANTS	AUDITORS
Westpac Banking Corporation 101 Gladstone Road Gisborne  ANZ Bank Ltd 264b Gladstone Road Gisborne  BNZ 125 Queen Street PO Box 2139 Auckland 1140	Nolans PO Box 1141 Gisborne	Aon New Zealand 16th Floor AMP Centre 29 Customs Street West PO Box 1184 Auckland 1010	Ernst & Young PO Box 490 Wellington (on behalf of the Auditor General)

