

2010/11 Annual Report

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About this report

Welcome

What is the strength behind good leadership?

Engagement, Knowledge, Enlightenment

For us all of the Tairawhiti

Excellence

Greetings to us all

He aha te kai ō te Rangatira?

He Kōrero, He Kōrero, He Kōrero

Mō Tātou te Tairāwhiti

Ka Mau te Wehi

Tēnā Koutou, Tēnā Koutou, Tēnā Tātou Katoa

This Annual Report tells the story of our performance over the last financial year from 1 July 2010 to 30 June 2011. 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 all about the unique nature of the Gisborne district, how the Council works from governance through to the various departments, and how Council contributes 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. It sets the framework for Council's activities, performance measuring and monitoring. It shows the rates that need to be collected in order to deliver the services to the communities. It also shows how we intend to contribute to the community outcomes of the district. The Ten Year Plan is updated on a three yearly cycle (that is, a new one is required to be adopted by Council every three years). This is because the further out past three years you go, the more difficult it is to accurately predict what is going to happen.

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 the 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.

In June 2009 Council adopted its 2009-2019 Ten Year Plan. This 2010/11 Annual Report reports against Year 2 of the 2009-2019 Ten Year Plan.

The reporting cycle is illustrated below.

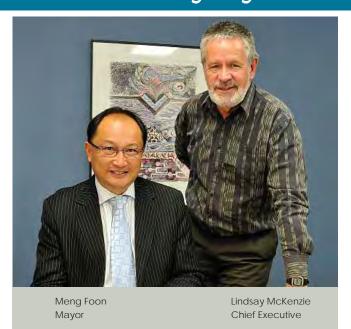




highlights Financial overview

Audit report

Our district highlights



Tairāwhiti tēnā koutou

It is time to report once again on what Council has achieved during the 2010/11 year as well as to acknowledge the community's contribution. As you will know, the Council has a statutory duty to report on its financial performance and on how well it delivers its services. But the Annual Report has a wider purpose in our view – that is a place to share the stories about our successes and disappointments.

We've previously acknowledged the tough economic times that prevail and have talked about the ways in which the Council has responded. Most commentators say that those times are going to be around for a while yet. The district's retailers appear most affected along with the wine and horticultural industries. Judging by Tauwhareparae Farms Limited performance, the district's farms are doing well although there will be exceptions. The Eastland Group is also growing and increasing its dividends to the Eastland Community Trust. That will be positive for us all. Global economic conditions contributed to Hikurangi Forest Farm's decision not to proceed with the mill at Matawhero. We remain hopeful that another mill will be built there one day.

The Council is reporting an accounting surplus of \$7.7m for the year and an operating surplus of \$450k. The accounting surplus includes grants for capital projects. The grants are treated as income. The operating surplus of \$450k was an improvement on the small budget surplus of \$101k. Over the past three years especially the Council's financial position has strengthened despite taking on the debt needed to complete the wastewater treatment plant.

The plant was completed on time and under budget in December 2010. It is a credit to Councillors, staff, consultants, contractors and many in the community that such a good result was achieved. This was our largest capital work ever. The regional development roading project was also completed on 30 June 2011. This \$30m government funded project upgraded many roading networks to enable forest products to be delivered to mills and the port.

Substantial progress has been made towards bringing the Tairāwhiti Navigations project to reality. The project, when combined with the inner harbour development, promises to make the district an even better place to live and a more attractive visitor destination. Development in the port precinct has also been given a boost by the Council and Eastland Group concluding the port land exchange that was first agreed to in 2002. The terms of the final settlement were agreed prior to the 2010 election and just prior to year end Council took possession of The Works building to complete urgent earthquake strengthening.

During the year negotiations continued on the form and function of the local leadership body with the Tūranganui a Kiwa Iwi so it could be created first through the Ngai Tāmanuhiri settlement process and then by the settlements that are to follow. There is agreement on all the essential terms. Council awaits the passage of the Ngai Tāmanuhiri Claims Settlement Bill. The local leadership body is to contribute to the sustainable management of the natural and physical resources and to the wellbeing of the people and communities within the area covered by the agreement.

Last year was an election year. That required new governance arrangements to be agreed and a new Council to be inducted. The Councillors have settled in and all are working hard and contributing to ideas and projects. The chairs and the various committees are achieving the work programme set out to ensure that the district gets good value for your hard earned money. Setting up an Efficiency Review Committee was one significant post election initiative. That committee is continuing its work leading into the next Ten Year Plan. The Mayor has also been elected onto the Local Government New Zealand National Council which ensures that issues of provincial and rural New Zealand are heard around the table at a national governance level.

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

Meng Foon **Mayor** Lindsay McKenzie

Chief Executive

Pinidsay Mon

Governance and advocacy

Local Leadership Body & Treaty Settlements

In 2008 the Council agreed to form a local leadership body with the Tūranganui a Kiwa lwi to enable a 'top table' relationship to develop between us once Treaty claims are settled. During the year negotiations continued on the form and function of the local leadership body so it could be created first through the Ngai Tāmanuhiri settlement process and then by the settlements that are to follow. There is agreement on all the essential terms. Council awaits the passage of the Ngai Tāmanuhiri Claims Settlement Bill. The local leadership body will contribute both to the sustainable management of the natural and physical resources and the wellbeing of the people and communities within the area covered by the agreement.

Statements of Intent for Gisborne Holdings Ltd and Tauwhareparae Farms Ltd

Councils influence the direction of their companies through statements of corporate intent. These statements guide the company directors in their governance roles. Having successfully removed port company status from Tauwhareparae Farms Limited (TFL) - a legacy of the port sale process in 2002 - Council has rewritten the statements of intent for both companies to reflect the role of Gisborne Holdings Limited (GHL) as a holding company and TFL as a farm company. For the moment TFL is GHL's only investment. GHL is responsible for the performance of the farms and appoints its directors with the agreement of Council.

Eastland Community Trust Deed

The Eastland Community Trust Deed places a number of rights and duties on Council, including appointing the Trustees. The Trustees have been working on a proposal to obtain charitable and tax free status for the Trust. Initially the Council was asked to agree to forego its role in Trustee appointment to enable the Trust to become tax free. The Council would not agree to do that unconditionally but an impasse has been avoided by the Council and the Trust agreeing on an approach to the IRD for a set of rulings that will help determine the way forward. Most people agree that it would materially benefit the community if the money that comprises tax paid by the Eastland community Trust was available for distribution and community use. It is good that we are collaborating in this matter.

Tairāwhiti Development Partnership

The Tairāwhiti Development Partnership or Taskforce as it was originally called, has assisted economic development in the Gisborne and Wairoa District Council areas for the past 10 years or so. It was the vehicle for obtaining regional development roading money from central government. That \$30m programme of roading investment has since been completed. In 2009 and 2010 the partnership successfully bid for NZ Trade and Enterprise funding to develop projects to enhance the district's economy. The new wine centre and the background work on the Tairāwhiti Navigations Project was funded in this way. It appears now that the partnership has served its purposes and is in the final stages of winding up.

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 National Council, regional and rural/provincial sector groups as well as at zone meetings. Submissions have been made on several draft Bills including resource management, liquor and freedom camping. Staff in their professional and technical roles have also represented the district on working parties responding to proposals such as the plantation forestry National Environmental Standard.

Keeping us safe and connected

Creative crime prevention

Council has used environmental design to come up with creative solutions to prevent crime in our city. Graffiti has been reduced since Graeme Mudge's murals on the Bright Street bus shelter and behind The Works building were painted. In the library car park, trees have been trimmed and buildings moved. Anyone with mischief on their mind can now be seen by people passing by. Other projects include revitalising Elgin and a street-by-street programme to reduce domestic violence and alcoholrelated crime. Ministry of Justice crime prevention grants have made these initiatives possible.



Keeping our roads safe

Council's roading team looks after 1,900km of roads in the district, over 1,000km of which are unsealed. Despite our unstable terrain and periods of heavy rain, the team worked hard to keep our roads open and safe. Tauwhareparae, Mata and Hokoroa Roads all benefitted from extensive development. A new bridge was built along Waipāoa Station Road. Repairs were made to 100km of the district's roads, 20km were rebuilt and another 78km chipsealed. The footpaths along Palmerston Road were replaced and safety crossings at St Mary's School installed to keep our children safe.



Waiapu river flood protection

The groyne protection scheme installed to divert the Waiapu River away from the Ruatoria township is working well. With the river rising above 4.5 metres nine times in the last year, the groynes are doing their job by slowly diverting the water flow towards the middle of the river and away from the badly-eroded river bank. The groynes are made up of large concrete blocks (dolosse) and installed by Ruatōria businesses providing welcome employment opportunities. The plan is to extend the scheme further up the river by installing 72 more dolosse this summer.



Exercise Tangaroa

Council is committed to keeping our communities safe in emergencies. Our emergency management team was part of a national tsunami exercise on 20 October 2010 called Exercise Tangaroa. Our Emergency Operation Centre was tested along with how we would manage traffic. Exercise Tangaroa was a success thanks to the commitment from all our coastal communities and lots of support agencies. Forty volunteers were ready and waiting to assist at the Welfare Centre set up in Mangapapa Church. The exercise showed that our current tsunami systems are more than adequate to keep the public safe.



Our townships now have community caretakers

Matawai/Mōtū, Whatatutu, Te Karaka, Tolaga Bay, Tokomaru Bay, Te Puia Springs/Waipiro Bay, Ruatōria and Te Araroa townships now have a local person looking after them. The caretakers are looking after transfer stations, litter control, public toilets, street cleaning and reserve mowing. Efficiencies have been achieved because the local community know what their local caretaker is responsible for and often approach them first if repairs are needed on Council properties. For instance the Tokomaru Bay caretaker was able to make temporary repairs on the Tokomaru Bay Wharf and Waiotu Footbridge.

Upgrading our stormwater systems

Work by the Council to upgrade stormwater systems has made the Matawai, Te Karaka and Whataūpoko areas safer for residents. Better protection from flooding has been achieved by renewing stormwater pipes and drains, upgrading open drain systems and replacing rundown storm water pipes with 300m of larger pipes. Several stormwater catchment studies have also been completed this year for Onepoto Bay (in Hicks Bay), Te Araroa and Te Hapara. The catchment studies will help with deciding what stormwater maintenance, capacity and infrastructure issues there are in these communities.



Improving our community facilities

Whanau fun at the Olympic Pool

The free Whanau Fun Day on 19 December 2010 turned out to be an extraordinary summer event for the Gisborne community. Organised with Sport Gisborne, the event had over 2,300 participants; a new record for the Olympic Pool complex. Fitness activities, fun games, entertainment and the pool's first ever hangi were all on offer. Two local community groups - Te Hapara Whanau Aroha Centre and Tūranga Men's Health Group - were our partners for the day. As a result \$1,200 was donated to these two organisations.



A year of international artworks

It has been a great year for new public artwork in Gisborne. The "Evolution" sculpture at Marina Park was gifted to Gisborne by the Beijing Olympic Sculpture Committee and China's Ministry of Culture to commemorate the Beijing Olympic Games. A second sculpture, "Voyager" beside the Waikanae Stream in the Railway Reserve was a joint project between Melbourne-based artist Kon Dimopoulos and Gisborne company Pultron Composites. The project had significant support from the Arts in Public Places Committee with donations to build the sculpture coming from local businesses, Council and Pultron Industries. "Voyager" describes an unfolding and enduring journey to self-discovery and provides a visual draw card both day and night for the community and visitors alike.



Tairāwhiti Navigations project

The Tairāwhiti Navigations project is about celebrating our unique culture and history to unlock opportunities for the region. Developing light infrastructure and telling our stories at key sites in the region is the essence of the project. A boardwalk to the slipway in the middle of Gisborne's harbour, a pedestrian clip-on to the railway bridge across the Tūranganui River and walkways and paths connecting the inner harbour to Titirangi and the Cook Landing Site are planned. Over the last year Council has worked with consultants to complete feasibility studies as well as initial design concepts and cost. The next step is to finalise the design before sourcing external funding.



Record numbers using library

As the district's 'lounge' more people than ever are visiting the HB Williams Memorial library. Teenagers are enjoying the library IT facilities and a terrific side effect has been more teenagers reading. We have been told by library users that those interested in local history just love that most old local newspapers are now available on microfilm. Staff have also held 292 library literacy workshops attended by all walks of life from toddlers to genealogists.



Mōtū trails cycleway near completion

The Mōtū Trails, one of the 18 rides that form Nga Haerenga, the New Zealand Cycle Trail, are well on track to be completed in early 2012. The Pakihi track section of the cycleway, the swing bridge across the Pakihi River and planning for a new walk and cycle bridge across the Otara River in Ōpōtiki are all nearly finished. All going well, the \$2.5m Mōtū Trails will be opened by the Prime Minister after the general election later this year. The opening up of this area will bring people to Gisborne and provide the Matawai and Mōtū communities with tourism related opportunities.



New playground equipment

New playground equipment is being enjoyed by our children at the Adventure Playground, Blackpool Street Reserve and Botanical Gardens playgrounds. The 'Dizzy Disc' at the Botanical Gardens is a modern version of the old carousel and has been particularly popular with playground visitors. Building a skate park for young people has been a great addition to Atkinson Street Reserve this year. Council staff have also been busy making improvements to several Gisborne parks including signage, picnic tables and rubbish bins.



War Memorial Theatre project advanced

Planning continues for a proposed upgrade to the War Memorial Theatre. The aim is to provide Gisborne with a modern and attractive performing arts complex that will meet the current and future needs of performers and audiences. A feasibility study has been completed and some preliminary designs developed which expand and upgrade the theatre on the existing site.



The city's new wastewater treatment plant officially opened on 22 March 2011, successfully completing the largest capital project ever undertaken by the Gisborne District Council. The \$39.5m Gisborne Wastewater Project was completed within 13 months on time and under budget. Already, reports are showing that the quality of treated wastewater discharged has improved significantly and that the reduction in contaminants is better than expected. The future looks positive as discoloured waters caused by untreated wastewater seen from time to time in Poverty Bay have rarely been seen since the plant was completed in December 2010.

Wastewater treatment plant completed



Caring for our environment

Rēre Reserve

The natural beauty of Rēre Reserve and the unique thrills of the Rēre rockslide have been improved thanks to the work of reserves staff. After a successful consultation on the reserve management plan, improvements have been made. These include clearing willow trees and poplars from the area, weed control and better fencing around the car park. Plans to install a toilet at the rockslide are underway.



Pole planting to halt erosion

Council's commitment to controlling soil erosion in the district saw a record 10,000 poles produced at our Waerenga-o-kuri poplar and willow nursery. More demand for the trees and larger capacity at the nursery has led to a significant increase from previous years. Nursery seedlings are grown to make the poles, which are then sold to farmers at a subsidised price. Ensuring the latest erosion control methods are available, and affordable, to landowners, continues to be a priority for Council.



Reducing crime in the city

Popular night spots in the city have been targeted by Council, Gisborne Police, Tairāwhiti District Health and ACC. Alcohol fuelled crime tends to happen where the night life is. Clearways have been installed in Peel Street and northern Gladstone Road. This prevents people parking or drinking in the area between 11pm and 5am. The initiative has been a great success. No violence, vandalism, loitering and police callouts have been reported since the clearways were installed.



Bringing the Waikanae Stream to life

Native shrubs and stream side plants have been planted along the Waikanae Stream. Working with Mrs Gomm's class at Awapuni School, DOC and willing volunteers, a large area around Stanley Road and Lytton Road has now been planted. The plan is to continue planting along the esplanade reserves and stream sides all the way to the airport. This will make the area more appealing and encourage more native birds, insects, eels and small fish to make the stream their home.



E-waste Day and Second-hand Sunday

Council continues to encourage recycling throughout the region. Gisborne District staff, Councillors and volunteers took part in E-Day on 6 November 2010 and collected 33 tonnes of computer e-waste for reuse and recycling. This is 8 tonnes more than was collected last year. The Second-hand Sunday programme, which picks up unwanted household items from driveways, continues to run successfully with the number of properties registered growing annually. Second-hand Sundays have been held every month since November and on average 50 properties register.



Gisborne's surf break research

Surfing is not only a sport but a lifestyle for many people in our district. The NZ Coastal Policy Statement identifies Makorori, Wainui and Tuamōtū Island surf breaks as nationally significant. Council is required to protect these breaks and the access to them. This year Lincoln University post-graduate student Bailey Peryman prepared a report detailing the significance of all of our local surf breaks and made recommendations on how they should be managed.



Working with our community

Creating artists not taggers

Tairāwhiti Youth Voice has aimed to reduce tagging and vandalism in Gisborne by providing graffiti artists with the opportunity to create 'graffiti art'. With funding from the Ministry of Youth Development, the project also provides employment opportunities for the young people involved. A first for Gisborne - the young artists are currently working towards an exhibition at the Tairāwhiti Museum. The exhibition will open on 7 October and showcase who the artists are and where they come from.



Progressing township plans

Four new township plans have been written for Matawai/ Mōtu, Manutuke, Rangitukia/Tikitiki, and Te Puia Springs/ Waipiro Bay communities to plan for their future. Council has worked with people in these areas to identify what their priorities are, when things should happen and how they could be funded. Council is now working with these communities to get the ball rolling. Township plans have been written for a number of our communities and the process has gradually improved over the past two years. Earlier plans for Pātūtahi, Ruatōria, Te Araroa, Te Karaka, Tokomaru Bay and Tolaga Bay are now being reviewed to take advantage of this process and make sure implementation is smooth.



Leading the way with youth representative

In March this year we became one of the only councils in New Zealand to have a Youth Representative on any Council Committee. Taimania Rickard is a non-voting Youth Representative on our Council's Community Development Committee. This is an important step towards making local government accessible to young people in our district. Taimania gives advice and comments on issues as well as bringing a youth perspective to the Committee. As a community youth leader who has been part of Tairāwhiti Youth Voice for three years she says: "It's a credit to Gisborne District Council that they have taken up this challenge and given young people the opportunity to have greater representation in local decision making."



Community Max offers opportunity for youth

Over 50 young people have worked for the Council on the Community Max scheme with 16 of them completing projects in the last year. This is a government funded scheme providing pathways into the work force for young people. Those employed learnt new skills and got work experience helping to increase their employment opportunities. The community benefitted from projects done at a minimal cost including supporting work at the Top 10 Holiday Park, Gisborne Vehicle Testing Station, Te Puia Archives and Gisborne Photonews. Unfortunately, the government has chosen to cut the funding for this scheme. However, Council will continue to help young people find pathways into the work force through other programmes, such as Gateway and internships.

Arts and culture strategy

Community and arts organisations helped Council develop an Arts and Culture Strategy last year. A "vibrant Tairāwhiti" is the aim. We want to create a sense of pride and place reflected through arts, culture and heritage. The vision in the strategy is "to engage in and celebrate the diverse arts and cultural traditions of the people of Tairāwhiti, to enhance local identity, enrich the lives of people and grow regional prosperity". The strategy was finalised in May, an action plan is being developed and will be finalised by December this year.

Funding for revitalisation of the Elgin community

Ministry of Justice funding to help revitalise the Elgin community has been sourced. It will be used to help reduce crime, increase safety, and transform the community space in Elgin. The two areas of focus, which have been agreed with the community, are Blackpool Park and the Elgin Shopping Centre. Designs for improvements are currently being finalised and work has already started on improving Blackpool Park.



Supporting Christchurch earthquake recovery

Following the Christchurch earthquake earlier this year Council sent environmental health, communications, building, fire and rescue staff to help recovery efforts on the ground in Christchurch. Three Civil Defence team members were also sent to the Ministry of Civil Defence and Emergency Management (MCDEM) in Wellington to help with planning and intelligence, administration and logistics. After all staff had returned to Gisborne, the Council continued to support Christchurch's recovery effort by meeting with the 65 families who came to Gisborne following aftershocks and made sure they got the services they needed.



Cenotaph set to be fully restored

Things are starting to happen at the Cenotaph site since the memorial was damaged in the December 2007 earthquake. Rather than just doing a repair job the Council is considering complete restoration of the monument. The restoration will be paid for by both the insurance settlement and grant funding from outside agencies. A restoration committee is to be formed with representatives from Council, The Historic Places Trust and other interested parties from Gisborne. The Cenotaph has the highest Category 1 registration with the New Zealand Historic Places Trust and this will help the fundraising effort.

Our finances

Current Financial Position

Council is in a strong financial position with improved financial performance over the last three years and lower than forecast borrowings. This has placed Council in a strong position to support any of the major projects that the public and Councillors agree on. Council's conservative financial strategies will ensure that any increase in debt is utilised to support quality spending on investments that will make Gisborne a good place to live, work and do business in.

Borrowing levels

Council's strong financial position is supported by borrowings \$18M lower than forecast in our last Ten Year Plan. Council's borrowing per resident is at low levels compared with similar councils. Council is now well placed to manage with higher borrowing levels and has access to funds to pursue investments in community facilities. Any new investments will need to be at a level and on a time line that the community finds acceptable.

Rates rebates 2010/11

Rates affordability is an issue for some groups within the community. Staff and Councillors have worked hard to contain Council costs and efficiency gains. This resulted in lower than forecast rates rises for the 2011/12 year. While the overall rates are at a moderate level and represent good value for the services delivered we continue to focus on delivering excellent levels of service within a budget the district can afford.

Our rates team approved 1,870 rates rebates applications this year worth \$1,016,659.87. Rates rebates are paid by the Department of Internal Affairs. For those on low incomes these rebates are an easy way to get up to \$570 off their annual rates bill. We 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 you do not get behind with your rates and then incur penalties. If rates increases occur, you are advised and your payments adjusted automatically.

We have 1,984 ratepayers using weekly/fortnightly or monthly direct debits and 4,404 ratepayers on due date direct debits. 29% of Gisborne properties are on direct debit.

Efficiency Review Committee

During the 2010/11 year an Efficiency Review Committee was set up with the aim of improving the efficiency of the organisation's processes. The committee is investigating and reporting on measures that reduce costs and improving performance and services. The committee recommends changes to other committees and to Council. The committee has reviewed the Solid Waste activity recommending a rationalisation of rural transfer stations and is undertaking an ongoing review of the Library activity. It has also examined Council's Finance department overheads and street lighting.

Revenue and Financing Policy

In preparation for the Ten Term Plan Councillors have been undertaking a series of workshops to review the Council's Revenue and Financing Policies. These policies determine the amount that each group of ratepayers pay in rates. In the workshops Councillors look at each Council activity e.g. roading, solid waste, building consents etc and determine how the activity is to 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

The passing of Bob Elliott

A man who played a huge role in the transformation of local bodies in the Gisborne District, Robert (Bob) Elliott, passed away earlier this year. Bob Elliott was appointed Chief Executive of the new District Council in 1989 as part of the reorganisation of local bodies throughout New Zealand. He was given the very hard job of merging all staff from three county councils (Cook, Waiapu and Waikohu), Gisborne City Council, Gisborne Harbour Board, East Cape Catchment Board and some reserve boards into one cohesive unit. He was in charge of a wide range of activities; from organising infrastructure to working on a rating scheme for the new Council. Retiring in 2007, Bob Elliott said he believed that merging the district's local bodies had meant that Gisborne enjoyed substantial efficiencies and as a result was better able to determine its own future.

New Corporate Services Group Manager — Mike Drummond



Mike Drummond was appointed as the Council's new Corporate Services Group Manager earlier this year. After several years as Council's chief financial officer, Mr Drummond brings a strong commercial focus to the role. Since his appointment in January, Mr Drummond has improved financial reporting changing from quarterly to monthly reports.

As a result both managers and Councillors have more timely and in-depth information to make better decisions. Part of Mike's role is to grow Council's businesses – the holiday park, testing station, forestry and commercial properties. "The larger the contribution they make, the less we need to collect from rates."

Te Ara Reo Māori classes for staff

Council has a Māori language plan to build capability and awareness of Te Reo Māori within the Council. This will help us engage with Māori in our district. Te Ara Reo Māori Language course began in March this year. Thirty staff members took up the challenge, attending the course which is run in conjunction with Te Wananga o Aotearoa. The course, which started on the 15 March 2011, runs over a period of 36 weeks and is held every Tuesday in the Council Chambers.

Long serving staff



There have been a number of long serving staff that have left Council over the past year. Douglas Birt, Corporate Services Group Manager retired last year after 12 years. Douglas, a trained telecommunications engineer began his Council career with the 1998 Y2K project and championed a massive improvement in our customer services.

A number of other valued staff retired after many years of service including: May Selby, Support Services Officer; Lesley Hillan, Committee Secretary; Eileen Marshall, Senior Typist; and Terry McMillan, Property Services Manager. Recently, Council staff also celebrated current Online Communications Advisor Karen Hadfield reaching 25 years of service.

Welcome to the new team

Four new councillors with fresh ideas were elected to Council after October's local body election. Mayor Meng Foon heads up a team of fifteen including new Councillors Manu Caddie, Rehette Stoltz, Pam Murphy and Patrick Tangaere. Manu is Deputy Chair of the Community Development Committee and has advocated on behalf of Gisborne youth for many years.

Rehette is passionate about children and is a big supporter of the library. Pam represents Waikohu and has a keen interest in tourism, economic development and supports the library's rural service. Patrick represents Matakaoa and has a particular interest in roading and the environment.

Council would also like to thank long-serving Gisborne ward Councillors Hemi Hikawai and Kathy Sheldrake, Matakaoa ward representative Atareta Poananga and Pātūtahi-Taruheru Councillor Gary Hope for their hard work and service during their terms.



Community views on Council performance

Resident 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 was surveyed in June for their views on Council services and facilities as well as our policies and overall direction.

Services and facilities

Those surveyed were asked about their levels of satisfaction on 20 services and facilities provided by Council. Sixteen of these received the same or better levels of satisfaction with only four showing decreased levels of satisfaction (Council roads, Olympic Pool, dog control and parks and sportsfields).

Representation and Value

The survey also found that 13% of people are dissatisfied with the way the Council involves the public in the decisions it makes (up from 10% last year), but the number of people who are dissatisfied with the value their rates provide has dropped to 23% (down from 28% last year).

Quality of Life

Although almost half of respondents (48%) feel unsafe walking in the Gisborne City Centre at night, this proportion has decreased by 8% since last year. Gisborne rates as a great place to live with 89% of those surveyed feeling that it is the same or better than it was three years ago, unchanged from last year.

Have your say on our future

2012-2022 Ten Year Plan

Under the Local Government Amendment Act 2010 the Council is required to adopt a Ten Year Plan every three years. The next one is due for adoption by 30 June 2012. The 2012-2022 plan will set out all Council's work plans, projects and budgets for the next three years and outline its general direction over the next ten years.

Drafting the Ten Year Plan is one of the most important and complex processes Council will undertake during its three year term.

Between now and the adoption of the 2012-2022 plan the community will be given the chance to have their say on the direction Council should take over the next ten years. Questions that need answering are:

- what should Council stop doing or do less of?
- · what should we do more of?
- are there any new areas we should get involved in?
- which projects should be a priority for the district?
- who should pay for what?

After the community has shared their ideas, a draft plan will be released in March 2012. Formal consultation on this will take place in April and May 2012 and will involve community meetings, formal submissions and hearings. This will be the community's chance to give its verdict on the proposed plan.

Representation review

Council has started looking into how the district is represented. The Representation Review helps to determine how many elected members (Councillors) there should be and how they represent the district.

The Local Electoral Act 2001 requires all local authorities to review their representation arrangements at least once every six years. The majority of this work will be carried out by staff and Councillors in 2011/12 year. The public will get a chance to have their say on how they should be represented through a consultation process.

Regional land transport programme

The Land Transport Management Act 2003 requires Regional Transport Committees to develop, in consultation with their community and stakeholders, a Regional Land Transport Programme every three years. Our current Regional Land Transport Programme has three priorities for the Gisborne region:

- Priority one: Promote route security and reliability.
- Priority two: Reduce fatalities and casualties associated with our roads.
- Priority three: Promote affordable alternative transport options to the private motor vehicle.

Next year we will be consulting on our 2012-2015 draft programme as part of the Ten Year Plan consultation process. This will be the community's chance to consider whether these are still the priorities for transport activities in the region.

Review of solid waste

The Efficiency Review Committee is looking at ways of making Council's solid waste service more cost-effective. One proposal they are considering is the closure of three transfer stations at Whatatutu, Te Puia and Tikitiki. If closures were to go ahead, affected residents would need to travel to drop off their solid waste and recycling – Te Puia and Waipiro Bay residents to either Ruatōria or Tokomaru Bay (or Gisborne) and Whatatutu residents to Te Karaka or Gisborne. A rubbish sticker system - \$110 for 52 stickers as part of rates – would enable people to drop off stickered rubbish bags at any Council-owned transfer station. The public will get a chance to have their say on this proposal as part of the Ten Year Plan consultation process early next year.

Making plans to help protect our environment

Freshwater Management Plan

Council continues to ensure the district has a sustainable water supply by monitoring local water usage and quality. The development of a new regional plan to ensure freshwater management is a priority for the district and will include setting freshwater allocation and quality limits for all regional water bodies. This year Council has helped set up a Freshwater Advisory Group to ensure a collaborative approach is taken in developing the Freshwater Management Plan which is due for publication next year.

Waste Minimisation Plan

Council plays an important role in managing waste. We have made significant progress minimising waste going to landfill over the past 15 years. Next year Council is required (under the Waste Minimisation Act 2008) to develop a Waste Management and Minimisation Plan. A draft plan has been produced which recommends that most of the current practices be retained and enhanced where cost-effective, particularly practices that aim to reduce, reuse and recycle solid waste. As part of the Ten Year Plan process, the public will be given the chance to have their say on the draft plan before it is adopted next year.

Financial overview



This section provides an overview of the Council and the Group's financial results for the 2010/11 year. For further detailed information refer to the full financial statements on pages 97 to 148.

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 2011

The Council has reported an accounting net surplus of \$7.7m compared with a budgeted surplus of \$8.7m. A summary of the main changes is shown on the next page.

Why has the Council made a surplus?

Most of the Council's reported surplus is not cash and comes from income received for capital projects and changes in the value of our assets and liabilities.

Under NZIFRS, \$10.9m of grant revenue received for capital projects is treated as income. The capital project costs are not expensed at the same time as the income. Instead we show the loss in value of the asset over the life of the asset as 'depreciation'.

The change in fair value of our assets is recognised as income in our financial accounts even though Council has not actually received any additional cash. The majority of this year's change in fair value relates to the Council's forestry assets.

For the year ended 30 June 2011 the Council's forestry assets grew in value by \$0.7m. The Council does not budget for any increase in the value of our forestry assets as we do not consider it prudent to do so because we have no reliable way to predict anticipated movement in the value of forestry assets during the year. Any increase in value will represent a favourable variance against budget.

Can the Council use this additional surplus to offset the amount of rates required?

No. The majority of the additional reported surplus does not represent additional cash collected by the Council. The majority of the additional surplus is accounted for by the reasons outlined above and therefore cannot be used to offset rates or fund the Council's planned expenditure in future financial years.

How would the Council's accounts look without the fair value adjustments and capital revenue?

To assess the Council's underlying rates funded financial performance, the following table takes the reported income and expenditure and identifies the various fair value transactions that are included in these reports and account balances. By separately identifying these items we are able to show the Council's underlying operational financial performance against that which had been budgeted for and therefore rates funded.

The underlying financial performance shows a moderate surplus of \$450k compared to a budgeted surplus of \$101k. This surplus is used to repay deficits from previous years and to cover expenditure planned for 2010/11 carried forward to the next year. From time to time projects are carried forward where the work has been rated for but due to timing or operational issues the work is not completed in the same year the rates were collected.

Reconcilliation of net surplus to underlying financial performance year ended 30 June 2011

	Note	Operating Profit	Adjustments	Underlying Financial Performance
INCOME		\$000s	\$000s	\$000s
Revenue from Rates	1	45,681	(1,251)	44,430
Revenue from Grants and Subsidies	2	22,850	(10,899)	11,951
Revenue from Operating activities	3	13,090	(747)	12,343
Other Gains/(Losses)	4	651	(651)	-
Total Operating Income		82,272	(13,548)	68,724
OPERATING EXPENDITU	JRE			
Operating Costs	5	54,173	(211)	53,962
Depreciation and Amortisation	6	17,540	(5,992)	11,548
Finance costs		2,890	(126)	2,764
Total Operating Expenditure		74,603	(6,329)	68,274
Net surplus		\$7,669	(\$7,219)	\$450

Adjustment notes

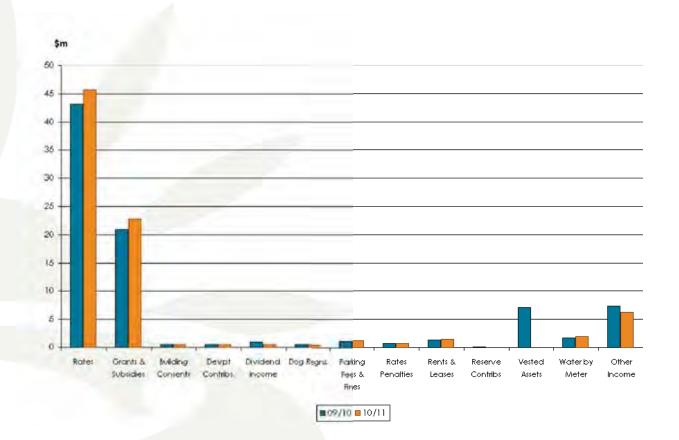
- 1. Capital rates revenue use to fund Capital projects and loan repayments.
- 2. Grant revenue received for Capital Projects (\$10.9m).
- 3. Capital and development contributions (\$0.5m).

- Loss on non-current receiveables (\$34k), loss in inventory (\$15k), forestry fair value gain (\$741k), loss on disposal of library books (\$45k), and gain on sale of assets (\$4k).
- Increase Paokahu landfill aftercare liability provision (\$211k).
- 6. Depreciation costs that are not funded from rates.

Explanation of underlying variance: significant changes in revenue/expenditure compared to the 2010/11 Annual Plan

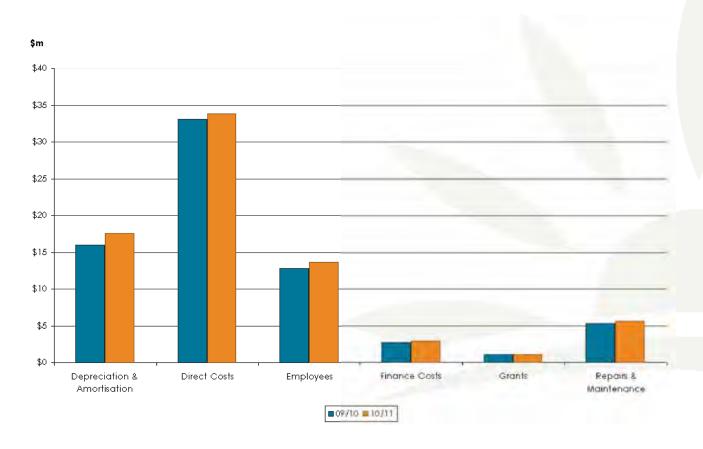
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TOTAL FACTORS CONTRIBUTING TO THE UNDERLYING (1 010)	Increase in bad debtor impairment provisions	(322)
(1 010)	TOTAL NEGATIVE VARIANCES	(6,845)
		(1,010)

Understanding council's operating income



	Rates	Grants	Building	Devpt	Divds	Dog Reg	Parking	Rates Pen	Rents	Reserves	Vested	Water	Other	Total
09/10 \$m	\$43.10	\$21.01	\$0.55	\$0.51	\$1.00	\$0.49	\$1.08	\$0.74	\$1.40	\$0.12	\$7.16	\$1.66	\$6.99	\$85.81
10/11 \$m	\$45.68	\$22.85	\$0.50	\$0.51	\$0.50	\$0.52	\$1.20	\$0.71	\$1.52	\$0.03	\$0.00	\$2.00	\$6.25	\$82.27
% of TOTAL 09/10	50.0%	24.4%	0.6%	0.6%	1.2%	0.6%	1.3%	0.9%	1.6%	0.1%	8.3%	1.9%	8.1%	100.0%
% of TOTAL 10/11	55.5%	27.8%	0.6%	0.6%	0.6%	0.6%	1.5%	0.9%	1.8%	0.0%	0.0%	2.4%	7.6%	100.0%

Understanding council's operating expenditure



	Depreciation	Direct Expenses	Employee	Finance	Grant	R&M	Total
09/10 \$m	\$15.95	\$33.05	\$12.76	\$2.70	\$1.03	\$5.31	\$70.80
10/11 \$m	\$17.54	\$33.85	\$13.66	\$2.89	\$1.06	\$5.60	\$74.60
% of TOTAL 09/10	22.5%	46.7%	18.0%	3.8%	1.5%	7.5%	100.0%
% of TOTAL 10/11	23.5%	45.4%	18.3%	3.9%	1.4%	7.5%	100.0%

The largest component of operating expenditure is the direct costs, incurred in the delivery of Council services. This includes the cost of materials and other contracts for the supply of goods and services. Direct costs and employee expenditure account for over 63% of Council's operating expenditure.

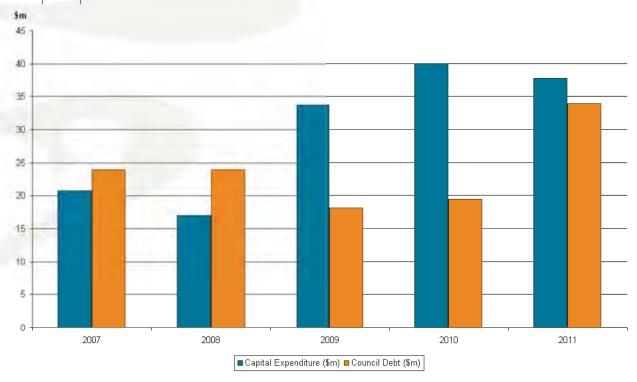
	2011	2010			
Activity	Total Actual Cost \$000	Total Cost \$000	%	Cost per Resident	Cost per Resident per Day
Animal Control	743	736	1.0%	\$16.71	\$0.05
Aquatic and Recreation (Olympic Pool)	1,381	1,305	1.9%	\$31.06	\$0.09
Arts and Culture	463	371	0.6%	\$10.41	\$0.03
Building & Construction	1,408	1,411	1.9%	\$31.67	\$0.09
Civil Defence, Emergency Management & Rural Fires	822	677	1.1%	\$18.49	\$0.05
Community Housing	799	752	1.1%	\$17.97	\$0.05
Community Planning & Development	2,895	2,414	3.9%	\$65.11	\$0.18

	2011	2010			
Activity	Total Actual Cost \$000	Total Cost \$000	%	Cost per Resident	Cost per Resident per Day
Conservation - Soil, Water and Pest & Plants	2,877	2,677	3.9%	\$64.71	\$0.18
Enterprise Operations	2,453	3,388	3.3%	\$55.17	\$0.15
Environmental Health	1,555	1,558	2.1%	\$34.98	\$0.10
Environmental Planning	1,883	1,560	2.5%	\$42.35	\$0.12
Flood Control	2,113	1,988	2.8%	\$47.53	\$0.13
Governance	3,033	2,802	4.1%	\$68.22	\$0.19
Land Transport & Parking (Roading)	27,013	26,223	36.2%	\$607.58	\$1.66
Libraries	1,547	1,597	2.1%	\$34.80	\$0.10
Reserves & Open Spaces	4,223	3,683	5.7%	\$94.98	\$0.26
Solid Waste	4,807	4,213	6.4%	\$108.12	\$0.30
Stormwater	2,119	2,354	2.8%	\$47.66	\$0.13
Support Services	1,921	3,179	2.6%	\$43.21	\$0.12
Wastewater	6,329	3,999	8.5%	\$142.35	\$0.39
Water Supply	4,219	3,916	5.7%	\$94.89	\$0.26
GRAND TOTAL	74,603	70,803	100.0%	\$1,677.97	\$4.63

The estimated total number of residents in the Gisborne District is 44,460. (Source: Statistics NZ 2006 Census).

Roading, wastewater, stormwater, solid waste and water supply make up 59% of total operating expenditure of the Council. The cost of these services per resident is \$2.74 per day.

Council capital expenditure versus council debt 2007-2011



Council's five year financial performance summary

	2007	2008	2009	2010	2011
Public Debt (\$000)	24,000	24,000	18,150	19,407	33,874
Net Surplus/(Deficit)	4,359	4,623	18,240	15,365	7,669
Net debt as a % of equity <10%	1.40%	1.42%	1.05%	1.11%	1.89%
Net debt as a % of income <95%	33.77%	33.79%	20.77%	22.52%	41.17%
Net interest as a % of income <10%	2.16%	1.87%	1.52%	1.86%	3.23%
Net interest as a % of annual rates income <15%	4.14%	3.42%	3.20%	3.72%	5.82%
Total debt per capita <\$1700	\$540	\$540	\$408	\$437	\$762
Working Capital (excluding current portion of public debt)	967	4,250	941	(5,061)	(3,337)



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF GISBORNE DISTRICT COUNCIL AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

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, and Service Provision 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 99 to 147 that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, 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 36 to 95 that includes other information required by schedule 10 of the Local Government Act 2002.

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

In our opinion:

- The financial statements of the District Council and group on pages 99 to 147;
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2011; and
 - the results of its operations and cash flows for the year ended on that dale.
- The non-financial performance information of the District Council and group on pages 36 to 95;
 - 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 2011, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service and the expected service
- The 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 29 September 2011. 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 long-term community plan, the audit of Gisborne District Disaster Relief Trust, we have no relationship with or interests in the District Council or any of its subsidiaries.

G J Taylor Emst & Young

On behalf of the Auditor-General Wellington, New Zealand



Our district – the first to see the light Our council – governance and structure

Our community outcomes

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 kilometres 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. Gisborne city is the eastern most city in New Zealand and is the first city in the world to see the sun rise each day.

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 bicultural 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).

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, the fifth highest mountain in the North Island, and its highest non volcanic peak. Hikurangi is the first mountain in the world to see the sun each day.



Quick facts	
District Land area	8,360 km*
Percentage of total NZ land area	4.9%
Reserves	950 hectares**
Population	44,460 (2006 census)
Capital value	\$9.68 billion (30 June 2011)
Land value	\$5.73 billion (30 June 2011)
Average population density	5.3 persons per sqkm
Number of dwellings	19,476
Number of rateable properties	23,200
Council's total asset value	\$1.8 billion (30 June 2011)

- Based on the high water mark.
- ** Land zoned "reserve".

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. Our Tairāwhiti Museum and Art Gallery has a reputation as one of the most innovative regional museums in New Zealand.

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 1,724 hectares support seventeen wineries including New Zealand's largest winery. The Gisborne area is known as the Chardonnay Capital of New Zealand. 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 over 1,893 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 a high-capacity network of electric power lines and sub-stations 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 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 Direction

Council's mission is to "Lead and support the social, cultural, economic and environmental development of our communities - Mō tātou te Tairāwhiti". This mission gives effect to the purpose of local authorities as specified in the Local Government Act 2002.

This mission is supported by Council's vision for the region. "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.

Six values underpin our 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
- solution focus
- innovation
- working together
- learning and improving
- can-do attitude.

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 dis-estabilished 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

Patrick Tangaere

Matakaoa

- Regional Land Transport Committee
- Wastewater Management Committee
- Hearings Committee
- Efficiency Review Committee



Bill Burdett

Waiapu

Our Organisational Structure

The elected Council has one employee, namely the Chief Executive. He 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 through the Chief Executive and Senior Managers.



Lindsay McKenzie Chief Executive



Mike Drummond
Group Manager
Corporate Services



Hans van Kregten Group Manager Environment and Policy



Nedine Thatcher-Swann
Group Manager
Community Planning
and Development



Peter Higgs Group Manager Engineering and Works

Our community outcomes

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.

Our Community Outcomes are:

	Environmentally Sustainable Tairāwhiti/Tairāwhiti Ukauka Taiao	We value our environment ensuring it is protected and enhanced for future generations.
	Healthy Tairōwhiti/ Tairōwhiti Hauora Pai	We help each other to be healthy and active and ensure access to appropriate health services for all of our community.
B	Connected Tairāwhiti/ Tairāwhiti Hononga Rau	We provide essential services and infrastructure in a way that makes the most of our region and supports all the outcome areas.
	Prosperous Tairāwhiti/ Tairāwhiti Hua Tōnui	We support and develop our economy to grow and attract positive tourism and investment, while maximising the benefits for our people and managing the impact on our environment.
	Skilled and Educated Tairāwhiti/Tairāwhiti Mātau Nui	We ensure there are local education and training opportunities that meet the needs of our people and support our economy.
TE	Vibrant Tairāwhiti/Tairāwhiti Tū Ihiihi	We treasure the special values that make Tairāwhiti unique and shape our sense of identity and pride.
	Safe Tairāwhiti/Tairāwhiti Āhuru Mōwai	We create a resilient community that makes our people feel safe and secure. We encourage art and culture, and reflect our region's heritage and cultural diversity as a way of expressing who we are and to create a vibrant region.
	Empowered Tairāwhiti/ Tairāwhiti Whakamana Tangata	Our community leads and advocates for itself, making sure that all people are actively involved in community life and participate in the democratic process.

More detail on our community outcomes is set out in the "Tairāwhiti by Choice" document endorsed in May 2009.

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

Changes to Future Community Outcomes

It is important to signal that the new requirements under the Local Government Act 2002 Amendment Act 2010 changes 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. This change has implications for Council's current strategic framework upon which the next Ten Year Plan will be based.

On 23 February 2011, Council had a workshop that set the foundations for the 2012-2022 Ten Year Plan. The strategic planning framework and the approach to defining its new community outcomes was a focus of one of the sessions. In March 2011, Council approved its draft community outcomes for inclusion in the Ten Year Plan for community consultation. These draft outcomes can be found on our website:

http://gdc.govt.nz/assets/CommitteeMeetings/ Report-11-147.pdf

(or are available by request).

However, until the 2012-2022 Ten Year Plan is adopted, the current community outcomes outlined in this Annual Report (and through "Tairāwhiti by Choice") remain in place.

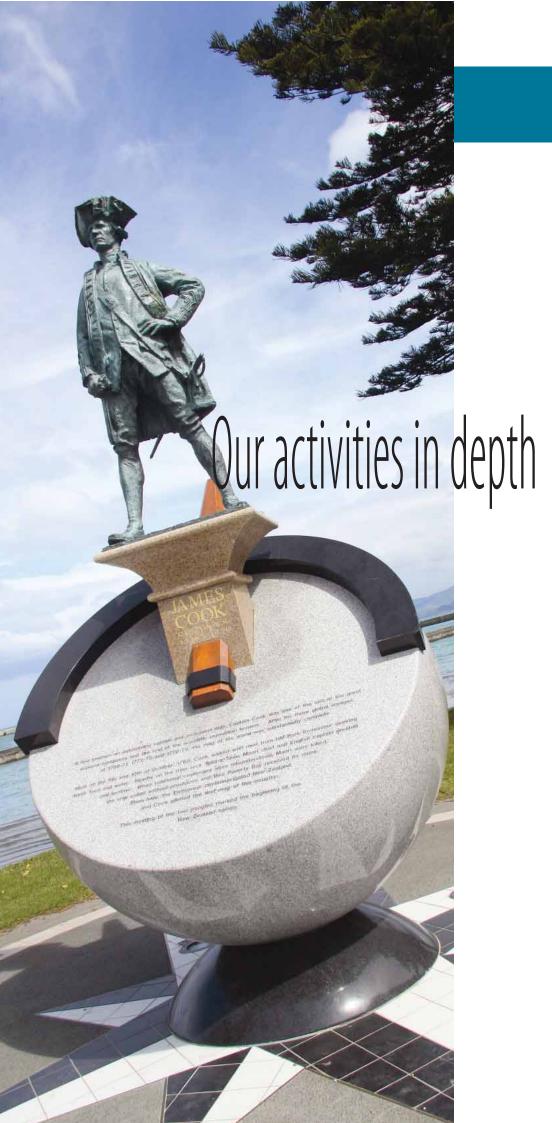


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How to read this section

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 2010/11, 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 and wellbeings

Where an activity of Council contributes to a community outcome it is identified in this document by the relevant icon (see page 32 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 2010/11 year as well as our actual results for the year.

The measures have targets that were outlined in Year 2 of the 2009-19 Ten Year Plan. The previous results are taken from the 2009/10 Annual Report. The performance measures used are either customer or technical focussed. Technical focussed measures are based on best practice industry standards. The customer focussed measures come primarily from our own Request 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's 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 a minimum of 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.

2011 Resident Satisfaction survey

The Resident Satisfaction Survey was a 25 minute phone survey of 400 residents in June, which asked respondents for 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 judgement based on the individual's own interpretation of satisfaction. The survey is designed to be fully representative of the district's wards as well as the gender, age and ethnicity of its citizens. It has a maximum margin of error of 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.

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, and
- · monitoring and enforcing regulations and bylaws.

Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Safe 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 2010/11 year the Animal Control activity:

- Completed the new Gisborne District Dog Pound in September 2010. This new pound is providing a healthier and more spacious environment for animals and has increased the number of dogs able to be sheltered.
- Sent registration accounts to all known dog owners by the second week of June 2011 for collection of all registration fees.
- Encouraged responsible dog ownership through the Selected Owner Policy and New Zealand Licensed Dog Owner Scheme.
- Promoted greater awareness, both in owners and the wider community, about the issues associated with dogs and stock control.
- Supplied hydatids worming tablets, through counter and postal sales.
- Maintained micro-chipping of all new pet dogs and menacing and dangerous dogs as required.
- Promoted educational messages to schools, libraries, scouts and organisations on dog control.

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Customer Service 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".	98% Achieved	95%	96% Achieved
	Percentage of customers who rate Requests for Service responses as excellent/ good.	98% Achieved	95%	99% Achieved
	Percentage of residents who are very/fairly satisfied with Council's efforts in controlling dogs.		70%	69% Not Achieved
	Adequate facilities are available for the impounding and processing of stray dogs and stock. ¹	Not Achieved	Achieved	Achieved
	Percentage of known dogs that are registered. ²	88% Not Achieved	97%	89% Not Achieved
	Percentage of properties with known dogs visited per year. ³	45% Not Achieved	90%	60% Not Achieved

What was different

- 1. The target was achieved this year as the new dog pound ensures the adequate impounding and processing of stray dogs.
- 2. A review of the activity currently being undertaken will seek to improve our results in this area. A level of service review as part of the 2012-2022 Ten Year Plan will also review the appropriateness of the current target.
- 3. Staff on extended sick leave affected the ability to visit the targeted number of properties. However, a review of the activity currently being undertaken will seek to improve our results in this area. A level of service review as part of our 2012-2022 Ten Year Plan also reviews the appropriateness of the current target.

What it cost

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual
Operating Expenditure (\$000)				
Operating Revenue	644	736	(92)	659
Operating Expenses	743	764	21	736
Net Cost of Service	99	28	(71)	77

This activity was funded 11% from rates and 89% from grants and fees and charges.

- 1. Operating revenue was lower than anticipated due to collected dog registration fees being \$67k lower than expected. Revenue from NZTA was \$20k lower than budget.
- 2. Lower revenue was partially offset by lower operating costs.

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:







Healthy 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 such as "Whanau Fun day" and the "Swim to Mahia Challenge".

What we did

During the 2010/11 year the Aquatic and Recreation activity:

- completed the installation and commenced operation of a new wood chip heater. This has led to savings of \$30k compared to the previous year and will lead to \$50k of estimated savings per annum in the future, based on estimated fuel consumption and prices
- organised and hosted "Whanau Fun Day" a major community event for over 2,300 people
- maintained operational excellence and achieved PoolSafe accreditation
- offered two major promotions "Come have a look" and the "Swim to Mahia Challenge".

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Quality To provide a range of quality recreation	Percentage of Gisborne district residents who are very/fairly satisfied with Olympic	68% Not Achieved	70%	66% Not Achieved
and learn-to-swim opportunities for Gisborne district residents and visitors.	Pool. Participation in learn-to-swim programmes. 1	Not Measured	Zero	Not Measured
LOS (2) - Quantity To provide an appropriate and equitable	Opening hours per week: (W = winter and S = summer)	Achieved	W - 90 hours S - 98 hours	Achieved
level of access to recreation and learn-to-swim facilities.	Provision of at least 40 sqm of pool space per 1,000 residents. ²	Achieved	40sqm	40sqm Achieved
LOS (3) - Sustainability 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.	58% Achieved	35%	55% Achieved
	Number of pool admissions per annum. 3	142,173 Not Achieved	>150,000	148,468 Not Achieved
	Ratio of external revenue versus expenditure. 4	39% Not Achieved	40%	36% Not Achieved
	Occupancy rate for Churchill Park cabins (December/January). 5	27% Not Achieved	60%	19% Not Achieved
LOS (4) - Health and Safety 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.	Not Measured	95%	96% Achieved
	Percentage of customers who are satisfied that the pool water is clean and pleasant.	Not Measured	>90%	93% Achieved
	Pool water quality meets NZ Standard 5826:2010. ⁶	90% Main Pool 70% Spa Pool Not Achieved	>85%	94% - Main Pool 85% - Spa Pool Achieved
	Compliance with PoolSafe Management Scheme. 7	Achieved	Achieved	Achieved

What was different

- 1. The "Learn to Swim" programme participation rates will be measured once the facility is constructed. Under the 2009-2019 Ten Year Plan this is proposed for 2013/14.
- 2. The total pool's space provision is 1,808sqm for a population estimate of 44,500.
- 3. Although not quite reaching the target, this measure saw a substantial rise in attendance figures from the previous year.
- 4. Expenditure was higher than expected for the year. Please see the financial variance below for an explanation.
- 5. Over the year, revenue from the Churchill Park cabins has increased. However, this measure only tracks bookings over the December/January period which found a decrease this year. The target appears to be unrealistic and will be reviewed as part of the 2012-2022 Ten Year Plan levels of service review.
- 6. This result is from our assessment taken in May, but is representative of the water quality of the two pools year round. The improvement in the quality of spa pool water was due to better quality spa water treatment methods.
- 7. The ACC PoolSafe Quality Management Service Scheme is an independent assessment of pool management and operation in accordance with industry standards relating to:
 - pool supervision
 - pool alone policy
 - emergency action planning
 - pool water quality; and
 - health and safety.

What it cost

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual		
Operating Expenditure (\$000)						
Operating Revenue	499	532	(33)	495		
Operating Expenses	1,381	1,409	28	1,305		
Net Cost of Service	882	877	(5)	810		
This activity was funded 62% from rates and 38% from fees and charges.						
Capital Expenditure (\$000)						
Capital Projects	95	59	(36)	591		
Funded by:						
Grants and Subsidies	0	0	0	128		
Depreciation or other Reserves (Renewals)	37	29	8	81		
Internal Loans	58	30	28	382		
	95	59	36	591		

- 1. Operating revenue for the pool operation was on target with \$388k revenue (excluding shop sales) against a budget of \$387k, an increase of \$6k compared to the 2009/10 year. Revenue from pool admissions was slightly lower than last year but offset by income received from pool lane hireage and Churchill Park. Retail shop sales revenue was \$33k lower than budget although sales were only marginally lower than in 2009/10.
- 2. Operating expenses were \$28k less than budget. The main area of variance was retail shop purchases which was \$18k, lower than budget due to lower sales. Fuel and gas prices had risen above estimates this year resulting in the fuel and gas costs higher than budget (\$12k adverse variance). These variances were offset by a lower than budgeted depreciation charge (\$18k positive variance).
- 3. Capital expenditure was \$36k higher than budget this year. Capital expenditure for the pool water heating system was carried over from the 2009/10 year \$43k. Other capital spend this year included the replacement of pool tiles in the 50m and dive pool \$37k and installation of new till software \$15k.

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:







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 2010/11 year the Arts and Culture activity:

Theatres and Public Halls

- presented more than double the amount of external shows compared to last year
- presented more daytime shows for children and senior citizens
- progressed work on the War Memorial Theatre upgrade
- investigated options for retractable seating at the Lawson Field Theatre

Art in Public Places and Art and Cultural Heritage Promotion

- supported the Art in Public Places Committee to put in place the Evolution statue
- worked with tangata whenua representatives from the Tūranga rohe to identify an artist for the Tūranganui Walkway piece as part of the Heinz Watties Agreement
- initiated a contract with Diogenes Designs to allow the production of a Footrot Flats statute
- worked with consultants to progress the Tairāwhiti Navigations Project
- implemented the changes to Creative New Zealand's creative communities scheme and administered \$31,676 (GST exclusive) of funding to community groups under the scheme

Museum Grants

- allocated \$623,772 to the Tairāwhiti Museum
- allocated \$5,000 to the East Coast Museum of Technology.

Our progress

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Community Benefits To provide facilities and services that	Number of ticket sales per annum. (Note: Ticket Direct sales only.)			
help create a strong sense of community mana, pride and identity, reflecting the	Lawson Field Theatre ¹	2,390 Achieved	1,518	1,209 Not Achieved
heritage and culture of the region.	War Memorial Theatre ¹	4,006 Achieved	3,662	5,536 Achieved
	Percentage of revenue return on operational cost.	37% Achieved	25%	34% Achieved
	Number of annual bookings and performances.			
	Lawson Field Theatre ¹	211 Not Achieved	230	171 Not Achieved
	War Memorial Theatre ¹	68 Not Achieved	110	80 Not Achieved
	Outdoor Theatre	6 Not Achieved	10	6 Not Achieved
	Compliance with Health and Safety Codes of Practice.	Achieved	Achieved	Achieved
LOS (2) - Quality To provide adequate facilities and contracted management of the distinctive museum collection and displays.	Compliance with building warrant of fitness standards. ²	Achieved	Achieved	Achieved
	A current occupancy agreement is in place.	Achieved	Achieved	Achieved
	Compliance with Annual Report and Annual Plan to Council. 3	Achieved	Achieved	Achieved

What was different

- 1. This year there was an increase in the number of touring shows from outside the district. This led to an increase in both ticket sales and bookings (although not quite enough to meet the bookings target) for the War Memorial Theatre. However, a marked decrease in the number of local groups putting on shows led to a decrease in both ticket sales and bookings at the Lawson Field 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

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual
Operating Expenditure (\$000)				
Operating Revenue	115	90	25	97
Operating Expenses	463	414	(49)	371
Net Cost of Service	348	324	(24)	274
This activity was funded	72% from rate:	s and 28% from t	ees and char	ges.
Capital Expenditure (\$000)				
Capital Projects	0	3,502	3,502	5
Funded By:				
Capital Grants and Subsidies	0	2,575	2,575	0
Transfer from Reserves	0	440	440	1
Internal Loans	0	487	487	4
	0	3,502	3,502	5

- 1. Operating revenue was \$25k higher than budget due to increased revenue from touring groups and shows utilising Council's facilities resulting in higher commission revenue.
- 2. Operating expenditure was \$49k greater than budget due to higher operational and depreciation costs.
- 3. The upgrade of the War Memorial Theatre did not proceed as planned. However, work is continuing on project scoping and the securing of external funding for the project.

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 all building works that have been completed in accordance with the building consent conditions
- 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, and
- issuing compliance schedules and monitoring the currency of building warrants of fitness.

Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:









Connected 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. This has been particularly apparent in work done to ensure the city's swimming pools are safe. It has also contributed to economic wellbeing by working with businesses to ensure they can continue to develop safely.

What we did

During the 2010/11 year the Building Services activity:

- carried out work to identity unfenced and unconsented swimming pools in the city area which provided a major
 contribution to an important community safety issue. The work involved identification of all swimming pools in the
 city area using Council's aerial photography. Owners of possible non-compliant pools are being contacted by
 mail and an inspection process is underway
- sent reminder letters to earthquake prone buildings and any discrepancies in classification were rectified
- · worked with Ryman developers and also Beetham to facilitate speedy issue of theirs and other large consents
- carried out community facilities inspections for both public conveniences and Council properties
- worked with the Te Matatini organising committee to approve buildings as temporary accommodation for the large number of visitors.

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Customer Benefits Ensure effective response to customer	Percentage of Requests for Service resolved within target timeframes. ¹	82% Not Achieved	87%	77% Not Achieved
enquiries about building standards.	Percentage of customers who rate Request for Service responses as excellent/ good.	94% Achieved	90%	99% Achieved
LOS (2) - Responsiveness To process applications in accordance with statutory timeframes.	Percentage of Building Consents processed within statutory target timeframes (20 days).	91% Achieved	90% - 100%	93% Achieved
	Percentage of Project Information Memorandums (PIMs) processed within statutory target timeframes (20 days). ²	85% Not Achieved	90% - 100%	No PIMs applied for
	Percentage of Land Information Memorandums (LIMs) processed within statutory target timeframes (10 days).	99% Achieved	90%	99% Achieved
LOS (3) - Quality Monitor building consent applications and inspections to ensure projects comply with	Advise building owners/occupiers of the expiry date of their Warrant of Fitness one month before the expiry date.	100% Achieved	95%	100% Achieved
NZ Building Code.	Percentage of Code Compliance Certificates that remain unresolved annually.	14% Achieved	<15%	12% Achieved

What was different

- 1. There are 13 types of Requests for Service for this activity with timeframes for resolving a request ranging from five days for an urgent complaint regarding construction work to 60 days for an ongoing complaint about consent processing. The primary reason that this target was not met was due to the high number of requests stemming from neighbour disputes over stormwater issues that are not Council's responsibility to fix. This target will be reassessed in the 2012-2022 Ten Year Plan levels of service review.
- 2. PIMs became voluntary from 1 February 2010 after which customers were able to choose whether or not they obtain a PIM. This resulted in no applications being received this year. This measure will be removed as part of our 2012-2022 Ten Year Plan levels of service review.

What it cost

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual			
Operating Expenditure (\$000)							
Operating Revenue	768	998	(230)	979			
Operating Expenses	1,408	1,567	159	1,411			
Net Cost of Service	640	569	(71)	432			
This activity was funded 42% from rates and 58% from fees and charges.							
Capital Expenditure (\$000)							
Capital Projects	10	15	5	0			
The capital expenditure spend	this year was fo	or earthquake asses	ssment database	software			
Funded by:							
Internal Loans	10	15	5	0			
_	10	15	5	0			

- 1. Operating revenue was \$230k lower than budget due to a slowdown in building activity and lower customer demand for LIMs.
- 2. The lower operating revenue was largely offset by savings in operating costs and operating recoveries from 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



Prosperous Tairāwhiti

The Civil Defence, Emergency Management and Rural Fires activity and the actions carried out over the course of the year, particulary the successful undertaking of Operation Tangaroa (a national tsunami preparedness exercise), has provided for the necessary training and preparation work that will assist in managing and undertaking recovery for an emergency. This has a positive impact on the social wellbeing of the community.

What we did

During the 2010/11 year the Civil Defence, Emergency Management and Rural Fires activity:

- participated in the national tsunami exercise Tangaroa, which provided a good opportunity to test the Tsunami Plan. The exercise was assessed as successful. We also took part in a successful combined marine oil spill exercise with Hawkes Bay
- conducted a number of public education sessions for the public and organisations to build awareness and preparedness

- implemented a comprehensive training program, to increase the level of higher qualified volunteers, to maintain minimum requirements as per the Memorandum of Understanding with neighbouring Rural Fire Authorities
- increased efforts in combined exercises with neighbouring Rural Fire Authorities and the National Rural Fire Authority's National Incident Management Team. This has resulted in improved systems for any future large scale events
- improved training for the community based volunteers, to enable the Fire Forces to manage larger scale incidents, until assistance arrives.

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Reliability To build a resilient and safer Tairōwhiti with communities understanding and	Percentage of customer satisfaction with education programmes based on attendee feedback forms.	100% Achieved	95%	100% Achieved
managing their hazards and risks.	Sufficient and appropriate warning systems in place.1	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. ²	Achieved	Achieved	Achieved
	Training programmes meet requirements as stated in Civil Defence Emergency Management Plan. ³	Not Achieved	Achieved	Achieved
	Civil Defence personnel are trained and able to respond to an emergency.	Achieved	Achieved	Achieved
LOS (2) - Health and Safety To protect life and property from rural fires with trained personnel within the GDC	Percentage of customers who rate Requests for Service responses as excellent/good.	97% Achieved	94%	97% Achieved
rural fire authority area.	Mutual response and assistance agreements in place with other fire authorities. ⁴	Achieved	Achieved	Achieved
	Investigations of rural fires within 72 hours that have a cost of more than \$1,000.5	100% Achieved	90%	100% Achieved
	Compliance with level of restriction on the use of fire reflects level of the fire danger. ⁶	Achieved	Achieved	Achieved
	Percentage of fire fighters who meet the National (NRFA) Training Standards.	90% Achieved	60%	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. This target was achieved as all staff members were available to meet their training requirements.

- 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 There was only one fire last year of this scale. It was investigated and Council is awaiting the official report. A new 2010 National Rural Fire Authority now requires investigation of fires costing more than \$30,000. The performance measure will change to reflect this as part of next year's Ten Year Plan Levels of Service Review.
- 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

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual	
Operating Expenditure (\$000)				7	
Operating Revenue	47	91	(44)	34	
Operating Expenses	822	788	(34)	677	
Net Cost of Service	775	697	(78)	643	
This activity was funded 94% from rates and 6	% from fees a	nd charges.			
Capital Expenditure (\$000)					
Capital Projects	39	19	(20)	87	
Funded By:					
Other Capital Revenue	20	0	20	14	
Transfer from Reserves	19	19	0	27	
Internal Loans	0	0	0	46	
	39	19	20	87	

- 1. Operating revenue was lower than budget due to a decrease in expected revenue from the Eastland Rural Fire district to employ the Principal Rural Fire Officer and nil plant hire income for rural firefighting equipment because of a reduction in the number of rural fires during the year.
- 2. Operating costs were \$34k higher than budget. Savings in operational costs were offset by higher than expected rural fire vehicle and equipment maintenance costs.

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:







Healthy Tairāwhit



Prosperous Tairāwhiti

The Community Housing activity directly affects social wellbeing through the provision of affordable housing for those in need. This year Council has ensured its commitment to social wellbeing by undertaking a range of improvements to the community housing facilities as mentioned below.

What we did

During the 2010/11 year the Community Housing activity:

- improved access to Wildish Street Court with the inclusion of disability ramps and extra parking
- · installed security screen doors for Awhina Court
- put in further parking facilities plus a new front fence at Barwick Place
- repainted the exterior of Lytton Court
- completed rent reviews and increased rents as per Council's investment policy.

Our progress

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
100 (1) 0 111 1111		2201		070/
LOS (1) - Quality : Affordability	Percentage of customer satisfaction with	99%	95%	97%
To provide housing suitable for the elderly	standard of accommodation and services.	Achieved		Achieved
who have difficulty providing it themselves.	Percentage of Requests for Service resolved within target timeframes ranging from 2 days for emergency matters to 60 days for ongoing matters. ¹	97% Achieved	94%	92% Not Achieved
	Percentage of customers who rate responses to request for service as excellent/good.	98% Achieved	94%	98% Achieved
	Net cost to ratepayers for Council's housing services. ²	\$34,000 Not Achieved	\$0	\$2,780 Not Achieved
	Annual occupancy rate.	98%	OE0/	98%
		Achieved	95%	Achieved
	Rent as a percentage of market rate.	100% below 90% Achieved	Not to exceed 90%	Achieved

What was different

- 1. Requests for service on Community Housing come in over a range of timeframes and across a variety of respondents. On examination, the 'not achieved' percentage equates to four requests that were not closed off in time even though the work had been completed. This oversight has been rectified.
- 2. Council's aim is to have this activity as a zero cost to ratepayers. The activity was budgeted to make a deficit in excess of \$100k, however due to increases in rents and operational efficiencies the expected deficit was significantly reduced. The activity will slowly move to show small surpluses over the next financial year.

What it cost

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual			
Operating Expenditure (\$000)							
Operating Revenue	796	722	74	718			
Operating Expenses	799	825	26	752			
Net Cost of Service	3	103	100	34			
This activity was funded 99.7% from rents and 0.3% from reserves.							
Capital Expenditure (\$000)							
Capital Projects	240	169	(71)	91			
Funded By:							
Transfer from the Depreciation Reserve	240	169	(71)	91			
	240	169	(71)	91			

Capital expenditure was higher than budget because \$100k of mobility access improvements capital expenditure was carried over from the 2009/10 year.

- 1. Operating revenue was \$74k higher than budget due to an increase in rental income charges.
- 2. Operating expenditure was \$26k lower due to additional internal interest income on credit activity balances and lower overall operating costs.
- 3. Depreciation was \$18k higher than budget.

Community Planning and Development

Why we do it

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

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 Council Community Plan (LTCCP 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

Prosperous Tairāwhiti

Empowered Tairāwhiti Connected Tairāwhiti





Skilled and Educated Tairāwhiti

Environmentally Sustainable 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 2010/11 year the Community Planning and Development activity:

Economic Development

- reviewed the Economic Development Strategy
- implemented the Carbon Management Policy
- · implemented the eBench Energy Management programme
- completed the feasibility assessment stage of the Tairāwhiti Navigations Project which will seek to acknowledge our heritage, generate business opportunities and affirm the appeal of Tairāwhiti as a great place to live and visit
- finalised the Regional Strategy Fund
- completed a feasibility study for the proposed War Memorial Theatre upgrade
- facilitated and gained the contract for the establishment of the Regional Partner Network a collaborative venture with the Chamber of Commerce, Te Runanga o Ngāti Porou, Te Runanga o Tūranganui a Kiwa and Employers' Chamber of Commerce Central.

Community Development

- administered funding to Community Max projects
- supported the establishment of Manutuke Community group to drive the Manutuke Township Plan
- supported the development of Tairāwhiti Youth Voice both in the acquisition of Ministry of Youth Development funding as well as capacity and capability building
- supported Gisborne Community House to establish a relationship with Eastland Community Trust
- supported and accessed funding for the Elgin revitalisation project through ongoing community consultation
- held the Communities Leading Communities symposium.

Planning and Performance

- worked to ensure the successful delivery of the Annual Plan and Annual Report
- set up processes to ensure the successful delivery of the 2012-2022 Ten Year Plan.

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Community Support Council provides support to community	Number of community groups assisted with funding advice.	101 Achieved	40	126 Achieved
and business organisations and networks.	Number of community network meetings attended by Community Development staff members annually.1	83 Achieved	45	51 Achieved
	Number of partnerships maintained/ established with government/non- government agencies and community groups.	61 Achieved	15	60 Achieved
	Number of community and business sector groups that attend the Community Development Committee annually.	15 Achieved	15	16 Achieved
LOS (2) - District Promotion 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.	57% Not Achieved	61%	59% Not Achieved - trending upwards
	Number of on-line visitors to Economic Development Unit website. ²	19,986 Achieved	15,000	6,700
LOS (3) - Strategic Planning Provide sound analysis and advice aimed at better informing Council's decision-making in responding to	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
local wellbeing issues and community outcomes.	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. Owing to the economic downturn there have been less public community events requiring support from staff, therefore less meetings have been attended.
- 2. In the past web pages tracked "hits" which were significantly higher than what is being tracked today which is "page views".

What it cost

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual		
Operating Expenditure (\$000)						
Operating Revenue	794	433	361	486		
Operating Expenses	2,895	2,634	(261)	2,414		
Net Cost of Service	2,101	2,201	100	1,928		
This activity was funded 81% from rates and 19% from grants and subsidies.						
Capital Expenditure (\$000)						
Capital Projects	0	10	10	0		
Funded By:						
Internal Loans	0	10	10	0		
	0	10	10	0		

- Operating revenue was higher than budget and includes a \$50k grant from the HB Williams Tūranga Trust for the Healthy Homes Project. Council received unbudgeted revenue of \$277k from the Ministry of Social Development for Community Max Projects. The balance of unbudgeted revenue was additional funding received from NZ Trade and Enterprise for development of a regional strategy and regional partner network.
- 2. Operating expenditure was higher than budget and \$265k of this relates to Community Max Projects and offsets the unbudgeted revenue.
- 3. Capital expenditure planned this year for intranet development was deferred and has been carried forward into the 2011/12 year.

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, and
- 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

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 2010/11 year the Conservation activity:

- ensured 18,750ha of Overlay 3A land was covered in draft or final work plans
- undertook a successful effluent discharge to land prosecution
- influenced the Plantation Forestry National Environmental Standard proposal through proactive involvement on the working group
- produced 10,000 poles and stakes from the Waerenga-o-kuri poplar and willow nursery to aid in erosion control
- · assisted in funding and organising the East Coast region Ballance Farm Environment Award.

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Sustainability Resource management decisions are	Number of valid physical environmental data measure points. ¹	94% Achieved	85%	98% Achieved
made using sound data.	Conservation's annual operational targets are met. ²	Not Measured	Achieved	Not Measured
Land resources are managed to conserve natural values, prevent or mitigate adverse effects and sustain	Percentage of Requests for Service resolved within target timeframes ranging from 5 days for urgent matters and within 60 days for ongoing matters. ³	86% Achieved	80%	77% Not Achieved
productive capability.	Percentage of customers who rate Requests for Service responses as excellent/good.	98% Achieved	93%	100% 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. ⁴	185 Achieved	100	203 Achieved
LOS (3) - Sustainability 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.5	74% Achieved	80%	85% Achieved
	Percentage of customers who rate Requests for Service responses as excellent/good.	100% Achieved	90%	96% Achieved
	Makauri aquifer static water levels maintained with respect to three year rolling average.6	Achieved	100%	100% Achieved
	Percentage of compliance with consent conditions under recorded rectification or enforcement within target timeframes.	100% Achieved	100%	100% Achieved
LOS (4) - Sustainability Animal and plant pests are managed for human health and to reduce impacts on indigenous fauna and flora	Percentage of Requests for Service resolved within target timeframes ranging from 5 days for urgent matters and within 60 days for ongoing matters.	91% Not Achieved	97%	95% Not Achieved
and primary production.	Percentage of customers who rate Requests for Service responses as excellent/good.	97% Not Achieved	100%	99% Not Achieved - trending upwards
	Number of confirmed incidences of Tb in possum populations.	Zero Achieved	Zero	Zero Achieved
	Percentage of night shooting kill rate of possums.	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 has not been measured as a set of annual operational targets have not been defined. The relevance of this measure is being reviewed as part of the 2012-2022 Ten Year Plan.
- 3. The sample size of recorded Requests for Services is relatively small and hence is percentage sensitive. One request has an effect of plus or minus 2%.
- 4. This target is set too low and will be reviewed in the 2012-2022 Ten year Plan levels of service review.
- 5. The sample size of recorded Requests for Services is relatively small and hence is percentage sensitive. One request has an effect of plus or minus 2%.
- 6. 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.

What it cost

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual
Operating Expenditure (\$000)				
Operating Revenue	295	295	0	233
Operating Expenses	2,877	3,042	165	2,677
Net Cost of Service	2,582	2,747	165	2,444
T	1.000/.5	407.5		1.00/.6

This activity was funded 90% from rates, 1% from grants and subsidies and 9% from fees and charges.

Capital Expenditure (\$000)

Capital Projects	64	36	(28)	38
Funded By:				
Other Capital Revenue	28	0	28	0
Depreciation or other Reserves	36	36	0	38
	64	36	28	28

- 1. Operating expenditure was \$165k lower than budget. Conservation operating costs were \$77k lower than budget this year.
- 2. The Sustainable Hill Country (SHC) soil conservation project is ongoing and \$55k of the budgeted amount was unspent. Of this, \$30k of budget funding will be carried forward into the 2011/12 year.
- 3. Water monitoring costs were \$33k lower than budget.
- 4. Capital expenditure was higher than budget due to the replacement of telemetery equipment damaged by a storm. Part of the costs were partially funded from insurance claims.

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 is currently developing activity management 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. After the adoption of the 2012-2022 Ten Year Plan, we will be able to note our progress towards these targets in the Annual Report.

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

Connected 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 2010/11 year the Enterprise Operations activity:

 improved the facilities at the Waikanae Beach Top 10 Holiday Park to the 4 star plus Qualmark rating in response to customer feedback

- harvested a forestry block to take advantage of positive market conditions
- completed the Gisborne Vehicle Testing Business Plan
- finalised the Port Lands Exchange Agreement and negotiated the purchase of the Tatapouri boat ramp.

What it cost

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual			
Operating Expenditure (\$000)							
Operating Revenue	3,045	2,625	420	3,791			
Operating Expenses	2,453	2,439	(14)	3,388			
Net Cost of Service	(592)	(186)	406	(403)			
This activity contributed \$718K directly towards reducing rates.							
Capital Expenditure (\$000)							
Capital Projects	401	133	(268)	1,020			
Funded By:							
Other Capital Revenue	14	0	14	0			
Depreciation or Other Reserves	288	99	189	102			
Internal Loans	99	34	65	918			
	401	133	268	1,020			

- Operating revenue is \$420k above budget which is due to an increase in fair value of Council forestry block (\$726k). This favourable variance offset reduced revenue from Gisborne Vehicle Testing and the Waikanae Beach Top 10 Holiday Park.
- 2. Operating expenditure was \$14k higher than budget. Lower maintenance costs offset higher operating costs.
- 3. Capital expenditure was \$268k higher than budget. This was due to \$144k of capital expenditure carried over from the 2009/10 year for brake machine replacement, installation of powered sites and Bank Street property improvements. There was also unbudgeted but approved Council expenditure of \$100k purchasing the Tatapōuri boat ramp.

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 2010/11 year the Environmental Health activity:

- registered 14% of eligible premises with the Voluntary Implementation Programme (VIP) of Food Control Plans
- successfully collaborated with Police, ACC and a range of community groups towards reduced harm from alcohol and its uses and availability in the community
- continued collaboration with Tairāwhiti District Health for promoting the safe use of unflued gas heaters at the Gisborne Home Expo
- successfully completed the Council's drinking water quality monitoring programme and water supplied within the city reticulation area met full compliance with the New Zealand Drinking Water Standards. Monitoring the Te Karaka and Whatatutu supplies shows these are safe but because of the treatment processes these systems cannot fully comply with the Standards
- implemented an improved level of service with a dedicated service for helping trap and manage pest and stray cats in residential areas. Customers have been able to call and receive assistance in a timely manner and this has significantly improved the customer satisfaction in managing problem cats
- completed a city wide background noise survey
- achieved an excellent audit of the Gisborne Port and Harbour Safety Management System (SMS) by Maritime New Zealand. This resulted in renewal of the SMS for another five years

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Health and Safety Customer Service 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.	98% Achieved	95%	95% Achieved
	Percentage of registered and licensed premises that undergo a compliance inspection annually.	96% Not Achieved	100%	100% Achieved
LOS (2) - Health and Safety Intervene to ensure housing identified as sub-standard is brought up to minimum living standards.	Compliance with Building Act standards notice within specified timeframe. ²	100% Achieved	100%	100% Achieved
LOS (3) - Reliability 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.	100% Achieved	93%	97% Achieved

What was different

- 1. This year, this measure refers only to the percentage of liquor licenses processed. The percentage of applications for food certificates was not measured due to a review of timeframes. It will be measured next year.
- 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

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual
Operating Expenditure (\$000)				
Operating Revenue	307	384	(77)	377
Operating Expenses	1,555	1,633	78	1,558
Net Cost of Service	1,248	1,249	1	1,181

This activity was funded 77% from rates and 23% from fees and charges.

- 1. Operating revenue was \$77k lower than budget. The Department of Labour cancelled their contract worth \$61k with Council for the treatment of hazardous substances. The remaining \$16k difference relates to lower than expected revenue from licences and user fees and is due to a slow down in business activity.
- 2. Operating expenses were \$78k lower than budget in the areas of waste minimisation and education and living conditions operating costs. During the year waste minimisation education was incorporated as a part of the solid waste activity.

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, and
- 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













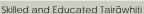
Vibrant Tairāwhiti

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 2010/11 year the Environmental Planning activity:

- undertook a review of effectiveness of the regulatory framework for managing on-site wastewater systems. A new policy will be released for consultation soon
- worked on urban design projects in Elgin, Halley Street, Cook's Plaza, the Library playground and the I-site bus shelter which are now close to completion
- prepared Township plans in conjunction with communities for Manutuke, Matawai/Mōtū, Rangitukia/Tikitiki and Te Puia/Waipiro Bay
- reviewed the Rere Reserve Management Plan
- completed research on Gisborne surf breaks of national significance
- began a review of infrastructure standards and financial contributions planning provisions
- began the development of a plan to manage fresh water quality and allocation
- implemented with Opōtiki District Council, Department of Conservation and Te Whakatōhea Māori Trust Board the national grant to build and manage the Mōtu Cycle Trail between Matawai and Opōtiki via Mōtu

- implemented first stages of departmental restructuring with the establishment of one resource consent processing unit
- significantly improved time performance of the resource consent processing functions. Only one in twenty of the applications is now processed outside the timeframes set by legislation
- implemented national resource consent discount system where timeframes are not met. Only \$48.00 in fees were refunded for not meeting the specified trimeframes.

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Sustainability Promote the sustainable management of natural and physical resources.	Percentage of Requests for Service resolved within target timeframes ranging from 5 days for urgent matters to 30 days for low priority matters. ¹	85% Not Achieved	98%	87% Not Achieved - trending upwards
	Percentage of customers who rate Requests for Service responses as excellent/good.	97% Achieved	91%	99% 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.	89% Achieved	87%	89% Achieved
	Availability of Duty Planner for public enquiries.	Achieved	9.00am - 5.00pm	Achieved
	Resource consents are processed within statutory timeframes. ¹	50% Not Achieved	100%	95% Not Achieved
	Percentage of reported non-compliance with Plan rules rectified or subject to enforcement action within three months. ²	83% Not Achieved	100%	69% Not Achieved
	Percentage of consents monitored within one month of 'monitoring date. ²	Not Measured	100%	Not Measured
	Plan changes/preparation are undertaken in accordance with statutory requirements.	Achieved	Achieved	Achieved

What was different

- 1. During the last financial year a process review and departmental restructuring led to improvements in the way we process resource consents and Requests for Service. We will look to continue this improvement so as to meet targets next year.
- 2. The process review undertaken last year has identified the need for improved resource consent monitoring processes and enforcement of non-compliant consents. The coming financial year will see the commencement of a dedicated monitoring team which should lead to the targets being reached.

What it cost

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual			
Operating Expenditure (\$000)							
Operating Revenue	375	165	210	217			
Operating Expenses	1,883	2,012	129	1,560			
Net Cost of Service	1,508	1,847	339	1,343			
This activity was funded 82% from rates and 14% from fees and charges and 4% from grants and subsidies.							
Capital Expenditure (\$000)							
Capital Projects	4	0	(4)	0			
Funded By:							
Internal Loans	4	0	4	0			
	4	0	4	0			

- 1. Operating revenue was \$210k higher than budgeted. Unbudgeted Government grants totalled \$93k. The remaining \$117k came from private plan changes and user fees and charges.
- 2. Operating expenditure was \$129k lower than budget due to a temporary senior staff vacancy and has resulted in some operational projects, strategies and plans not being completed this year. \$81k budgeted for operational projects has been carried forward to the 2011/12 year.
- 3. Capital expenditure of \$4k was spent on Corel Draw and Adobe Photoshop design software.

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

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 Waiapu 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 2010/11 year the Flood Control activity:

- completed the Waimata River / Anzac Park revetment wall
- · undertook the protection of Ruatoria through the Waiapu River diversion and protection works
- completed repairs to 25% of the Tūranganui River revetments.

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Reliability 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 10 days for urgent coastal erosion matters to 260 days for new stream/river work.1	79% Achieved	80%	77% Not Achieved
	Percentage of customers who rate response as excellent/good.	94% Achieved	90%	97% Achieved
	Percentage of customers who are satisfied with Council's foredunes protection measures. ²	Not Measured	55%	Not Measured
	Land drains contain a 1 in 5 year flood. ³	100% Achieved	100%	100% Achieved
	Council commitments within Wainui Beach Management Strategy are met. ⁴	Achieved	Achieved	Achieved
	Percentage of inspected flood control stopbank length that is maintained to a 70 year protection standard. ⁵	100% Achieved	100%	100% Achieved
	Percentage of identified river flow impediments corrected, or removal costs included in approved annual budgets for the following year.6	Not Measured	75%	80% Achieved

What was different

- 1. The team has lost a member so meeting timeframes has been more difficult.
- 2. There are no funds available to undertake this measure. It will be reviewed as part of the 2012-2022 Ten Year Plan.
- 3. 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.
- 4. The Gisborne District Council Activity Management Plan: Wainui Beach Foredune Protection Scheme Rating Area 2004 states that until the Wainui Beach Management Strategy proposals are consented, obtained final approval from the ratepayers and constructed, there are only minor maintenance works being undertaken on some existing structures.
- 5. 25% of the Waipāoa Flood Control stopbank length (15.78km) is inspected yearly to ensure that it is maintained to a 70 year protection standard. These stopbanks are all situated in rural areas.
- 6. River flow inspections have improved through the implementation of an Assets Reporting Form system, inspection training provided to the spray gangs and by the Operations Officer working with the crews to ensure paperwork is completed and inspections are done. This has allowed for the measuring and achievement of this target.

What it cost

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual
Operating Expenditure (\$000)				
Operating Revenue	161	177	(16)	164
Operating Expenses	2,113	2,198	85	1,988
Net Cost of Service	1,952	2,021	69	1,824
This activity was funded 93	% from rates	and 7% from fee	es and charge	S.
Capital Expenditure (\$000)				
Capital Projects	550	822	272	292
Funded By:				
Other Capital Revenue	0	134	134	292
Depreciation or other Reserves	1	0	(1)	0
Internal Loans	549	688	139	0
	550	822	272	292

- 1. Operating revenue was \$16k lower than budget due to lower than expected resource consent fees.
- 2. Operating expenses were lower than budget due to lower depreciation costs and savings in external leases and rates.
- 3. The main capital expenditure this year has been the Ruatōria Flood Protection project (\$435k). The remaining work is expected to be completed in 2011/12.
- 4. The balance of capital expenditure spend this year has been on Taruheru River revetments (\$88k) and Waimata River revetments (\$9k). Only \$18k of a budgeted capital expenditure of \$53k has been spent this year on the Waipāoa River Flood Control Scheme.
- 5. The Tūranganui river revetments project budgeted at \$134k is 25% complete and is planned for completion in 2011/12.

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. To further complicate the role, the Mayor and Councillors are 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 2010/11 year the Governance activity undertook work to ensure that the people of the Tairāwhiti district are effectively represented. This has been particularly apparent in the election and induction of the new Council and the work undertaken in furthering the creation of the Local Leadership Body. Effective representation contributes to the four community wellbeings (social, cultural, environmental and economic).

What we did

During the 2010/11 year the Governance activity:

- · oversaw the election and induction of our new Council
- · furthered the creation of the Local Leadership Body
- worked to ensure the Treaty of Waitangi settlement process is almost completed
- finalised Statements of Intent for Gisborne Holdings Ltd and Tauwhareparae Farms Ltd
- worked with Eastland Charitable Trust over their deed and charitable status

Our progress

Level of Service Statement	Level of Service Statement Measure		Targets 2010/11	Results 2010/11
LOS (1) - Community Benefits 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%	62% Not Achieved
	Percentage of residents are very/fairly satisfied with the way Council involves the public in the decisions it makes. ¹	65% Achieved	56%	54% Not Achieved
	Percentage of residents who rate the performance of the Mayor and Councillors as very good/fairly good.	66% Achieved	59%	58% Not Achieved
	Percentage of residents who can name three or more Councillors correctly.	37% Not Achieved	43%	43% Achieved
	Annual Plan adopted by 30 June each year.	Achieved	Achieved	Achieved
LOS (2) - Community Benefits Assisting Council in building strong Māori Liaison Office as very/fairly g		83% Achieved	75%	75% Achieved
relationships with the Māori community by providing advice on matters that impact on Tangata Whenua.	Number of Māori forums delivered to Council staff.	2 Achieved	3	4 Achieved

What was different

 Feedback from our Annual Plan consultation process suggested that some groups felt our decision-making process was too reliant on formal meetings and hearings. We are attempting to address this by having a broader early engagement process with the community to ensure the public is better involved in the decisions Council makes.

What it cost

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual
Operating Expenditure (\$000)				
Operating Revenue	59	46	13	18
Operating Expenses	3,033	3,187	154	2,802
Net Cost of Service	2,974	3,141	167	2,784

This activity was funded 99% from rates and 1% from grants and subsidies.

- 1. Operating revenue was \$13k higher than budget due to the receipt of election deposits.
- Operating expenditure was \$159k lower than budget. These included premium costs from Local Authority Protection Programme (LAPP) that were \$40k lower than budget and reduced costs of professional services and vehicle expenses.

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:







Healthy Tairāwhiti



Prosperous Tairāwhiti



Connected 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 2010/11 year the Land Transport and Parking activity:

- completed the Regional Development Programme with \$4.8m of road works along Tauwhareparae, Mata and Hokoroa Roads. Also completed the construction of a new bridge along Waipāoa Station
- repaired nearly 100km of the district's roads with rebuilding of 20km and chipsealing another 78km
- completed new bridge and roading asset management plans
- continued road safety activities like the installation of kea crossings at Saint Mary's School
- replaced old footpaths along Palmerston Road
- installed murals at the bus depot and walkway path by Soho Bar
- · obtained a resource consent for the walkway between Customhouse and Grey Street
- repaired \$4.8m of emergency flood damage works along the district's roads.

Our progress

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Reliability and Responsiveness	Percentage of Requests for Service resolved	within target timef	rames for the follow	ving:
The transportation network is reliable and travel times are predictable.	 Road surface defects. The timeframes range from 1 day for urgent work to 240 days for new scheduled work. 	79% Not Achieved	89%	88% Not Achieved - trending upwards
	 Streetlights. The timeframes range from 3 days for urgent work to 60 days for ongoing work. 	63% Not Achieved	86%	77% Not Achieved - trending upwards
	Parking in CBD. The timeframes range from 1 day for urgent work to 240 days for new scheduled work.	98% Achieved	96%	97% Achieved
	Percentage of customers who rate Requests	s for Service respons	ses as excellent/go	od for:
	Roading.	94% Achieved	91%	95% Achieved
	Parking in CBD.	100% Achieved	96%	100% Achieved
LOS (2) - Quality and Quantity	Percentage of residents who are very/fairly s	satisfied with Counc	cil roads (excluding	state highways):
The transportation network and its facilities are up to date, in good condition and 'fit	Urban residents.	75% Achieved	67%	72% Achieved
for purpose'.	Rural residents.	58% Not Achieved	59%	66% Achieved
	Percentage of residents who are very/fairly satisfied with footpaths.	76% Achieved	68%	75% Achieved
	Range of customers who rate the passenger transport system as excellent/very good.1	66% Not Achieved	80%	53% Not Achieved
	Smoothness with average range as below:			
	<90 smooth 90 - 110 average >110 rough (NAASRA counts for sealed roads within Gisborne's urban area.)	122 Not Achieved	Average range	Not Achieved - trending towards average range
LOS (3) - Safety The transportation network is designed	Total number of registered motor vehicle crashes per annum.	512 Not Achieved	<378	499 Not Achieved
and managed for safe use with low crash and injury rates.	The corresponding number of deaths plus hospitalisations.	23 Achieved	<54	30 Achieved
	Total number of reported cycling and pedestrian injuries per annum.	19 Not Achieved	<13	33 Not Achieved
LOS (4) - Core Value Accessibility and Affordability	The number of bus passengers per annum.	130,539 Achieved	128,359	163,176 Achieved
Transportation services balance the needs of all users.	The annual bus passenger kilometres travelled.	345,018kms Achieved	315,305kms	439,090kms Achieved
	The percentage of properties in the Gisborne urban area within 700 metres of a bus stop.	92% Achieved	92%	91% Not Achieved
	The length in kilometres of the cycle network.	14.69km Achieved	10.5 Total km	15.4km Achieved
	Extensions to the existing wallkway network. ²	Not Achieved	5.9km	1.3km Not Achieved
	The availability of Council carparks within the CBD during business hours.	4 in 20 Achieved	1 in 20 At least	6 in 20 Achieved

What was different

- 1. After reviewing concerns raised by customers, it appears that the lack of a weekend service and the fact that super gold card members want the service extended to on-peak hours are the primary contributing factors to the decline in satisfaction levels.
- 2. Walkway target was not achieved due to the lack of subsidy funding.

What it cost

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual
Operating Expenditure (\$000)				
Operating Revenue	12,112	8,709	3,403	10,885
Operating Expenses	27,013	22,609	(4,404)	26,223
Net Cost of Service	14,901	13,900	(1,001)	15,338
This activity was funded 39% from	rates, 54% from g	rants and subsidies a	nd 7% from fees a	nd charges.
Capital Expenditure (\$000)				
Capital Projects	15,089	14,128	(961)	18,506
Funded By:				
Capital Grants and Subsidies	10,819	9,603	1,216	9,987
Other Capital Revenue	0	0	0	4,736
Transfer from the Depreciation Reserves	3,851	4,163	(312)	3,220
Internal Loans	419	362	57	563
	15,089	14,128	961	18,506

- 1. Operating revenue was \$3.6m higher than budget due to additional grant funding from NZTA. \$2.6m of additional grant funding relating to emergency works related to the July 2010 heavy rain event.
- 2. Operating expenses were \$4.4m higher than budget due to the July 2010 heavy rain event emergency works costing \$4.6m (\$3.5m more than budgeted). NZTA funded 81% of the costs. The remaining variance related to increased road maintenance costs.
- 3. Capital expenditure for 2010/11 was \$961k higher than budgeted due to increased capital expenditure under the Regional Development Roading Programme which ended in 2011. This expenditure was 100% grant funded.

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

■ Waerenga-ō-Kurī
■ Waipāoa

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:







Skilled and Educated Tairāwhiti



Empowered 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 2010/11 year the Libraries activity:

• completed the newspaper microfilming project. Most old local newspapers are now available on microfilm, enabling people to access local history quickly. This also provides preparatory work for the national digitisation of the nation's newspapers

- more people than ever visited the library as the district's 'lounge'. Users, particularly teenagers, are increasingly enjoying the library IT facilities and a terrific side effect has been more teenagers reading
- held 292 library literacy workshops for a wide range of users, from toddlers to genealogists, by staff in the library or out in the community.

Our progress

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Accessibility To provide library services and resources that are accessible to Gisborne district	Percentage of households that have used the HB Williams Memorial Library in the last 12 months.	66% Not Achieved	74%	66% Not Achieved
residents in an equitable manner.	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.1	41% Not Achieved	56%	49% Not Achieved - trending upwards
LOS (2) - Quality To provide a range of quality library services tailored to meet the needs of	Percentage of rural/urban residents who are very/fairly satisfied with Gisborne District's library services.			
Gisborne district residents.	Rural	71% Not Achieved	74%	80% Achieved
	Urban	84% Not Achieved	88%	84% Not Achieved
	Overall	81% Not Achieved	85%	82% Not Achieved
	Compliance with LIANZA Guidelines for library opening hours. ²	47 hours Not Achieved	53 hours per week	47 hours per week Not Achieved
	Number of key literacy/education programmes run each year.	35 Achieved	28	39 Achieved
LOS (3) - Quality 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. Two years ago all bad debtors and members who had not used the library in the previous 12 months were removed as registered members. This affected the ability to meet this target. However we have increased our membership by 8% this year.
- 2. Council has agreed to maintain the status quo of 47 hours until 2012 where it will be reviewed as part of the 2012-2022 Ten Year Plan.

What it cost

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual		
Operating Expenditure (\$000)						
Operating Revenue	68	100	(32)	108		
Operating Expenses	1,547	1,574	27	1,597		
Net Cost of Service	1,479	1,474	(5)	1,489		
This activity was funded 93% from rates and 7% from fees and charges.						
Capital Expenditure (\$000)						
Capital Projects	187	217	30	168		
Funded By:						
Capital Grants and Subsidies	21	20	1	20		
Depreciation or Other Reserves	163	192	(29)	143		
Internal Loans	3	5	(2)	5		
	187	217	(30)	168		

- 1. Operating revenue was lower than budget. This was due to losses on disposal of sale of library books (\$45k) which was offset by increased revenue from subscription, lost book revenues, and fine revenue (\$13k).
- 2. Operating expenditure was lower than budget. This was due to staff vacancies of \$12k, and lower overall operating costs \$5k. Budgeted projects included \$50k for feasibility work on the library building which did not proceed.
- 3. Capital expenditure of \$12k for the pay mechanism for self-issue has been deferred until 2011/12 along with other capital expenditure for replacement furniture, books, dvds and periodicals of \$18k.

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, and
- public conveniences.

Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Vibrant Tairāwhiti



SafeTairāwhiti



HealthyTairāwhiti



Connected Tairāwhiti



Environmentally Sustainable Tairāwhiti

During the 2010/11 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 2010/11 year the Reserves and Open Spaces activity:

- undertook improvement works at Rēre Reserve including clearing Willow trees from the top of Rēre falls, weed
 control and removing and poisoning willow trees and poplar suckers from the Rēre rockslide. Upgrades to fencing
 at the Rēre rockslide carpark and planning the water supply for the new rockslide toilet have also been undertaken
 this year
- installed new play equipment on various parks, including a "dizzy disc" at the Botanical Gardens
- installed new signage, picnic tables, and rubbish bins at several neighbourhood reserves
- undertook revegetation plantings alongside the Waikanae Stream
- · undertook dune care planting at Wainui, Makorori and Tokomaru Bay beaches
- · created a new car park at Nelson Road reserve and resealed the Pines car park at Wainui Beach
- put in a skatepark at Atkinson Street reserve.

Our progress

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Community Benefits To provide and enhance open spaces, linkages and facilities to promote	Percentage of Gisborne district residents who are very/fairly satisfied with their local parks and sports fields. ¹	87% Achieved	86%	84% Not Achieved
community wellbeing and enjoyment.	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.	95% Achieved	86%	93% Achieved
	Percentage of customers who rate Requests for Service responses as excellent/good.	97% Achieved	90%	98% Achieved
	User satisfaction with security and personal safety.	79% Achieved	77%	79% Achieved
	User satisfaction with cleanliness and lack of litter and graffiti.	74% Achieved	69%	78% Achieved
	Percentage of urban households within 700m walk from a neighbourhood reserve.	85% Achieved	85%	85% Achieved
LOS (2) An affordable range of venues and facilities for a wide variety of sports to	Percentage of playgrounds that meet NZ safety standards. ²	50% Not Achieved	90%	68% Not Achieved - trending upwards
promote usage.	User satisfaction with park surface conditions and maintenance. ³	81% Not Achieved	82%	76% Not Achieved
	Percentage of the operating costs covered by user charges per annum.	5% Achieved	5%	5% Achieved
LOS (3) Public landscapes and the natural	Percentage of users satisfied with (street) gardens and trees. ⁴	79% Not Achieved	82%	77% Not Achieved
environs are protected and enhanced.	Number of NZ native plants planted. ⁵	500 Achieved	200	4,000 Achieved
LOS (4) - Accessibility Cemeteries and crematoria are accessible, affordable and cater for	Compliance with the Burials and Cremation Act 1964 for safe and hygienic burials and cremation.	Achieved	Achieved	Achieved
the cultural and spiritual needs of the community.	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.6	55% Not Achieved	80%	49% Not Achieved
LOS (5) - Health and Safety 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.	57% Not Achieved	62%	59% Not Achieved - trending upwards

What was different

- 1. Although this measure was not quite achievable we believe it falls within an acceptable range for a measure relying on a representative sample of people.
- 2. The older playgrounds meet the previous standards and are therefore not non-complying. All new equipment meets the new 2004 standards and the goal is to bring all equipment up to this standard. This year we had an 18% increase in equipment reaching the new standard.

- 3. It is likely that the start of a new parks contract and changing to a new park maintenance contractor is the main reason for this decrease in result.
- 4. Although this measure was not quite achieved we believe it falls within an acceptable range for a measure relying on a representative sample of people.
- 5. 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.
- 6. Last year we changed our system of measuring to more accurately include all costs (including overheads). This means that the figure is significantly lower than the target. A review of the target will be undertaken as part of the Ten Year Plan Levels of Service review to allow for more consistent measuring and reporting.

What it cost

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual
Operating Expenditure (\$000)				
Operating Revenue	319	328	(9)	272
Operating Expenses	4,223	4,076	(147)	3,683
Net Cost of Service	3,904	3,748	(156)	3,411
This activity was funded 92% from rat	es and 8% from	fees and charg	jes.	
Capital Expenditure (\$000)				
Capital Projects	562	855	293	1,359
Funded By:				
Capital Grants and Subsidies	0	69	69	15
Other Capital Revenue	0	0	0	78
Depreciation on Other Reserves	414	508	94	1,120
Internal Loans	148	278	130	146
	562	855	293	1,359

- 1. Public conveniences operating costs were \$102k higher than budget.
- 2. The cost of maintaining cemeteries was also \$90k higher than budget. \$44k of this related to work at the Waiapu cemetery.
- 3. The Reserves activity operating expenses were \$45k lower than budget which helped to offset costs in public conveniences and cemeteries.

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 Ruatōria, 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:





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. The positive impact on these wellbeings has been aided by hiring eight new community caretakers during the last year.

What we did

During the 2010/11 year the Solid Waste Management activity:

- awarded community caretaker contracts for 8 rural communities
- saw Second Hand Sunday (a city-wide used goods collection service) change from a twice-yearly event to a monthly event
- completed the resource consent for the Waiapu Area Landfill
- adopted a Waste Management and Minimisation Plan.

Our progress

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Reliability To provide community recycling facilities and regular kerbside collections to encourage recycling	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.	91% Not Achieved	93%	93% Achieved
and waste reduction.	Percentage of customers who rate Requests for Service responses as excellent/good.	94% Achieved	90%	99% Achieved
	Percentage of residents who are very/fairly satisfied with rubbish bag collection.	73% Achieved	67%	85% Achieved
	Percentage of residents who are very/fairly satisfied with Council's recycling collection and facilities.	88% Achieved	85%	91% Achieved
	Percentage of kerbside collection waste separated as recyclables (city and environs). 1	47% Not Achieved	50%	45% Not Achieved
	Total waste to landfill (via city refuse and recycling transfer station).1	12,619 Not Achieved	<12,000 tonnes	12,786 Not Achieved
	Percentage of waste from rural transfer stations and Ruatōria collections separated as recyclables.	15% Not Achieved	Increasing	21% Achieved
LOS (2) - Health and Safety 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. It is difficult to determine why there has been a decrease in the percentage of waste separated as recyclables and an increase in the total waste to landfill. It may be that the general discourse in the media and public has moved slightly from being concerned about sustainability to being concerned about the recession and lack of growth.

What it cost

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual		
Operating Expenditure (\$000)						
Operating Revenue	99	284	(185)	55		
Operating Expenses	4,807	5,406	599	4,213		
Net Cost of Service	4,708	5,122	414	4,158		
This activity was funded 98% from rates and 2% from fees and charges.						
Capital Expenditure (\$000)						
Capital Projects	10	0	(10)	20		
Funded By:						
Depreciation and Other Reserves	10	0	(10)	20		
	10	0	(10)	20		

- 1. Operating revenue was lower than budget because the introduction of a \$10 per tonne on all transfer stations did not proceed. Revenue received from the waste minimisation levy was also lower than expected.
- 2. Operating expenditure was lower than budget. The main areas were lower interest costs of \$404k and lower operational costs of \$195k.
- 3. \$10k of capital expenditure related to the resource consent of the Waiapu Landfill.

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
- kitiki Matāwai

- Mākaraka
- Pātūtahi
- Te Karaka
- Tokomaru Bay

- Manutuke
- Ruatōria
- Te Puia Springs
- Tolaga Bay

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, and
- reducing the level of pollutants discharged into natural waterways through a range of measures including swale drains, green infrastructure, education.

Contribution to community outcomes and wellbeings

This activity contributes to the following community outcomes:



Safe Tairāwhiti



Healthy Tairāwhiti



Environmentally Sustainable 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. This positive impact was aided by a range of stormwater upgrades throughout the district as noted below.

What we did

During the 2010/11 year the Stormwater activity undertook:

- Matawai Upgrades:
 - renewal and upgrading of stormwater pipes and drains at the intersection of Raumati & Kerei Streets, near Matawai School.
- Te Karaka Upgrades:
 - upgrading of stormwater infrastructure around the corner of Main Road and Cliff Roads
 - upgrading of the open drain system along Barry Road

- Whataūpoko Pipe Renewal the renewal and upsizing of existing dilapidated stormwater pipes along Stafford and Clifford Streets. Approximately 300m of 225mm to 750mm diameter sized pipe was installed
- Stormwater Catchment Studies:
 - catchment studies of the Onepoto and Te Araroa Townships
 - catchment studies of the Te Hapara city catchment.

Progress

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Sustainability The removal of stormwater and	Number of Requests for Service regarding blockages.	70 Not Achieved	<70	60 Achieved
contaminants to protect dwellings, people, private property and public areas from flooding.	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.	90% Achieved	85%	95% Achieved
	Number of Requests for Service regarding emergency repairs.	25 Achieved	<45	31 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. ¹	84% Not Achieved	95%	90% Not Achieved - trending upwards
	Percentage of customers who rate Request for Service response as excellent/good.	94% Achieved	90%	97% Achieved
	Percentage of residents who are very/fairly satisfied with the district's urban stormwater system.	65% Achieved	61%	69% Achieved
	Number of residential buildings flooded during the year. (Refers to habitable parts of residential buildings only.)	5 Achieved	Decreasing trend	3 Achieved
	A 24/7 callout service is available for reporting stormwater problems.	100% Achieved	100%	100% Achieved
LOS (2) - Health and Safety 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. ²	Achieved	Achieved	Achieved

What was different

- 1. Most of these requests occur after major rain events where stormwater concerns are lower priority than wastewater and water supply. We continue to work on our processes to ensure we can better manage emergency stormwater.
- 2. 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

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual
Operating Expenditure (\$000)				
Operating Revenue	0	0	0	1
Operating Expenses	2,119	2,724	605	2,354
Net Cost of Service	2,119	2,724	605	2,353
This activity was funded	100% from ra	ates.		
Capital Expenditure (\$000)				
Capital Projects	407	625	218	2,699
Funded By:				
Other Capital Revenue	0	0	0	1,202
Transfer from (to) Reserves	407	495	88	663
Internal Loans	0	130	130	834
_	407	625	218	2,699

- 1. Operating expenditure was \$605k lower than budgeted costs. The main cost savings were in the operational costs investigation and special project work \$244k lower than budgeted.
- 2. Repairs and maintenance was \$265k less than budget due to better contract maintenance rates and tight budget control. Depreciation was \$96k lower than budgeted costs. Two operational projects totalling \$45k were not able to be completed this year and have been carried forward into the 2011/12 year.
- 3. The main capital expenditure was stormwater pipelines/renewals \$224k and stormwater renewals for rural townships \$131k. A further \$17k was spent on drain structures and \$35k for localised urban upgrades and upsizing of infrastructure to cater for growth.
- 4. Capital expenditure for Rutene Road stormwater improvements (\$130k) budgeted in the 2010/11 Annual Plan did not proceed. Localised urban upgrades costing \$88k have been carried forward to 2011/12.

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, and
- Customer Services

What we did

During the 2010/11 year the Support Services activity:

- undertook a restructuring of the Information Technology and Information Management teams to ensure more efficient use of resources and better support for Council services
- saw the continued increase in the community's levels of satisfaction with Council's Customer Service team. Our annual resident satisfaction survey found that people were more satisfied than in previous years when contacting Council, with 97% of people either very or fairly satisfied
- undertook the remodelling of Council's website to make it more user-friendly. This has helped to ensure more users than ever have accessed our website.

Our progress

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Customer Service Clear, timely and useful information is	Percentage of residents who rate the ease of getting hold of the right staff member as	78% Not Achieved	82%	83% Achieved
available to public/stakeholders.	excellent/good. Percentage of residents who rate helpfulness of	79% Not Achieved	83%	89% Achieved
	staff as excellent/good. Percentage of residents who rate the content in Council publications as excellent/good.	72% Achieved	45%	69% Achieved
	Percentage of residents who use Council website as main source of information.	4% Achieved	3%	7% Achieved
	Number of page views on website. ¹	561,805 Achieved	60,000	713,127 Achieved
	Compliance with statutory requirements for the Annual Plan and Annual Report processes, including audit requirements and specified timeframes.	Achieved	Achieved	Achieved
	Four editions of GDC "Town and Country Matters" are distributed to the community annually.	Achieved	Achieved	Achieved
	All Local Government Official Information and Meetings Act (LGOIMA) requests are responded to within statutory timeframes. ²	80% Not Achieved	Achieved	87% Not Achieved

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (2) - Reliability 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. Target will be reviewed as part of 2012-2022 Ten Year plan as it was set too low.
- 2. For 3 of the 23 requests the appropriate staff member was not able to respond on time due to unavailability or an inability to access the required information in time.

What it cost

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual
Operating Expenditure (\$000)				
Operating Revenue	2,012	1,792	220	2,868
Operating Expenses	1,921	1,015	(906)	3,179
Net Cost of Service	(91)	(777)	(686)	(311)
Capital Expenditure (\$000)				
Capital Projects	1,377	1,472	95	1,767
Funded By:				
Capital Grants and Subsidies	79	0	79	550
Other Capital Revenue 1	622	405	217	(169)
Depreciation or Other Reserves	101	386	(285)	667
Internal Loans	568	681	(113)	682
Asset Sales ²	7	0	7	37
•	1,377	1,472	(95)	1,767

¹ Transfer of income from Development Contributions to Financial Contributions.

- 1. Operating revenue has increased and is offset by unbudgeted expenditure.
- 2. Capital expenditure is \$95k lower than budget. Capital expenditure for Origen Ozone financial module enhancement has not been completed and the budget for this has been carried forward.
- 3. Higher than expected internal interest payments and lower than budgeted internal interest receipts were a key driver of the variance to budget. The net additional cost in the Support Services Treasury acitivity is offset by a corresponding reduction in interest costs in other Council activities.

Sale of motor vehicles.

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

The Wastewater activity had a positive impact on the environmental wellbeing of the district through the provision of a reliable wastewater system. This has been particularly evident in the successful completion of the new Wastewater Treatment Plant at Banks Street.

What we did

During the 2010/11 year the Wastewater activity:

- completed the new \$39M Wastewater Treatment Plant at Banks Street. We also held open days where the public were invited to take a look at how the plant operates. It is now producing better than expected results in terms of the decrease in contaminants released
- upgraded the main Te Karaka pump station
- · upgraded the Wainui Road pump station

Our progress

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Reliability To provide a modern and convenient to	Number of Requests for Service regarding odours. ¹	5 Achieved	<30	14 Achieved
use wastewater reticulation system which protects public health.	The percentage of Requests for Service resolved within target timeframes ranging from 2 days for urgent work to 5 days for routine work. ²	60% Not Achieved	90%	50% Not Achieved
	Number of Requests for Service regarding wastewater blockages.	94 Achieved	<105	101 Achieved
	The percentage of Requests for Service resolved within target timeframes ranging from 1 day for emergency work to 5 days for routine work.	82% Not Achieved	90%	89% Not Achieved - trending upwards
	Percentage of customers who rate Request for Service response as excellent/good.	91% Achieved	91%	100% Achieved
	Percentage of residents who are very/ fairly satisfied with the Gisborne district's sewerage system.	66% Achieved	58%	75% Achieved
LOS (2) - Quality To protect the physical environment	Compliance with outfall waste consent conditions relating to the treatment of :			
through the treatment and discharge of effluent.	- suspended solids ³	88% Not achieved	Suspended solids 95%	97% Achieved
	- oil and grease ⁴	40% Not achieved	Oil and grease 80%	35% 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). ⁵	4 Achieved	<4	3 Achieved

What was different

- 1. The perception of odours can be quite subjective. Also if the weather is warmer in a given year or there is less rainfall, the number of reports can increase. We obviously have some influence in terms of keeping our system working as well as possible, but there are some variables that can mean the number of reports can vary considerably from year to year.
- 2. Most of the Requests for Service regarding odour were resolved just outside their target timeframes. The reason for this is 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. In addition to this, odours can be often difficult to pinpoint and take time to investigate. As a result of this we have reviewed the timeframes set in the Request for Service system to reflect both of these factors while maintaining reasonable targets.
- 3. It should be noted that the result included in this table is only for the six months prior to the commissioning of the Wastewater Treatment Plant. This result was included as the original level of service measures were related to the consent in force before the plant was commissioned. The six months did not take into account the processing season and the suspended solids generated by industry. Thus the percentage of compliance seems higher than the result for the previous year which was for a full year and included the processing season.

- 4. Again the result included in this table is only for the six months prior to the commissioning of the Wastewater Treatment Plant. The result may be a product of an undesirable sampling point which could not be moved due to consent condition.
- 5. There were 11 discharges into rivers or streams over the course of these three events.

What it cost

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual
Operating Expenditure (\$000)				
Operating Revenue	341	282	59	214
Operating Expenses	6,329	6,000	(329)	3,999
Net Cost of Service	5,988	5,718	(270)	3,785
This activity was funded 94% from rates and 6% from fees and				ges.
Capital Expenditure (\$000)				
Capital Projects	18,732	18,400	(332)	12,628
Funded By:				
Capital Rates	1,150	934	216	1,142
Other Capital Revenue	0	0	0	1,644
Transfer (to) from Reserves	8,302	7,150	1,152	3,753
Internal Loans	9,280	10,316	(1,036)	6,089
_	18,732	18,400	332	12,628

- 1. Operating revenue was \$59k more than budgeted due to higher than expected revenue from trade waste charges and consents.
- 2. Operating expenditure was \$329k more than budgeted due to higher depreciation cost (\$746k). This was offset by lower than budgeted operational costs and interest costs.
- 3. The main capital expenditure was construction of the Wastewater Treatment Plant. Total capital expenditure spend on this project this year was \$16.1m and the plant became fully operational in late December 2010. The remaining unspent budgeted capital expenditure on the project is expected to be spent in the 2011/12 year. The balance of this year's capital spend was on wastewater pipeline renewals and pump stations.

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:







Connected Tairāwhiti

In Gisborne and Whatatutu, the Water Supply activity has impacted positively on the social wellbeing of the communities through compliance with the 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 2010/11 year the Water Supply activity:

- applied for Ministry of Health capital assistance for the Te Karaka water supply upgrade in March 2011. The decision on funding is pending
- carried out telemetry upgrades at Gaddums Hill and Hauroa Road pump stations
- undertook a comprehensive visual condition assessment of Waingake trunk water main
- carried out repairs at Te Arai pipe bridge.

Our progress

Level of Service Statement	Measure	Results 2009/10	Targets 2010/11	Results 2010/11
LOS (1) - Health and Safety Provide water that is clean and safe to	Number of complaints per annum regarding water quality.	14 Achieved	Decreasing Trend	9 Achieved
drink, bathe and wash in.	Compliance with NZ Drinking Water Standards. ¹	Not Achieved	Achieved	Not Achieved
	Number of public advisory notices issued to boil water.	Zero Achieved	Zero	Zero Achieved
LOS (2) - Quality Water is available at an appropriate	Number of Requests for Service regarding water leaks.	95 Achieved	<100	85 Achieved
pressure, free from taste and odours and produced in an environmentally,	The percentage of Requests for Service resolved within target timeframes.	85% Achieved	82%	88% Achieved
sustainable and affordable manner.	Number of events regarding no water/or low pressure (less than 300 kilopascals/43psi).	49 Achieved	<50	41 Achieved
	Percentage of residents who are very/ fairly satisfied with the water supply system. ²	72% Not Achieved	75%	86% 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

- 1. Council monitors compliance with these standards in Gisborne, Whatatutu and Te Karaka. Gisborne and Whatatutu had 100% compliance but monitoring at Te Karaka found a noncompliant level of manganese. The manganese problems that caused non-compliance or issues in our rural water supplies have been noted in the Public Health Risk Management Plans and Capital Assistance Programme application. Once funding has been gained for upgrading these systems, manganese transgressions are likely to reduce to compliant levels. The current system has little capacity to treat this mineral but continued operational improvements has reduced the frequency of these transgressions.
- 2. Service levels are assumed to have increased because of the reasons below that, in turn, have a positive effect on the satisfaction survey. These types of issues affect residents more directly in a physical way:
 - fewer instances regarding water leaks
 - fewer instances regarding interruption of supply or low pressure
 - a higher rate of Requests for Service resolved within target timeframes.

What it cost

	2010/11 Actual	2010/11 Annual Plan	2010/11 Variance	2009/10 Actual
Operating Expenditure (\$000)				
Operating Revenue	2,090	1,646	444	1,614
Operating Expenses	4,219	4,937	718	3,916
Net Cost of Service	2,129	3,291	1,162	2,302
This activity was funded 67%	from rates a	nd 33% from use	r fees and cha	irges.
Capital Expenditure (\$000)				
Capital Projects	289	614	325	811
Funded By:				
Capital Grants and Subsidies	0	254	(254)	0
Other Capital Revenue	9	0	9	386
Depreciation or Other Reserves	230	80	150	357
Internal Loans	50	280	(230)	68
	289	614	(325)	811

- 1. Operating revenue was \$444k higher than budgeted due to an increase in water-by-meter charges.
- 2. Operating expenditure was \$718k lower than budget. This was mainly due to operational costs being lower than budget \$319k. Several special projects totalling \$331k were not completed in 2010/11 and have been carried over into the 2011/12 year.
- 3. Depreciation costs were \$175k lower than budget. Budgeted UV treatment costs of \$94k were not spent this year.
- 4. The water supply activity benefited with an increase in internal interest income on activity balances of \$130k.
- 5. The main capital expenditure this year has been the Waingake catchment power pole renewals (\$133k). \$77k was spent on water meter renewals and new meters and \$32k on telemetry at Gaddums Hill/Hauroa Road. A further \$8k was spent on UV treatment at the Waipāoa Treatment Plant. The balance or \$39k was spent on local urban upgrades. The Te Karaka water supply upgrade (\$267k) planned for 2010/11 has been delayed pending a funding decision from the Ministry of Health. Waingake baffles treatment planned for 2010/11 (\$83k) did not occur and will not be done now. The Waipāoa UV treatment (\$140k) was not completed in 2010/11 and will be carried forward to the 2011/12 year.



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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 2011 fairly reflect the financial position, results of operations and service performance achievements of the Gisborne District Council.

Meng Foon

Mayor

Lindsay McKenzie

Pinidsay Mon

Chief Executive

Mike Drummond

Group Manager Corporate Services

Statement of Comprehensive Income for the year ended 30 June 2011

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Note	Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		INCOME				
43,101	43,016	Revenue from Rates	3	45,400	45,681	45,591
21,012	21,150	Revenue from Grants and Subsidies	4	20,477	22,850	22,887
21,872	25,106	Revenue from Operating Activities	5	14,014	13,090	20,325
183	63	Other Gains/(Losses)	6	40	651	8,150
86,168	89,335	Total Operating Income		79,931	82,272	96,953
		OPERATING EXPENDITURE				
12,765	13,569	Employee Benefit Expenses	8	13,395	13,659	14,376
15,952	16,259	Depreciation and Amortisation	9	16,955	17,540	17,839
39,387	41,374	Expenditure on Operating Activities	10	37,551	40,514	42,622
2,699	3,007	Finance Costs	11	3,351	2,890	3,188
70,803	74,209	Total Operating Expenditure		71,252	74,603	78,025
15,365	15,126	Net Surplus/(Deficit) Before Taxation		8,679	7,669	18,928
0	(200)	Income Tax Expense	12	0	0	2,803
15,365	15,326	Net Surplus/(Deficit) After Taxation		8,679	7,669	16,125
		OTHER COMPREHENSIVE INCOME				
(3)	(3,237)	Gains/(Loss) on Property Revaluations	27	0	40,117	41,461
0	1	Net Fair Value Gain/(Loss) on available-for-sale Financial Assets		0	0	0
0	(17)	Deferred Tax on Building Revaluations		0	0	(17)
(3)	(3,253)	Total Other Comprehensive Income		0	40,117	41,444
15,362	12,073	Total Comprehensive Income		8,679	47,786	57,569
		=				

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

Balanced Budget Statement of Financial Performance for the year ended 30 June 2011

Council 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s
86,168	Operating Income	79,931	82,272
70,803	Operating Expenditure	71,252	74,603
15,365	Operating Surplus/(Deficit)	8,679	7,669
	Less		
1,502	Capital Rates Income	1,034	1,251
10,700	Capital Grants and Subsidies	12,521	10,899
8,083	Other Capital Grants, Donations and Contributions	1,575	747
(205)	Operations funded by Reserve funds	971	(2,231)
	Plus		
6,320	Depreciation not Funded	6,552	5,992
(1,605)	(Decrease)/increase in Council deficit	870	(2,995)
0	Balanced Budget - Operating income agrees to operating expenditure	0	0

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 2011

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Note	Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		CURRENT ASSETS				
452	462	Cash and Cash Equivalents	13	257	337	2,248
8,633	8,683	Trade and Other Receivables	14	10,010	9,381	9,550
155	197	Inventories	15	160	139	210
1,254	1,254	Investments	16	1,253	1,267	1,267
908	908	Non-current Assets Held for Sale	18	908	908	908
11,402	11,504	Total Current Assets		12,588	12,032	14,183
		CURRENT LIABILITIES				
386	386	Deposits Held	19	0	314	314
12,658	12,881	Trade and Other Payables	20	10,767	11,267	11,838
2,283	2,321	Employee Benefit Liabilities	21	2,005	2,636	2,717
4,184	4,184	Borrowings	22	0	18,714	21,947
228	228	Provision for Other Liabilities	23	0	244	244
1,377	1,377	Derivative Financial Instruments	17	0	1,265	1,327
21,116	21,377	Total Current Liabilities		12,772	34,440	38,387
(9,714)	(9,873)	Net Working Capital		(184)	(22,408)	(24,204)
		NON-CURRENT ASSETS				
247	247	Trade and Other Receivables	14	666	0	0
1,751,141	1,779,136	Property Plant and Equipment	24	1,799,165	1,811,691	1,840,828
672	672	Intangible Assets	25	1,336	683	2,157
1,023	10,730	Biological Assets	26	1,153	1,788	19,072
20,312	334	Investments	16	20,310	20,285	308
1,773,395	1,791,119	Total Non-Current Assets		1,822,630	1,834,447	1,862,365
		NON-CURRENT LIABILITIES				
15,223	18,956	Borrowings	22	48,684	15,160	15,160
219	219	Employee Benefit Liabilities	21	605	224	224
1,277	1,277	Provision for Other Liabilities	23	1,135	1,337	1,337
0	142	Deferred Tax Liability	12	0	0	2,755
1,489	1,696	Derivative Financial Instruments	17	0	1,726	1,827
18,208	22,290	Total Non-Current Liabilities		50,424	18,447	21,303
1,745,473	1,758,956	- Net Funds Employed		1,772,022	1,793,592	1,816,858

Equity consists of:

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Note	Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		EQUITY				
376,352	363,790	Accumulated Surplus	27	372,941	393,258	389,152
38,770	38,770	Special Funds	27	37,292	29,982	29,982
1,330,231	1,356,276	Revaluation Reserves	27	1,361,647	1,370,348	1,397,720
130	130	Restricted Reserves	27	137	59	59
(10)	(10)	Reserve Funds	27	5	(55)	(55)
1,745,473	1,758,956	Total Equity		1,772,022	1,793,592	1,816,858

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

Authorised for and on behalf of Gisborne District Council on 29 September 2011.

Meng Foon Mayor

Chief Executive

Pinidsay Mon

Statement of Changes in Equity for the year ended 30 June 2011

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Note	Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		EQUITY OPENING BALANCES				
359,419	346,896	Accumulated Surplus		359,892	376,352	363,790
40,432	40,432	Special Funds		41,662	38,770	38,770
1,330,234	1,359,529	Revaluation Reserves		1,361,647	1,330,231	1,356,276
129	129	Restricted Reserves		137	130	130
(10)	(10)	Reserve Funds		5	(10)	(10
1,730,204	1,746,976	Total Equity Opening Balance		1,763,343	1,745,473	1,758,956
		CHANGES IN EQUITY				
		Accumulated Surplus (Retained Earnings)				
1,594	1,594	Transfer to Special Funds		4,370	8,788	8,788
20	20	Transfer to Liability Chrisp Trust		0	0	C
0	0	Transfer Waerenga-o-Kuri Reserve Receivable		0	334	334
(52)	(52)	Library Books impairment		0	0	C
0	0	Transfer to Gisborne District Disaster Relief Fund		0	(1)	(1
(1)	(1)	Transfer to/(from) Restricted Reserves		0	71	71
(9)	(9)	Transfer to/(from) Reserve funds		0	45	45
16	16	Transfer to Ret Earnings including in Movement		0	0	(
15,362	12,073	Total Comprehensive Income		8,679	47,786	57,569
		Special Funds				
(1,594)	(1,594)	Transfer to/(from) Retained Earnings		(4,370)	(8,788)	(8,788
(68)	(68)	Transfer to Gisborne District Disaster Relief Trust		0	0	(
		Restricted reserves				
1	1	Transfer to/from Retained Earnings		0	(71)	(71
		Reserve Funds				
9	9	Transfer to/(from) Retained Earnings		0	(45)	(45
(9)	(9)	Transfer to/(from) Library Book Trust		0	0	(
15,269	11,980	Total Changes in Equity		8,679	48,119	57,902
		EQUITY CLOSING BALANCES				
376,352	363,790	Accumulated Surplus		372,941	393,258	389,152
38,770	38,770	Special Funds		37,292	29,982	29,982
1,330,231	1,356,276	Revaluation Reserves	27	1,361,647	1,370,348	1,397,720
130	130	Restricted Reserves		137	59	59
(10)	(10)	Reserve Funds		5	(55)	(55
1,745,473	1,758,956	Total Equity Closing Balance		1,772,022	1,793,592	1,816,858
		Attributable to:				
\$1,745,473	\$1,758,956	Gisborne District Council		\$1,772,022	\$1,793,592	\$1,816,858

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

Statement of Cash Flow for the year ended 30 June 2011

The consolidated cash balance at the end of the year was \$2,248,000 (2010 : \$462,000) comprises cash deposits of \$2,248,000 (2010 : \$467,000) less bank overdrafts of \$0 (2010 : \$5,000).

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Note	Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		Cash Flow from Operating Activities				
41,643	41,558	Receipts from Rates		45,298	44,903	44,813
14,291	18,906	Receipts from Activities		13,432	13,751	19,396
22,095	22,095	Receipts from Government Grants and Subsidies		20,477	22,413	22,450
129	130	Interest received		82	91	98
1,003	3	Dividends received		500	500	0
(48,797)	(51,820)	Payments to Suppliers and Employees		(49,871)	(51,825)	(54,726)
(1,036)	(1,036)	Grants paid		0	(1,059)	(1,059)
789	814	Net GST paid		0	667	740
(1,692)	(1,987)	Interest paid		(4,363)	(2,675)	(3,019)
28,425	28,663	Net Cash Flows Operating Activities	28	25,555	26,766	28,693
		Cash Flow from Investing Activities				
37	83	Sale of Property Plant and Equipment		0	7	24
0	0	Sale of Carbon Credits		0	0	611
1,252	1,252	Sale of Investments		0	1,254	1,254
(29,592)	(29,757)	Purchase of Property Plant and Equipment		(41,036)	(41,060)	(41,147)
(108)	(108)	Purchase of Intangible Assets		0	(186)	(186)
(1,254)	(1,254)	Purchase of Investments		0	(1,267)	(1,267)
0	(134)	Forestry expenditure		0	(24)	(91)
(29,665)	(29,918)	Net Cash from Investing Activities		(41,036)	(41,276)	(40,802)
		Cash Flow from Financing Activities				
1,257	1,257	Increase in Borrowings		15,479	14,467	13,967
186	186	Net movement in Deposits held		0	(72)	(72)
1,443	1,443	Net Cash Flow from Financing Activities		15,479	14,395	13,895
203	188	Net Increase/(decrease) in Cash		0	(115)	1,786
249	274	Cash at beginning of the year		257	452	462
452	462	Cash and Cash Equivalents at Year End		257	337	2,248

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

Explanation of Terms used in the Statement of Cash Flow

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

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.

Operating activities include all transactions and other events that are not investing or financing activities.

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.

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 Holdings Ltd, Tauwhareparae Farms Ltd, Tauwhareparae Forests Ltd.

The only trading entity in the group is Tauwhareparae Farms Ltd. Tauwhareparae Farms Ltd was amalgamated with TFL Holdings and ceased to be a Port Company on 30 June 2010. The Port assets were sold to Eastland Port Investments Ltd in 2003. The Port now trades as Eastland Port Ltd.

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

	Dividends 2011 \$000s	Dividends 2010 \$000s	Interest 2011 \$000s	Interest 2010 \$000s	Total 2011 \$000s	Total 2010 \$000s
Gisborne	500	1,000	0	0	500	1,000
Holdings Ltd						

Total Cost

The provision of financial assistance by the Gisborne District Council to this organisation and the related companies Tauwhareparae Holdings Ltd, Tauwhareparae Farms Ltd and Tauwhareparae Forests Ltd is by way of share capital. Council also incurred a \$1M 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 profit after tax of \$8.9m for the year. The total income for the year included an increase in the value of land and buildings of \$1.33m. Net assets increased \$9.7m from \$33.7m to \$43.4m.

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 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 2011. The financial statements were authorised for issue by Council on 29 September 2011.

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.

NZ International Financial Reporting Standards (NZ IFRS) which are now effective include:

NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The Statement of Comprehensive Income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives Council the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). Council has opted to present a single Statement of Comprehensive Income.

NZ IAS 23 Borrowing Costs (revised 2007) replaces NZ IAS 23 Borrowing Costs (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The revised standard will also require borrowing costs to be considered when revaluing property, plant and equipment to fair value based on depreciated replacement cost.

Any necessary adjustments to depreciated replacement cost carrying values will have flow on effects to depreciation expense. Council has elected under paragraph 29.1 of NZ IAS23, not to apply this standard.

NZ IFRS 3 Business Combinations (revised 2008) and the amended NZ IAS 27 Consolidated and Separate Financial Statements are effective for reporting periods beginning on or after 1 July 2009 and must be applied prospectively from that date. The main changes the revised NZ IFRS 3 and amended NZ IAS 27 will make to existing requirements or practice are:

- Partial Acquisitions: Non-controlling interests are measured either as their proportionate interest in the net identifiable assets (which is the original NZ IFRS 3 requirement) or at fair value.
- Step Acquisitions: The requirement to measure at fair value every asset and liability at each step for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired.

NZ IFRS 7 – Financial Instrument disclosures (amended December 2008)

The amended IFRS 7 is effective for reporting periods beginning on or after 1 July 2009 and must be applied prospectively from that date. The main changes the amended NZ IFRS 7 will make to existing requirements or practice are:

- Quoted prices in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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

NZ IFRS 9- Financial Instruments (2010)

This standard was issued in November 2009. An amended standard was issued in November 2010 and is effective for reporting periods beginning on or after 1 January 2013. This standard requires all assets within the scope of NZ IAS 39 to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Council has not yet quantified the potential impact of the new standard.

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.

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

Financial Assets

location and condition.

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 sheet 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.

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.

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.

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.

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

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.

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

Rodds	
*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	25 - 100 years
Solid Waste	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
	<i>J</i>

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.

3 - 8 years

Emissions Trading Scheme

Leased Assets

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.

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, calculated on an actuarial basis, 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.

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 Balance Sheet. 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 pretax 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 35 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 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 area set out in the funding and financial policies in the Council's TYP.

Council has the following Council-created reserves:

• Reserve Funds • Special Funds • Restricted Reserves

Public Equity

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

Accumulated Funds

Reserve Funds

Restricted Reserves

Asset Revaluation Reserves

Special Funds

Reserve Funds

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.

Special Funds

Special funds are recorded at cost plus accumulated interest. These funds are restricted in nature and can only be used for the special purpose for which they were set up.

Restricted Reserves

Restricted reserves are recorded at cost plus accumulated interest. These funds are subject to specific conditions accepted as binding by Council which may not be revised by Council without reference to a third party or the Courts.

All accounting policies have been applied on a consistent basis throughout the years presented.

Note 2 : Summary Cost of Services by Activity for the year ended 30 June 2011

Council 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s
	Revenue		
659	Animal Control	736	644
495	Aquatic and Recreation	532	499
	Facility (Olympic Pool)		
97	Arts and Culture	90	115
979	Building Services	998	768
34	Civil Defence, Emergency Management and Rural Fires	91	47
718	Community Housing	722	796
486	Community Planning and Development	433	
233	Conservation	295	295
3,791	Enterprise Operations	2,625	3,045
377	Environmental Health	384	307
217	Environmental Planning	165	375
164	Flood Control Activity	177	161
18	Governance	46	59
10,885	Land Transport and Parking	8,708	12,112
108	Libraries	100	68
272	Reserves and Open Spaces	328	319
55	Solid Waste Management 28		99
1	Stormwater	0	0
2,868	Support Services	1,792	2,012
214	Wastewater 282		341
1,614	Water Supply	1,646	2,090
24,285	Total Revenue	20,434	24,946
736	Less Expenditure Animal Control	764	743
/30	Aguatic and Recreation	704	743
1,305	Facility (Olympic Pool)	1,408	1,381
371	Arts and Culture	413	463
1,411	Building Services	1,568	1,408
677	Civil Defence, Emergency	789	822
752	Management and Rural Fires	825	799
2,414	Community Housing Community Planning and	2,634	2,895
2 477	Development	2.042	2 077
2,677	Conservation Enterprise Operations	3,042	2,877 2,453
3,388 1,558	Environmental Health	2,439 1,634	1,555
1,560	Environmental Planning	2,012	1,883
1,988	Flood Control Activity	2,198	2,113
2,802	Governance	3,187	3,033
26,223	Land Transport and Parking	22,608	27,013
1,597	Libraries	1,574	1,547
3,683	Reserves and Open Spaces	4,075	4,223
4,213	Solid Waste Management	5,406	4,807
2,354	Stormwater	2,723	2,119
3,179	Support Services	1,015	1,921
3,999	Wastewater	6,000	6,329
3,916	Water Supply	4,938	4,219
70,803	Total Expenditure	71,252	74,603
46,518	Net Cost of service	50,818	49,657

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 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
43,101	43,016	Gross Rates Revenue	45,400	45,681	45,591
		Gross Rates Revenue Consists of :			
3,645	3,560	General Rates	4,326	4,450	4,360
11,139	11,139	Uniform Annual General Charge	11,774	11,732	11,732
28,317	28,317	Targeted Rates	29,300	29,499	29,499
43,101	43,016	Gross Rates Revenue	45,400	45,681	45,591
		Less			
496	496	Remissions ¹	361	556	556
42,605	42,520	Net Rates Revenue	45,039	45,125	45,035

¹ 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 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		Revenue from Grants and Subsidies			
473	611	Central Government Grants	731	917	954
19,827	19,827	NZ Transport Agency Roading Subsidies	17,074	21,746	21,746
712	712	Other Grants and Subsidies	2,672	187	187
21,012	21,150	Total Revenue from Grants and Subsidies	20,477	22,850	22,887

Revenue from grants and subsidies (and hence operating income) for Council includes \$10,898,594 (2010 \$10,680,281) 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 \$10,819,175 (2010 \$9,987,480) received from the NZ Transport Agency for roading related work. A New Zealand Lotteries Grant of \$79,419 was received for the restoration of the Tolaga Bay Wharf (2010 \$550,000). 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 \$10,657,605 (2010 : \$9,248,236) with respect to these capital grants where the associated cash outflows are recognised as investing activities.

Tauwhareparae Farms Limited (TFL) receives government grants from the Ministry of Agriculture and Forestry which subsidises 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 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		Revenue from Operating Activities			
7,165	7,165	Vested Assets (Refer Note 7)	0	0	0
0	0	Lease Income	405	0	0
124	124	Reserve Contributions	0	34	34
512	512	Development Contributions	1,036	511	511
281	281	Capital Contributions	134	30	30
745	745	Rates Penalties	600	716	716
11,572	15,794	Activity Revenue	10,936	10,868	18,586
129	129	Interest	82	108	125
1,003	15	Dividends	500	500	0
341	341	Petroleum Tax	321	323	323
21,872	25,106	Total Revenue from Operating Activities	14,014	13,090	20,325

Note 6 : Revenue from Other Gains

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		Revenue from Other Gains (Losses)			
162	26	Gain/(Loss on Changes in Fair Value of Forestry Assets and Stock	0	741	4,564
0	0	Loss on Changes in Fair Value of Stock	0	(15)	(15)
0	33	Gain/(Loss) on Changes in Fair Value of Livestock	0	0	3,687
(36)	(53)	Gain/(Loss) on Disposal of Property, Plant and Equipment	40	(41)	(52)
57	57	Gain/(Loss) on Changes in Fair Value of Non- Current Receivables	0	(34)	(34)
183	63	Total Revenue from Other Gains (Losses)	40	651	8,150

Note 7 : Vested Assets

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		Revenue from Operating Activities			
963	963	Stormwater Systems	0	0	0
367	367	Water Systems	0	0	0
1,029	1,029	Wastewater Systems	0	0	0
70	70	Reserves	0	0	0
4,736	4,736	Roading Network	0	0	0
7,165	7,165	Total Assets Vested	0	0	0

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 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
7		Employee Benefit Expense			
15,696	16,500	Salary and Wages	15,649	16,494	17,174
214	214	Defined Contribution Plans Expense	204	253	262
346	346	Increase/(Decrease) in Leave Liabilities	0	358	386
(3,491)	(3,491)	Less Recharged to Other Expense Categories**	(2,458)	(3,446)	(3,446)
12,765	13,569	Total Employee Benefit Expense	13,396	13,659	14,376

^{**} 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 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		Depreciation and Amortisation Expense			
191	191	Aquatic and Recreation Facility (Olympic Pool)	227	188	188
143	143	Arts and Culture	155	179	179
1	1	Building Services	4	1	1
22	22	Civil Defence, Emergency Management and Rural Fires	34	30	30
330	330	Community Housing	367	385	385
1	1	Community Planning and Development	3	0	0
6	6	Conservation	8	11	11
408	715	Enterprise Operations	498	456	755
13	13	Environmental Health	11	13	13
0	0	Environmental Planning	1	0	0
154	154	Flood Control Activity	140	102	102
2	2	Governance	2	1	1
9,345	9,345	Land Transport and Parking	9,656	9,752	9,752
486	486	Libraries	269	310	310
291	291	Reserves and Open Spaces	380	302	302
191	191	Solid Waste Management	295	379	379
761	761	Stormwater	877	781	781
822	822	Support Services	703	754	754
1,129	1,129	Wastewater	1,381	2,127	2,127
1,656	1,656	Water Supply	1,944	1,769	1,769
15,952	16,259	Total Depreciation and Amortisation Expense	16,955	17,540	17,839
15,727	16,034	Total Depreciation as per Note 24		17,365	17,664
225	225	Total Amortisation as per Note 25		175	175
15,952	16,259	_	-	17,540	17,839

Note 10 : Expenditure on Operating Activities

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		Operating Expenditure			
1,586	2,085	Administration Expenses	2,368	2,274	2,538
173	209	Audit Fees-Annual Report	160	153	191
0	0	Audit Fees-Ten Year Plan and Ten Year Plan Amendments	40	6	6
797	797	Consultants and Professional Services	734	649	676
511	617	Elected Members and Director's Fees	529	528	615
98	98	Indirect Employment Costs	138	113	117
1,036	1,036	Grants and Donations	1,051	1,057	1,059
680	680	Insurance Costs	304	293	340
344	344	Rental and Operating Leases	457	378	378
5,309	5,309	Repairs and Maintenance	5,820	5,604	5,975
286	286	Bad Debts Written Off-Rates	500	415	415
0	0	Bad Debts Written Off-Other	166	3	3
873	873	Change to Impairment of Receivables	0	322	322
27,694	29,040	Other Operating Expenditure*	25,284	28,719	29,987
39,387	41,374	Total Operating Expenditure	37,551	40,514	42,622

^{*} 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 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		Finance Costs			
1,546	1,546	Interest on Debentures and Interest Rate Swaps	1,546	2,010	2,010
186	480	Interest on Bank Borrowings and Commercial Paper	1,650	617	960
0	0	Line Fee	146	138	138
0	0	Other Finance costs	9	0	0
967	981	Losses on Derivatives (Interest Rate Swaps)	0	125	80
2,699	3,007	Total Finance Costs	3,351	2,890	3,188

Note 12 : Income Tax

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
15,365	15,126	Surplus Before Tax	0	7,669	18,928
4,610	4,538	Tax @ 30%		2,301	5,828
		Plus/(Less) Tax Effect of:			
(4,610)	(3,345)	Net Non Taxable and Non Deductible Items	0	(2,301)	(3,025)
0	0	Tax Loss not Recognised	0	0	0
0	(993)	Utilisation of Losses Brought Forward	0	0	0
0	0	Imputation Credits utilised	0	0	0
0	0	Prior Year Adjustment	0	0	0
0	200	Tax Expense	0	0	2,803

Deferred Tax Asset/(Liability) - Council

	Property, Plant and Equipment	Livestock	Forestry	Employee Entitlements Plus Other	Tax Loss Recognised	NZ Emission Units	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Balance 1 July 2009	0	0	0	0	0	0	0
Charged to Income	0	0	0	0	0	0	0
Charged to Equity	0	0	0	0	0	0	0
Balance as at 30 June 2010	0	0	0	0	0	0	0
Charged to Income	0	0	0	0	0	0	0
Charged to Equity	0	0	0	0	0	0	0
Balance as at 30 June 2011	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Tax Asset/(Liability	/) - Group						
Balance 1 July 2009	(233)	(93)	(746)	66	681	0	(325)
Charged to Income	72	95	0	7	(68)	0	106
Charged to Equity	77	0	0	0	0	0	77
Balance as at 30 June 2010	(84)	2	(746)	73	613	0	(142)
Charged to Income	(81)	(481)	(1,038)	(9)	(613)	(391)	(2,613)
Charged to Equity	0	0	0	0	0	0	0
Balance as at 30 June 2011	\$(165)	\$(479)	\$(1,784)	\$64	\$0	\$(391)	\$(2,755)

Deferred tax has been calculated at 28%. The group has not recognised a deferred tax asset of \$2,708,540 (2010: \$3,184,348) in relation to unused tax losses of \$9,673,356 (2010: \$10,614,493). 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 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		Cash and Cash Equivalents			
452	467	Cash at the Bank and in Hand	257	337	2,248
0	(5)	Bank Overdrafts	0	0	0
452	462	Total Cash and Cash Equivalents	257	337	2,248

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 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
4,397	4,397	Rates Receivable	4,058	5,576	5,576
2,035	2,035	Roading Subsidy Due	3,246	2,542	2,542
18	18	Community Loans	20	15	15
87	87	Rates Postponement	68	121	121
4,398	4,443	Other Receivables	4,577	3,648	3,813
156	161	Prepayments	45	12	16
11,091	11,141	_	12,014	11,914	12,083
(2,211)	(2,211)	Provision for Impairment of Receivables	(1,338)	(2,533)	(2,533)
8,880	8,930	Total Trade and Other Receivables	10,676	9,381	9,550
		Trade and Other Receivables Classified as:			
8,633	8,683	Current Receivables	10,010	9,381	9,550
247	247	Non-Current Receivables	666	0	0
8,880	8,930		10,676	9,381	9,550

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 2011 and 2010, 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 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
1,338	1,338	At 1 July 2009	2,211	2,211
873	873	Charge for Year	322	322
2,211	2,211	At 1 July 2011	2,533	2,533

Note 14B: Receivables

Council 2010						
Gross \$000s	Impaired \$000s	Net \$000s		Gross \$000s	Impaired \$000s	Net \$000s
			Receivables Excluding Rates			
602		602	Current	1,029		1,029
19		19	Past Due 1-60 Days	34		34
26		26	Past Due 61-90 Days	12		12
163	97	66	Past Due >90 Days	171	49	122
810	97	713	_	1,246	49	1,197

	Group				Group	
	2010				2011	
Gross \$000s	Impaired \$000s	Net \$000s		Gross \$000s	Impaired \$000s	Net \$000s
			Receivables Excluding Rates			
647		647	Current	1,194		1,194
19		19	Past Due 1-60 Days	34		34
26		26	Past Due 61-90 Days	12		12
163	97	66	Past Due >90 Days	171	49	122
855	97	758		1,411	49	1,362

Note 14C : Rates Receivables

	ouncil 010		Council 2011	
No. of Properties	Outstanding \$		No. of Outst Properties	anding \$
		General Land Rates		
1,951	1,622,402	Current <12 months	2,241 1,99	99,919
167	185,516	Past Due 1 to 2 Years	238 35	54,487
31	49,164	Past Due 2 to 3 years	50 7	76,505
24	51,783	Past Due >3 years	34	19,098
2,173	1,908,865	Total Outstanding	2,563 2,48	30,009
		Mãori Land Rates		
313	907,351	Current <12 months	314 1,04	44,357
260	638,161	Past Due 1 to 2 Years	93 75	51,313
54	357,417	Past Due 2 to 3 Years	208 56	52,653
304	585,001	Past Due >3 Years	314 73	37,367
931	2,487,930	Total Outstanding	929 3,09	95,690
		Metered Water Supply		
575	309,785	Current	536 30	01,234
2	493	Past Due 1 month	3	2,337
1	1,691	Past Due 2 months	12 1	13,742
12	51,041	Past Due 3 months	11	7,506
590	363,010	Total Outstanding	562 32	24,819

Note 15: Inventories

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		Inventories			
51	51	Bushmere Road Rail Irons	53	41	41
21	21	Olympic Pool	17	18	18
8	8	Drainage	8	9	9
15	15	Timber	15	0	0
60	60	Soil Conservation	67	71	71
0	42	Farming	0	0	71
155	197	Total Inventories	160	139	210

No inventories have been pledged as security for liabilities.

Note 16: Investments

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Number	Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
1,254	1,254	Term Deposit <12 Months		1,253	1,267	1,267
		Ordinary Shares				
20,178	0	Gisborne Holdings Ltd	1,200,090	20,178	20,178	0
133	133	Local Government Insurance Corporation Ltd	43,702	131	106	106
1	1	BOPLASS Ltd	1	1	1	1
0	200	Tauwhareparae Farms Limited - Investments		0	0	201
21,566	1,588	Total Investments		21,563	21,552	1,575
		Investments Classified as:				
1,254	1,254	Current Investments		1,253	1,267	1,267
20,312	334	Non-Current Investments		20,310	20,285	308
21,566	1,588	_		21,563	21,552	1,575

Gisborne Holdings Limited

The carrying amount of this investment is recorded at 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.

Note 17A: Derivatives

The Group has Interest rate swap contracts with a fair value liability of \$3,153,797 (2010: \$3,072,430). Council's interest rate swaps at fair value liability of \$2,991,271 (2010: \$2,865,430). These swaps are exposed to fair value movements if interest rates change.

The weighted average effective interest rate of the interest rate swaps was 6.32% (2010 : 6.58%). 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 2009/10	Group 2009/10		Council 2010/11	Council 2010/11	Group 2010/11
Actual \$000s	Actual \$000s		Annual Plan \$000s	Actual \$000s	Actual \$000s
908	908	 Land	908	908	908
908	908	Total Non Current Assets Held for Sale	908	908	908

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 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
17	17	General and Other Deposits	0	12	12
79	79	Resource Consent Bonds	0	34	34
152	152	Footpath Deposits	0	175	175
1	1	Tender Deposits	0	0	0
13	13	Gisborne Rural Volunteer Fire	0	13	13
124	124	Computers in Homes Project	0	80	80
386	386	Total Deposits Held	0	314	314

Note 20: Trade and Other Payables

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		Accounts Payable			
260	260	Income in Advance	155	1,706	1,706
1,062	1,062	Rates in Advance	1,147	1,087	1,087
68	68	Gisborne District Council Disaster Relief Fund	68	67	67
1,331	1,331	Contract Retentions	770	1,689	1,689
299	299	Accruals - Loan Interest	0	521	535
1,774	1,774	Accruals - Other	0	369	782
7,864	8,087	Trade Payables	8,627	5,828	5,972
12,658	12,881	Total Trade and Other Payables	10,767	11,267	11,838

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	Annual Leave	Long Service Leave	Retirement Leave	Sick Leave	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2010						
Balance at 1 July 2009	195	1,463	93	266	140	2,157
Additional Provisions Made	458	2,254	0	69	0	2,781
Amounts Used	(195)	(2,187)	(19)	(27)	(8)	(2,436)
Balance at 30 June 2010	458	1,530	74	308	132	2,502
2011						
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)
Balance at 30 June 2011	728	1,648	53	288	143	2,860
Current Portion	728	1,648	31	86	143	2,636
Non Current Portion	0	0	22	202	0	224
Total Provisions	728	1,648	53	288	143	2,860

Group	Accrued Wages & Salaries (including TIL)	Annual Leave	Long Service Leave	Retirement Gratuities	Sick Leave	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
2010						
Balance at 1 July 2009	195	1,463	93	266	140	2,157
Additional provisions made	496	2,254	0	69	0	2,819
Amounts used	(195)	(2,187)	(19)	(27)	(8)	(2,436)
Balance at 30 June 2010	496	1,530	74	308	132	2,540
2011						
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)
Balance at 30 June 2011	743	1,714	53	288	143	2,941
Current Portion	743	1,714	31	86	143	2,717
Non Current Portion	0	0	22	202	0	224
Total Provisions	743	1,714	53	288	143	2,941

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 3.99% and assumed salary inflation of 3%.

Note 22: Borrowings

Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
4,120	Bank Loans	0	13,650	16,883
0	Commercial Paper	0	5,000	5,000
64	EECA Loan	0	64	64
4,184	Total Current	0	18,714	21,947
3,733	Bank Loans	33,684	0	0
223	EECA Loan	0	160	160
15,000	Debenture and FRN Debt Securities	15,000	15,000	15,000
18,956	Total Non Current	48,684	15,160	15,160
23,140	Total Borrowings	48,684	33,874	37,107
	2009/10 Actual \$000s 4,120 0 64 4,184 3,733 223 15,000 18,956	2009/10 Actual \$000s 4,120 Bank Loans 0 Commercial Paper 64 EECA Loan 4,184 Total Current 3,733 Bank Loans 223 EECA Loan 15,000 Debenture and FRN Debt Securities 18,956 Total Non Current	2009/10 Actual \$000s 2010/11 Annual Plan \$000s 4,120 Bank Loans 0 0 Commercial Paper 0 64 EECA Loan 0 4,184 Total Current 0 3,733 Bank Loans 33,684 223 EECA Loan 0 15,000 Debenture and FRN Debt Securities 15,000 18,956 Total Non Current 48,684	2009/10 Actual \$000s 2010/11 Annual Plan \$000s 2010/11 Annual Plan \$000s Actual \$000s 4,120 Bank Loans 0 13,650 0 Commercial Paper 0 5,000 64 EECA Loan 0 64 4,184 Total Current 0 18,714 3,733 Bank Loans 33,684 0 223 EECA Loan 0 160 15,000 Debenture and FRN Debt Securities 15,000 15,000 18,956 Total Non Current 48,684 15,160

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 (2010:\$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 2011 varying from 2.78% to 2.90% (2010: 2.83% and 2.92%) 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 (2010:\$30m) worth of committed bank facilities available. Interest is payable at wholesale market rates. The interest rate as at 30 June 2011 was 3.73% - 4.37% (2010 : 4.198% - 4.50%). Of these facilities a total of \$13.65m has been drawn at balance date (2010 : \$4.12m). Tauwhareparae Farms Limited has a wholesale advance facility with a limit of \$2 million and a wholesale term loan facility with a limit of \$4 million. Interest rates payable on Tauwhareparae Farms Limited's facility are 4.45% - 4.9% (2010 : 4.45%).

Commercial Paper

On 16 May 2011 Council issued \$5m of Commercial Paper at 3.40%. This Commercial Paper will be repaid on 15 August 2011.

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	Waiapu Landfill Aftercare	Waiapu Landfill Closure	Chrisp Family Trust	RiskPool	Total
	\$000s	\$000s	\$000s		\$000s	\$000s
2010						
Balance at 1 July 2009	1,089	228	6	0	65	1,388
Additional Provisions Made	131	(163)		20	320	308
Amounts Used	(126)	0	0	0	(65)	(191)
Balance at 30 June 2010	1,094	65	6	20	320	1,505
2011						
Balance at 1 July 2010	1,094	65	6	20	320	1,505
Additional Provisions Made/(Reversed)	211	(6)				205
Amounts Used	(129)					(129)
Balance at 30 June 2011	1,176	59	6	20	320	1,581
Current Portion	84	0	0	0	160	244
Non Current Portion	1,092	59	6	20	160	1,337
Total Provisions	1,176	59	6	20	320	1,581

Paokahu Landfill

The Landfill closed on 31 December 2002. The 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:

A discount rate of 7.0% (2010: 7.0%) and inflation factor of 2.5%.

Increased aftercare costs for Paokahu Landfill were recognised following the Paokahu Aftercare Plan Review in 2007, the first review since 2004.

Waiapu Landfill

A provision of \$59,271 is recognised for discounted costs still to be expended on Waiapu Landfill Aftercare. The Landfill is expected to close on 30 June 2045. The aftercare costs are expected to start six months after the closure of the site. It is expected that future costs will be incurred between 2046 - 2080.

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

A discount rate of 7.0% (2010: 7.0%) and inflation factor of 2.5%.

RiskPool Liability

Please refer to Note 32: Contingent Liabilities.

Note 24 : Property Plant and Equipment

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
Operational Assets											
Land - Major	201,944	0	201,944	(18,403)			(15,445)		168,096	0	168,096
Land - Minor	0	0	0	18,403			(250)		18,153	0	18,153
Buildings/Land Improvements	47,474	0	47,474		1,602		6,002	1,681	53,397	0	53,397
Buildings Not Revalued	1,991	551	1,440		550			56	2,541	607	1,934
Plant /Motor Vehicles	3,533	2,096	1,437		464	(52)		250	3,945	2,297	1,648
Office Equipment	4,080	2,473	1,607		291			257	4,371	2,730	1,641
Other Equipment	763	438	325		386			95	1,149	532	617
CBD	1,673	466	1,207					17	1,673	483	1,190
Wharves	1,242	128	1,114		1,271			27	2,513	155	2,358
Library Books - General	2,842	2,662	180		183	(45)		170	2,980	2,832	148
Library Books - Permanent	335	6	329						335	6	329
Assets Under Construction	19,457	0	19,457		(17,521)				1,936	0	1,936
Total operational assets	285,334	8,820	276,514	0	(12,774)	(97)	(9,693)	2,553	261,089	9,642	251,447
Infrastructual Assets											
Sewer and Wastewater	47,827	0	47,827		32,436			2,121	80,263	2,121	78,142
Stormwater	49,687	0	49,687		407			777	50,094	777	49,317
Water Supply	94,432	0	94,432		71			1,734	94,503	1,734	92,769
Solid Waste	3,456	0	3,456		30			223	3,486	223	3,263
Waiapu Aftercare Provision Deferred expense Asset	255	0	255					156	255	156	99
Roading	1,227,298	0	1,227,298		17,676		49,809	9,717	1,285,066	0	1,285,066
Flood Control	51,808	136	51,672					84	51,808	220	51,588
Total infrastructual assets	1,474,763	136	1,474,627		50,620	0	49,809	14,812	1,565,475	5,231	1,560,244
Total Property Plant and Equipment	1,760,097	8,956	1,751,141		37,846	(97)	40,116	17,365	1,826,564	14,873	1,811,691

Council 2010	Cost/ valuation 1-Jul-09	Accumulated Depreciation & Impairment 1-Jul-09	Carrying Amount 1-Jul-09	Current Year Transfers	Current Year Additions	Current Year Disposals	Revaluation Current Year	Current Year Depreciation & Impairment	Cost/ Revaluation 30-Jun-10	Accumulated Depreciation & Impairment 30-Jun-10	Carrying Amount 30-Jun-10
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational Assets											
Land - Major	230,069	0	230,069		782	(19)	(28,888)	0	201,944	0	201,944
Land - Minor	0	0	0		0	0	0	0	0	0	0
Buildings/Land Improvements	48,647	1,508	47,139		1,543	0	356	1,564	47,474	0	47,474
Buildings Not Revalued	1,595	508	1,087		396	0	0	43	1,991	551	1,440
Plant /Motor Vehicles	3,313	1,870	1,443		249	(30)	0	255	3,533	2,096	1,437
Office Equipment	3,639	2,250	1,389		441	0	0	223	4,080	2,473	1,607
Other Equipment	763	333	430		0	0	0	105	763	438	325
CBD	1,673	432	1,241		0	0	0	34	1,673	466	1,207
Wharves	1,242	103	1,139		0	0	0	25	1,242	128	1,114
Library Books - General	2,712	2,255	457		130	0	(53)	354	2,842	2,662	180
Library Books - Permanent	306	6	300		29	0	0	0	335	6	329
Assets Under Construction	6,392	0	6,392		13,065	0	0	0	19,457	0	19,457
Total operational assets	300,351	9,265	291,086		16,635	(49)	(28,585)	2,603	285,334	8,820	276,514
Infrastructual Assets											
Sewer and Wastewater	45,773	1,173	44,600		1,559	(11)	2,800	1,122	47,827	0	47,827
Stormwater	46,981	727	46,254		2,698	0	1,492	758	49,687	0	49,687
Water Supply	89,931	1,526	88,405		637	(44)	7,047	1,613	94,432	0	94,432
Solid Waste	3,552	267	3,285		0	0	615	190	3,711	0	3,711
Roading	1,201,550	0	1,201,550		18,463	0	16,590	9,305	1,227,298	0	1,227,298
Flood Control	51,808	0	51,808		0	0	0	136	51,808	136	51,672
Total infrastructual assets	1,439,595	3,693	1,435,902		23,357	(55)	28,544	13,124	1,474,763	136	1,474,627
Total Property Plant and Equipment	1,739,946	12,958	1,726,988		39,992	(104)	(41)	15,727	1,760,097	8,956	1,751,141

Group 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
Operational Assets											
Land - Major	224,804	0	224,804	(18,403)			(14,430)		191,971	0	191,971
Land - Minor	0	0	0	18,403			(250)		18,153	0	18,153
Buildings/Land Improvements	52,322	0	52,322		1,602		6,331	1,908	60,255	1,908	58,347
Buildings Not Revalued	1,991	551	1,440		550			56	2,541	607	1,934
Plant /Motor Vehicles	4,175	2,466	1,709		583	(74)		322	4,684	2,739	1,945
Office Equipment	4,099	2,477	1,622		291			257	4,390	2,734	1,656
Other Equipment	763	438	325		386			95	1,149	532	617
CBD	1,673	466	1,207					17	1,673	483	1,190
Wharves	1,242	128	1,114		1,271			27	2,513	155	2,358
Library Books - General	2,842	2,662	180		153	(45)		170	2,950	2,832	118
Library Books - Permanent	335	6	329		30				365	6	359
Assets Under Construction	19,457	0	19,457		(17,521)				1,936	0	1,936
Total operational assets	313,703	9,194	304,509	0	(12,655)	(119)	-8,349	2,852	292,580	11,996	280,584
Infrastructual Assets											
Sewer and Wastewater	47,827	0	47,827		32,436			2,121	80,263	2,121	78,142
Stormwater	49,687	0	49,687		407			777	50,094	777	49,317
Water Supply	94,432	0	94,432		71			1,734	94,503	1,734	92,769
Solid Waste	3,456	0	3,456		30			223	3,486	223	3,263
Waiapu Aftercare Provision Deferred expense Asset	255	0	255					156	255	156	99
Roading	1,227,298	0	1,227,298		17,676		49,809	9,717	1,285,066	0	1,285,066
Flood Control	51,808	136	51,672					84	51,808	220	51,588
Total infrastructual assets	1,474,763	136	1,474,627		50,620	0	49,809	14,812	1,565,475	5,231	1,560,244
Total Property Plant and Equipment	1,788,466	9,330	1,779,136		37,965	(119)	41,460	17,664	1,858,055	17,227	1,840,828

Group 2010	Cost/ valuation 1-Jul-09	Accumulated Depreciation & Impairment 1-Jul-09	Carrying Amount 1-Jul-09	Current Year Additions	Current Year Disposals	Revaluation Current Year	Current Year Depreciation & Impairment	Cost/ Revaluation 30-Jun-10	Accumulated Depreciation & Impairment 30-Jun-10	Carrying Amount 30-Jun-10
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational Assets										
Land - Major	256,389	0	256,389	782	(19)	(32,348)	0	224,804	0	224,804
Land - Minor	0	0	0	0	0	0	0	0	0	0
Buildings/Land Improvements	53,443	1,722	51,721	1,810	0	141	1,791	52,322	0	52,322
Buildings Not Revalued	1,595	508	1,087	396	0	0	43	1,991	551	1,440
Plant /Motor Vehicles	3,836	2,161	1,675	407	(68)	0	335	4,175	2,466	1,709
Office Equipment	3,658	2,254	1,404	441	0	0	223	4,099	2,477	1,622
Other Equipment	763	333	430	0	0	0	105	763	438	325
CBD	1,673	432	1,241	0	0	0	34	1,673	466	1,207
Wharves	1,242	103	1,139	0	0	0	25	1,242	128	1,114
Library Books - General	2,712	2,255	457	130	0	(53)	354	2,842	2,662	180
Library Books - Permanent	306	6	300	29	0	0	0	335	6	329
Assets Under Construction	6,392	0	6,392	13,065	0	0	0	19,457	0	19,457
Total operational assets	332,009	9,774	322,235	17,060	(87)	(32,260)	2,910	313,703	9,194	304,509
Infrastructual Assets										
Sewer and Wastewater	45,773	1,173	44,600	1,559	(11)	2,800	1,122	47,827	0	47,827
Stormwater	46,981	727	46,254	2,698	0	1,492	758	49,687	0	49,687
Water Supply	89,931	1,526	88,405	637	(44)	7,047	1,613	94,432	0	94,432
Solid Waste	3,552	267	3,285	0	0	615	190	3,711	0	3,711
Roading	1,201,550	0	1,201,550	18,463	0	16,590	9,305	1,227,298	0	1,227,298
Flood Control	51,808	0	51,808	0	0	0	136	51,808	136	51,672
Total infrastructual assets	1,439,595	3,693	1,435,902	23,357	(55)	28,544	13,124	1,474,763	136	1,474,627
Total Property Plant and Equipment	1,771,604	13,467	1,758,137	40,417	(142)	(3,716)	16,034	1,788,466	9,330	1,779,136

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 2011. 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 2011 by Bruce Cowper, an independent valuer of Lewis Wright Valuation & Consultancy Ltd. The fair value of land and improvements was \$28,825,000 (2010: \$27,685,000).

Airport Assets

Airport infrastructure assets (included in land and buildings) were valued at 30 June 2011 by Graeme Hughson, an independent valuer of AECOM New Zealand Limited. The fair value of airport infrastructure assets as at 30 June 2011 is \$4,808,742.

Roading Assets

The roading asset valuation was undertaken at 30 June 2011 by Pauline True and Michelle Walker, independent valuers of MWH Limited, Christchurch. The fair value of roading assets as at 30 June 2011 is \$1,285,066,359.

Note 24A: Assets Under Construction

	Council			oup
	2010	2011	2010	2011
	\$000s	\$000s	\$000	\$000s
Buildings/Land Improvements	1,278	105	1,278	105
Sewer and Wastewater	13,704	0	13,704	0
Water Supply	294	513	294	513
Solid Waste	20	0	20	0
Wharves	758	0	758	0
Roading	3,041	406	3,041	406
Rivers and Flood Control	362	912	362	912
Total Assets Under Construction	\$19,457	\$1,936	\$19,457	\$1,936

Note 25: Intangible Assets

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
1,244	1,244	Balance at 1 July - Cost	1,336	1,352	1,352
(455)	(455)	Less Accumulated Amortisation and Impairment	0	(680)	(680)
789	789	Opening Carrying Amount	0	672	672
108	108	Additions	0	186	1,660
(225)	(225)	Less Amortisation Charge	0	(175)	(175)
672	672	Closing Carrying Amount	1,336	683	2,157
		Balance at 30 June			
1,352	1,352	Cost	0	1,538	3,012
(680)	(680)	Less Accumulated Amortisation and Impairment	0	(855)	(855)
672	672	Closing Carrying Amount	1,336	683	2,157

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 2011 the Group had 31,565 sheep, 5,949 cattle (2010 : 33,679 sheep, and 5,527 cattle). During the year the Group sold 30,816 sheep, 1,814 cattle (2010 : 29,747 sheep, 2,207 cattle).

Reconciliation of Opening Balance to Closing Balance - 2011

GROUP	SHI	EEP	CA	Total	
GROUP	Quantity	\$000s	Quantity	\$000s	\$000s
Opening Balance as at 1 July	33,679	3,483	5,527	3,741	7,224
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)
Closing Balance as at 30 June	31,565	5,846	5,949	5,066	10,912

Reconciliation of Opening Balance to Closing Balance - 2010

GROUP	SHI	EEP	CAT	Total	
GROUP	Quantity	\$000s	Quantity	\$000s	\$000s
Opening Balance as at 1 July	31,546	3,350	5,783	3,907	7,257
Natural Increase	33,708	2,998	2,172	1,168	4,166
Purchases	43	31	31	114	145
Changes in Fair Value	0	(249)	0	346	97
Sales	(29,747)	(2,462)	(2,207)	(1,623)	(4,085)
Death and Killed	(1,871)	(185)	(252)	(171)	(356)
Closing Balance as at 30 June	33,679	3,483	5,527	3,741	7,224

Note 26B : Biological Assets — Livestock

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

20	10		20	2011	
Quantity	\$000	SHEEP	Quantity	\$000	
17,395	1,802	Mixed Aged Ewes	16,160	3,200	
5,529	685	Two Tooth Ewes	6,379	1,391	
170	13	Breeding Rams	200	29	
7,159	684	Ewe Hoggets	6,828	981	
3,426	299	Ram and Wether Hoggets	1,998	245	
33,679	3,483	Total Sheep	31,565	5,846	
20	10		20	11	
Quantity	\$000	CATTLE	Quantity	\$000	
1,476	1,118	Mixed Aged Cows	1,808	1,910	
688	594	Rising Three Year Heifers	634	713	
996	747	Rising Two Year Heifers	949	769	
19	16	Rising Three Year and Older Steers	6	5	
156	128	Rising Two Year Steers and Bulls	196	178	
79	128	Breeding Bulls	82	162	
1,042	447	R1 Heifers	1,076	558	
1,071	563	R1 Steers and Bulls	1,198	771	
5,527	3,741	Total Cattle		5,066	

Note 26C: Biological Assets — Livestock

	GROUP				2011	
Quantity	Average Price \$	2010 \$000	SHEEP	Quantity	Average Price \$	2011 \$000
29,747	83	2,462	Sales	30,816	115	3,531
			Less Cost of Sales			
31,546	106	3,350	Opening Stock	33,679	103	3,483
43	723	31	Add Purchases	56	643	36
33,679	103	3,483	Less Closing Stock	31,565	185	5,846
		(102)	Total Cost of Sales			(2,327)
	_	2,564	Gross Profit from Sheep		-	5,858
			_		-	

	GROUP				2011	
Quantity	Average Price \$	2010 \$000	SHEEP	Quantity	Average Price \$	2011 \$000
2,207	735	1,623	Sales	1,814	900	1,633
			Less Cost of Sales			
5,783	675	3,907	Opening Stock	5,527	677	3,741
31	3,661	114	Add Purchases	37	2,981	110
5,527	677	3,741	Less Closing Stock	5,949	851	5,065
		280	Total Cost of Sales		_	(1,214)
		1,343	Gross Profit from Cattle		_	2,847

The fair value of livestock is determined by independent valuation as at 30 June 2011. The independent livestock valuation was performed by PGG Wrightson, 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

2009/10 Actual \$000s	2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
1,154	3,640	Balance at 1 July	1,153	1,023	3,506
0	133	Increases due to Purchases	0	24	90
162	26	Gains/(Losses) arising from changes in fair value less estimated point of sale costs attributable to price changes	0	741	4,564
(293)	(293)	Decreases due to Harvest	0	0	0
1,023	3,506		1,153	1,788	8,160
	Actual \$000s 1,154 0 162 (293)	Actual \$000s Actual \$000s 1,154 3,640 0 133 162 26 (293) (293)	2009/10 Actual Actual \$000s \$000s 1,154 3,640 Balance at 1 July 0 133 Increases due to Purchases 162 26 Gains/(Losses) arising from changes in fair value less estimated point of sale costs attributable to price changes (293) (293) Decreases due to Harvest	2009/10 Actual \$000s 2009/10 Actual \$000s 2010/11 Annual Plan \$000s 1,154 3,640 Balance at 1 July 1,153 0 133 Increases due to Purchases 0 162 26 Gains/(Losses) arising from changes in fair value less estimated point of sale costs attributable to price changes 0 (293) (293) Decreases due to Harvest 0	2009/10 Actual \$000s 2009/10 Actual \$000s 2010/11 A

No forests have been harvested during the period (2010: Nil).

Council's Forestry Holdings have been valued by Theo Vos, 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 (2010: 7.00%).

The valuation of the Pamoa forestry assets as at 30 June 2011 is \$1,239,660. (2010: \$644,000).

The valuation of the Council's forestry assets as at 30 June 2011 is \$548,300. (2010: \$379,000).

Tauwhareparae Forests

The fair value of the forest tree crop is determined by independent valuation. Independent forestry valuation as at 30 June 2011 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 30.0%

During the year \$66,650 (2010: \$133,234) 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 2009/10 Actual	Group 2009/10 Actual		Council 2010/11 Annual Plan	Council 2010/11 Actual	Group 2010/11 Actual
\$000s	\$000s		\$000s	\$000s	\$000s
		Accumulated Surplus (Retained Earnings)			
359,419	346,896	Balance at 1 July	359,892	376,352	363,790
1,594	1,594	Transfers to Special Funds	4,370	8,788	8,788
(10)	(10)	Transfer (to)/from Restricted Reserves	0	71	71
0	0	Transfer (to)/from Reserve Funds	0	45	45
(52)	(52)	Library Books impairment	0		
0	0	Transfer to Gisborne District Disaster Relief Fund	0	(1)	(1)
20	20	Transfer Capital Contribution	0	0	0
0	0	Transfer Waerenga-o-Kuri Reserve Receivable	0	334	334
16	16	Transfers from Asset Revaluation Reserve on Disposal of Property, Plant and Equipment	0	0	0
15,365	15,326	Surplus/(Deficit) for the year	8,679	7,669	16,125
376,352	363,790	Balance at 30 June	372,941	393,258	389,152

Council 2009/10 Actual	Group 2009/10 Actual		Council 2010/11 Annual Plan	Council 2010/11 Actual	Group 2010/11 Actual
		Special Funds			
40,432	40,432	Balance at 1 July	41,662	38,770	38,770
(1,594)	(1,594)	Transfer from/(to) Retained Earnings	(4,370)	(8,788)	(8,788)
(68)	(68)	Transfer (to) Liability Account	0	0	0
38,770	38,770	Balance at 30 June	37,292	29,982	29,982
		Restricted Reserves			
129	129	Balance at 1 July	137	130	130
10	10	Transfer (to)/from Retained Earnings	0	(71)	(71)
(9)	(9)	Transfer (to) Liability Account	0	0	0
130	130	Balance at 30 June	137	59	59
		Reserve Funds			
(10)	(10)	Balance at 1 July	5	(10)	(10)
0	0	Transfer (to)/from Retained Earnings	0	(45)	(45)
(10)	(10)	Balance at 30 June	5	(55)	(55)
		Asset Revaluation Reserves			
1,330,234	1,359,529	Balance at 1 July	1,361,647	1,330,231	1,356,276
(3)	(3,237)	Revaluations	0	40,117	41,461
0	(17)	Deferred Tax on Building Revaluations	0	0	(17)
0	1	Net Fair Value Gain/(Loss) on available-for-sale	0	0	0
1,330,231	1,356,276	Balance at 30 June	1,361,647	1,370,348	1,397,720

Note 27A: Asset Revaluation Reserve

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
89	85	Investments	89	85
		Operational Assets		
181,682	205,674	Land - Major	151,803	176,810
0	0	Land - Minor	13,885	13,885
25,347	27,404	Buildings/Land Improvements	31,649	34,018
102	102	CBD	102	102
467	467	Office Equipment	467	467
499	499	Other Equipment	499	499
		Infrastructural Assets		
17,250	17,250	Sewer and Wastewater	17,250	17,250
18,971	18,971	Stormwater	18,971	18,971
39,496	39,496	Water Supply	39,496	39,496
951	951	Solid Waste	951	951
1,004,464	1,004,464	Roading	1,054,273	1,054,273
40,913	40,913	Flood Control	40,913	40,913
1,330,231	1,356,276	_	1,370,348	1,397,720

Note 28: Reconciliation of Net Surplus

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
15,365	15,326	— Reported Net Surplus	7,669	16,125
,	,	Add/(Deduct) Non Cash Items	.,,	,
(7,165)	(7,165)	Vested Assets	0	0
15,952	16,231	Depreciation & Amortisation	17,540	17,839
967	981	Unrealised (Gain)/Loss on Derivative Financial Instruments	125	80
293	293	Harvesting costs	0	0
0	(11)	Other Fixed and Investment Asset Changes/(Credits)	0	0
0	33	Livestock Holding (Gain)/ Loss	0	(3,687)
37	54	(Profit)/ Loss on Disposal of Assets	41	52
(57)	(57)	(Gain) /Loss on Long Term Receivables	0	0
(162)	(26)	Forestry Value (Gain) / Loss	(741)	(4,564)
0	0	Loss on timber stock	15	15
(158)	(158)	Landfill Aftercare Provision (Release)/Increase	0	0
0	(201)	Increase in Deferred Taxation	0	2,613
0	0	Carbon credits allocated	0	(2,149)
0	0	Impairment - carbon credits value	0	64
0	0	Bad debts written off	418	418
9,707	9,974		17,398	10,681
		Add Items classified as Investing Activities		
(3,235)	(3,235)	Purchase of Plant, Property and Equipment included in Trade Payables	3,214	3,181
0	0	Biological Assets purchases included in Trade Payables	0	0
(3,235)	(3,235)		3,214	3,181
		Increase/(Decrease) in Working Capital		
1,681	1,724	Trade & Other Receivables	(501)	(610)
4	8	Inventories	15	(14)
186	186	Deposits Held	(72)	(72)
4,286	4,280	Trade & Other Payables	(1,391)	(1,238)
86	86	Provision for Other Liabilities	76	76
345	313	Employee Benefit Liabilities	358	358
0	1	Taxation Receivable	0	0
0	0	Taxation Payable	0	206
6,588	6,598	_	(1,515)	(1,294)
28,425	28,663	Net Cash Inflow from Operating Activities	26,766	28,693

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 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		FINANCIAL ASSETS (IAS 39) Non Current Assets			
247	247	Trade and Other Receivables	666	0	0
247	247	Loans and Receivables at Amortised Cost	666	0	0
20,312	334	Investments - Non Current	20,310	20,285	308
20,312	334	Available for Sale Financial Assets	20,310	20,285	308
		Current Assets			
1,254	1,254	Investments - Current	1,253	1,267	1,267
1,254	1,254	Available for Sale - Financial Assets	1,253	1,267	1,267
452	462	Cash and Cash Equivalents	257	337	2,248
8,633	8,683	Trade and Other Receivables	10,010	9,381	9,550
9,085	9,145	Loans and Receivables at Amortised Cost	10,267	9,718	11,798
		FINANCIAL LIABILITIES (IAS 39) Non Current Liabilities			
0	3,733	Bank Loan	33,684	0	0
223	223	EECA Loan	0	160	160
15,000	15,000	Secured Debentures	15,000	15,000	15,000
15,223	18,956	Financial Liabilities Measured at Amortised Cost	48,684	15,160	15,160
1,489	1,696	Derivative Financial Instruments	0	1,726	1,827
1,489	1,696	Fair Value Through Statement of Comprehensive Income - Held for Trading	0	1,726	1,827
		Current Liabilities			
1,377	1,377	Derivative Financial Instruments	0	1,265	1,327
0	0	Commercial Paper	0	5,000	5,000
4,120	4,120	Bank Loan	0	13,650	16,883
64	64	EECA Loan	0	64	64
15,555	15,816	Trade Payables and Accruals	12,772	14,461	15,113
21,116	21,377	Financial Liabilities at Amortised Cost	12,772	34,440	38,387

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:

С	\sim	H	NI	\sim	
C	U	U	IA	C	IL.

						Year Ended 3 Valuation t		
Quoted Market Price (Level 1)	Observable Inputs (Level 2)	Non- Observable Inputs (Level 3)	Total		Quoted Market Price (Level 1)	Observable Inputs (Level 2)	Non- Observable Inputs (Level 3)	Total
\$000	\$000	\$000	\$000		\$000	\$000	\$000	\$000
				Financial Assets				
				Available for Sale investments				
-	20,312		20,312	Unlisted Investments	-	20,285		20,285
-	20,312		20,312		-	20,285		20,285
				Financial Liabilities				
-	(2,866)	-	(2,866)	Derivative Financial Instruments	-	(2,991)		(2,991)
-	(2,866)	-	(2,866)		-	(2,991)	-	(2,991)
GROUP								
	Year Fnded 3	0 June 2010				Year Fnded 3	0 June 2011	

Observable Inputs (Level 2)	Non- observable inputs (Level 3)	Total		Quoted market price (Level 1)	Observable inputs (Level 2)	Non- observable inputs (Level 3)	Total
\$000	\$000	\$000		\$000	\$000	\$000	\$000
			Financial Assets				
			Available for Sale investments				
-	-	1	Listed Investments	1		-	1
333		333	Unlisted Investments		307		307
333		334		1	307		308
			Financial Liabilities				
(3,073)	-	(3,073)	Derivative Financial Instruments	-	(3,154)	-	(3,154)
(3,073)	-	(3,073)	-	-	(3,154)	-	(3,154)
	Valuation to Observable Inputs (Level 2) \$000 - 333 333 (3,073)	Observable inputs (Level 2) sooo servable inputs (Level 3) \$000 \$000	Valuation technique Observable Inputs (Level 2) Nonobservable inputs (Level 3) Total \$000 \$000 \$000 - - 1 333 333 333 334	Valuation technique Non- observable Inputs (Level 2) \$000 \$000 \$000 Financial Assets Available for Sale investments 1 Listed Investments 333 333 334 Financial Liabilities (3,073) - (3,073) Derivative Financial Instruments	Valuation techniqueObservable Inputs (Level 2)Non-observable inputs (Level 3)TotalQuoted market price (Level 1)\$000\$000\$000\$000Financial AssetsAvailable for Sale investments11Listed Investments1333333Unlisted Investments1333334TFinancial Liabilities1(3,073)-(3,073)Derivative Financial Instruments-	Valuation technique Valuation technique Observable Inputs (Level 2) Non-observable inputs (Level 3) Total Quoted market price (Level 1) Observable inputs (Level 2) \$000 \$000 \$000 \$000 \$000 \$000 \$000 - - 1 Listed Investments 1 - - 333 Unlisted Investments 1 307 333 334 Unlisted Investments 307 Financial Liabilities 1 307	Valuation techniqueObservable Inputs (Level 2)Non-observable inputs (Level 3)TotalQuoted market price (Level 1)Observable inputs (Level 2)Non-observable inputs (Level 3)\$000\$000\$000\$000\$000\$000\$000-Financial Assets1Listed Investments1333333Unlisted Investments307307333334Unlisted Investments307-5Financial Liabilities1307(3,073)-(3,073)Derivative Financial Instruments-(3,154)-

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 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		COUNTER PARTIES WITH CREDIT RATINGS		
		Cash at Bank and Term Deposits		
1,706	1,716	AA	1,604	3,515
1,706	1,716	Total cash at bank and term deposits	1,604	3,515
		COUNTER PARTIES WITHOUT CREDIT RATINGS		
105	105	Existing counter party with no defaults in the past	136	136
105	105	Total Rates postponement and Community loans	136	136

The Group's maximum exposure to credit risk at balance date is:

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		Financial Assets		
452	462	Cash and Cash Equivalents	337	2,248
8,633	8,683	Trade and Other Receivables	9,381	9,550
1,254	1,254	Current Investments	1,267	1,267
10,339	10,399	Total Financial Assets	10,985	13,065

The ageing profile of trade and other receivables at the reporting date is as follows:

COUNCIL 2010				UNCIL 011
Gross \$000s	Impaired \$000s		Gross \$000s	Impaired \$000s
		Trade and Other Receivables		
5,203		Current	5,093	
45	0	Past Due 0 - 3 Months	46	0
0	0	Past Due 3 - 6 Months	0	0
5,843	2,211	Past Due More Than 6 Months	6,775	2,533
11,091	2,211	Total Financial Assets	11,914	2,533

GROUP 2010				OUP 011
Gross \$000s	Impaired \$000s	_	Gross \$000s	Impaired \$000s
		Trade and Other Receivables		
5,253	0	Current	5,107	
45	0	Past Due 0 - 3 Months	46	0
0	0	Past Due 3 - 6 Months	0	0
5,843	2,211	Past Due More Than 6 Months	6,775	2,533
11,141	2,211	_	12,083	2,533

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).

The Group's strong liquidity management means that it is cost effective to maintain negative working capital. 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.

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
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			
Total Financial Assets	13,518	13,518	9,982	1,421	1,749	366
COUNCIL 2010	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
Cash and Cash Equivalents	452	452	452			
Trade and Other Receivables	11,091	11,091	5,248	4,701	406	736
Current Investments	1,254	1,254	1,254			
Total Financial Assets	12,797	12,797	6,954	4,701	406	736
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
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			
Total Financial Assets	15,598	15,598	12,062	1,421	1,749	366
GROUP 2010	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
Cash and Cash Equivalents	462	462	462			
Trade and Other Receivables	11,141	11,141	5,298	4,701	406	736
Current Investments	1,254	1,254	1,254			
Total Financial Assets	12,857	12,857	7,014	4,701	406	736

Contractual Maturity Analysis of Financial Liabilities

The table below analyses Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

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		6,000	9,000	
Total Financial Liabilities	51,326	51,326	34,440	6,938	9,948	
COUNCIL 2010	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	15,555	15,555	15,555			
Derivative Financial Instruments	2,866	2,866	1,415	1,086	357	8
Bank Loans	4,120	4,120	4,120			
EECA Loan	287	287	64	223		
Debentures	15,000	15,000	0		10,000	5,000
Total Financial Liabilities	37,828	37,828	21,154	1,309	10,357	5,008
GROUP 2011	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	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	
Total Financial Liabilities	55,374	55,374	38,436	6,973	9,965	
GROUP 2010	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	15,816	15,816	15,816			
Derivative Financial Instruments	3,073	3,073	1,541	1,156	368	8
Bank Loans	7,853	7,853	4,120		3,733	
EECA Loan	287	287	64	128	95	
Debentures	15,000	15,000			10,000	5,000
Total Financial Liabilities	42,029	42,029	21,541	1,284	14,196	5,008

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 2009/10	Group 2009/10		Council 2010/11	Group 2010/11
Actual	Actual		Actual	Actual
%	%	_	%	%
		Weighted Effective Interest Rates		
4.35%	4.40%	Bank Loan	3.92%	4.11%
2.85%	2.85%	Debentures	2.82%	2.82%
6.47%	6.58%	Derivative Financial Instruments	6.32%	6.39%
0	0	Commercial Paper	3.40%	3.40%

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 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		2	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
		Net Surplus Higher/(Lower)			
2,009	2,056	+ 100 Basis Points		1,869	1,921
(2,009)	(2,056)	- 100 Basis Points		(1,869)	(1,923)

Note 30 : NZ Transport Agency Statement

Council 2009/10 Actual \$000s	— Revenue From:	Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s
2.025		2 / 42	2.054
3,035	In-House Professional Services for NZTA Financially Assisted Works	2,643	2,954
264	Other Activities	312	246
3,299	Total Works Performed	2,955	3,200
3,296	Total Operating Costs	3,099	3,196
3	Net Surplus/(Deficit) on Operations	(144)	4

Note 31: Commitments

COUNCIL	Total	0 - 12 Months	1 - 5 Years
2011	\$000s	\$000s	\$000s
Capital Commitments - Approved and Contracted	8,766	5,827	2,939
Operational Contract Commitments - Approved and Contracted	19,603	7,217	12,386
Total Commitments	28,369	13,044	15,325
COUNCIL 2010	Total	0 - 12 Months	1 - 5 Years
2010	\$000s	\$000s	\$000s
Capital Commitments - Approved and Contracted	32,524	24,341	8,183
Operational Contract Commitments - Approved and Contracted	15,705	6,740	8,965
Total Commitments	48,229	31,081	17,148

Note 31A: Leases

COUNCIL	Total	0 - 12 Months	1 - 2 Years	2 - 5 Years
2011	\$000s	\$000s	\$000s	\$000s
Operating Lease Payments	909	303	303	303
Total Non Cancellable Operating	909	303	303	303
				_
COUNCIL	Total	0 - 12 Months	1 - 2 Years	2 - 5 Years
2010	\$000s	\$000s	\$000s	\$000s
Operating Lease Payments	1,101	367	367	367
Total Non Cancellable Operating	1,101	367	367	367

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	Total	0 - 12 Months	1 - 2 Years	2 - 5 Years
2011	\$000s	\$000s	\$000s	\$000s
Operating Lease Commitments	46	46	0	0
Total Operating Lease Commitments	46	46	0	0
COUNCIL 2010	Total	0 - 12 Months	1 - 2 Years	2 - 5 Years
2010	\$000s	\$000s	\$000s	\$000s
Operating Lease Commitments	44	44	0	0
Total Operating Lease Commitments	44	44	0	0

Note 32 : Contingent Liabilities

Council 2009/10 Actual \$000s	Group 2009/10 Actual \$000s		Council 2010/11 Annual Plan \$000s	Council 2010/11 Actual \$000s	Group 2010/11 Actual \$000s
100	100	Paokahu Consent Board	0	100	100
100	100	_	0	100	100

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 three matters under that Act indicating potential liabilities which cannot be quantified.

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.

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 2009/2010 in relation to the claim for the years up to 30 June 2006.

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.

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 \$2.9708 million determined at 30 June 2011 (2010: \$nil).

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 surrencer New Zealand emissions units of approximately \$1.987 million determined at 30 June 2011 (2010: \$nil). The amount and timing of any liability is undertain and is dependent on the occurrence of the circumstances described above and the price of emissions units at the time of deforestation.

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 Eastland Community Trust (ECT) purchased the port assets and this business now operates as Eastland Port Ltd.

The investment by GHL in subsidiaries comprises a 100% interest in Tauwhareparae Holdings Ltd. Tauwhareparae Holdings Ltd in turn has a 100% interest in Tauwhareparae Forests Ltd and a 100% interest in Tauwhareparae Farms Ltd. Tauwhareparae Holdings Ltd and Tauwhareparae Forests Ltd are non-trading entities. 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

	2010 \$000s	2011 \$000s
Services Provided by Council	95	96
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

	2010	2011
	\$000s	\$000s
Salaries and Other Short Term Employee Benefits	1,446	1,523

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 2011 the total remuneration received by or payable to the Mayor, other Councillors and Chief Executive of the Council were as follows:

	Total Remuneration		
	2010	2011	
M Foon, Mayor	\$90,567	\$99,110	
N Aston, Deputy Mayor	\$32,781	\$32,270	
JC Bauld	\$39,518	\$36,772	
WS Burdett	\$40,270	\$40,043	
M Caddie	\$0	\$20,522	
A Cranston	\$29,674	\$30,569	
A Davidson	\$35,481	\$34,780	

	Total Ren	nuneration
	2010	2011
R Haisman	\$31,876	\$27,108
A Hall	\$29,317	\$26,217
H Hikawai	\$34,900	\$9,891
G Hope	\$29,483	\$6,012
P Murphy	\$0	\$24,099
A Poananga	\$42,147	\$9,111
P Seymour	\$37,334	\$37,290
K Sheldrake	\$31,913	\$6,399
R Stoltz	\$0	\$20,882
P Tangaere	\$0	\$22,759
G Thomson	\$33,474	\$30,564
B Wilson	\$29,394	\$33,063
LR McKenzie, Chief Executive	\$234,518	\$244,673

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

No severance payments were made during the year (2010: Three severance payments totalling \$20,878).

35 : Events After Balance Date

There are no events subsequent to balance date that materially affect these accounts.



Schedule of Councillors

GISBO	RNE	GISBO	ORNE	WAIA	APU
Mayor	Meng Foon	Cr Ala	an G Davidson	Cr W	'illiam S Burdett (Bill)
p:	867 1870	p:	867 9474	p:	06 864 8966(H) 864 8341(W)
m:	027 44 84 084	f:	867 9473	f:	06 864 8967
f:	867 9265				
Deput	y Mayor Nona Aston (Mrs)	Cr All	an J Hall	PATU	TAHI - TARUHERU
p:	868 9842	p:	868 6269(H) 867 1339 (W)	Cr Ro	oger J Haisman
f:	868 9879	m:	027 656 3519	p:	867 0922
				m:	027 332 8601
				f:	867 0918
Cr Joh	ın (Craig) Bauld	Cr Re	hette Stoltz	WAIK	(OHU
p:	862 9550	p:	868 5382	Cr Pa	amela R Murphy
f:	862 9551	m:	021 279 7948	p:	863 5822
		f:	868 5382	m:	027 287 4339
				f:	863 5844
Cr And	dy W Cranston	Cr Bri	an I Wilson	MATA	AKAOA
p:	868 1160	p:	868 8118(H) 867 4672(W)	Cr Pa	atrick R Tangaere
m:	027 27 33 192	m:	027 237 8080	p:	864 3900 (H) 864 3850 (W)
f:	868 1161	f:	867 4675	f:	864 3046
Cr Ma	nu S Caddie	UAW	A	coo	oK .
p:	868 6889	Cr Pa	tricia A Seymour (Pat) OBE	Cr Gr	raeme S Thomson
m:	027 420 2957	p:	862 2697	р	862 8737
		m:	0274 725 997	f:	862 8197
		f:	862 2703		

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
Lindsay McKenzie BSc, FNZIM, MNZIC	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)

