

Waitomo District Council

Summary Annual Report 2009-2010



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1. Introduction

Welcome to this snapshot of the Waitomo District Council's activities for the year 1 July 2009 to 30 June 2010. This Summary Annual Report was authorised for issue by the Chief Executive on 28 October 2010. The information contained in this Summary has been extracted from our full Annual Report which contains detailed information about our finances and service performance.

The full Annual Report was adopted by Council on 8 October 2010. Copies of the full Annual Report are available on Council's website www.waitomo.govt.nz, the Queen Street Office and Te Kuiti Public Library.

What is the Annual Report?

The Annual Report sets out what we have achieved over the past year and looks at the progress we have made in providing the sort of district that you have told us is important to you.

After an extensive public consultation process, the Waitomo District Council considered 107 public submissions made on the 2009-19 Long Term Plan (LTP) during the month of June, compared to 29 submissions on the 2006-16 LTP. The LTP was adopted by Council on 30 June 2009.

On the 29 June 2010, the Waitomo District Council adopted the Exceptions Annual Plan for the 2010/11 financial year, forming the second year of the 2009-19 LTP. The community of the District were encouraged to have their say on the proposals it contained.

The Annual Report compares the 2009/10 performance, achievements and financial results against the goals which were set out in the first year of the 2009-19 LTP.

Service Performance

One of the service performance targets in the Annual Plan was to measure resident satisfaction. The target in the Annual Plan was set as good or above. After the adoption of the Annual Plan the measure was changed to a 4-point scale to enable residents to provide a clear indication as to the level of perceived satisfaction with the services provided. That is, they were asked to choose if they were happy or unhappy with a service, to give clarity around their perception of the service.

For the 2010 Resident Satisfaction Survey "Satisfied" and "Very Satisfied" have been determined to be the same as "Good" and "Excellent", which are the ratings included in the Annual Plan.



Japanese Gardens - Te Kuiti

2. Message from the Mayor and Chief Executive

We are pleased to present the Annual Report for the year ended 30 June 2010. This Report provides a record of the activities, achievements and financial performance of the Waitomo District Council for the 2009/10 year.

Most importantly this Report also serves to record the work of the Council for the 2007 to 2010 Triennium. That period encompasses a responsibility for the development of three annual budgets (Financial years 2008/09, 2009/10 and 2010/11) and the 2009-19 Long Term Plan together with accountability for outcomes measured by the Annual Reports for the Financial years 2008/09 and 2009/10.

The Triennium was a period of great challenge for the elected Council and for the Waitomo District Council as an organisation.

In 2007 the Council set about the task of addressing the very difficult position it found itself in. The Council needed to change the approach taken by predecessor Councils and move to operating on a financially sustainable basis. With the help of a Government appointed independent advisory panel, the Council identified the size of the financial problems and made hard decisions to meet the requirements of the Local Government Act and as a result has placed the Council on a much more secure financial footing. The extent of issues facing the Council in 2007 have meant that there is no quick or easy solution. From the very outset the Council has signalled that "this journey" would take some years.

The Council has persevered and made considerable progress to date and we note here that the Annual Plans for 2007/2008 and 2008/2009 as well as the LTCCP 2009/19 have all received fully unqualified audit opinions.

The Triennium period has also been marked as a time when the Council operated very effectively at a political level and a very good working relationship has developed between the elected Council and the Council organisation and its management.

The 2009/10 Annual Report includes a Community Outcomes section that defines the scope of Council's planning process, together with a Group of Activities section that records Council's key achievements and service performance.

Turning to the financial year under report we would take this opportunity to highlight three matters in particular. All of those matters stem from Council's long term investment as the shareholder in Inframax Construction Limited.

The financial performance of that investment has been a matter of careful consideration for the past two financial years. A considerable effort has gone into working with the Inframax Board and especially its Executive Chairman, to ensure the Company remains in, and remains as a large employer, in the Waitomo District.

The financial performance, when assessed in the context of the local trading conditions as exacerbated by the local effects of the Global Financial Crisis has brought the Council to the point where it must record the value of the Inframax investment at \$0 as at the 30th of June.

The Council recognised that potential outcome, in terms of forecast investment income, when it developed the Annual Plan for the period 2010/11. Council has reordered its financial affairs so that no allowance for or reliance on investment income is factored into its financial plans.

However a conservative positive dividend income forecast was factored into the financial plans contained within the 2009-19 Long term Plan.

The Council has worked very closely with the Board of Inframax Construction Limited to better understand the financial circumstance and to assess the likely future performance of the investment.

Council is confident that the Board is doing everything that it can to improve financial performance and that excellent progress has been made in that regard. We have committed to a process with the Board that offers the opportunity, over time, for the value of the Investment to be restored.

A key challenge for the elected Council of the new 2010-2013 Triennium will be to both monitor and support that restorative process and to evaluate and communicate how the implications impact on Council's overall financial position and sustainability as we go forward.

That work will continue but 2011 will be a critical time in all regards.

Some of that work is already in hand. The 2010/11 AP summarises a huge amount of work by Council to review existing Levels of Service (LoS) in the context of Rates affordability.

The "affordability" goal was and is simple. WDC must reduce costs without compromising Financial Sustainability whilst at the same time supporting the drive to achieve Rates Affordability. The 2010/11 AP package resulted in affordable rates, together with fine tuning amendments to improve the fairness of Revenue and Financing and Remission of Rates Policies.

Overall the key changes to the 2009-19 Long Term Plan for the 2010/11 financial year resulted in an overall increase in rate revenue of 4.4% compared with 16.8% forecast in the 2009-19 LTP. We would also record here that the Plan underwent a further 'Financial Health Check' by Council's Auditors prior to its adoption.

The elected Council seeks out community impressions of the standard of services provided by the Council. Immediately following the close of the 2009/10 year a Resident Satisfaction Survey (RSS) of 501 district residents was undertaken. Specifically the RSS was aimed at identifying and measuring Council's performance, gaining information in relation to levels of service and providing an insight into community satisfaction with Council services and activities.

Overall the results for 2010 show an improvement in most service performance measures for Council and many of the benchmarked measures have met or exceeded the targets that are in place. Council Activities that have surpassed the benchmarks include: parks and sports grounds; cultural, art and recreation facilities; library services; public toilets; cemeteries; animal control services; community environment; swimming pool; and keeping residents informed through Council communications. Council is pleased to see that the measures relating to the District's roads have increased since the 2009 survey and benchmarks for signage, street lighting and footpaths have all been exceeded. Improvements have also been found on measures that were rated poorly last year, particularly the quality of the rail crossings and also the number of potholes. While there are still a few areas on the roads that appear to require further attention the overall result is an improvement on the 2009 results.

In conclusion, the 2010/11 financial year will see Waitomo District Council move closer to its target of financial sustainability even though some "roading rates catch-up" increase will fall into the 2011/2012 year.

Another area of extraordinary consumption of time and resource involved Council's efforts to engage with a group of residents which made application to the Minister of Local Government to review the performance of the Council. The Minister declined that request. However attempts have been made to assist them understand the issues and options Council has been addressing since October 2004. Regrettably that effort has only met with limited success to date.

Also during the 2009/2010 year significant improvement was made in the area of planning for waste management and minimisation.

The operational effect of those new plans has seen a redeveloped Waitomo District landfill and a network of rural transfer stations. The community has made the transition to new methodologies well. Council also reviewed its arrangements for the provision of garden maintenance and although it had been well served in the past by way of contracts it was decided to take that work back "in house". This has also proved a cost effective move. Similarly the swimming pool operation has moved away from "outsourcing" to being operated by Council staff. Tendering produced very expensive outsourcing options and was therefore unacceptable.

At the time of preparing this Annual Report for adoption, Triennial Elections are at hand. While the magnitude of challenges facing the District are now clearly documented, understood and addressed they have not been eliminated and significant challenges remain.

The Land Transport rate funding shortfall remains the immediate issue, waste water and water treatment infrastructure upgrades command immediate attention also. These latter considerations are influenced by Central Government subsidy (or not) and the unpredictability of the consenting processes fixed by the Resource Management Act.

In conclusion we thank the elected Council and staff who have worked hard and have achieved good outcomes for Waitomo District during the 2009/2010 year.



Mark Ammon
Mayor



Chris Ryan
Chief Executive



3. Statement of compliance and responsibility

Responsibility

The Council and the Management of WDC accept the responsibility for the preparation of the Summary Financial Statements and the judgements used in them.

The Council and the Management of WDC also accept the responsibility for establishing and maintaining the internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and the Management of WDC, the Summary Financial Statements for the year ended 30 June 2010 fairly reflect the financial position and operations of WDC.

Compliance

The Council and Management of WDC certify that all the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.



Mark Ammon
Mayor



Chris Ryan
Chief Executive

Dated this 28th day of October 2010